

ATLAS FUNDING 2021-1 PLC

(Incorporated in England and Wales with limited liability, registered number 12830096)

Legal entity identifier (LEI) number: 635400ITH77FQC2T4O54

Class of Notes	Initial Principal Amount	Issue Price	Reference Rate/ Fixed Rate	Margin (payable up to and including the Optional Redemption Date)	Relevant Step-Up Margin (payable after the Optional Redemption Date)	Ratings (S&P/ Moody's)	Final Maturity Date
Class A Notes	£250,405,000	100%	Compounded Daily SONIA	0.90% per annum	1.80% per annum	AAA(sf)/Aaa(sf)	The Interest Payment Date falling in July 2058
Class B Notes	£20,929,000	100%	Compounded Daily SONIA	1.50% per annum	2.25% per annum	AA(sf)/Aa1(sf)	The Interest Payment Date falling in July 2058
Class C Notes	£11,212,000	100%	Compounded Daily SONIA	1.70% per annum	2.55% per annum	A+(sf)/Aa3(sf)	The Interest Payment Date falling in July 2058
Class D Notes	£7,474,000	100%	Compounded Daily SONIA	2.25% per annum	3.25% per annum	A-(sf)/A2(sf)	The Interest Payment Date falling in July 2058
Class E Notes	£4,484,000	100%	Compounded Daily SONIA	3.30% per annum	4.30% per annum	BBB-(sf)/Baa3(sf)	The Interest Payment Date falling in July 2058
Class X Notes	£7,474,000	100%	Compounded Daily SONIA	4.74% per annum	4.74% per annum	Not Rated /B1(sf)	The Interest Payment Date falling in July 2058
Class Z1 Notes	£4,485,000	100%	Fixed rate of 6.00% per annum	N/A	N/A	B(sf)/Not Rated	The Interest Payment Date falling in July 2058
Class Z2 Notes	£7,475,000	100%	Fixed rate of 6.00% per annum	N/A	N/A	Not Rated	The Interest Payment Date falling in July 2058

The Optional Redemption Date is the Interest Payment Date falling in January 2024.

From the Collection Period Start Date immediately preceding the Optional Redemption Date, the Option Holder has the right to exercise the Call Option in relation to the Portfolio, which would result in an early redemption of the Notes.

JOINT ARRANGERS

BNP PARIBAS

HSBC

JOINT LEAD MANAGERS

BNP PARIBAS

HSBC

NatWest Markets

The date of this Prospectus is 27 January 2021

Issue Date The Issuer will issue the Notes in the classes set out above on or about 1 February (the "**Closing Date**").

**Standalone/
programme
issuance** Standalone issuance.

Listing This document comprises a prospectus (the "**Prospectus**"), for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to the official list of the FCA (the "**Official List**") and to trading on the main market of the London Stock Exchange. The London Stock Exchange's main market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

References in this Prospectus to the Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List.

**Underlying
Assets** The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising buy-to-let mortgage loans and their related security originated by Lendco Limited ("**Lendco**") secured over residential properties located in England and Wales and sold by Lendco (in its capacity as the seller, the "**Seller**") to the Issuer on the Closing Date. The Issuer confirms that the assets backing the issue of the Notes and the Notes are not part of a re-securitisation.

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

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

- in relation to any Class of Notes (other than the Class Z1 Notes), the relevant overcollateralisation funded by Notes ranking junior to such Class of Notes in the Priority of Payments (if any);
- in relation to each Class of Notes, the amount by which Available Revenue Receipts received during the relevant Collection Period exceed the amounts required to pay interest and all other amounts ranking in priority thereto on the relevant Class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments; and

- the General Reserve Fund and following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund, subject to application in accordance with the Post-Enforcement Priority of Payments.

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

Liquidity Support

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

- the subordination in payment of those Classes of Notes ranking junior in the relevant Priority of Payments;
- in respect of the Most Senior Class of Notes only, the availability of Principal Addition Amounts;
- in respect of items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments, the availability of amounts standing to the credit of the Class A Liquidity Reserve Fund; and
- in respect of items (a) to (p) of the Pre-Enforcement Revenue Priority of Payments (after having first applied Available Revenue Receipts and amounts standing to the credit of the Class A Liquidity Reserve Fund in respect of items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments), the availability of amounts standing to the credit of the General Reserve Fund.

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 General Reserve Fund Account*" for further details. In relation to the Class A Liquidity Reserve Fund, see the section entitled "*Credit Structure – Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Account*".

Swap Arrangements

The Issuer will enter into one or more swap transactions, which will be governed by a 2002 ISDA Master Agreement (together with a schedule and credit support annex thereto) to be entered into between the Issuer and the Swap Counterparty on or around the Closing Date in order to provide a hedge, to a certain extent, against the possible variance between the fixed rates of interest payable on certain of the Loans in the Portfolio and the floating rates of interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes which are calculated by reference to Compounded Daily SONIA.

See the section entitled "*Interest Rate Risk for the Notes*" for further details.

Redemption Provisions

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

Benchmarks Regulation

Amounts payable on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes (the "**Floating Rate Notes**") are calculated by reference to the daily compounded Sterling Overnight Index Average ("**SONIA**"). As at the date of this prospectus, the administrator of SONIA is not included in the FCA's register of administrators under Article 36 of Regulation (EU) No

2016/1011 as it forms part of domestic law by virtue of the EUWA ("**UK Benchmarks Regulation**"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the UK 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.

Credit Rating Agencies

Moody's Investors Service Limited ("**Moody's**") and S&P Global Ratings UK Limited ("**S&P**") (each a "**Rating Agency**" and together, the "**Rating Agencies**"). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom (the "**UK**") and is registered under Regulation (EU) No 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). Moody's and S&P are not established in the European Union and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**"). The ratings issued by Moody's and S&P have been endorsed by Moody's Deutschland GmbH and S&P Global Ratings Europe Limited, respectively, in accordance with the EU CRA Regulation. Each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation.

Credit Ratings

The ratings assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by each of Moody's and S&P, the ratings assigned to the Class X Notes by Moody's only and the ratings assigned to the Class Z1 Notes by S&P only (the "**Rated Notes**") address, *inter alia* the likelihood of (a) full and timely payment to the holders of the Most Senior Class of Notes of all payments of interest on each Interest Payment Date and (b) full and ultimate payment to the holders of the Rated Notes of principal and (in relation to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z1 Notes) of interest on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes by Moody's (excluding the Class Z1 Notes, which are assigned ratings only by S&P) also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class of Notes held by such Noteholder on the Final Maturity Date.

Ratings are expected to be assigned to each Class of Rated Notes on or before the Closing Date. The assignment of a rating to any Class of Rated Notes by any Rating Agency is not a recommendation to invest in any 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 Agency.

The Class Z2 Notes will not be rated.

Obligations

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

Risk Retention Undertaking On the Closing Date, the Seller will, as originator for the purposes of the EU Securitisation Regulation and the UK Securitisation Regulation, retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation (the "**Retained Interest**") as required by Article 6(1) of the UK Securitisation Regulation and as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation.

"**EU Securitisation Regulation**" means Regulation (EU) 2017/2402, as amended, including (i) relevant regulatory and/or implementing technical standards or delegated regulation in relation thereto (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements in relation thereto published by the European Banking Authority, the ESMA, the European Insurance and Occupational Pensions Authority and/or the European Commission.

"**EUWA**" means the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time.

"**UK Securitisation Regulation**" means Regulation (EU) 2017/2402 as it forms part of domestic law by virtue of the EUWA, including the Securitisation (Amendment) (EU Exit) Regulations 2019, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

As at the Closing Date, such interest will be satisfied by the Seller holding no less than 5 per cent. of the nominal value of each Class of Notes sold to investors (with the exception of the Class X Notes), in accordance with Article 6(3)(a) of the UK Securitisation Regulation and as determined in accordance with Article 6(3)(a) of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation. See the section entitled "*Regulatory Disclosures*" for more information.

After the Closing Date, the Seller (in its capacity as holder of the Retained Interest) may enter into financing arrangements in respect of the Retained Interest. See further "Risk Factors – Legal Risks and Regulatory Risks - Certain risks in respect of the potential financing of the Retained Interest by the Seller".

The Seller, as the sponsor under the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), does not intend to retain at least 5 per cent. of the credit risk of the securitised assets for purposes of compliance with, but rather intends to rely on an exemption provided for in Section __.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Except with the prior written consent of the Seller, and where such sale falls within the exemption provided by Section __.20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Persons.

Each prospective Noteholder is required to independently assess and determine the sufficiency of the information described in the preceding paragraphs for the purposes of complying with the UK Securitisation Regulation and the EU Securitisation Regulation and any corresponding national measures which may be relevant and none of the Seller,

the Issuer, nor the Joint Arrangers, nor the Joint Lead Managers, nor the parties to the Transaction Documents make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

The Volcker Rule The Issuer is of the view that it is not now and, immediately following the issuance of the Notes and the application of the proceeds thereof, should not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions and/or exemptions may be available to the Issuer, the Issuer should satisfy all of the elements of the exemption from the definition of "investment company" provided in Section 3(c)(5) of the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Any prospective investor in the Notes, 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 in respect of any investment in the Notes and should conduct its own analysis to determine whether the Issuer is a "covered fund" for its purpose. See the section entitled "*Risk Factors – Effects of the Volcker Rule on the Issuer*".

ERISA Considerations The Notes (and any interest therein) may not be purchased or held by, or on behalf of, any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject thereto, or any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), to which Section 4975 of the Code applies, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), and each purchaser of the Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds the Notes (or any interest therein) will not be, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law.

Distribution The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state and federal securities laws. The 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 ("**Regulation S**"). The Issuer is not, and will not be, registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). For a description of certain further restrictions on offers, sales and transfers of Notes in this Prospectus, see "*Transfer Restrictions and Investor Representations*" herein.

Significant Investor On the Closing Date, Lendco will purchase 5 per cent. of the aggregate principal amount of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, and 100 per cent. of the aggregate principal amount of each of the Class Z1 Notes and the Class Z2 Notes.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other United

States regulatory authority, nor have any of the foregoing authorities passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

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.

IMPORTANT INFORMATION

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES 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 SWAP PROVIDER, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE SERVICER, THE SERVICING FACILITATOR, THE CASH MANAGER, BACK-UP SERVICING FACILITATOR, THE ISSUER ACCOUNT BANK, THE CUSTODIAN, HOLDINGS, THE CORPORATE SERVICES PROVIDER, THE PRINCIPAL PAYING AGENT, 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 SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes, the Class Z1 Notes and the Class Z2 Notes will each be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Class A Notes, the Class B Notes, the Class C Notes, Class D Notes, the Class E Notes, the Class X Notes, the Class Z1 Notes and the Class Z2 Notes may be issued in definitive registered form under certain circumstances.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ISSUER OR BY ANY RELEVANT PARTY THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION BY THE FINANCIAL CONDUCT AUTHORITY, 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 ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, 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 SELLER, THE ISSUER, THE JOINT ARRANGERS AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS "OR BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE MAY NOT BE OFFERED, SOLD OR DELIVERED 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**")) ("**U.S. PERSONS**") 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, THE NOTES ARE BEING OFFERED AND

SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE SELLER, AS SPONSOR UNDER THE U.S. RISK RETENTION RULES, DOES NOT INTEND TO RETAIN AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITIZED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), BUT RATHER INTENDS TO RELY ON AN EXEMPTION PROVIDED FOR IN SECTION __.20 OF THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS. EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION __.20 OF THE U.S. RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION __.20 OF THE U.S. RISK RETENTION RULES). ANY RISK RETENTION U.S. PERSON THAT IS A PROSPECTIVE INVESTOR IN THE NOTES MUST INFORM THE SELLER AND THE JOINT LEAD MANAGERS THAT IT IS A RISK RETENTION U.S. PERSON.

There is no undertaking to register the Notes under U.S. state or federal securities laws. Until 40 days after the later of the commencement of the offering of the Notes and the Closing Date, an offer or sale of the Notes within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from the registration requirements of the Securities Act.

Each initial and subsequent purchaser of the Notes will be deemed by its acceptance of such Notes to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of the Notes as set out in the Subscription Agreement and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases. See "*Transfer Restrictions and Investor Representations*".

None of the Issuer nor any Relevant Party makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus does not omit anything likely to affect the import of such information. Any information

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

Lendco accepts responsibility for the information set out in the sections headed "*The Seller, the Servicing Facilitator and the Risk Retainer*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*". To the best of the knowledge of Lendco, the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Joint Arrangers or the Joint Lead Managers are responsible for any obligation of Lendco or the Issuer for compliance with the requirements (including existing or ongoing reporting requirements) of Article 7 of the UK Securitisation Regulation or any corresponding national measures which may be relevant.

The Servicer accepts responsibility for the information set out in the sections headed "*The Servicer*". To the best of the knowledge of the Servicer, the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Cash Manager, the Issuer Account Bank and the Custodian accepts responsibility for the information set out in the section headed "*The Cash Manager, the Issuer Account Bank*". To the best of the knowledge of the Cash Manager, the Issuer Account Bank and the Custodian the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Note Trustee and the Security Trustee accepts responsibility for the information set out in the section headed "*The Note Trustee and 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 and does not omit anything likely to affect the import of such information.

The Swap Provider accepts responsibility for the information set out in the section headed "*The Swap Provider*". To the best of the knowledge of the Swap Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Corporate Services Provider accepts responsibility for the information set out in the section headed "*The Corporate Services Provider and Back-Up Servicing Facilitator*". To the best of the knowledge of the Corporate Services Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Lendco, the Servicer, the Cash Manager, the Issuer Account Bank, the Custodian, the Note Trustee, the Security Trustee, the Joint Arrangers or Joint Lead Managers, the Swap Provider or the Corporate Services Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above and not specifically excluded therein) or any other information supplied in connection with the Notes or their distribution.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information

supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, Lendco, the Note Trustee, the Security Trustee, the Joint Arrangers, the Joint Lead Managers or any of their respective affiliates or advisers.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, Lendco, the Note Trustee, the Security Trustee, the Joint Arrangers or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, Lendco, the Note Trustee, the Security Trustee, the Joint Arrangers or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

The information on the websites to which this Prospectus or any applicable supplement refers does not form part of this Prospectus or any applicable supplement and has not been scrutinised or approved by the FCA.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date.

In connection with this new issue of the Notes as described in this Prospectus (the "Transaction") BNP Paribas, HSBC Bank plc, and NatWest Markets Plc are acting exclusively for the Issuer. Accordingly, in connection with the Transaction, BNP Paribas, HSBC Bank plc, and NatWest Markets Plc will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients or for the giving of advice in relation to the Transaction. BNP Paribas, HSBC Bank plc, and NatWest Markets Plc will be paid a fee by the Issuer in respect of the placement of the securities.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes in the European Economic Area ("EEA") 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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes in the UK has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of EUWA ("UK MiFIR") ; 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 manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' 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 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 MiFID II; or (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) not a qualified investor as defined in the Regulation (EU) 2017/1129. 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.

PROHIBITION OF SALES TO UK 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 UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

RESTRICTIONS OF SALES TO U.S. PERSONS (AS DEFINED IN REGULATION S) – The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

RESTRICTIONS OF SALES TO U.S. PERSONS (AS DEFINED IN THE U.S. RISK RETENTION RULES) – Except with the prior written consent of the Seller (a "**U.S. Risk Retention Consent**") and where such sale falls within the exemption provided by Section __.20 of the final rules promulgated under section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). Prospective investors should note that the definition of "U.S. Person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. Person" in Regulation S. Each purchaser of the Notes, or a beneficial interest therein, acquired in the initial syndication of the Notes, by its acquisition of the Notes or a beneficial interest therein will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Consent from the Seller, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section __.20 of the U.S. Risk Retention Rules).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, Lendco, the Note Trustee, the Security Trustee, the Joint Arrangers and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, Lendco, the Note Trustee, the Security Trustee, the Joint Arrangers or the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA and the UK, see "*Subscription and Sale*".

CERTAIN DEFINED TERMS AND CONVENTIONS

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Prospectus. In addition, the following terms as used in this Prospectus have the meanings defined below:

In this Prospectus, all references to:

- "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars;
- "Sterling", "pounds", "GBP" and "£" refer to pounds sterling;
- "euro" and "€" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended; and
- "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 (as amended).

References to a "billion" are to a thousand million.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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.

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 FCA.

None of the Joint Arrangers nor the Joint Lead Managers has independently verified (i) the information contained herein (ii) any statement, representation, or warranty, or compliance with any covenant, of the Issuer contained in the Notes or any other agreement or document relating to the Notes or (iii) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Notes, the Transaction Documents or any other document relating to the Notes. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Arrangers or the Joint Lead Managers as to (a) the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with this Prospectus or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Notes, the Transaction Documents or any other document relating to the Notes.

The Joint Arrangers and the Joint Lead Managers do not accept any responsibility for the compliance of the Issuer, the Seller or any other Transaction Party with requirements of the UK Securitisation Regulation or the EU Securitisation Regulation.

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

FORWARD-LOOKING STATEMENTS

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the 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 (including, without limitation, the buy-to-let industry). 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.

This Prospectus also contains certain tables and other statistical analyses (the "**Statistical Information**") which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic.

None of the Note Trustee, the Security Trustee, the Joint Arrangers, the Joint Lead Managers or the Seller has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place

undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Note Trustee, the Security Trustee, the Joint Arrangers, the Joint Lead Managers or the Seller assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information as applicable.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TABLE OF CONTENTS

Risk Factors.....	11
Structure Diagrams	51
Transaction Overview.....	54
Transaction Overview – Transaction Parties on the Closing Date	54
Transaction Overview – Portfolio and Servicing	57
Transaction Overview – Summary of the Terms and Conditions of the Notes	63
Transaction Overview – Overview of the Characteristics of the Notes	66
Transaction Overview – Rights of Noteholders and Relationship with Other Secured Creditors.....	71
Transaction Overview – Credit Structure and Cashflow	78
Transaction Overview – Triggers Tables.....	90
Transaction Overview – Fees	101
Regulatory Disclosures	102
Weighted Average Lives of the Notes	106
Early Redemption of the Notes	109
Use of Proceeds	113
Ratings	114
The Issuer.....	115
Holdings.....	118
The Seller, the Servicing Facilitator and the Risk Retainer	120
Servicer	122
The Cash Manager, the Issuer Account Bank and the Custodian.....	123
The Note Trustee and Security Trustee.....	124
The Swap Provider	125
The Corporate Services Provider and Back-Up Servicing Facilitator	126
The Loans.....	127
Characteristics of the Provisional Portfolio	138
Information Relating To The Regulation Of Mortgages In The UK	147
Summary of the Key Transaction Documents.....	158
Credit Structure	193
Cashflows.....	204
Description of the Global Notes	218
Terms and Conditions of the Notes	223
Taxation	260
Subscription and Sale	262
Transfer Restrictions and Investor Representations	265
General Information.....	268
Index of Terms	272

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

An investment in the Notes 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 material risks inherent in investing in the Notes are described below, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The purchase of the Notes involves substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of the Notes should (i) ensure that they understand the nature of the Notes 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 is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. In particular, an investment in the Notes involves the risk of a partial or total loss of investment.

1. RISKS RELATING TO THE AVAILABILITY OF FUNDS TO MAKE PAYMENTS ON THE NOTES

1.1 The Issuer has a limited set of resources available to make payments on the Notes

The ability of the Issuer to meet (i) its payment obligations under the Notes and (ii) its operating and administrative expenses will be dependent upon the receipt by it in full of (a) monies received or recovered on the Loans (whether by way of receipt from the Borrowers under the Loans or payments of principal and interest, or by way of enforcement or disposal of the Loans and their Related Security in the Portfolio), (b) interest income on the Bank Accounts (other than amounts representing interest earned on any Swap Collateral) and any Authorised Investments (other than any amount of income received in respect of the Swap Collateral), (c) funds available in the General Reserve Fund and Class A Liquidity Reserve Fund (subject to application in accordance with the relevant Priority of Payments (please see the sections entitled "*Credit Structure – General Reserve Fund and General Reserve Fund Account*" and "*Credit Structure – Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Account*")) and (d) the net receipts under the Swap Agreement. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its payment obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments.

As of the Optional Redemption Date, the margin applicable to the Floating Rate Notes (other than with respect to the Class X Notes) will be increased. There will, however, be no additional receipts or other sources of funds available to the Issuer as of the Optional Redemption Date, nor is it expected that any of the sources of income available to the Issuer prior to the Optional Redemption Date will be increased. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

1.2 The Notes will be limited recourse obligations of the Issuer

The Notes will be limited recourse obligations of the Issuer. Other than the sources of funds referred to in the foregoing paragraph, the Issuer is not expected to have any other funds available to it to meet its payment obligations under the Notes. 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),

then the Secured Creditors (which include the Noteholders) 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 such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be extinguished.

1.3 The yield to maturity on the Notes may be affected by, among other things, prepayments made by Borrowers on their Loans

Based on assumed rates of prepayment, the approximate average lives and principal payment windows of each Class of Notes are set out in the section entitled "*Weighted Average Lives of the Notes*". However, the rate of prepayment of the Loans cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the finance market, the availability of alternative financing and local and regional economic conditions. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience. Further, if the Seller is required to repurchase any Loans, the payment received by the Issuer will have the same effect as a prepayment in full of the relevant Loan.

Payments and prepayments of principal on the Loans and any proceeds of repurchased Loans will be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments (see "*Cashflows*" below). The rate of any prepayments will affect the yield to maturity on the Notes and their weighted average life.

If the Call Option is exercised by the Option Holder, the Issuer will redeem the Notes in full on or following the Optional Redemption Date, which is likely to limit the market value of the Notes. Following the Optional Redemption Date, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any

redemption period. See "*Early Redemption of the Notes*" below for more information relating to the Call Option.

2. RISKS RELATING TO THE UNDERLYING ASSETS

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

As noted above, the ability of the Issuer to meet its obligations to pay principal and interest on the Notes is dependent on receipts from the Loans in the Portfolio. As such, if Borrowers make payments on their Loans late, the Issuer may have insufficient funds on any Interest Payment Date to make payments of interest on the Notes. Further, if Borrowers fail to repay some or all of the interest and/or principal due on their Loans and the enforcement procedures fail to realise or recover sufficient funds to discharge all amounts due and owing by the relevant Borrower, the Issuer may have insufficient funds to make payments of interest and/or principal on the Notes.

Borrowers may fail to make payments when due on their Loans for a variety of reasons including, without limitation:

- changes in the local, national or international macroeconomic climate, political developments and government policies. The economy of the UK, and each geographic region within the UK is dependent on a different mixture of industries and other factors. Any downturn in the local or national economy or particular industry may adversely affect the regional or national employment levels and consequently the repayment ability of the Borrowers and/or the tenants of Borrowers in that region or nationally, or the region that relies most heavily on that industry. It is not possible to accurately predict the ultimate extent or duration of any such downturn or the impact it could have on the repayment ability of the Borrowers. See also the Risk Factor entitled "*The relationship of the United Kingdom with the EEA may 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*";
- a deterioration in economic conditions in a particular area or region, which may adversely affect the regional employment levels (and consequently the ability of the tenants of Borrowers in that area or region to make payments of rent to such Borrowers) and/or house prices and as a result, the repayment ability of such Borrowers. To the extent that specific geographic regions within the UK have experienced, or may experience in the future, weaker regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions in the UK, a concentration of Loans financing Properties in one region may be expected to exacerbate such risks. An overview of the geographical distribution of the Loans in the Provisional Portfolio is set out in the table in the section "*Characteristics of the Provisional Portfolio*";
- any natural disasters or widespread health crises (such as the COVID-19 pandemic), government policies in response to such crises or such potential crises (including, but not limited to, COVID-19 (or any strain of the foregoing)) and/or the fear of any such crises in a particular region or nationwide may weaken economic conditions, and negatively impact the ability of the tenants of Borrowers to make payments of such rent to such Borrowers, and may reduce house prices and/or restrict the ability of Borrowers to sell a Property in a timely manner and consequently negatively impact the repayment ability of Borrowers within the United Kingdom;
- an increase in the prevailing market interest rate, which, for those Loans subject to a variable rate of interest, would increase a Borrower's monthly payment. Borrowers may seek to avoid any increased monthly payments by refinancing such Loans, as to which see the Risk Factors entitled "*Macroeconomic and Market Risks*" and "*The relationship of the United*

Kingdom with the EEA may 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";

- decline in property values due to, among other things, to local, national and/or global macroeconomic factors;
- in respect of interest-only loans, the failure of a Borrower to sell the relevant property or refinance the relevant Loan at maturity;
- a Borrower's or a Borrower's tenants' individual, personal or financial circumstances, for example unemployment, loss of earnings, illness (including any illness arising in connection with an epidemic), divorce and other similar factors. If the timing and repayment of the Loans is adversely affected by any of the risks described herein, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes; and
- a lack of availability of buyers for a Property and/or a decline in value of a Property, which may affect 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.

Given the unpredictable effect that the factors may have on the local, national or global economy, no assurance can be given as to the impact of any such matters and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes. These risks are mitigated to an extent by certain credit enhancement features and liquidity support, as described in the section entitled "Credit Structure" below. However, no assurance can be given as to the effectiveness of such credit enhancement features and liquidity support, or that Noteholders will be protected from all risk of loss and/or delayed payment.

Payment Holidays may result in a shortfall in interest receipts and/or principal receipts

The Seller may permit suspension of monthly payments other than as a result of a repayment plan or option, in which case the relevant Borrower will pay such interest and any reduced monthly payment as the Seller may require as a condition of the suspension. At the end of the suspension period, subsequent monthly payments must be sufficient to pay off the arrears.

To the extent that the Seller (or the Servicer on its behalf) permits Borrowers to suspend monthly payments, this may result in a shortfall in interest receipts and/or principal receipts. See further "*Risk Factors – The COVID-19 pandemic may have negative effects on the Portfolio: COVID-19 Payment Deferrals*" section below.

2.2 The COVID-19 pandemic may have negative effects on the Portfolio: COVID-19 Payment Deferrals

The world is currently experiencing an outbreak of a novel coronavirus (known as COVID-19) which is having severe health, as well as unpredictable economic, effects across the world. On 11 March 2020, the Chief Medical Officer of the UK Government announced that the current outbreak of COVID-19 had reached epidemic proportion in the United Kingdom and the World Health Organisation also declared the current global outbreak of COVID-19 as a "global pandemic".

Widespread health crises, or the fear of such crises developing at such time or in the future (such as COVID-19 or other epidemic infectious diseases) in a particular region or nationwide may weaken economic conditions and reduce the market value of affected properties in such regions, the ability to sell a property in a timely manner and/or negatively impact the ability of a Borrower to make timely payments on the Loans. In addition, governmental action or inaction in respect of, or responses to, any widespread health crises, whether in the United Kingdom or in any other jurisdiction, may lead

to a further deterioration of economic conditions both globally and also within the United Kingdom. This may have an adverse impact on the ability of Borrowers to make timely payment of interest and repayments of principal on their Loans, or on the ability of Borrowers' tenants to make payments of rent to such Borrowers when due.

As a result of such factors, a mortgage lender may offer, or be required through law, regulation, or regulatory guidance, to offer, a range of forbearance options (which in themselves may be temporary or permanent in nature and may include, without limitation, the suspension of monthly payments due under mortgage loans) to support borrowers who are facing financial difficulty or may potentially face financial difficulties.

A Borrower may request from the Seller or the Servicer (on behalf of the Seller) a 'payment holiday' or 'payment deferral' as a result of the direct or indirect impact of the COVID-19 pandemic (as at the date of this Prospectus, limited up to a six month period, with such deferrals available in certain circumstances for payments up to 31 July 2021) (a "**COVID-19 Payment Deferral**"). Investors should note in this regard, the FCA Payment Deferral Guidance and the Tailored Support Guidance described in the section entitled "*Information Relating To The Regulation Of Mortgages In The UK – Mortgages and COVID-19: FCA guidance for firms*" and the payment holiday or payment deferral measures outlined therein.

Any Loan which is subject to a COVID-19 Payment Deferral (any such Loan, a "**COVID-19 Payment Deferral Loan**") following a successful application by the relevant Borrower will remain in the Portfolio. Whether or not a COVID-19 Payment Deferral will be granted is subject to the prevailing policies and procedures of the Seller or Servicer and which may be amended in accordance with the standards of a prudent mortgage lender and to reflect applicable law, regulation and other regulatory guidance. Further, the FCA in the FCA Payment Deferral Guidance and the Tailored Support Guidance requires the Servicer to act in a manner consistent with the FCA Payment Deferral Guidance and the Tailored Support Guidance. In accordance with the FCA Payment Deferral Guidance and the Tailored Support Guidance, any COVID-19 Payment Deferral Loan will not, as a result of the COVID-19 Payment Deferral, be considered in arrears (or further in arrears) or be subject to a debt restructuring process. See further section entitled "*Information Relating To The Regulation Of Mortgages In The UK – Mortgages and COVID-19: FCA guidance for firms*".

Due to the impact on timing and quantum of payments in respect of the Loans, increased levels of COVID-19 Payment Deferral Loans may result in a reduction of funds available to the Issuer to meet its obligations under the Notes. As of the Cut-Off Date, no Loans that are COVID-19 Payment Deferral Loans are included in the Portfolio, however the total number of Borrowers who may seek to take up these opportunities, and therefore the impact of the FCA Payment Deferral Guidance and the Tailored Support Guidance on the performance of the Loans in the Portfolio, is not known as at the date of this Prospectus. If the timing of the payments, as well as the quantum of such payments, in respect of the Loans is adversely affected, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes.

Further, there can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the COVID-19 outbreak in the UK which may adversely affect the performance of the Loans.

2.3 Seller to initially retain legal title to the Loans and risks relating to set-off

Initially, legal title to the Loans and their Related Security in the Portfolio will be held by the Seller and the sale by the Seller to the Issuer of the Loans and their Related Security takes effect in equity only.

Legal title to the Loans and their Related Security in the Portfolio will remain with the Seller until a Perfection Event occurs, and this presents the following risks:

- a *bona fide* purchaser from the Seller for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer or the Security Trustee might obtain a good title free of any such interest;
- the Issuer or the Security Trustee would not be able to enforce any Borrower's obligations under a Loan or Related Security itself but would have to join the Seller as a party to any legal proceedings. Prior to perfection of legal title, the Issuer will have power of attorney to act in the name of the Seller and the Seller will undertake that it will lend its name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the relevant Loans and their Related Security; and
- a Borrower may be entitled to exercise certain set-off rights, including, equitable set-off rights, which may arise in connection with a transaction connected with a Loan. An equitable right of set-off could arise, for example, where the Seller is in breach of contract under the relevant Loan. The Seller will represent and warrant in the Mortgage Sale Agreement that the terms and conditions of the Loans do not require the Seller to agree to any Port.

If any of the risks described above were to occur then the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes may be affected.

2.4 The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom

The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom or a specific region thereof (as has, in certain cases, happened since the date of origination of the Loans) or downturns in the performance of the United Kingdom economy (due to the local, national and/or global macroeconomics factors) generally, which may in each case have a negative effect on the housing market. In addition, any natural disasters, or widespread health crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises (including, but not limited to, COVID-19 (or any strain of the foregoing)), and/or the fear of any such crises whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions in the United Kingdom and also globally and may reduce the value of the affected Properties. If the residential property market in the United Kingdom experiences 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.

Borrowers may have insufficient equity in their properties to refinance their Loans with lenders other than the Seller and may (as a result of the circumstances described in "*Delinquencies or Default by Borrowers in paying amounts due on their Loans*" or "*Payment Holidays may result in a shortfall in interest receipts and/or principal receipts*" 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, Defaults and losses which in turn may adversely affect payments on the Notes.

There is a risk that house price growth will continue to accelerate faster than earnings, stretching affordability and leaving households more vulnerable to shocks, such as increases in interest rates that could ultimately lead to higher loan losses. There is potential for activity and prices to decline should the labour market situation deteriorate, if strains in the financial system re-emerge and impair the flow of credit to the wider economy or other factors (including but not limited to COVID-19 or

any strain of the foregoing) cause a deterioration in economic conditions. This risk is particularly relevant to interest-only mortgage loans, such as the Loans comprised in the Portfolio.

2.5 There is no guarantee that the Provisional Portfolio will be the Transaction Portfolio as at the Cut-Off Date

The information in the section headed "*Characteristics of the Provisional Portfolio*" has been extracted from the systems of the Servicer as at 6 December 2020 (the "**Portfolio Reference Date**"). The Provisional Portfolio has been selected from a pool of the Seller's Buy-to-Let Loans using a system containing defined data on each of the qualifying loans. This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that the Seller will make in the Mortgage Sale Agreement in relation to the Loans. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. The loans selected for the Provisional Portfolio are representative of the Seller's portfolio of Buy-to-Let Loans meeting the selection criteria which the Seller holds immediately prior to the sale of the Portfolio. As at the Portfolio Reference Date, the Provisional Portfolio comprised of 731 loans with an aggregate current balance of £303,492,234. The characteristics of the Portfolio will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of loans and the removal of any loans from the Portfolio that do not comply with the Loan Warranties as at the Cut-Off Date. Neither the Seller nor the Servicer has provided any assurance that there will be no material change in the characteristics of the Portfolio between the Portfolio Reference Date and the Closing Date.

2.6 Risk of Losses Associated with Interest-only Loans

Each Loan in the Portfolio is repayable on an interest-only basis, and as such there is no scheduled amortisation of principal in respect of any of the Loans.

Where a Borrower is only required to pay interest during the term of the Loan, with the principal being repaid in a lump sum at the end of the term, it is generally recommended that Borrowers ensure that some repayment mechanism is put in place to ensure that funds will be available to repay the principal at the end of the term. The Seller does not have and the Issuer shall not have the benefit of any investment policies taken out by Borrowers.

The ability of such Borrower to repay a 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 ("**PEPs**"), new individual savings accounts ("**NISAs**") or endowment policies or by selling other assets (including other properties) owned by such Borrower.

However, the only security that exists in relation to a Loan in the Portfolio will be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the Borrower's age and employment status, the financial condition and payment history of the Borrower, tax laws and prevailing general economic conditions. In recent times, mortgage lenders have maintained stricter conditions to the advancing of interest-only loans (and other loans) which are mortgages. The inability of the Borrowers to sell their respective Properties or refinance their respective Loans may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes.

Borrowers of interest-only loans may not make payment of the premiums due on any relevant investment or life 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 a Loan at maturity without resorting to the sale of the underlying Property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, PEPs, NISAs 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 a 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. See further "*The COVID-19 pandemic may have negative effects on the Portfolio: COVID-19 Payment Holidays*").

In the event that a Product Switch is provided in respect of any Loan, the outstanding balance in respect of such Loan shall be redeemed in full by the Seller and the redemption proceeds shall be applied in accordance with the relevant Priorities of Payments, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Loan and the relevant Notes respectively, earlier than would otherwise be the case.

2.7 Buy-to-Let Loans

All of the Loans in the Portfolio are residential loans intended to be taken out by a Borrower in relation to the purchase or re-mortgage of a Property for residential letting purposes ("**Buy-to-Let Loans**"). The Borrower's ability to service such Loans is likely to depend on the Borrower's ability to lease the relevant Properties on appropriate terms. There can be no assurance that each such Property will be the subject of an existing tenancy when the relevant Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations or principal repayments in respect of the Loan. Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Servicer or the Seller may not be able to obtain vacant possession of the Property until the end of the tenancy, in which case the Servicer or the Seller will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which the Servicer or the Seller could realise upon enforcement of the Mortgage and the sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the Loan, although the existence of any such tenant paying rent in full on a timely basis may not have an adverse effect on the amount of such realisation. Depending on the remaining term of the tenancy, a tenanted property may be vacated sooner than an owner-occupied property. However, enforcement procedures in relation to such Mortgages include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Loan. See further "*Risk Factors - The yield to maturity on the Notes may be affected by, among other things, prepayments made by Borrowers on their Loans*" section above.

The Coronavirus Act 2020 put measures in place in England for the period from 26 March 2020 until 30 September 2020 that provide that where landlords issued notices seeking possession, in the period from 26 March 2020 to 28 August 2020, the notice period had to be for three months. The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Amendment) (England) Regulations 2020, made in exercise of powers conferred by the Coronavirus Act 2020, came into force on 29 August 2020 (the "**English Regulations**"). The English Regulations apply in England only. The English Regulations modify certain provisions of the Coronavirus Act 2020 to give tenants in England greater protection from eviction over the winter by requiring landlords to provide tenants with six months' notice in all bar those cases raising other serious issues such as, but not limited to, those involving, (in certain circumstances): anti-social behaviour (including rioting), domestic abuse, fraud and rent arrears to the value of over six months' rent. The English Regulations provide that this six month notice period will be required starting from 29 August 2020 until 31 March 2021.

Further, from 27 March 2020, any possession claims in the system or about to go into the system were affected by a 90 day suspension of possession hearings and orders, such suspension of possession hearings and orders was extended until 23 August 2020 on 25 June 2020 and was extended by a further four weeks until 20 September 2020 on 21 August 2020. New CPR Practice Direction 55C ("**PD 55C**") is in force from 20 September 2020 until 28 March 2021. PD 55C sets out the steps required to reactivate stayed possession claims, as well as procedural changes applying both to existing possession claims and the issue of new claims. Different requirements apply under PD 55C depending on when the relevant possession claim was first issued.

In Wales, new regulations have been made under Schedule 29 to the Coronavirus Act 2020, that temporarily extend the minimum notice periods landlords must give to tenants with assured and assured shorthold tenancies. A six month notice period applied to notices issued between 24 July 2020 and 28 September 2020 under section 8 of the Housing Act 1988, except those that specified grounds 7A or 14 (relating to anti-social behaviour). A three month notice period continued to apply to notices that specified grounds 7A or 14. A six month notice period applied to notices issued on or after 24 July 2020 under section 21 of the Housing Act 1988. Schedule 29 is temporarily amended so that a landlord serving a notice on or after 24 July will be required to provide extended notice during the remainder of relevant period, which, in accordance with the Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Wales) Regulations 2020, currently ends on 31 March 2021.

With effect from 6 April 2020 there is no deduction available for finance costs from rental income and instead all rental income is only eligible for a tax credit at the basic rate of income tax (20%).

A higher rate of stamp duty land tax ("**SDLT**") (and Welsh land transactions tax ("**WLTT**")) applies to the purchase of additional residential properties (such as buy-to-let properties). The current additional rate is 3 per cent. above the current SDLT and WLTT rates.

On 11 March 2020, the government announced that it would introduce a 2 per cent. SDLT surcharge on non-UK residents purchasing residential property in England with effect from 1 April 2021. Draft legislation was published on 21 July 2020, which, if introduced, would apply in addition to the 3 per cent. additional rate that applies to the purchase of additional residential properties described above.

The introduction of these measures may adversely affect the private residential rental market in the United Kingdom in general and (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy-to-Let Loans to meet their obligations under those Loans. Further, such measures may prompt Borrowers to re-finance their loan or sell the underlying Property, which in turn may adversely affect the yield to maturity of the Notes. See further "*Risk Factors – The yield to maturity on the Notes may be affected by, among other things, prepayments made by Borrowers on their Loans*" section above. "

2.8 Insurance Policies

While the Mortgage Conditions require Borrowers to have buildings insurance for the relevant property, 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. The Seller has assigned the benefit of its Title Indemnity Policies, which will give the Issuer certain protection should the relevant Borrower not have any valid insurance in place. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or contingent insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes.

2.9 Searches, Investigations and Warranties in Relation to the Loans

The Seller will give certain warranties to each of the Issuer and the Security Trustee regarding the Loans and their Related Security sold to the Issuer on the Closing Date (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" below for a summary of these).

Neither the Note Trustee, the Security Trustee, the Joint Arrangers, the Joint Lead Managers, the Issuer nor any other party has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller. As such, the Loans may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date which breach is not remedied in accordance with the Mortgage Sale Agreement, will be to require the Seller to repurchase any relevant Loan and its Related Security in accordance with the repurchase provisions in the Mortgage Sale Agreement. However, there can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. In each case, none of the Issuer, the Security Trustee or the Note Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations. Furthermore, although the Seller and the Servicer have undertaken, pursuant to the Mortgage Sale Agreement and Servicing Agreement, to notify the Issuer (and, if applicable, the Servicer) upon becoming aware of a material breach of any Loan Warranty, there shall be no obligation on the part of the Seller or the Servicer to monitor compliance of the Loans with the Loan Warranties following the Closing Date. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

2.10 Lending Criteria

The Loans have been underwritten generally in accordance with the underwriting standards described in the section entitled "*Lending Criteria*". Those underwriting standards consider, among other things, a Borrower's credit history, status, repayment ability, as well as the value of the relevant Property and the value of the related rental stream.

While each Loan was originated by the Seller pursuant to underwriting standards that are no less stringent than those that the Seller applied at the time of origination to similar exposures that are not securitised, there can also be no assurance that these underwriting standards were applied in all cases or that Loans originated under different criteria have not been included in the Portfolio.

2.11 Loans are subject to certain legal and regulatory risks

The Loans are subject to certain risks relating to the law and regulation of mortgages in the United Kingdom. No assurance can be given that additional legislative and/or regulatory changes (by any legislative body, the FCA 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, including any further changes arising from the FCA's mortgage market review, or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure or the Financial Services Act 2012, or the costs of complying with any such changes may have a material adverse effect on the Seller, the Issuer, 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. Further detail on certain considerations in relation to the regulation of mortgages in the UK is set out in the section

headed “*Information relating to the regulation of Mortgages in the UK*” below and certain specific risks are set out below:

Regulation of buy-to-let mortgage loans. The exercise of supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payments on the Notes, particularly if the FCA orders remedial action in respect of past conduct. In addition, if any of the Loans in the Portfolio are Regulated Mortgage Loans, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Loans, interest payable under the Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due. Further detail is included in the section headed “*Information relating to the regulation of Mortgages in the UK – Regulation of buy-to-let mortgage loans*” below.

Consumer buy-to-let loans. If any of the Loans in the Portfolio are Consumer Buy-to-Let Loans, then the Seller will be subject to a number of conduct standards. The FCA has supervisory and enforcement powers in respect of such conduct standards. The exercise of such supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payments on the Notes.

Unfair Relationships. If a court determined that there was an unfair relationship between the lender and borrowers in respect of any of the Loans and ordered that financial redress was made in respect of such Loans or if redress was due in accordance with the FCA guidance on PPI complaints, 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 ability of the Issuer to make payments under the Notes. Further detail is included in the section headed “*Information relating to the regulation of Mortgages in the UK – Unfair relationships*” below.

Distance Marketing. The Financial Services (Distance Marketing) Regulations 2004 allow, in certain specified circumstances, a borrower to cancel a credit agreement it has entered into with lenders. 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. Further detail is included in the section headed “*Information relating to the regulation of Mortgages in the UK – Distance Marketing*” below.

UTCCR and CRA. The UTCCR and CRA provide that a consumer may, in certain circumstances, challenge a term in an agreement on the basis that it is unfair. The extremely broad and general wording of the UTCCR and CRA 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 and/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 July 1995 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, including by way of non-recovery of a Loan by the Seller or the Issuer, a claim made by the Borrower, or the exercise by the Borrower of a right of set-off arising as a result of a term of a loan being found to be unfair (and therefore not binding on the consumer).

If any term of the Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective

businesses and operations. No assurance can be given that any such changes in guidance on the UTCCR and the CRA, or reform of the UTCCR and the CRA, will not affect the Loans and will not have a material adverse effect on the Issuer's ability to make payments on the Notes. Further detail in relation to both the UTCCR and the CRA is included in the section headed "*Information relating to the regulation of Mortgages in the UK – Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and the Consumer Rights Act 2015*" below.

Consumer Protection from Unfair Trading Regulations 2008. The CPUTR implements the Unfair Practices Directive into UK law. The CPUTR prohibits certain practices which are deemed unfair within the terms of the CPUTR. Breach of the CPUTR may lead to sanction and/or liability for misrepresentation or breach of contract in relation to the underlying credit agreements, which may result in irrecoverable losses on amounts to which such agreements apply. No assurance can be given that the implementation of the Unfair Practices Directive into UK law and any further harmonisation will not have a material adverse effect on the Seller, the Issuer, the Loans or on the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders. Further detail in relation to the CPUTR and the Unfair Practices Directive is included in the section headed "*Information relating to the regulation of Mortgages in the UK – Consumer Protection from Unfair Trading Regulations 2008*" below.

Mortgage repossessions. The protocols for mortgage repossession and the Mortgage Repossessions (Protection of Tenants etc) Act 2010 may have adverse effects in relation to the ability of the Seller to repossess properties in markets experiencing above average levels of possession 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. Further detail is included in the section headed "*Information relating to the regulation of Mortgages in the UK – Mortgage Repossession cases*" and "*Information relating to the regulation of Mortgages in the UK – The Renting Homes (Wales) Act 2016*" below.

Financial Ombudsman Service. Under the FSMA, the Financial Ombudsman Service (the Ombudsman) is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. The Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a borrower. Given the way the Ombudsman makes its decisions, 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. Further detail is included in the section headed "*Information relating to the regulation of Mortgages in the UK – Financial Ombudsman Service*" below.

Assured Shorthold Tenancy (AST). Depending on the level of ground rent payable at any one time it is possible that a long leasehold may also be an Assured Tenancy ("AT") or Assured Shorthold Tenancy ("AST") under the Housing Act 1988 ("HA 1988"). There is a risk that in certain circumstances, where a long lease is also an AT/AST due to the level of the ground rent, the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the realisable value of the Portfolio, and/or the ability of the Issuer to make payments in full on the Notes when due. Further detail is included in the section headed "*Information relating to the regulation of Mortgages in the UK – Assured Shorthold Tenancy (AST)*" below.

3. RISKS RELATING TO THE STRUCTURE

3.1 Deferral of Interest Payments on the Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable absent the deferral provisions applicable in respect of any Class of Notes after having paid or provided for

items of higher priority in the Pre-Enforcement Revenue Priority of Payments, or by means of the application of any Class A Liquidity Reserve Fund Release Amounts, General Reserve Fund Release Amounts or Principal Addition Amounts, then the Issuer will, unless such Class of Notes is the then Most Senior Class of Notes, be entitled under Condition 17 (Subordination by Deferral) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date on which the relevant Class of Notes becomes due and payable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

For the avoidance of doubt, no such deferral of interest shall be permitted in relation to the then Most Senior Class of Notes, and failure to pay timely interest on the Most Senior Class of Notes shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

3.2 Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes, the Class Z1 Notes and the Class Z2 Notes

Pursuant to the Priorities of Payments, certain junior Classes of Notes are subordinated in right of payment to more senior Classes of Notes.

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

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

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

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

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

The Class X Notes rank pro rata and pari passu without preference or priority among themselves in relation to payment of interest and principal, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in the Conditions and the Transaction Documents provided however, that, on each Interest Payment Date, Available Revenue Receipts will be applied towards repayment of principal amounts outstanding on the Class X Notes pursuant to the Pre-Enforcement Revenue Priority of Payments.

The Class Z2 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 all payments due 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 Notes, as provided in the Conditions and the Transaction Documents.

The Class Z1 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 all payments due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z2 Notes, as provided in the Conditions and the Transaction Documents.

In addition to the above, payments on the Notes are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Note Trustee, the Security Trustee, the Issuer Account Bank, the Custodian, the Servicer, the Back-Up Servicing Facilitator, the Cash Manager, the Paying Agents, the Registrar, the Corporate Services Provider, the Swap Provider and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*".

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

The priority of the Notes 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 from all risk of loss.

4. RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS

4.1 Meetings of Noteholders, Modification and Waivers

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

The Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee (acting on the instructions of the Note Trustee), may agree, without the consent of the Noteholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), to (i) (other than in respect of a Basic Terms Modification) any modification of the 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 (acting on the directions of the Note Trustee), materially prejudicial to the interests of the Noteholders of any Class (ii) (including Basic Terms Modifications) any modification which, in the Note Trustee's or, as the case may be, the Security Trustee's opinion (acting on the directions of the Note Trustee), is of a formal, minor or technical nature or to correct a manifest error. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination, waiver or authorisation will not be materially prejudicial to the interests of the Most Senior Class of Notes (or if there are no Notes then outstanding, the Secured Creditors) determine that an Event of Default shall not, or shall not subject to any specified conditions, be treated as such

or waive or authorise any breach or proposed breach of the Conditions or any of the Transaction Documents. See Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

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

The Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant Class or Classes of Notes, as applicable which is or are affected by such Basic Terms Modifications.

Further, the Note Trustee and/or the Security Trustee (as the case may be) may also be obliged, in certain circumstances, to agree to amendments to the Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with the UK Securitisation Regulation and/or the EU Securitisation Regulation, including as a result of the adoption of any secondary legislation or official guidance in relation to the UK Securitisation Regulation and/or the EU Securitisation Regulation (including in respect of risk retention), (iii) enabling the Notes to be (or to remain) listed on the Official List and admitted to trading on the main market of the London Stock Exchange, (iv) enabling 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**"), (v) complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow compliance with the Bank of England's sterling monetary framework, (vi) complying with any changes in the requirements of the UK CRA Regulation or the EU CRA Regulation after the Closing Date, (vii) changing the base rate on the Notes from SONIA to an Alternative Base Rate (and such other amendments as are necessary or advisable in the reasonable judgment of the Issuer (or the Seller on its behalf) to facilitate such change) to the extent there has been or there is reasonably expected to be a material disruption or cessation to SONIA in accordance with the detailed provisions of Condition 13.6(a)(vii)(A) (*Additional Right of Modification*), (viii) changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Seller on its behalf) and the Swap Provider solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Notes following such Base Rate Modification and making any associated amendment or (ix) to comply with any requirements which apply to it under Regulation (EU) 648/2012, commonly known as the European Market Infrastructure Regulation, as it forms part of domestic law by virtue of EUWA ("**UK EMIR**") as amended (each a "**Proposed Amendment**"), without the consent of Noteholders, pursuant to and in accordance with the detailed provisions of Condition 13.6 (*Additional Right of Modification*).

In relation to any such Proposed Amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (Notice to Noteholders) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have contacted the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13 (Meetings of Noteholders, Modification, Waiver and Substitution).

There can be no assurance that the effect of such modifications to the Relevant Documents will not adversely affect the interests of the holders of one or more or all Classes of Notes.

The full requirements in relation to the modifications discussed above are set out in Condition 13.6 (Additional Right of Modification).

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

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding (of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), 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 interest thereon as provided in a trust deed between the Issuer and the Note Trustee (the "**Trust Deed**").

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, 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 or the Trust Deed (including the 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*)) unless the Note Trustee should have been directed, or should have been directed to direct the Security Trustee, to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding and the Security Trustee and Note Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction.

If neither the Note Trustee nor the Security Trustee use their discretion where they have not been directed as described above, it may adversely affect the ability of the Issuer to make payments on the Notes following the service of an Enforcement Notice.

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

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

In relation to the covenant to be given by the Seller to the Issuer and the Security Trustee in the Mortgage Sale Agreement in accordance with the UK Securitisation Regulation and the EU Securitisation Regulation regarding the material net economic interest to be retained by the Seller in the securitisation and as to certain requirements to provide investor information in connection therewith, neither the Note Trustee nor the Security Trustee will be under any obligation to monitor the compliance by the Seller with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant (unless otherwise directed by the Secured Creditors (including the Noteholders) in accordance with the Transaction Documents).

5. COUNTERPARTY AND THIRD PARTY RISKS

5.1 Ratings of the Notes

The ratings assigned to the Rated Notes (other than for the Class X Notes which have a rating assigned by Moody's only and the Class Z1 Notes which have a rating assigned by S&P only) by Moody's and S&P address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Most Senior Class of Notes of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Noteholders of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes (other than the Class Z1 Notes, which are assigned a rating only by S&P) by Moody's also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class of Notes held by such Noteholder on the Final Maturity Date.

The expected ratings of the 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 including if, in its judgement, circumstances in the future so warrant (including a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Swap Provider and/or the Collection Account Bank and/or the Issuer Account Bank and/or the Custodian). See also "*Rating Agency confirmation in relation to the Notes in respect of certain actions*" below.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to any Class of the Rated Notes may be withdrawn, lowered or qualified.

Further, 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 any Class 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. Neither the Issuer nor any other person or entity will have any duty to notify you if any other rating agencies issue, or deliver notice of its intention to issue, unsolicited ratings on one or more Classes of the Notes after the Closing Date.

As highlighted above, the ratings assigned to each class of the Rated Notes by each Rating Agency (other than for the Class X Notes which have ratings assigned by Moody's only and the Class Z1 Notes which have ratings assigned by S&P only) are based on, among other things, (in the case of Moody's) the short-term deposit rating, senior unsecured debt rating and/or long-term counterparty risk assessment of the Issuer Account Bank, the Collection Account Bank, the Custodian and the Swap Provider or (in the case of S&P) the short-term unsecured, unguaranteed and unsubordinated debt rating and/or the long-term unsecured, unguaranteed and unsubordinated debt rating deposit rating, senior unsecured debt ratings of the Issuer Account Bank, the Collection Account Bank, the Custodian and the Swap Provider. 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 the Rated Notes for use in certain liquidity schemes established by, *inter alios*, the Bank of England.

5.2 Rating Agency confirmation in relation to the 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 this would be the case (such confirmation being a "**Rating Agency Confirmation**"). A Rating Agency Confirmation does not confirm that any proposed action or inaction (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. No actual or contingent liability is imposed or extended on the Rating Agencies to the Noteholders or other Secured Creditors by providing a Rating Agency Confirmation, nor does it create any legal relationship (by way of contract or otherwise) between the Rating Agencies, the Issuer and the Noteholders or other Secured Creditors. The Note Trustee and/or the Security Trustee 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.

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.

Where the Transaction Documents allow the Issuer, the Note Trustee or the Security Trustee to seek a Rating Agency Confirmation and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from 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 each of the events in sub-paragraphs (i) (A) or (B) and (ii) has occurred, the Issuer having sent a written request to each Rating Agency.

If no such Rating Agency Confirmation is forthcoming within 30 days of such a request and two directors of the Issuer have certified the same in writing to the Security Trustee, the Cash Manager and the Note Trustee (an "**Issuer Certificate**"), upon which Issuer Certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing, the Note Trustee and the Security Trustee shall be entitled (but not obliged) to assume that such proposed action:

- (a) (while any of the Notes remain outstanding) has been notified to the Rating Agencies;
- (b) would not adversely impact on the Issuer's ability to make payment when due in respect of the Notes;

- (c) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security; and
- (d) (while any of the Notes remain outstanding) the then current rating of the relevant Classes of Rated Notes would not be reduced, qualified, adversely affected or withdrawn.

It is agreed and acknowledged by the Note Trustee and the Security Trustee that 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 or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

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 Notes.

5.3 Issuer Reliance on Other Third Parties

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or Notes. In the event that any of the counterparties to the Transaction Documents were to fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics, pandemics and natural disasters) and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders may be disrupted and Noteholders may be adversely affected. A third party may be unable to perform its obligations under the agreements to which it is a party as a result of factors outside of its control, including disruptions due to technical difficulties and local, national and/or global macroeconomic factors (such as epidemics and pandemics (including COVID-19)) the ultimate extent, duration and impact of which cannot be accurately predicted.

As a result of the COVID-19 outbreak, many organisations (including courts, other government agencies and service providers) have either closed or implemented policies requiring their employees to work at home. Such remote working policies are dependent upon a number of factors to be successful, including communications, internet connectivity and the proper functioning of information technology systems, all of which can vary from organisation to organisation. As a result, such closures and remote working policies may lead to delays or disruptions in otherwise routine functions. In addition, to the extent that courts and other government agencies are closed or operate on a limited basis, registration, enforcement and similar activities will not be processed in a timely manner, the ability of Borrowers' tenants to make payments of rent to Borrowers when due, and may be further delayed as such offices and courts address any backlogs of such actions that accumulated during the period of closure, and the duration of such backlogs is impossible to predict at this time.

In particular, the Issuer has appointed the Servicer to service the Loans and their Related Security. It should be noted that the aggregate liability of the Servicer in respect of any claim arising out of or in connection with the Servicing Agreement shall (subject to certain exceptions) in any twelve (12) month period not exceed one times the aggregate amount of fees paid and payable to the Servicer during that twelve (12) month period. If the Servicer is liable to the Issuer for any loss as a result of a claim relating to the Servicer's duties or obligations under the Servicing Agreement, any loss over

and above the liability cap may be irrecoverable by the Issuer. This may result in less proceeds being available to meet the obligations of the Issuer in respect of the Notes.

Further, if the appointment of the Servicer and/or the Servicing Facilitator were to be terminated in accordance with the Servicing Agreement, there can be no assurance that a substitute servicer and/or servicing facilitator with sufficient experience of servicing the Loans and their Related Security would be found who would be willing and able to service the Loans and their Related Security on the terms, or substantially similar terms, set out in the Servicing Agreement. Any delay or inability to appoint a substitute servicer and/or servicing facilitator may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes.

For further details on the arrangements with the Servicer and the Servicing Facilitator, please see "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

5.4 Conflicts of Interest

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

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

- (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commission or other benefits and act as principal with respect to any dealing in the Notes;
- (c) may purchase all or some of the Notes and resell them in individually negotiated transactions with varying terms;
- (d) may be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons; and
- (e) may have positions in or may have arranged financing in respect of the Notes or the Loans in the Portfolio prior to their transfer to the Issuer and may have provided or may be providing investment banking services and other services to the other Transaction Parties or the Seller. In this regard, prospective investors should note that certain Lead Manager Related Persons have provided financing indirectly to Lendco Limited through a certain warehousing vehicle. As such, the proceeds of the issuance of the Notes will be used on or about the Closing Date to refinance such financing by Lendco Limited using a portion of the initial consideration in respect of the Portfolio to purchase the relevant Loans from the warehousing vehicle before on-selling such part of the Portfolio to the Issuer. The

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

Prospective investors should be aware that:

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

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

5.5 Interest Rate Risk

Certain of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time but the Floating Rate Notes pay a rate of interest based on Compounded Daily SONIA, and as such the Issuer is subject to the risk of a mismatch between the two.

To mitigate this risk in respect of the Floating Rate Notes (other than with respect to the Class X Notes which are not subject to the Swap Transaction), the Issuer will enter into an interest rate swap transaction with the Swap Provider under the Swap Agreement on the Closing Date (the "**Swap**

Transaction") whereby the Issuer will pay to the Swap Provider an amount equal to the notional amount of the Swap Transaction multiplied by a fixed rate and the relevant day count fraction and the Swap Provider will pay to the Issuer an amount equal to the notional amount of the Swap Transaction multiplied by Compounded Daily SONIA (provided that, for the purposes of the Swap Agreement, Compounded Daily SONIA shall be determined on the relevant Swap Floating Rate Determination Date (as defined below) and calculated by the Swap Provider, as calculation agent under the Swap Agreement) and the relevant day count fraction, although these two payments may be netted against each other.

However, it should be noted that:

- the Swap Provider may default on its obligations to make such payments to the Issuer, which would expose the Issuer to possible variances between the fixed rates payable on the Loans in the Portfolio and Compounded Daily SONIA;
- the notional amount of the Swap Transaction will reduce in line with a pre-agreed amortisation profile, which may be different to the actual rate at which the Loans in the Portfolio prepay. If the notional amount of the Swap Transaction is less than the Principal Amount Outstanding on the Notes, the Issuer would receive less from the Swap Provider than the interest due and payable on the Notes; and
- the fixed rate applicable to the amounts payable by the Issuer is not an exact match of interest rates that the Issuer receives in respect of the Fixed Rate Loans. As such, the amount payable by the Issuer under the relevant Swap Transaction may exceed the amount that the Issuer receives in respect of the Fixed Rate Loans, which may result in insufficient funds being made available for the Issuer to make payments on the Notes.

Further, upon the occurrence of certain events, the Swap Transaction may be terminated and a termination payment by the Issuer or the Swap Provider may be payable. Any termination payment due by the Issuer (other than (where applicable) in respect of any Hedge Subordinated Amounts), to the extent such termination payment is not satisfied by amounts standing to the credit of any Swap Collateral Account which are available to meet such termination payment, will rank prior to payments in respect of the Notes and may lead to a shortfall in amounts available to make payments on the Notes.

Notwithstanding whether or not an amendment is made under Condition 13.6(a)(vii) (Additional Right of Modification), the Swap Agreement specifies that where the following occurs:

- (a) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
- (b) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
- (c) 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) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date;
- (d) 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 and such discontinuation or change is reasonably expected by the Issuer to occur prior to the Final Maturity Date;

- (e) 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;
- (f) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
- (g) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a benchmark rate endorsed in a public statement by the Bank of England, the FCA or the PRA or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of SONIA;
- (h) following the implementation of a Swap Rate Modification, it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from an alternative base rate which had already been adopted in respect of the Swap Agreement pursuant to a Swap Rate Modification; or
- (i) the reasonable expectation of the Issuer or the Swap Provider that any of the events specified above will occur or exist within six months of the proposed effective date of any Swap Rate Modification,

(each a "**Screen Rate Replacement Event**"), the Issuer and Swap Provider will, acting in good faith and in a commercially reasonable manner, take all reasonable steps to agree whether or not, and, if so, on what terms, any changes should to be made to the relevant screen rate which applies under the Swap Agreement. There can be no assurance that the applicable fall-back provisions under the Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Transaction is the same as that used to determine interest payments under the Floating Rate Notes, or that any such amendment made pursuant to a Screen Rate Replacement Event would allow the Swap Transaction to effectively mitigate interest rate risks on the Floating Rate Notes.

5.6 Change of counterparties

Any 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, the Collection Account Bank, the Custodian and the Swap Provider) are required to satisfy certain criteria in order that they can continue to be a counterparty to the Issuer, including the requirement to hold certain ratings assigned by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, then the Issuer may be required to replace that party with another entity which does satisfy the applicable 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 and principal on the Notes and/or lead to a downgrade in the ratings of the Rated Notes.

6. MACROECONOMIC AND MARKET RISKS

6.1 Changes or uncertainty in respect of LIBOR and/or SONIA may affect the value, liquidity and payment of interest under the Loans and/or the Notes

Interest rates and indices which are deemed to be "benchmarks" (including the London Inter-Bank Offered Rate ("**LIBOR**") and SONIA) are the subject of recent national and international regulatory

guidance and proposals for reform, including Regulation (EU) 2016/1011 (as it forms part of domestic law by virtue of the EUWA) (the "**UK Benchmarks Regulation**"). These reforms may cause such benchmarks to perform differently than in the past (as a result of a change in methodology or otherwise), disappear entirely, create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Under the UK Benchmarks Regulation, in general, certain requirements will apply with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark. In particular, the UK Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-UK-based, to benefit from an equivalence decision adopted by the UK) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by UK-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK-based, that do not benefit from an equivalence decision adopted by the UK).

In addition the sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives for market participants to continue contributing to such benchmarks. The FCA will not require panel banks to submit LIBOR rates beyond 2021. On 23 April 2018, the Bank of England published its reforms to SONIA, which is currently being promoted as the alternative to sterling LIBOR.

Based on the foregoing, 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 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) under the Mortgage Conditions, unless LIBOR is discontinued or otherwise unavailable on the basis specified in the Mortgage Conditions, LIBOR is required to be used in the calculation of the rate of interest on any Loan following the expiry of any fixed-rate interest period. This means that LIBOR must continue to be used until the end of 2021 unless LIBOR is discontinued or otherwise unavailable on the basis specified in the Mortgage Conditions or the FCA issue a regulatory guidance requiring a UK mortgage lender to stop using LIBOR as the reference rate for residential mortgage loans prior to the end of 2021 (in this regard, please refer to the section entitled "*The Loans – Characteristics of the Loans - Interest Rates in respect of the Loans*");
- (c) if LIBOR is discontinued or is otherwise unavailable, then:
 - (i) following the expiry of any fixed-rate interest period in respect of any Loan, the rate of interest on such Loan may be determined by reference to any other reference rate selected by the Seller in its absolute discretion under the Mortgage Conditions, although such provisions may not operate as intended depending on (i) whether the unfettered discretion to select the replacement reference rate is unfair and therefore not binding on Borrowers (to the extent that the Borrowers are consumers to whom to Consumer Rights Act 2015 applies); and (ii) market circumstances and the availability of rates information at the time; and
 - (ii) it may impact upon the determination of the rate of interest payable on such Loan, which may impact the availability of revenue receipts and could affect the ability of the Issuer to make payments under the Notes;

- (d) while an amendment may be made under Condition 13.6 (Additional Right of Modification), to change the SONIA rate on the Floating Rate Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (e) if SONIA is discontinued, and whether or not an amendment is made under Condition 13.6 (Additional Right of Modification) to change the SONIA rate on the Floating Rate Notes as described in paragraph (d) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Transaction is the same as that used to determine interest payments under the Floating Rate Notes, or that any such amendment made under Condition 13.6 (Additional Right of Modification) would allow the Swap Transaction to fully or effectively mitigate interest rate risk on the Floating Rate Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Floating Rate Notes.

Investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Condition 13.6 (Additional Right of Modification). As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, inter alia, any public statements by the SONIA administrator or its supervisor to that effect, and a Base Rate Modification may also be made if the Seller (on behalf of the Issuer) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 13.6 (Additional Right of Modification), which include, inter alia, a base rate utilised in a publicly-listed new issue of sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of the Seller or such other base rate as the Seller (on behalf of the Issuer) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see "*Meetings of Noteholders, Modification and Waivers*" below).

When implementing any Base Rate Modification, the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, and shall subject to Condition 13.6 act and rely solely and without further investigation on any certificate (including, but not limited to, a Base Rate Modification Certificate) or evidence (including, but not limited to, a Rating Agency Confirmation) provided to them by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 13.6 (Additional Right of Modification) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

More generally, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (e) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes and/or the Swap Agreement and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Changes in the manner of administration of SONIA could result in adjustment to the Conditions and the Swap Agreement, early redemption, delisting or other consequences in relation to the Floating Rate Notes. No assurance may be provided that relevant changes will not be made to SONIA or any other relevant benchmark rate and/or that

such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the UK Benchmarks Regulation, or any of the international or national reforms, and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to the Notes.

6.2 The relationship of the United Kingdom with the EEA may 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

The UK left the EU on 31 January 2020 at 11pm and the transition period has ended on 31 December 2020 at 11pm. As a result, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The UK is also no longer part of the EEA. On 24 December 2020, an agreement in principle was reached in relation to the EU-UK Trade and Cooperation Agreement (the "**Trade and Cooperation Agreement**"), to govern the future relations between the EU and the UK following the end of the transition period. The Trade and Cooperation Agreement was signed on 30 December 2020. The Trade and Cooperation Agreement has provisional application from 1 January 2021 until the European Parliament gives its consent by 28 February 2021, such that formal ratification can take place. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK.

The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under powers provided in these Acts ensure that there is a functioning statute book in the UK. While temporary transitional measures introduced by the UK, and in certain cases EU, regulators may be available in certain circumstances, there are no broadly applied arrangements between the UK and the EU that accommodate mutual recognition or equivalence for regulatory purposes and no assurances can be made that any such arrangements will be available in the UK and/or the EU in the future.

Prospective investors should also note that the regulatory treatment, including the availability of any preferential regulatory treatment, of the Notes may be affected (as to which, please refer to the risk factor entitled *Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*).

It is difficult to determine what the precise impact of the new relationship between the UK and the EU will be on general economic conditions in the UK, including any implications for the UK sovereign ratings, ratings of the Issuer and the relevant transaction parties and the performance of the UK housing market. In addition, following the UK withdrawal from the EU, future UK political developments and/or any changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape.

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 (see also *Absence of secondary market or lack of liquidity in the secondary market may affect the market value of the Notes*).

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

There is currently a limited secondary market for the Notes, and no assurance is provided that an active and liquid secondary market for the Notes will develop further. Therefore, investors may not

be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Any investor in the Notes must be prepared to hold their Notes until the Final Maturity Date.

Whilst central bank schemes such as, amongst others, the Bank of England's Sterling Monetary Framework, the Funding for Lending Scheme, the Term Funding Scheme or the European Central Bank's liquidity scheme provides an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. The Notes may, either upon issue or at any time prior to redemption in full, not satisfy all or any of the requirements for such central bank schemes. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for such central bank schemes, including whether and how such eligibility may be impacted by the UK withdrawal from the EU and the UK no longer being part of the EEA (see also *The relationship of the United Kingdom with the EEA may 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*)

6.4 Bank of England funding scheme eligibility

Certain investors in the Notes may wish to consider the use of the Notes as eligible securities for the purposes of schemes such as the Bank of England's Discount Window Facility or Sterling Monetary Framework. Recognition of the Notes as eligible securities for the purposes of these schemes will depend upon satisfaction of the eligibility criteria as specified by the Bank of England and at the discretion of the Bank of England. If the Notes do not satisfy such criteria, there is a risk that the Notes will not be eligible collateral under such schemes. The Notes may, either upon issue, or at any time during their life, not satisfy all or any requirements for eligibility and be recognised as eligible collateral for such schemes. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute eligible collateral for such schemes, and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

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

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

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest 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 Properties to permit them to refinance. These events, alone or in combination, may contribute to higher Delinquency rates, Defaults, slower prepayment speeds and higher losses which could have an adverse effect on the Issuer's ability to make payments under the Notes.

6.6 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 SONIA as a reference rate in the capital markets and its adoption 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 Floating Rate Notes that reference a SONIA rate issued under this Prospectus. Interest on Floating Rate 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 Floating Rate Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Floating Rate Notes.

7. LEGAL RISKS AND REGULATORY RISKS

7.1 Regulatory initiatives may have an adverse impact on the regulatory treatment 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. None of the Issuer, the Joint Lead Managers, the Joint Arrangers or the Seller make any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment

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.

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019. However some legislative measures necessary for the full implementation of the EU Securitisation Regulation regime have not yet been finalised or have not yet entered into force and compliance with certain requirements is subject to the application of transitional provisions. Moreover, it is expected that in Q1 2021 the EU Securitisation Regulation regime will be amended as a result of the legislative proposals by the European Commission of July 2020 (relating to the introduction of a regulatory regime for balance sheet synthetic STS securitisations and changes aimed at addressing regulatory obstacles affecting securitisation of non-performing exposures) and further amendments are expected as a result of the wider review by 1 January 2022 of the functioning of the EU Securitisation Regulation regime, which may be accompanied by further legislative proposals.

The EU 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 EU 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 UK Securitisation Regulation (which largely mirrors, with some adjustments, the EU Securitisation Regulation) applies in the UK (subject to the temporary transitional relief being available in certain areas) from the end of the transition period in the Brexit process at the start of 2021.

The UK Securitisation Regulation and/or EU Securitisation Regulation requirements will apply to the Notes. As such, certain European-regulated institutional investors or UK-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 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation, as applicable, 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 under their respective EU or UK regime certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency 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 UK Securitisation Regulation and the EU Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear and it should be noted that under the UK Securitisation Regulation regime certain temporary transitional relief may be available until 31 March 2022 for the purposes of compliance with the UK institutional investor due diligence requirements. Prospective investors should therefore make themselves aware of the requirements applicable to them in their respective jurisdictions 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 UK Securitisation Regulation or the EU Securitisation Regulation.

Various parties to the securitisation transaction described in this Prospectus (including the Issuer and the Seller) are also subject to the requirements of the UK Securitisation Regulation. However some uncertainty remains in relation to the interpretation of some of these requirements and what is or will be required to demonstrate compliance to national regulators. 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 UK Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the UK Securitisation Regulation or the EU Securitisation Regulation.

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

Change of Law

The transactions described in this Prospectus and the ratings which are to be assigned to the Rated Notes are based on the relevant law and administrative practice in effect as at the date of this Prospectus, 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 the 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, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

A change in law or regulatory requirements could affect the compliance position of the transaction as described in this Prospectus or of any party under any applicable law or regulation and/or could affect the ability of the Issuer to make payments under the Notes.

7.2 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 certain UK incorporated entities, including (amongst others) authorised deposit-taking institutions and certain investment firms, and powers to take 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. Relevant transaction parties for these purposes include the Seller, the Swap Provider, the Issuer Account Bank, the Collection Account Bank and the Custodian.

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 contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the 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 system of the UK. The Banking Act includes provisions related to compensation in respect of 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 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 action 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 in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which

events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Loans). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

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

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that any such instrument or order will be made, 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 Banking 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 EU-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 EU state and/or certain group companies could be subject to certain resolution actions in that 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.

7.3 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 or certain pre-insolvency events occur in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of *ipso facto* clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the **Restructuring Plan**) that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the

application the new moratorium regime and the ban on *ipso facto* clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws or the laws affecting the creditors' rights generally).

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 sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. 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.

In addition, CIGA may impact the ability of the Servicer or the Seller (acting on behalf of the Issuer) to bring proceedings against a Borrower which is a corporate entity or to enforce Mortgages and other Related Security in case of a moratorium (unless the relevant Borrower is a corporate entity which is an ineligible company under CIGA). The inability of the Servicer or the Seller (acting on behalf of the Issuer) to obtain timely and complete payment of debts from Borrowers may in turn have a material adverse effect on the ability of the Issuer to make timely and complete payments under the Notes.

7.4 Liquidation expenses

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

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer which would otherwise have been available to the Secured Creditors would be

reduced by the amount of all, or a significant proportion of, any liquidation expenses which could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

7.5 Fixed charges may take effect under English law as floating charges

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

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000 (in respect of floating charges created prior to 6 April 2020) or £800,000 (in respect of floating charges created on or after 6 April 2020, as a result of the application of the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020)) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

7.6 Impact of UK EMIR on the Issuer Swaps

The European Market Infrastructure Regulation (EU) No 648/2012 of the European Parliament and Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as it forms part of domestic law by virtue of EUWA ("UK EMIR") as amended from time to time prescribes a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of "over the counter" ("OTC") derivative contracts (the "**Clearing Obligation**"), (ii) a margin posting obligation for OTC derivatives contracts not subject to clearing (the "**Collateral Obligation**"), (iii) other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, and (iv) certain reporting and record-keeping requirements.

Under UK EMIR, counterparties can be classified as (i) financial counterparties ("FCs") (which includes a sub-category of small FCs), and (ii) non-financial counterparties. The latter classification is further split into: (i) non-financial counterparties whose positions, together with the positions of all other non-financial counterparties in its "group" (as defined in UK EMIR), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("**NFC+**"), and (ii) non-financial counterparties below the clearing threshold ("**NFC-**"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the Collateral Obligation, such obligations do not apply in respect of NFC- entities.

On the basis that the Issuer currently has the counterparty status of NFC- for the purposes of UK EMIR, neither the Clearing Obligation nor the Collateral Obligation should apply to it. If the classification of the Issuer changes and the Swap Agreement is regarded to be in-scope, then the Swap Agreement may become subject to the Clearing Obligation or (more likely) to the Collateral Obligation. In this regard, it should be noted that it is not clear that the Swap Agreement would be a

relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the implementing measures made to date.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with these obligations if applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to the Swap Agreement (possibly resulting in a restructuring or termination of the Swap Transaction) and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

The Issuer will be required to continually comply with UK EMIR while it is party to any interest rate swaps, including any additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Documents. Subject to receipt by the Note Trustee and the Security Trustee of a certificate from (i) the Issuer signed by two directors or (ii) the Servicer on behalf of the Issuer, in each case, certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under UK EMIR, the Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents shall, without the consent or sanction of the Noteholders or any of the other Secured Creditors, agree to (or direct the Security Trustee to agree) any modification to the Transaction Documents, the 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 comply with any requirements which apply to it under UK EMIR. The Conditions of the Notes require this to be done irrespective of whether such modifications are (i) materially prejudicial to the interests of the Noteholders of any Class of Notes or any other Secured Creditor or (ii) in respect of a Basic Terms Modification. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification if it 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 pre-funded to its satisfaction or increasing the obligations or duties, or decreasing rights or the protections of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or the Conditions of the Notes.

In respect of any modifications to any of the Transaction Documents which would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider, (i) the prior written consent of the Swap Provider and the Issuer or (ii) written notification from the Issuer to the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such amendments being made.

7.7 Effects of the Volcker Rule on the Issuer

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, should not be, a "covered fund" for the purposes of the Volcker Rule. Although other exclusions and/or exemptions may be available to the Issuer, the Issuer should satisfy all of the elements of the exemption from the definition of "investment company" provided in Section 3(c)(5) of the Investment Company Act. If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes.

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, 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 a "covered fund", subject to certain exceptions and exclusions.

Any prospective investor in the Notes, 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 in respect of any investment in the Notes and should conduct its own analysis to determine whether the Issuer is a "covered fund" for its purposes.

The general effects of the Volcker Rule remain uncertain. There is limited interpretive guidance regarding the Volcker Rule. Regulators in the United States may promulgate further regulatory changes. No assurance can be given as to the impact of such changes on the Notes and prospective investors should be aware that the Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes.

7.8 U.S. Risk Retention Requirements

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

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

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

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

- (a) any natural person resident in the United States;

- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States^[1];
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
- (i) organised or incorporated under the laws of any foreign jurisdiction; and
- (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act^[2];

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

The Seller has advised the Issuer that they will not provide a U.S. Risk Retention Consent to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) (as determined by fair value under U.S. GAAP) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons on the Closing Date.

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

There can be no assurance that the exemption provided for in Section __.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to

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

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

whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

There can be no assurance as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

7.9 Certain risks in respect of the potential financing of the Retained Interest by the Seller

The Seller (in its capacity as the holder of the Retained Interest) may from time to time enter into financing arrangements in relation to the Retained Interest. Such financing arrangements could include, amongst other things, the incurrence of indebtedness by the Seller secured over the Retained Interest or the entry into repurchase or other arrangements pursuant to which the Seller may transfer title to the Retained Interest as collateral. Noteholders should also be aware that any incurrence of debt by the Seller, including that used to finance the acquisition of the Retained Interest, could potentially lead to an increased risk of the Seller becoming insolvent and therefore unable to fulfil its obligations in its capacity as retention holder.

Although such arrangements are permitted by the UK Securitisation Regulation and the EU Securitisation Regulation (subject to meeting specified criteria), if the Seller or the provider of such financing defaults in the performance of its obligations there could be circumstances in which the Seller may cease to hold some or all of the Retained Interest (whether as a result of the enforcement of a security interest or the retention of Notes provided pursuant to a title transfer collateral arrangement). There can be no assurance that any provider of finance to the Seller would be required to have regard to the UK Securitisation Regulation and/or the EU Securitisation Regulation when exercising its rights under the relevant financing arrangement and any associated security or collateral arrangements. The enforcement of those rights could, therefore, cause the transaction described in this Prospectus to be non-compliant with the risk retention requirements. This may affect the price and liquidity of the Notes, and Notes held by other investors could be subject to increased regulatory capital charges levied by a relevant regulator with jurisdiction over any such investors. See further "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*".

Noteholders should also be aware that the terms of any Retention Financing could be such that certain parties to it would benefit from a situation where credit losses are incurred on the Retained Interest. Such parties may not otherwise be parties to the Transaction Documents and, as such, have no direct rights to control or influence the performance of the transactions contemplated by the Transaction Documents. Furthermore, when exercising its rights in connection the Retention Financing, the relevant parties would have no duties or obligations to consider the effect of any such actions to the Noteholders.

8. TAX RISKS

8.1 UK taxation treatment of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Securitisation Tax Regulations**")), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax

Regulations), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions of the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected.

8.2 Withholding tax under the Notes

Provided that the Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of section 1005 of the Income Tax Act 2007) (the "Act"), 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 of 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 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) of the Notes, be required (subject to certain conditions) to 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 or, if such action would not avoid such withholding or deduction, the Option Holder would be entitled to exercise the Call Option, following which the Issuer will redeem the Notes.

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

8.3 Tax risks associated with non-owner occupied properties

The Loans are secured by non-owner occupied freehold or leasehold properties (the **Buy-to-Let Mortgage Loans**).

With effect from 6 April 2020 there will be no deduction available for finance costs from rental income and instead all rental income will only be eligible for a tax credit at the basic rate of income tax (20%).

A higher rate of stamp duty land tax (**SDLT**) (and Welsh land transactions tax (**WLTT**)) applies to the purchase of additional residential properties (such as buy-to-let properties). The current additional rate is three per cent above the current SDLT and WLTT rates.

On 11 March 2020, the government announced that it would introduce a 2 per cent. SDLT surcharge on non-UK residents purchasing residential property in England with effect from 1 April 2021. Draft legislation was published on 21 July 2020, which, if introduced, would apply in addition to the 3 per cent. additional rate that applies to the purchase of additional residential properties described above.

The effect of the introduction of these measures is not yet entirely clear but they may adversely affect the private residential rental market in England and Wales in general, or (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy-to-Let Mortgage Loans to meet their obligations under those Loans.

9. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

9.1 Registered Definitive Notes and denominations in integral multiples

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

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

9.2 Book-Entry Interests

Unless and until Registered 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 Note under the Trust Deed while the Notes are represented by the Global Note. 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 Note 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 payments 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, 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, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable

holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among 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 Note Trustee, the Security Trustee, any 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.

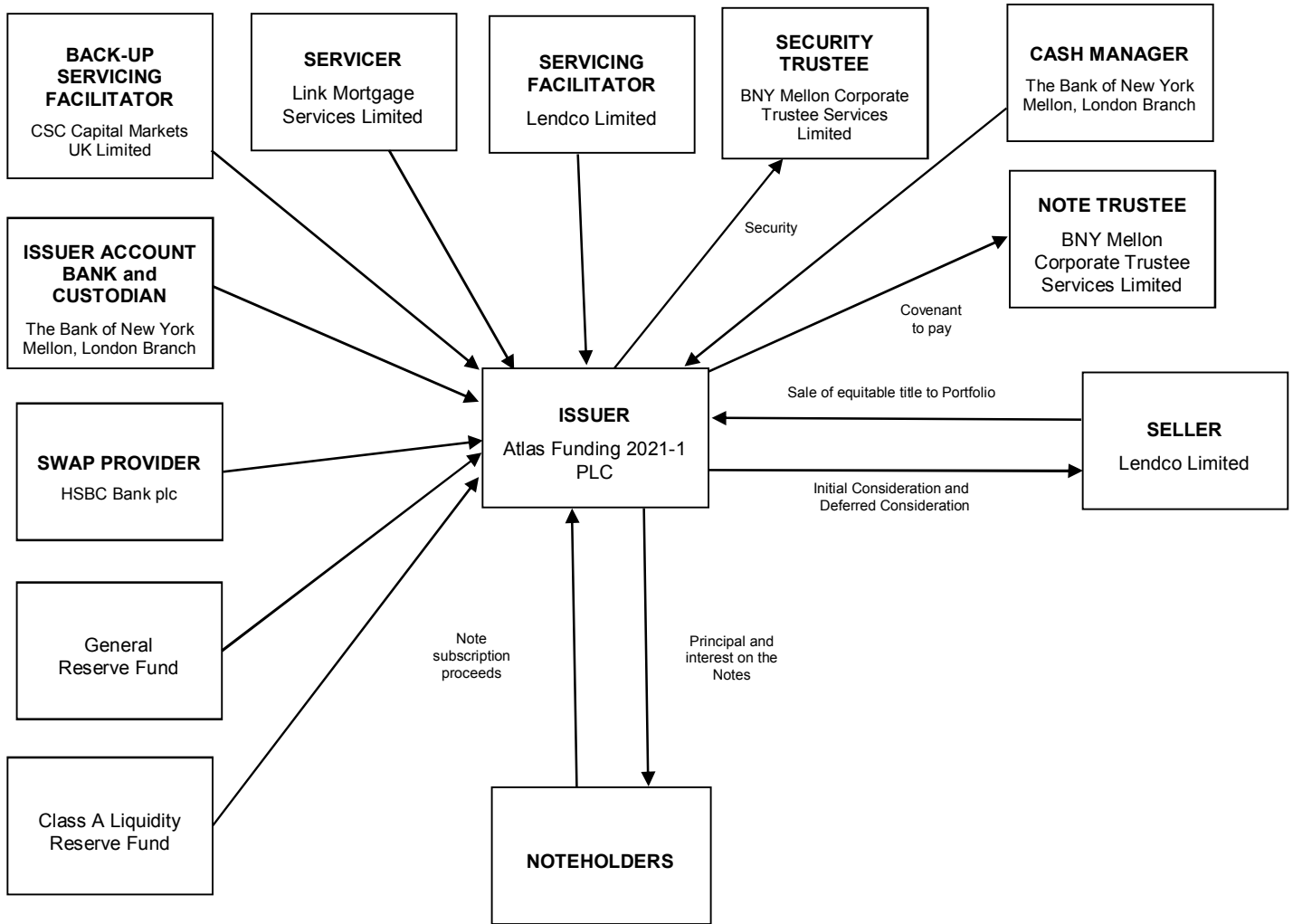
The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to sell such Notes because some investors may be unwilling to buy Notes that are not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

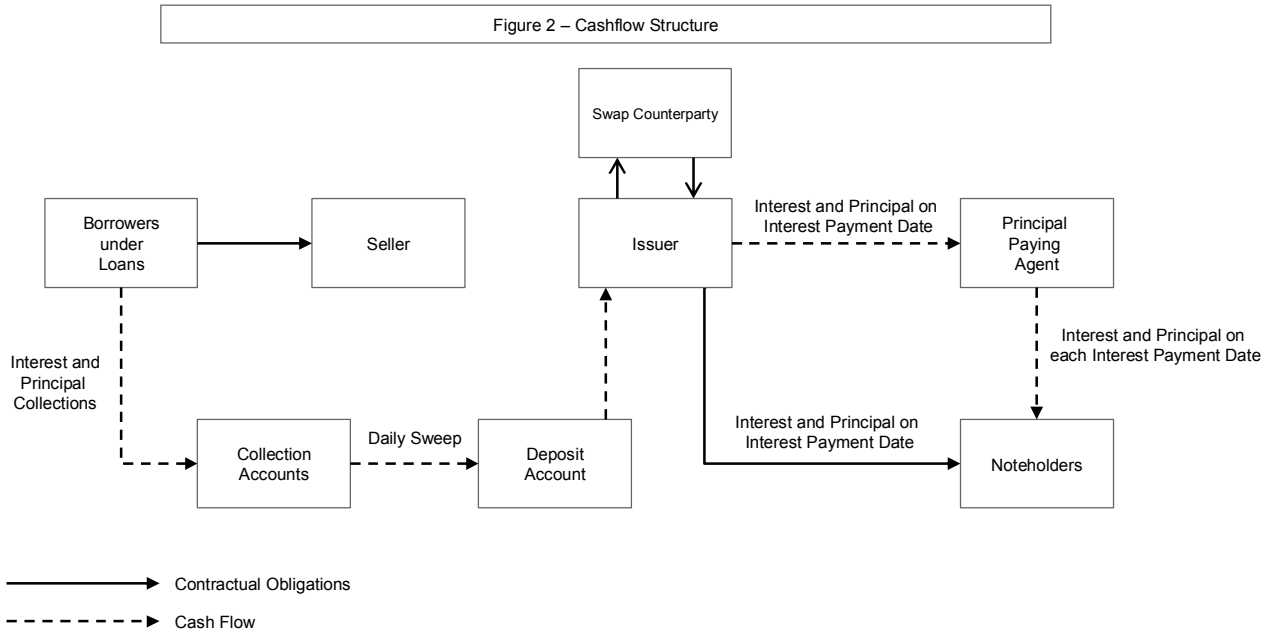
STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

Figure 1 – Transaction Structure



DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOWS



The Issuer will purchase the Portfolio on the Closing Date.

OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER



Figure 3 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 beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

TRANSACTION OVERVIEW

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

TRANSACTION OVERVIEW – TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed/Further Information
"Issuer"	Atlas Funding 2021-1 PLC	10th Floor, 5 Churchill Place, London E14 5HU	See the section entitled " <i>The Issuer</i> " for further information.
"Holdings"	Atlas Holdings 2021-1 Limited	10th Floor, 5 Churchill Place, London E14 5HU	See the section entitled " <i>Holdings</i> " for further information.
"Seller" and "Risk Retainer"	Lendco Limited	55 Basinghall Street, London, England, EC2V 5DX	See the section entitled " <i>Summary of the Key Transaction Documents – Mortgage Sale Agreement</i> " and the "Seller and Servicing Facilitator" for further information.
"Servicer"	Link Mortgage Services Limited	6th Floor 65 Gresham Street, London EC2V 7NQ	Servicing Agreement by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " and "The Servicer" for further information.
"Servicing Facilitator"	Lendco Limited	55 Basinghall Street, London, England, EC2V 5DX	Servicing Agreement by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " and "The Seller, the Servicing Facilitator and the Risk Retainer" for further information.
"Cash Manager"	The Bank of New York Mellon, London Branch	One Canada Square, London E14 5AL	Cash Management Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – Cash Management Agreement</i> " and " <i>The Cash Manager</i> " for further information.

Party	Name	Address	Document under which appointed/Further Information
"Swap Provider"	HSBC Bank plc	8 Canada Square, London E14 5HQ	Swap Agreement by the Issuer. See the sections entitled " <i>Credit Structure – Interest Rate Risk for the Notes – Swap Agreement</i> " and " <i>The Swap Provider</i> " for further information.
"Issuer Account Bank" and "Custodian"	The Bank of New York Mellon, London Branch	One Canada Square, London E14 5AL	The Bank Account Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – The Bank Account Agreement</i> " and " <i>The Cash Manager, the Issuer Account Bank</i> " for further information.
"Collection Account Bank"	HSBC Bank plc	60 Queen Victoria Street, Bank, London EC4N 4TR	Collection Account Declaration of Trust and Expenses Account Declaration of Trust. See sections entitled " <i>Summary of the Key Transaction Documents – The Collection Account Declaration of Trust</i> " and " <i>Summary of the Key Transaction Documents – The Expenses Account Declaration of Trust</i> ".
"Security Trustee"	BNY Mellon Corporate Trustee Services Limited	One Canada Square, London E14 5AL	Deed of Charge. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.
"Note Trustee"	BNY Mellon Corporate Trustee Services Limited	One Canada Square, London E14 5AL	Trust Deed. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.
"Principal Paying Agent" and "Agent Bank"	The Bank of New York Mellon, London Branch	One Canada Square, London E14 5AL	Agency Agreement by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.

Party	Name	Address	Document under which appointed/Further Information
"Registrar"	The Bank of New York Mellon SA/NV, Dublin Branch	Riverside Two, Sir John Rogerson's Quay, Dublin 2, D02 KV60, Ireland	In respect of the Notes, the Agency Agreement, by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
"Corporate Services Provider"	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Services Agreement by the Issuer and Holdings. See the section entitled " <i>The Corporate Services Provider</i> " for further information.
"Back-Up Servicing Facilitator"	CSC Capital Markets UK Limited	10th Floor, 5 Churchill Place, London E14 5HU	Servicing Agreement by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " for further information.
"Share Trustee"	CSC Corporate Services (UK) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Share Trust Deed by the Share Trustee.
"Joint Arrangers"	BNP Paribas	10 Harewood Avenue, London NW1 6AA	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
	HSBC Bank plc	8 Canada Square, London E14 5HQ	
"Joint Lead Managers"	BNP Paribas	10 Harewood Avenue, London NW1 6AA	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
	HSBC Bank plc	8 Canada Square, London E14 5HQ	
	NatWest Markets Plc	250 Bishopsgate, London, EC2M 4AA, United Kingdom	

TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

Please refer to the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*", "*Summary of the Key Transaction Documents – Servicing Agreement*", "*Characteristics of the Provisional Portfolio*" and "*The Loans*" for further detail in respect of the characteristics of the Portfolio and the sale and the servicing arrangements in respect of the Portfolio.

Sale of Portfolio:

The Portfolio will consist of the Loans and their Related Security which will be sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement. The Loans and their Related Security are governed by English law.

The sale by the Seller to the Issuer of each Loan and its Related Security in the Portfolio will be given effect by an equitable assignment.

The terms "**sale**", "**sell**" and "**sold**" when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean each such creation of an equitable interest.

The terms "**repurchase**" and "**repurchased**" when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include the purchase by the Seller of such Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Loans and their Related Security comprising the Portfolio will not be given to the relevant individual or individuals, or the relevant company, limited liability partnership or trust registered, incorporated or formed (as applicable) in the UK, Guernsey, Jersey, the Isle of Man or Gibraltar and (as the case may be) specified as borrowers in the offer letter in respect of such Loan or from time to time assuming an obligation to repay (under a guarantee or otherwise) such Loan or any part of it (collectively, the "**Borrowers**" and each a "**Borrower**") and the Issuer will not apply to the Land Registry to register or record its equitable or beneficial interest in the Mortgages. Prior to the occurrence of a Perfection Event, the legal title to each Loan and its Related Security in the Portfolio will be held by the Seller on bare trust for the Issuer. Following a Perfection Event and notice of the transfer of the Loans and their Related Security to the Issuer being sent to the relevant Borrowers, legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry) will pass to the Issuer.

Please refer to the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" for further details.

Features of the Loans:

The following is a summary of certain features of the Loans comprising the Provisional Portfolio determined by reference to the features of each loan in 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 entitled "*The Loans*" and "*Characteristics of the Provisional Portfolio*".

Type of Borrower	Prime
Type of mortgage	Interest Only
Buy-to-Let Loans	Yes
Buy-to-Let Loans (as % of Current Balance)	100%
Owner-occupied properties	No
Owner-occupied properties (as % of Current Balance)	0%
Number of loans in the Provisional Portfolio*	731

	Average/Weighted Average	Minimum	Maximum
Current Balance*	£415,174	£46,436	£3,525,120
Current LTV*	69.03%	12.14%	81.47%
Seasoning (months)*	14.75	1.23	26.57
Remaining Term (years)*	20.70	3.21	34.89

The "**Current Balance**" in relation to any Loan as at any date, all sums owing by a Borrower to the Seller under that Loan and secured or intended to be secured by the relevant Mortgage as at that date including but not limited to arrears and (where relevant) Accrued Interest in respect of the period up to and including, but not beyond, that date and including, without limitation, any:

- (a) rent and service charge paid by the Seller to an applicable Borrower's reversioner or landlord in relation to leasehold properties and not reimbursed by the applicable Borrower; and
- (b) any administration or service fee or third party fee (including, without limitation, legal fees for Litigation) or outgoings and expenses owed in connection with a Loan which is added to the Current Balance of such Loan

* As at the Portfolio Reference Date.
* As at the Portfolio Reference Date.

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.

Consideration:

The consideration from the Issuer to the Seller in respect of the sale of the Portfolio shall be: (a) the Initial Consideration, which is due and payable on the Closing Date; and (b) Deferred Consideration payable to the Seller or the Seller's nominee as the Seller may direct from time to time from excess Available Revenue Receipts and excess Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments.

"Initial Consideration" means £298,991,357.

Representations and Warranties:

The Seller will make certain Loan Warranties regarding the Loans and Related Security to the Issuer and the Security Trustee in relation to the Loans and their Related Security comprised in the Portfolio on the Closing Date.

In addition to representations and warranties in respect of the legal nature of the Loans and their Related Security, there are also asset Loan Warranties which include the following:

- (a) all of the Borrowers are (i) individuals and were aged 18 years or older as at the date of execution of the Loan, (ii) companies incorporated or registered in the UK, Guernsey, Jersey, Isle of Man or Gibraltar, (iii) UK, Guernsey, Jersey, Isle of Man or Gibraltar limited liability partnerships or (iv) trusts formed or registered in the UK, Guernsey, Jersey, Isle of Man or Gibraltar;
- (b) each Mortgage constitutes a legal, binding, enforceable, non-cancellable, valid and subsisting first charge or security by way of legal mortgage or legal charge over the relevant Property (subject to completion of any registration or recording requirements at the Land Registry) with the Seller having priority as first ranking mortgagee and secured for the full amount payable by the Borrower under the Loan and Related Security;
- (c) no Borrower is an employee or director of the Seller;
- (d) Interest is charged on each Loan in accordance with the provisions of the Loan and its related Mortgage;
- (e) at least one Monthly Instalment due in respect of each Loan has been paid by the relevant Borrower;
- (f) each Loan was at the time of origination and continues to be denominated in Sterling;
- (g) each Property is situated in England or Wales and each Property is the subject of security or charged to secure the repayment of those Loans and is of the kind permitted under the applicable Lending Criteria; and

- (h) Each Loan was originated by the Seller in accordance with the then current Lending Criteria and all preconditions to the making of the Loan were satisfied in all material respects, subject only to such exceptions and waivers as would be acceptable to a Prudent Mortgage Lender.

"Prudent Mortgage Lender" means a reasonably prudent mortgage lender of mortgage loans of a type similar to the Loans, lending to borrowers of the type contemplated in the Lending Criteria applicable at the date of origination of the Loans on terms similar to those set out in the relevant Lending Criteria in England and Wales.

"Lending Criteria" means in respect of a Loan, the lending criteria of the Seller as at the date such Loan was granted. See the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" and "*The Loans*" for further details.

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

Repurchase of the Loans and Related Security:

The Seller is liable for the repurchase of the relevant Loans and their Related Security in the following circumstances:

- upon a material breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period); and
- if the Seller determines on a Calculation Date that a Loan in the Portfolio was a Cross-collateralised Mortgage Loan on the immediately preceding Collection Period Start Date.

"Cross-collateralised Mortgage Loan" means a Loan subject to a Cross-collateral Mortgage that has been declared immediately due and repayable by the relevant mortgagee of any such Cross-collateral Mortgage.

Consideration for repurchase:

The consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Current Balance of such Loan (disregarding for the purposes of any such calculation in the event that the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Seller, the amount of any such reduction in the Current Balance) as at the last day of the Collection Period immediately preceding the date of repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller, less an amount equal to all Collections received by the Issuer on the relevant Loan(s) and their Related Security from (but excluding) the last day of the Collection Period immediately preceding the date of such repurchase to (but excluding) the date of such repurchase. See the section entitled "*Summary of the Key Transaction Documents – Repurchase by the Seller*" for further information.

Perfection Events:

Transfer of the legal title of the Loans and their Related Security in the Portfolio (other than any Loan and its Related Security which has been repurchased by the Seller) to the Issuer will be completed on the occurrence of certain Perfection Events which include, *inter alia*, the insolvency of the Seller. See "*Perfection Events*" in the section entitled "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*".

Prior to the completion of the transfer of legal title of the Loans and their Related Security to the Issuer, the Issuer will hold only the equitable title and will therefore be subject to certain risks as set out in the risk factor entitled "*Seller to initially retain legal title to the Loans*" in the section entitled "*Risk Factors*".

Servicing of the Portfolio:

The Servicer will be appointed by the Seller and the Issuer (and, in certain circumstances, the Security Trustee) to service the Portfolio on a day-to-day basis. The appointment of the Servicer may be terminated by the Issuer and the Security Trustee upon the occurrence of certain Servicer Termination Events, which include, *inter alia*, the insolvency of the Servicer (see "*Servicer Termination Events*" in the "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*").

The Servicer may also resign, and the Seller may terminate the appointment of the Servicer (in each case without any Servicer Termination Event having occurred) by giving not less than ninety (90) days' notice (or such shorter period as may be agreed between the Seller and the Servicer) with a copy of such notice to certain other parties to the Servicing Agreement, in each case subject to, *inter alia*, a replacement servicer having been appointed. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

The Servicing Facilitator will also be appointed by the Seller and the Issuer (and, in certain circumstances, the Security Trustee) to act as its lawful agent, in its name and on its behalf, to provide instructions to the Servicer and to do all things which the Servicing Facilitator reasonably considers necessary, convenient or incidental to facilitate the servicing of the Loans and their Related Security by the Servicer or the exercise of such rights, powers and discretions. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

Option Holder may exercise the Call Option:

On or after (i) the Collection Period Start Date immediately preceding the Optional Redemption Date, (ii) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date or (iii) a change in tax law that results in the Issuer or the Swap Provider being required to make a deduction or withholding for or on account of tax or the occurrence of certain illegality events, the Option Holder may, pursuant to and subject to the terms of the Deed Poll, require (or, if the Option Holder is the Seller, request) the Issuer to:

- (a) sell and transfer to a Beneficial Title Transferee the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio in consideration for the Optional Purchase Price, which will result in the Notes being redeemed in full; and
- (b) (if applicable) transfer the legal title to all (but not some) of the Loans and their Related Security comprising the Portfolio, or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that the Seller transfers legal title, to a Legal Title Transferee.

See the section entitled "*Early Redemption of the Notes*" below.

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

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

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class X Notes	Class Z1 Notes	Class Z2 Notes
Principal Amount:	£250,405,000	£20,929,000	£11,212,000	£7,474,000	£4,484,000	£7,474,000	£4,485,000	£7,475,000
Credit enhancement features:	Overcollateralisation funded by junior ranking Classes of Notes (other than the Class X Notes and the Class Z2 Notes), Revenue Receipts and the General Reserve Fund Account and following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Account	Overcollateralisation funded by junior ranking Classes of Notes (other than the Class X Notes and the Class Z2 Notes), Revenue Receipts and the General Reserve Fund Account and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Account	Overcollateralisation funded by junior ranking Classes of Notes (other than the Class X Notes and the Class Z2 Notes), Revenue Receipts and the General Reserve Fund Account and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Account	Overcollateralisation funded by the Class E Notes and the Class Z1 Notes, Revenue Receipts and the General Reserve Fund Account and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Account	Overcollateralisation funded by the Class Z1 Notes, Revenue Receipts and the General Reserve Fund Account and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Account	Overcollateralisation funded by the Class Z1 Notes, Revenue Receipts, and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Account	Revenue Receipts and, following service of an Enforcement Notice, all amounts credited to the General Reserve Fund Account and the Class A Liquidity Reserve Fund Account	Overcollateralisation funded by the Class Z1 Notes, Revenue Receipts and following service of an Enforcement Notice, all amounts credited to the General Reserve Fund Account and the Class A Liquidity Reserve Fund Account
Liquidity support features	Subordination in payment of the other Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the General Reserve Fund Account and	Subordination in payment of the other Notes (other than the Class A Notes), Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit (if the Class B Notes are the Most Senior	Subordination in payment of the Class D Notes, the Class E Notes, the Class X Notes, the Class Z1 Notes and the Class Z2 Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses	Subordination in payment of the Class E Notes, the Class X Notes, the Class Z1 Notes and the Class Z2 Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses	Subordination in payment of the Class X Notes, the Class Z1 Notes and the Class Z2 Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit (if the Class E Notes are the Most Senior Class	Subordination in payment of the Class Z1 Notes and the Class Z2 Notes	None	Subordination in payment of the Class Z1 Notes

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class X Notes	Class Z1 Notes	Class Z2 Notes
	Class A Liquidity Reserve Fund Account	Class of Notes at such time) and the amounts credited to the General Reserve Fund Account	Deficit (if the Class C Notes are the Most Senior Class of Notes at such time) and the amounts credited to the General Reserve Fund Account	Deficit (if the Class D Notes are the Most Senior Class of Notes at such time) and the amounts credited to the General Reserve Fund Account	of Notes at such time) and the amounts credited to the General Reserve Fund Account			
Issue Price:	100%	100%	100%	100%	100%	100%	100%	100%
Reference Rate/ Fixed Rate:	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	6% fixed rate p.a.	6% fixed rate p.a.
Margin (payable up to and including the Optional Redemption Date)	0.90% p.a.	1.50% p.a.	1.70% p.a.	2.25% p.a.	3.30% p.a.	4.74% p.a.	N/A	N/A
Interest Accrual Method:	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)
Interest Payment Dates:	25th day of each of April, July, October and January	25th day of each of April, July, October and January	25th day of each of April, July, October and January	25th day of each of April, July, October and January	25th day of each of April, July, October and January	25th day of each of April, July, October and January	25th day of each of April, July, October and January	25th day of each of April, July, October and January
First Interest Payment Date:	July 2021	July 2021	July 2021	July 2021	July 2021	July 2021	N/A	N/A
Final Maturity Date:	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058	The Interest Payment Date falling in July 2058
Relevant Step-Up Margin (payable after the Optional	1.80% p.a.	2.25% p.a.	2.55% p.a.	3.25% p.a.	4.30% p.a.	4.74% p.a.	N/A	N/A

	<u>Class A Notes</u>	<u>Class B Notes</u>	<u>Class C Notes</u>	<u>Class D Notes</u>	<u>Class E Notes</u>	<u>Class X Notes</u>	<u>Class Z1 Notes</u>	<u>Class Z2 Notes</u>	
Redemption Date)									
Optional Redemption Date:	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	The Interest Payment Date falling in January 2024	
Application for Exchange Listing:	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	London Stock Exchange	
ISIN:	XS2243229684	XS2243229841	XS2243229924	XS2243230187	XS2243231078	XS2243231151	XS2243232043	XS2243231664	
Common Code:	224322968	224322984	224322992	224323018	224323107	224323115	224323204]224323166	
CFI:	DGVNFR	DGVXFR	DGVXFR	DGVXFR	DGVXFR	DGVXFR	DGZXFR	DGZXFR	
FISN:	ATLAS FUNDING 2/VARMBS 22001231	ATLAS FUNDING 2/VARMBS 22001231 SU	ATLAS FUNDING 2/VARMBS 22001231 SU	ATLAS FUNDING 2/VARMBS 22001231 SU	ATLAS FUNDING 2/VARMBS 22001231 SU	ATLAS FUNDING 2/VARMBS 22001231 SU	ATLAS FUNDING 2/VARMBS 22001231 SU	ATLAS FUNDING 2/ZERO CPNMBS 2200123	ATLAS FUNDING 2/ZERO CPNMBS 2200123
Ratings (S&P/Moody's):	AAA(sf)/Aaa(sf)	AA(sf)/Aa1(sf)	A+(sf)/Aa3(sf)	A-(sf)/A2(sf)	BBB-(sf)/Baa3(sf)	Not Rated/B1(sf)	B(sf)/Not rated	Not rated	
Clearing/Settlement	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	
Minimum Denomination	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	
Governing law of the Notes	English	English	English	English	English	English	English	English	

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the UK and is registered under Regulation (EU) No 1060/2009 as it forms part of domestic law by virtue of EUWA.

TRANSACTION OVERVIEW – OVERVIEW OF THE CHARACTERISTICS OF THE NOTES

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 July 2058 (the "**Class A Notes**");
- Class B Mortgage Backed Floating Rate Notes due July 2058 (the "**Class B Notes**");
- Class C Mortgage Backed Floating Rate Notes due July 2058 (the "**Class C Notes**");
- Class D Mortgage Backed Floating Rate Notes due July 2058 (the "**Class D Notes**");
- Class E Mortgage Backed Floating Rate Notes due July 2058 (the "**Class E Notes**");
- Class X Mortgage Backed Floating Rate Notes due July 2058 (the "**Class X Notes**");
- Class Z1 Mortgage Backed Fixed Rate Notes due July 2058 (the "**Class Z1 Notes**"); and
- Class Z2 Mortgage Backed Fixed Rate Notes due July 2058 (the "**Class Z2 Notes**"),

and together, the Class A Notes, the Class B Notes, the Class C Notes, Class D Notes, Class E Notes, the Class X Notes and the Class Z1 Notes are the "**Rated Notes**". The Rated Notes together with the Class Z2 Notes are the "**Notes**" and the holders thereof, the "**Noteholders**".

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

Sequential Order: The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times

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

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

The Class D Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but

subordinate to the Class A Notes, the Class B Notes and the Class C Notes.

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

The Class X Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes **provided however**, that, on each Interest Payment Date, Available Revenue Receipts will be applied towards repayment of principal amounts outstanding on the Class X Notes pursuant to the Pre-Enforcement Revenue Priority of Payments.

The Class Z2 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes.

The Class Z1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Class Z2 Notes.

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

Security:

The Notes are secured and will share the Security with the other Secured Creditors. Pursuant to the Deed of Charge on the Closing Date and the Notes will be secured by, among other things, the following (the "**Security**"):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in and to the Transaction Documents (other than the Trust Deed and the Deed of Charge) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Swap Agreement shall be subject to any rights of set off or netting provided for thereunder);
- (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 interest in the Loans and their Related Security and other related rights comprised in the Portfolio and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account, the Swap Cash Collateral Account, the General Reserve Fund Account and the Class A

Liquidity Reserve Fund Account) maintained with the Issuer Account Bank and the Swap Securities Collateral Account maintained with the Custodian and any other bank or custodian and any sums or securities standing to the credit thereof;

- (e) an assignment by way of first fixed 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 under the Collection Account Trust (created pursuant to the Collection Account Declaration of Trust) and the Expenses Account Trust (created pursuant to the Expenses Account Declaration of Trust);
- (f) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager (acting on the instructions of the Servicing Facilitator) on its behalf; and
- (g) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (whether or not the subject of the charges referred to above as aforesaid).

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

Interest Provisions: Please refer to the "*Full Capital Structure of the Notes*" table above and Condition 6 (*Interest*).

Deferral: Interest due and payable on the Most Senior Class of Notes may not be deferred. Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 17 (*Subordination by Deferral*). The non-payment of any deferred interest on any Notes will not, if the Issuer has insufficient funds to make payment in full of such deferred interest, be an Event of Default unless such Notes are the Most Senior Class at the time of non-payment.

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

Redemption: The Notes are subject to the following redemption events, amongst others set out in Condition 8:

- mandatory redemption in whole on the Interest Payment Date falling in July 2058 (the "**Final Maturity Date**"), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date but prior to the service of an Enforcement Notice subject to:
 - (X) the availability of Available Principal Receipts (to the extent not applied as Principal Addition Amounts to cover any Senior Expenses Deficit) which shall be applied:

- (a) first, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full;
- (b) second, on a *pari passu* and *pro rata* basis to repay the Class B Notes until they are repaid in full;
- (c) third, on a *pari passu* and *pro rata* basis to repay the Class C Notes until they are repaid in full;
- (d) fourth, on a *pari passu* and *pro rata* basis to repay the Class D Notes until they are repaid in full;
- (e) fifth, on a *pari passu* and *pro rata* basis to repay the Class E Notes until they are repaid in full;
- (f) sixth, on a *pari passu* and *pro rata* basis to repay the Class Z2 Notes until they are repaid in full; and
- (g) seventh, on a *pari passu* and *pro rata* basis to repay the Class Z1 Notes until they are repaid in full;
- (Y) the availability (in respect of the Class X Notes) of Available Revenue Receipts applied in accordance with the Pre-Enforcement Revenue Priority of Payments to repay the Class X Notes on a *pari passu* and *pro rata* basis until they are repaid in full:
 - mandatory redemption of the Notes in full following the exercise by the Option Holder of the Call Option, as fully set out in Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*).

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.

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 the section entitled "Weighted Average Lives of the Notes".

Event of Default:

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

- subject to the deferral provisions in Condition 17 (*Subordination by Deferral*), non-payment of interest and/or principal and such non-payment continues for a period of three Business Days in the case of interest and five Business Days in the case of principal;

- breach of any other contractual obligations by the Issuer under the Transaction Documents 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 or warranty made by the Issuer (i) is incorrect on the date on which such material representation or warranty was given, where the matters giving rise to such misrepresentation is incapable of remedy or, (ii) where the matter is capable of remedy, is incorrect and has not been remedied within the applicable grace period;
- the Issuer ceasing or threatening to cease to carry on the whole or a substantial part of its business; and
- the occurrence of certain insolvency related events in relation to the Issuer.

Enforcement:

Following the occurrence of an Event of Default, the Note Trustee may (or, if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class or, if so directed by an Extraordinary Resolution 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 the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction.

Following the service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

Limited Recourse and Non-Petition:

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.3 (*Limited Recourse*). In accordance with Condition 12.2 (*Limitations on Enforcement*), no Noteholder 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.

Governing Law:

English law.

Transaction Overview – Rights of Noteholders and Relationship with Other Secured Creditors

Please refer to the sections entitled "**Terms and Conditions of the Notes**", and "**Risk Factors**" for further detail in respect of the rights of Noteholders, 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 holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding are entitled to convene a Noteholders' meeting.

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

Following an Event of Default: Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes, or if an Extraordinary Resolution of the holders of the Most Senior Class of Notes is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and payable 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 prefunded and/or secured to its satisfaction.

Noteholders Meeting provisions:	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear calendar days	At least 10 clear calendar days
Quorum for Ordinary Resolution:	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 then outstanding.	One or more persons present and representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding.
Quorum for Extraordinary Resolution (other than a Basic Terms Modification)	One or more persons present and representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding.	One or more persons present and representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding.
Quorum for Extraordinary Resolution to approve a Basic Terms Modification	At a meeting of any affected Class or Classes of Notes shall be one or more persons eligible to attend and vote at such meeting	At a meeting of any affected Class or Classes of Notes shall be one or more persons eligible to attend and vote at such meeting

holding or representing in aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes.	holding or representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes.
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Required majority for Ordinary Resolution: A clear majority of persons eligible to attend and vote at such meeting and voting at that meeting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (an "**Ordinary Resolution**").

Required majority for Extraordinary Resolution: Majority consisting of not less than three-quarters 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 three-quarters of the votes cast on such poll (an "**Extraordinary Resolution**").

Required majority for a written resolution: Not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes. A written resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution:

The following matters require an Extraordinary Resolution of the Noteholders, 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 the Issuer, the Note Trustee, the Security Trustee, any Appointee and the Noteholders or any of them or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Note Trustee, the Security Trustee any Appointee, the Noteholders, the Issuer 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 entity for the Issuer (or any previous substitute) as principal debtor under the Notes and the Trust Deed other than in accordance with Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) or Condition 13.10 (*Issuer Substitution Condition*);
- to assent to any modification of the provisions of the Trust Deed or any other Transaction Document which is proposed by the Issuer, the Note Trustee, the Security Trustee or any other party to any Transaction Document or any Noteholder, 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 approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being in respect of the Notes subject to and in accordance with the Trust Deed or the Deed of Charge;
- to approve the appointment of a substitute Servicer in circumstances where a Servicer has resigned and the appointment of the substitute Servicer could reasonably be expected to have an adverse effect on the rating of the Rated Notes or if it is not clear whether the rating of the Rated Notes will be maintained as the rating before the termination of the relevant Servicer (in each case as indicated by a Rating Agency Confirmation or otherwise by a relevant Rating Agency);
- to authorise the Note Trustee, the Security Trustee and/or any Appointee (subject to all or any of them being indemnified and/or secured and/or prefunded to their satisfaction) to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, the Security Trustee and/or any Appointee from all Liability in respect of any act or omission for which the Note Trustee, the Security Trustee, and/or such Appointee may have become or may become responsible under any Transaction Document;
- to give any authority or sanction which under the provisions of the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution;
- to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash; or
- 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.

**Relationship between
Classes of
Noteholders:**

Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of a relevant Class of Notes shall be binding on all other Classes of Notes which are subordinate to such Class of Notes in the Post-Enforcement Priority of Payments, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders shall take effect for any purpose while the Most Senior Class of Notes remains outstanding unless it shall have

been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, 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 of Notes.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes, as applicable.

Subject to the provisions governing a Basic Terms Modification and the foregoing paragraphs, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:

- (a) any Class of Notes of one class only shall be deemed to have been duly passed if passed at a meeting (or by a resolution in writing or, by a resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected;
- (b) any two or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, by a single resolution passed by way of electronic consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes; and
- (c) one or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of such Classes of Notes so affected. Where such a resolution gives, or may give, rise to an actual or potential conflict of interest between the holders of such Classes of Notes, it shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or, by separate resolutions passed by way of electronic consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected.

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

Relationship between Noteholders and other Secured Creditors:

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

So long as the Notes are outstanding, the Note Trustee will have regard to the interests of each class of the Noteholders, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of the holders of the relevant affected Class of Notes ranking in priority to the other relevant Classes of Notes in the Post-Enforcement Priority of Payments and the holders of such subordinated Classes of Notes shall have no claim against the Note Trustee for so doing.

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

"Secured Obligations" means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge under the Issuer's covenant to pay as set out in the Deed of Charge.

Relevant Person as Noteholder:

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

Provision of Information to the Noteholders:

For so long as the Notes are outstanding, the Issuer shall procure that the Cash Manager will prepare a quarterly investor report at detailing, among other things, certain aggregated loan file data in relation to the Portfolio (the **"Investor Report"**) as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (and which shall be provided in the form of the standardised template set out in Annex XII of the UK Article 7 RTS or as otherwise agreed between the Issuer and the Cash Manager), and shall deliver such reports to the Servicing Facilitator in accordance with the terms of the Cash Management Agreement.

The Issuer will also procure that the Servicer will prepare on a quarterly (and, where required by the Issuer or the Servicing Facilitator, monthly) basis certain loan-by-loan information in relation to the Portfolio in respect of each Collection Period as required by Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (and which shall be provided in the form of the standardised template set out in Annex II of the UK Article 7 RTS or as otherwise agreed between the Issuer and the Servicer) (the **"SR Data Tape"**).

The Servicing Facilitator will publish each Investor Report and each SR Data Tape in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/>, being a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation (or such other website which may be available for such purpose and notified by the

Servicing Facilitator to the Issuer, the Cash Manager, the Security Trustee and the Note Trustee from time to time (following which the Issuer will procure that such change is notified to each Rating Agency and the Noteholders at the time of such change)), no later than one month after the Interest Payment Date in relation to which such reports were prepared.

The Issuer shall also procure that the Servicing Facilitator shall publish in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by EuropeanDataWarehouse at <https://editor.eurodw.co.uk/> (or such other website which may be available for such purpose and notified by the Servicing Facilitator to the Issuer, the Cash Manager, the Security Trustee and the Note Trustee from time to time (following which the Issuer will procure that such change is notified to each Rating Agency and the Noteholders at the time of such change)), being a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation:

- (a) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation without delay and in accordance with the UK Article 7 Technical Standards. Such information will also be made available, on request, to potential holders of the Notes; and
- (b) within 15 days of the issuance of the Notes, copies of the Transaction Documents and this Prospectus.

The Servicing Facilitator shall make the information referred to above available, until an authorised securitisation repository becomes available and is appointed, to the holder of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes, not later than one month after the Interest Payment Date in relation to which such reports were prepared.

In addition, the Servicing Facilitator undertakes to provide information to and to comply with written confirmation requests of the authorised securitisation repository, once it is appointed, as required under Commission Delegated Regulation (EU) 2020/1229 as it forms part of domestic law by virtue of the EUWA, including any applicable regulations, rules, guidance or other implementing measures of the FCA (or its successor) in relation thereto.

To the extent technical standards prepared under the UK Securitisation Regulation come into effect after the date of this Prospectus and require such reports or information to be published in a different manner or on a different website, the Issuer shall procure that the Servicing Facilitator complies with the requirements of such technical standards when publishing such reports or information.

The above undertakings are subject always to any requirement of law, and provided that: (i) the Issuer or the Servicing Facilitator will not be in breach of the relevant undertaking if the Issuer or the Servicing Facilitator fails to so comply with its undertakings due to events, actions or circumstances beyond the Issuer's or the Servicing Facilitator's control; and (ii) the Issuer and the Servicing Facilitator are only required to do so to the extent that the disclosure requirements

under Article 7 of the UK Securitisation Regulation remain in effect.

Communication with Noteholders:

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

- (a) 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.
- (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) Whilst the Notes are represented by Global Notes, notices to holders of the Notes 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 holders of the Notes. 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 the Official List and admitted to trading on the main market of the London Stock Exchange, all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the London Stock Exchange (which includes delivering a copy of such notice to the London Stock Exchange) and any such notice will be deemed to have been given on the date sent to the London Stock Exchange.

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

Available Funds of the Issuer:

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

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

- (a) all Revenue Receipts or, if in a Determination Period, any Calculated Revenue Receipts, in each case excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date, received by the Issuer:
 - (i) during the immediately preceding Collection Period; or
 - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller pursuant to the Mortgage Sale Agreement, received by the Issuer from but excluding the Collection Period Start 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 Collection Period Start Date;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period (other than any amount of interest or income received in respect of any Swap Collateral) and income from any Authorised Investments to be received on or prior to the Interest Payment Date (other than any amount of income received in respect of the Swap Collateral);
- (c) amounts received or to be received by the Issuer under or in connection with the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments);
- (d) on each Interest Payment Date up to but excluding the Class A Redemption Date, the Class A Liquidity Reserve Fund Excess Amount (after first having applied such Class A Liquidity

Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount);

- (e) on the Class A Redemption Date, all amounts standing to the credit of the Class A Liquidity Reserve Fund Account (after first having applied any Class A Liquidity Reserve Fund Release Amount *firstly*, in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A Liquidity Reserve Fund Account and *secondly*, to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount);
- (f) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);
- (g) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (y) of the Pre-Enforcement Revenue Priority of Payments;
- (h) amounts representing the Optional Purchase Price received by the Issuer upon the sale of the Loans and their Related Security comprising the Portfolio further to the exercise of the Call Option;
- (i) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts; and
- (j) amounts (which would otherwise constitute Available Principal Receipts) determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments; and
- (k) on the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Account (after first having applied, without double counting, any Class A Liquidity Reserve Fund Release Amount in meeting any Class A Liquidity Deficit and then any General Reserve Fund Release Amount in meeting any Revenue Deficit against the relevant item in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amounts from the Class A Liquidity Reserve Fund Account and/or the General Reserve Fund Account in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date)

less:

- (l) amounts (which would otherwise constitute Revenue Receipts) applied from time to time during the immediately preceding Collection Period and transferred to the Expenses Account pursuant to the Servicing Agreement and the Cash Management Agreement towards making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
- certain costs and expenses charged or incurred by the Servicer in respect of its servicing of the Loans pursuant to the Servicing Agreement, other than the Servicing Fee and not otherwise covered by the items below:
 - any amounts required be paid into the Expenses Account in accordance with Schedule 2 (Banking) of the Servicing Agreement;
 - payments of certain insurance premiums in respect of the Borrower Buildings Policies and Title Indemnity Policies (to the extent referable to the Loans);
 - amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and
 - 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 (l) being collectively referred to herein as "**Third Party Amounts**");

- (m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Account; and
- (n) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to the Collection Account or to pay any amounts due to the Collection Account Bank.

"Direct Debit" means a written instruction of a Borrower authorising its bank to honour a request of the Seller to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Seller.

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer:
 - (i) during the immediately preceding Collection Period; or
 - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start 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 Collection Period Start Date;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class Z1 Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Principal Receipts in accordance with item (u) and (w) of the Pre-Enforcement Revenue Priority of Payments (the "**Enhanced Amortisation Amounts**");
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*); and
- (e) in respect of the first Interest Payment Date only, the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes over the Initial Consideration.

"Optional Redemption Date" means the Interest Payment Date falling in January 2024.

"Final Redemption Date" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, (ii) any Class A

Liquidity Reserve Fund Release Amounts in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, (iii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, (iv) the sum of the Available Principal Receipts (other than item (c) of the definition thereof), (v) all amounts standing to the credit of the General Reserve Fund Account (after the application of the General Reserve Fund Release Amounts), (vi) all amounts standing to the credit of the Class A Liquidity Reserve Fund Account (after the application of any Class A Liquidity Reserve Fund Release Amounts) and (vii) all amounts which (but for the occurrence of the Final Redemption Date) would have been available for application pursuant to items (x) to (bb) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such amounts would be sufficient to redeem in full the Notes on such Interest Payment Date, including, as the case may be, as a result of the mandatory redemption of the Notes pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*).

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 and any Appointee thereof including charges, liabilities, fees, costs and expenses	(a) Principal Addition Amounts to be applied to meet any Senior Expenses Deficit (such amounts to be applied as Available Revenue Receipts), provided that Principal Addition Amounts shall only be applied to provide for any such Senior Expenses Deficit in relation to items (i), (k), (m) or (o) of the Pre-Enforcement Revenue Priority of Payments if the relevant PDL Condition applies;	(a) Amounts due to the Receiver, the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses
(b) Amounts due to the Agent Bank, the Registrar, the Paying Agents, the Cash Manager, the Servicer, the Servicing Facilitator, the Back-Up Servicing Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Custodian and (if applicable) the securitisation repository or any other third-party website provider, in each case including all fees, costs, charges, liabilities and expenses	(b) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class A Notes until redeemed in full	(b) Amounts due to the Agent Bank, the Registrar, the Paying Agents, the Cash Manager, the Servicer, the Servicing Facilitator, the Back-Up Servicing Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Custodian and (if applicable) the securitisation repository or any other third-party website provider, in each case including all fees, costs, charges, expenses and liabilities
(c) Third party expenses, any Transfer Costs	(c) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class B Notes until redeemed in full	(c) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)
(d) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)	(d) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class C Notes until redeemed in full	(c) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)
(e) Issuer Profit Amount	(e) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class D Notes until redeemed in full	(c) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)
	(f) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class E Notes until redeemed in full	
	(g) On or after the Optional Redemption Date, <i>pro rata</i> and <i>pari passu</i> to the	

<u>Pre-Enforcement Revenue Priority of Payments:</u>	<u>Pre-Enforcement Principal Priority of Payments:</u>	<u>Post-Enforcement Priority of Payments:</u>
(f) <i>Pro rata and pari passu</i> to the interest due on the Class A Notes	principal amounts due on the Class Z2 Notes until redeemed in full	(d) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class A Notes until redeemed in full
(g) Amounts to be credited to the Class A Liquidity Reserve Fund Account up to the Class A Liquidity Reserve Fund Required Amount	(h) On or after the Optional Redemption Date or on the Final Redemption Date, <i>pro rata and pari passu</i> to the principal amounts due on the Class Z1 Notes until redeemed in full	(e) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class B Notes until redeemed in full
(h) Amounts to be credited to the Class A Principal Deficiency Sub-Ledger	(i) All remaining amounts to be applied as Available Revenue Receipts	(f) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class C Notes until redeemed in full
(i) <i>Pro rata and pari passu</i> to the interest due on the Class B Notes		(g) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class D Notes until redeemed in full
(j) Amounts to be credited to the Class B Principal Deficiency Sub-Ledger		(h) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class E Notes until redeemed in full
(k) <i>Pro rata and pari passu</i> to the interest due on the Class C Notes		(i) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class X Notes until redeemed in full
(l) Amounts to be credited to the Class C Principal Deficiency Sub-Ledger		(j) Hedge Subordinated Amounts due to the Swap Provider
(m) <i>Pro rata and pari passu</i> to the interest due on the Class D Notes		(k) <i>Pro rata and pari passu</i> to the amounts of interest and principal
(n) Amounts to be credited to the Class D Principal Deficiency Sub-Ledger		
(o) <i>Pro rata and pari passu</i> to the interest due on the Class E Notes		
(p) Amounts to be credited to the Class E Principal Deficiency Sub-Ledger		
(q) Amounts to be credited to the General Reserve Fund Account up to the General		

Pre-Enforcement Revenue Priority of Payments:

Reserve Fund Required Amount

- (r) Amounts to be credited to the Class Z1 Principal Deficiency Sub-Ledger
- (s) *Pro rata* and *pari passu* to the interest due on the Class X Notes
- (t) Prior to the Optional Redemption Date, *pro rata* and *pari passu* to the principal amounts due on the Class X Notes until redeemed in full
- (u) On the Final Redemption Date or on or after the Optional Redemption Date, an amount equal to the lesser of (i) all remaining amounts (if any) and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (f) (inclusive) of the Pre-Enforcement Principal Priority of Payments, less any other Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, to be applied as Available Principal Receipts
- (v) On or after Optional Redemption Date, *pro rata* and *pari passu* to the principal amounts due on the Class X Notes to the extent not redeemed under (t) above
- (w) On the Final Redemption Date or on or after the Optional Redemption Date, an amount equal to the

Pre-Enforcement Principal Priority of Payments:

Post-Enforcement Priority of Payments:

due on the Class Z2 Notes until redeemed in full

- (l) *Pro rata* and *pari passu* to the amounts of interest due on the Class Z1 Notes until redeemed in full
- (m) *Pro rata* and *pari passu* to the amounts due and payable to third parties (if any)
- (n) Issuer Profit Amount
- (o) To pay any Deferred Consideration in accordance with the Mortgage Sale Agreement in respect of the Loans sold to the Issuer

Pre-Enforcement Revenue Priority
of Payments:

lesser of (i) all remaining amounts (if any) and (ii) the amount required by the Issuer to pay in full all amounts payable under items (g) and (h) of the Pre-Enforcement Principal Priority of Payments, less any other Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, to be applied as Available Principal Receipts

Pre-Enforcement Principal Priority
of Payments:

Post-Enforcement Priority of
Payments:

- (x) Any Hedge Subordinated Amounts (to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments) due to the Swap Provider
- (y) On or prior to the Optional Redemption Date *pro rata* and *pari passu* to the interest due on the Class Z2 Notes
- (z) On or prior to the Optional Redemption Date *pro rata* and *pari passu* to the interest due on the Class Z1 Notes
- (aa) On any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts.
- (bb) To pay any Deferred Consideration in accordance with the

Pre-Enforcement Revenue Priority
of Payments:

Mortgage Sale Agreement
in respect of the Loans sold
to the Issuer

Pre-Enforcement Principal Priority
of Payments:

Post-Enforcement Priority of
Payments:

General Credit Structure:

The credit structure of the transaction includes the following elements:

- the availability of the General Reserve Fund to cover any shortfall of Available Revenue Receipts to pay senior expenses and interest on the Rated Notes (other than the Class X Notes and the Class Z1 Notes) and to reduce any debit balance of the Principal Deficiency Sub-Ledgers relating to the Rated Notes. On each Interest Payment Date, an amount (if any) equal to the Reserve Fund Excess Amount will be debited from the General Reserve Fund and will be applied as Available Revenue Receipts on that Interest Payment Date.

See the section "General Reserve Fund and General Reserve Fund Account";

- the availability of the Class A Liquidity Reserve Fund to cover any shortfall of Available Revenue Receipts to pay senior expenses and interest on the Class A Notes. On each Interest Payment Date, an amount (if any) equal to the Class A Liquidity Reserve Fund Excess Amount will be debited from the Class A Liquidity Reserve Fund and will be applied as Available Revenue Receipts on that Interest Payment Date (after first having applied such Class A Liquidity Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount).

See the section "*Credit Structure – Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Account*";

- a Principal Deficiency Ledger will be established to record as a debit any Losses on the Portfolio and Principal Addition Amounts and record as a credit Available Revenue Receipts applied as Available Principal Receipts (including any amounts in respect of Enhanced Amortisation Amounts) pursuant to the Pre-Enforcement Revenue Priority of Payments (if any). Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan firstly to outstanding fees and interest amounts due and payable on the relevant Loan. The Principal Deficiency Ledger will be credited by the amount of any Available Revenue Receipts applied as Available Principal Receipts in accordance with the relevant items of the Pre-Enforcement Revenue Priority of Payments

See the section "*Credit Structure – Principal Deficiency*

Ledger" below;

- on or after the Optional Redemption Date or on the Final Redemption Date, the availability of Enhanced Amortisation Amounts pursuant to item (u) and (w) of the Pre-Enforcement Revenue Priority of Payments, being any surplus Available Revenue Receipts having paid or provided for items of higher priority, which shall be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments until the Notes have been redeemed in full. Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio;
- the availability of Available Principal Receipts pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments to cover any shortfall of Available Revenue Receipts, Class A Liquidity Reserve Fund Release Amounts or General Reserve Fund Release Amounts to pay senior expenses and interest on the Rated Notes (other than the Class X Notes and the Class Z1 Notes). Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit to the Principal Deficiency Ledger.
- the availability of interest in respect of monies held in the Issuer Accounts and income from any Authorised Investments (other than any amount of interest and/or income received in respect of the Swap Collateral) (see the section "*Cashflows*" for further details); and
- availability of the interest rate swap provided by the Swap Provider to hedge against the possible variance between the rates of interest payable on the Fixed Rate Loans in the Portfolio and a rate of interest on the Notes calculated by reference to Compounded Daily SONIA.

See the section "*Credit Structure – Interest Rate Risk for the Notes*" for further details.

Bank Accounts and Cash Management:

The Issuer will open a deposit account (the "**Deposit Account**"), a swap cash collateral account (the "**Swap Cash Collateral Account**"), a general reserve fund account (the "**General Reserve Fund Account**"), a Class A liquidity reserve fund account (the "**Class A Liquidity Reserve Fund Account**") and an Issuer profit account (the "**Issuer Profit Account**") pursuant to the Bank Account Agreement with the Issuer Account Bank on or prior to the Closing Date.

The Issuer will open a swap sterling securities collateral account (the "**Swap Securities Collateral Account**", together with the Swap Cash Collateral Account, the "**Swap Collateral Accounts**") pursuant to the Bank Account Agreement with the Custodian.

The Issuer may from time to time open additional or replacement

accounts (including, if applicable, any securities accounts (such accounts, together with the Deposit Account, the Swap Collateral Accounts, the General Reserve Fund Account, the Class A Liquidity Reserve Fund Account and the Issuer Profit Account, the "**Issuer Accounts**") pursuant to the Bank Account Agreement and the Transaction Documents.

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

Swap Agreement:

Payments received by the Issuer under certain of the Loans will be subject to fixed rates of interest for an initial period of time. The interest amounts payable by the Issuer in respect of the Floating Rate Notes will be calculated by reference to Compounded Daily SONIA. To hedge against the potential variance between the fixed rates of interest received on certain of the Loans in the Portfolio and the rate of interest payable on the Class A Notes the Class B Notes , the Class C Notes, the Class D Notes and the Class E Notes, the Issuer will enter into the Swap Transaction with the Swap Provider under the Swap Agreement.

TRANSACTION OVERVIEW – TRIGGERS TABLES

Rating Triggers Table

Transaction Party:	Required Ratings/Triggers:	Possible effects of Trigger being breached include the following:
Issuer Account Bank	A long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P; long-term unguaranteed, unsecured and unsubordinated debt rating of at least A3 by Moody's; or (in each case) such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Notes (the " Account Bank Rating ").	<p>If the Issuer Account Bank no longer has the Account Bank Ratings, the Issuer shall use all reasonable endeavours to, within 60 calendar days following the first day on which such downgrade occurred either:</p> <ul style="list-style-type: none"> (a) close the Issuer Accounts with such Issuer Account Bank and open replacement accounts with a financial institution (i) having the Account Bank Rating and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007; (b) obtain a guarantee of the obligations of such Issuer Account Bank under the Bank Account Agreement from a financial institution which has the Account Bank Rating; or (c) take such other reasonable actions as may be required to ensure that the then current rating of the Notes are not adversely affected by the Issuer Account Bank ceasing to have all of the Account Bank Ratings. <p>in each case as prescribed in the Bank Account Agreement, and shall transfer amounts standing to the credit of the relevant Issuer Accounts and all Ledgers on the relevant Issuer Accounts to the replacement Issuer Accounts.</p>
Custodian	The Account Bank Rating.	<p>If the Custodian no longer has the Account Bank Ratings, the Issuer shall use all reasonable endeavours to, within 60 calendar days following the first day on which such downgrade occurred, either:</p> <ul style="list-style-type: none"> (a) close the Swap Securities Collateral Account with such Custodian and to open replacement accounts with a financial institution (i) having the

Transaction Party:	Required Ratings/Triggers:	Possible effects of Trigger being breached include the following:
Collection Account Bank	<p data-bbox="355 1137 884 1198">In respect of any Collection Accounts, any two of:</p> <p data-bbox="355 1234 884 1301">(a) Moody's: a long-term deposit rating of at least "Baa3" by Moody's; and</p> <p data-bbox="355 1337 884 1921">(b) S&P: (a) a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&P, or 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 or (b) long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB+ by S&P,</p> <p data-bbox="355 1957 884 2054">or, failing which, in each case such other ratings that are consistent with the then current rating methodology of the Rating</p>	<p data-bbox="1010 315 1439 416">Account Bank Rating and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007;</p> <p data-bbox="914 452 1439 618">(b) obtain a guarantee of the obligations of such Custodian under the Bank Account Agreement from a financial institution which has the Account Bank Rating; or</p> <p data-bbox="914 654 1439 857">(c) take such other reasonable actions may be required to ensure that the then current rating of the Notes are not adversely affected by the Custodian ceasing to have all of the Account Bank Ratings,</p> <p data-bbox="914 896 1439 1095">in each case as prescribed in the Bank Account Agreement, and shall transfer securities standing to the credit of the Swap Securities Collateral Account to the replacement Swap Securities Collateral Account.</p> <p data-bbox="914 1137 1439 1682">If the rating of the Collection Account Bank falls below the Collection Account Bank Rating and there exists a financial institution having a rating of at least the Collection Account Bank Rating and which is a bank as defined in Section 991 of the Income Tax Act 2007, the Servicers shall assist the Sellers (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security), and the Sellers (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security) shall, as soon as reasonably practicable (such time period to be not more than 35 calendar days) following such occurrence:</p> <p data-bbox="914 1718 1439 1818">(a) open a replacement collection account in the name of the Sellers with a financial institution:</p> <p data-bbox="1010 1854 1439 1955">(i) having a rating of at least the Collection Account Bank Rating;</p> <p data-bbox="1010 1991 1439 2054">(ii) approved in writing by the Issuer and the Security</p>

Transaction Party:	Required Ratings/Triggers:	Possible effects of Trigger being breached include the following:
	<p>Agencies as being the minimum ratings that are required to support the then current ratings of the Rated Notes (each, the "Collection Account Bank Rating" and together, the "Collection Account Bank Ratings").</p>	<p>Trustee; and</p> <p>(iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> <p>(b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or</p> <p>(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes.</p>
Swap Provider	<p>Moody's: (i) A counterparty risk assessment from Moody's of A3(cr) or above; or (ii) a long-term unsecured and unsubordinated debt or counterparty obligations rating of A3 or above by Moody's (the "Qualifying Collateral Trigger Rating").</p>	<p>If the Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and either (a) has not had a Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time the Swap Provider (or its successor or relevant guarantor) had a Qualifying Collateral Trigger Rating, the Swap Provider must, if required, post collateral and may either (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.</p> <p>A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.</p>
	<p>Moody's: (i) A counterparty risk assessment from Moody's of Baa3(cr) or above; or (ii) a long-term unsecured and unsubordinated debt or counterparty obligations rating of Baa3 or above by Moody's (the "Qualifying Transfer Trigger Rating").</p>	<p>If the Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Swap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third</p>

Transaction Party: **Required Ratings/Triggers:** **Possible effects of Trigger being breached include the following:**
party.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

S&P: The relevant S&P required ratings depend on which S&P framework is elected by the Swap Provider from time to time (the "**S&P framework**") and the rating of the highest rated Notes by S&P at such time. There are four S&P frameworks: "Strong", "Adequate", "Moderate" and "Weak". On the date of the Swap Agreement, the provisions relating to S&P Adequate are elected.

Initial Required Ratings:

(a) **S&P:** The Swap Provider and any applicable guarantor fail to have the relevant S&P initial required rating where S&P framework Strong, Adequate or Moderate applies.

Initial Required Ratings:

S&P: The Swap Provider must provide collateral within 10 business days (to the extent required, depending on the value of the Swap Transaction) unless it (i) transfers its obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtains a guarantee from an entity with the S&P subsequent required ratings, or (iii) takes such other action as is required to maintain, or restore, the rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, corresponding to the Swap Transaction.

Subsequent Required Ratings:

(b) **S&P:** The Swap Provider and any applicable guarantor fail to have the relevant S&P subsequent required rating where S&P framework Strong, Adequate or Moderate applies.

Subsequent Required Ratings:

S&P: The Swap Provider must use reasonable endeavours to, within 90 calendar days, either (i) transfer its rights and obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtain a guarantee from an entity with at least the S&P subsequent required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the notes corresponding to the relevant Swap Transaction.

Whilst this process is on-going, the Swap Provider must also provide collateral within 10 business days (to the extent required,

Transaction Party: Required Ratings/Triggers:

Possible effects of Trigger being breached include the following:

depending on the value of the Swap Transaction).

S&P: The Swap Provider and any applicable guarantor fail to have the relevant S&P required rating where S&P framework Weak applies.

S&P: The Swap Provider must use reasonable endeavours to, within 90 calendar days, either (i) transfer its obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria, (ii) obtain a guarantee from an entity with at least the S&P subsequent required ratings, or (iii) take such other action as is required to maintain, or restore, the rating of the Notes corresponding to the relevant Swap Agreement.

There is no requirement to provide collateral whilst the process is on-going.

S&P required ratings: The S&P required ratings are set out in the tables below.

Current rating of the relevant notes	"S&P Strong"		"S&P Adequate"		"S&P Moderate"		"S&P Weak"	
	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A-	BBB+	A-	A-	A	A	NA	A+
AA+	A-	BBB+	A-	A-	A-	A-	NA	A+
AA	A-	BBB	BBB+	BBB+	A-	A-	NA	A
AA-	A-	BBB	BBB+	BBB+	BBB+	BBB+	NA	A-
A+	A-	BBB-	BBB	BBB	BBB+	BBB+	NA	A-
A	A-	BBB-	BBB	BBB	BBB	BBB	NA	BBB+
A-	A-	BBB-	BBB	BBB-	BBB	BBB	NA	BBB+
BBB+	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB
BBB-	A-	BBB-	BBB	BBB-	BBB	BBB-	NA	BBB-
BB+ and below	A-	At least as high as 3 notches below the relevant notes rating	BBB	At least as high as 2 notches below the relevant notes rating	BBB	At least as high as 1 notch below the relevant notes rating	NA	At least as high as the relevant notes rating

The Swap Provider or any relevant guarantor will have the relevant S&P required rating if the issuer credit rating or resolution counterparty rating assigned by S&P is at least as high as the applicable S&P required rating corresponding to the then current rating of the relevant notes and the applicable S&P framework as specified in the above table.

Non-Rating Triggers Table

Perfection Events:

Prior to the completion of the transfer of legal title of the Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factor entitled "*Risks associated with the Seller (initially) retaining legal title to the Loans and risks relating to set off*". Completion of transfer of the legal title of the Loans by the Seller to the Issuer will be completed on or before the 30th Business Day after the earliest to occur of the following:

- (a) the Seller being required to perfect legal title to the Loans (i) by an order of a court of competent jurisdiction or (ii) by a regulatory authority which has jurisdiction over the Seller or (iii) by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans;
- (b) it becoming necessary by law to take any or all such actions referred to in paragraph (a) above;
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy;
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (e) an Insolvency Event occurring in relation to the Seller;
- (f) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Loan in the Portfolio;
- (g) the occurrence of a Servicer Termination Event where no replacement servicer has been appointed in accordance with the provisions of the Servicing Agreement; or
- (h) default is made by the Seller in the performance or observance of any of its covenants and obligations under the Transaction Documents 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 20 Business Days after the earlier of the Seller becoming aware of such default and receipt by the Seller of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied.

If the Loans and their Related Security are sold pursuant to the exercise of the Call Option, the Issuer or (if, at the time the Call Option is exercised, the Issuer does not hold the Whole Legal Title) the Seller, upon receipt of a direction from the Issuer and at the sole cost and expense of the Issuer, shall promptly transfer the Whole Legal Title in the Loans and their Related Security comprising the Portfolio to the

Legal Title Transferee.

Servicer Termination Events: The appointment of the Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and the Servicer fails to remedy it for a period of 10 Business Days after: (i) (where the failure to pay has arisen other than as a result of a Disruption Event) upon the earlier of the Servicer becoming aware of such default and the receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Servicing Facilitator and the Back-Up Servicing Facilitator) requiring the same to be remedied; or (ii) (where the failure to pay has arisen as a result of a Disruption Event) the cessation of the relevant Disruption Event or, if earlier, 20 Business Days following the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Servicing Facilitator and the Back-Up Servicing Facilitator) requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure 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) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 20 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Servicing Facilitator and the Back-Up Servicing Facilitator) requiring the Servicer's non-compliance to be remedied provided that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 Business Days, the Servicer (i) terminates the relevant sub-contracting or delegation arrangements, (ii) takes such steps as the Issuer or (following receipt by the Servicer from the Security Trustee of a copy of an Enforcement Notice) the Security Trustee may in its absolute discretion specify to remedy such default and (iii) indemnifies the Issuer and the Security Trustee against the consequences of such default;
- (c) the occurrence of an Insolvency Event in relation to the Servicer; or

- (d) the Servicer ceases to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its mortgage servicing business; or
- (e) it is or becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement.

In determining whether to give or withhold consent to the termination of the Servicer by the Issuer, the Security Trustee will have regard to factors it deems relevant (including, for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicer in place at any time).

The Servicer may also resign, and the Seller may terminate the appointment of the Servicer (in each case without any Servicer Termination Event having occurred) upon giving not less ninety (90) day's written notice to the other (or such shorter period as may be agreed between the Servicer and the Seller) with a copy of such notice to the Issuer, the Security Trustee, the Servicing Facilitator and the Back-Up Servicing Facilitator, in each case provided that, *inter alia*, a replacement servicer has been appointed by the Issuer.

The Servicer may also resign as Servicer on written notice to the Issuer, the Security Trustee, the Seller, the Servicing Facilitator and the Back-Up Servicing Facilitator in the event that:

- (a) the Issuer is in material breach of the Servicing Agreement (or commits a series of breaches which together constitute a material breach of the Servicing Agreement) which is either: (i) incapable of being remedied; or (ii) is capable of being remedied and remains unremedied within thirty (30) days' after receipt by the Issuer of a written notice from the Servicer specifying the breach and requiring it to be remedied; or
- (b) the Issuer fails to pay any sum which is due under the Servicing Agreement to the Servicer and that sum remains unpaid for five (5) Business Days after receipt by the Issuer of a written notice from the Servicer specifying the breach and requiring it to be remedied; or
- (c) it becomes unlawful under any Regulatory Requirements for the Servicer or any other party to comply with the Servicing Agreement or a substantial part of it or in the event that a Competent Authority lawfully directs the Servicing Agreement to terminate its appointment under the Servicing Agreement.

Any termination of the Servicing Agreement pursuant to paragraphs (a) and (b) above shall take effect on the later of (i) the date specified in the relevant termination notice and (ii) the earlier of (a) the expiry of 90 days from the date on which the relevant termination notice was given to the Issuer, the Security Trustee, the Seller, the Servicing Facilitator and the Back-Up Servicing Facilitator in accordance with the Servicing Agreement and (b) the appointment by the Issuer of a substitute servicer

which satisfies the conditions set out in Clause 20.3 (Voluntary Termination) of the Servicing Agreement.

In such circumstances, the Issuer shall use reasonable endeavours to promptly appoint a substitute servicer which satisfies the conditions set out in Clause 20.3 (Voluntary Termination) of the Servicing Agreement.

**Servicing
Termination Events:**

Facilitator

The appointment of the Servicing Facilitator may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) if any of the following events (each a "**Servicing Facilitator Termination Event**") occurs and is continuing:

- (a) the Servicing Facilitator defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and the Servicing Facilitator fails to remedy it for a period of 20 Business Days after: (i) (where the failure to pay has arisen other than as a result of a Disruption Event) the earlier of the Servicing Facilitator becoming aware of such default and the receipt by the Servicing Facilitator of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Back-Up Servicing Facilitator) requiring the same to be remedied; or (ii) (where the failure to pay has arisen as a result of a Disruption Event) the cessation of the relevant Disruption Event or, if earlier, 60 Business Days following the Servicing Facilitator becoming aware of such default and receipt by the Servicing Facilitator of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Back-Up Servicing Facilitator) requiring the same to be remedied; or
- (b) default in the performance or observance by the Servicing Facilitator of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or in the opinion of the Security Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the Noteholders, and the Servicing Facilitator does not remedy that failure within 20 Business Days after the earlier of the Servicing Facilitator becoming aware of the failure or of receipt by the Servicing Facilitator of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Back-Up Servicing Facilitator) requiring the Servicing Facilitator's non-compliance to be remedied; or
- (c) an Insolvency Event occurring in respect of the Servicing Facilitator; or
- (d) the Servicing Facilitator ceases to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its servicing business; or
- (e) it becomes unlawful in any applicable jurisdiction for the

Servicing Facilitator to perform any of its obligations as contemplated by the Servicing Agreement, provided that this does not result or arise from compliance by the Servicing Facilitator with any instruction from the Issuer or the Security Trustee.

In determining whether to give or withhold consent to the termination of the Servicing Facilitator by the Issuer, the Security Trustee will have regard to factors it deems relevant (including, for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicing facilitator in place at any time).

Unless the Issuer has instructed the Back-Up Servicing Facilitator to perform the functions of the Servicing Facilitator pursuant to the Servicing Agreement, the termination or resignation of the Servicing Facilitator is conditional on:

- (a) a replacement servicing facilitator being appointed, such appointment to be effective not later than the date of such resignation or termination;
- (b) such replacement servicing facilitator has obtained or made (as applicable) all approvals, authorisations, consents and licences from, and all filings, registrations and qualifications with, any court, government department or any other regulatory body required pursuant to any Requirement of Law or any Regulatory Direction in connection with its business, the execution, delivery and performance by it of the Servicing Agreement;
- (c) such replacement servicing facilitator entering into a servicing agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the replacement servicing facilitator agrees to assume and perform all the material duties and obligations of the Servicing Facilitator under the Servicing Agreement; and
- (d) (if the Rated Notes remain outstanding) the then current ratings of the Rated Notes not being adversely affected as a result thereof, unless the Noteholders (acting by way of an Extraordinary Resolution) otherwise agree.

"Regulatory Direction" means, in relation to any person, a direction or requirement of any governmental authority with whose directions or requirements such person is accustomed to comply.

"Requirement of Law" in respect of any person shall mean:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by or an order of any court having jurisdiction;
- (c) a mandatory requirement of any regulatory authority having jurisdiction;

- (d) a determination of an arbitrator or governmental authority;
- (e) any rule or practice of any tax authority;
- (f) any agreement between the relevant Transaction Party and any tax authority or between two or more tax authorities; or
- (g) FATCA,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply.

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

TRANSACTION OVERVIEW – FEES

The following table sets out the ongoing fees to be paid by the Issuer to the transaction parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees.	An amount equal to the aggregate of the Primary Servicing Fee, Special Servicing Fee, Redemption Fees and Additional Servicing Costs in respect of the relevant Collection Period (the " Servicing Fee ").	Ahead of all outstanding Notes.	Quarterly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer (including tax and audit costs).	Estimated at £115,000 each year (exclusive of VAT, where so provided in the relevant Transaction Document).	Ahead of all outstanding Notes.	Quarterly in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes.	Estimated at £15,000 (exclusive of VAT).	Ahead of all outstanding Notes.	On or about the Closing Date.

As at the date of this Prospectus, the standard rate of UK value added tax ("**VAT**") is 20 per cent.

REGULATORY DISCLOSURES

Securitisation Regulations

The Seller will retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the UK Securitisation Regulation and as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation. As at the Closing Date, such interest will comprise a material net economic interest of not less than 5 per cent. of the nominal value of each Class of Notes sold to investors (with the exception of the Class X Notes), in accordance with Article 6(3)(a) of the UK Securitisation Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders in accordance with the Terms and Conditions and the requirements of the UK Securitisation Regulation.

As to the information made available to potential investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the Investor Reports prepared in accordance with the Cash Management Agreement and the Servicing Agreement and published in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/> (or such other website as may be notified by the Servicing Facilitator to the Issuer, the Servicer, the Cash Manager, the Trustee, each Rating Agency and the Noteholders from time to time) being a website that conforms to the requirement set out in Article 7(2) of the UK Securitisation Regulation (which, for the avoidance of doubt does not form part of this Prospectus).

The Servicing Facilitator will publish each Investor Report, each Transaction Document and each SR Data Tape in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/> (or such other website which may be available for such purpose and notified by the Servicing Facilitator to the Issuer, the Servicer, the Cash Manager, the Security Trustee, the Note Trustee, each Rating Agency and the Noteholders from time to time) not later than one month after the Interest Payment Date in relation to which such information was prepared.

The Servicing Facilitator or another third party will publish without delay, any (i) inside information relating to the Issuer which the Issuer determines it is obliged to make pursuant to Article 7(1)(f) of the UK Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event pursuant to Article 7(1)(g) of the UK Securitisation Regulation, in each case in accordance with the UK Article 7 Technical Standards.

The Seller (in its capacity as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) has provided undertakings with respect to the interest to be retained by it to (i) the Joint Lead Managers and the Joint Arrangers in the Subscription Agreement and (ii) the Issuer and the Security Trustee in the Mortgage Sale Agreement that, for so long as any Notes remain outstanding, it will:

- (a) retain on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation (the "**Retained Interest**") as required by Article 6(1) of the UK Securitisation Regulation and as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation;

- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the UK Securitisation Regulation by confirming the risk retention of Lendco as contemplated by Article 6(1) of the UK Securitisation Regulation;
- (c) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Interest except to the extent permitted under the UK Securitisation Regulation or as would be permitted as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation;
- (d) not change the manner or form in which it holds the Retained Interest except to the extent permitted under the UK Securitisation Regulation and as would be permitted as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation; and
- (e) as soon as reasonably possible notify the Joint Arrangers, the Joint Lead Managers, the Issuer and the Security Trustee if for any reason the Seller (i) ceases to hold the Retained Interest in accordance with paragraph (a) or (ii) fails to comply with the covenants set out in paragraphs (a) to (d) above.

The Issuer has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation and has accepted such appointment. Under the Servicing Agreement, the Issuer has appointed the Servicer and the Servicing Facilitator to perform certain of the Issuer's obligations under Article 7 of the UK Securitisation Regulation. For further information please refer to the section entitled "*General Information*".

Loans have not been selected to be sold to the Issuer with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of Lendco.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation or Article 5 of the EU Securitisation Regulation, as applicable, and any corresponding national measures which may be relevant and none of the Issuer nor any Relevant Party makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

The Seller undertakes that it will procure the provision to Noteholders of any relevant additional data and information referred to in Article 5 of the EU Securitisation Regulation and/or Article 5 of the UK Securitisation Regulation (subject to all applicable laws) which is reasonably requested by the Noteholders, provided that it 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 the purposes of Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation, Lendco has made available the following information (or has procured that such information is made available):

- (i) confirmation that Lendco was not a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 as it forms part of domestic law by virtue of the EUWA at the time of origination of the Loans in the Portfolio;
- (ii) confirmation that Lendco (as originator) will retain 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 UK Securitisation Regulation and as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU

Securitisation Regulation and that the risk retention will be disclosed to investors in accordance with Article 7 of the UK Securitisation Regulation; and

- (iii) confirmation that the Issuer (or the Servicing Facilitator on its behalf) will make available the information required by Article 7 of the UK Securitisation Regulation in accordance with the frequency and modalities provided for in such article.

Adverse Selection

The Seller has represented in the Mortgage Sale Agreement that it has not selected Loans to be sold to the Issuer with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of four years, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

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.

STS designation impacts on regulatory treatment of the Notes

The UK Securitisation Regulation (and Regulation (EU) No 575/2013 as it forms part of domestic law by virtue of the EUWA, including any applicable regulations, rules, guidance or other implementing measures of the FCA, the Bank of England or the PRA (or their successor) in relation thereto ("**UK CRR**")) also includes provisions that 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 a UK simple, transparent and standardised transaction (a "**UK STS Securitisation**").

The UK STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment from the perspective of the applicable UK regulatory regimes, such as the prudential regulation of UK CRR firms and UK Solvency II firms, and from the perspective of the UK EMIR regime, as to which investors are referred to the risk factor entitled "*European Market Infrastructure Regulation*".

The Notes are not intended to be designated as an STS securitisation for the purposes of the UK Securitisation Regulation or the EU Securitisation Regulation.

Investors to assess compliance

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 in the EU or the UK, 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.

CRA Regulation

The credit ratings included or referred to in this Prospectus are expected to be assigned, on issue, by Moody's and S&P and endorsed for the purposes of the EU CRA Regulation by Moody's Deutschland GmbH and S&P Global Ratings Europe Limited, respectively.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency

established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

As at the date of this Prospectus, each of Moody's and S&P is a credit rating agency established in the UK and registered under the UK CRA Regulation.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

For further information, please refer to the risk factor entitled "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*" and the section entitled "*The Loans*".

WEIGHTED AVERAGE LIVES OF THE NOTES

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

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

The following tables were prepared based on the characteristics of the Loans included in the Provisional Portfolio and the following additional assumptions (the "**Modelling Assumptions**")

- (a) there are no arrears or enforcements;
- (b) no Loan is sold by the Issuer;
- (c) no Principal Deficiency arises;
- (d) no Loan is required to be repurchased by the relevant Seller due to any breach of Warranty;
- (e) the portfolio mix of loan characteristics remain the same throughout the life of the Notes and 100 per cent. of the Provisional Portfolio is purchased at the Issue Date;
- (f) the interest payment as well as the principal payment for each Loan is calculated on a loan-by-loan basis assuming each Loan amortises monthly (meaning the amortisation of each Loan is determined by the loan specific (i) remaining term, (ii) principal outstanding and (iii) interest rate);
- (g) the amortisation of any Repayment Loan is calculated as an annuity loan on a 30/360 basis, and the interest on any Loan is calculated on a 30/360 basis;
- (h) all Loans which are not Repayment Loans are assumed to be Interest Only Loans;
- (i) there are 185 days between the Issue Date and the first Interest Payment Date;
- (j) a LIBOR rate of 0.05 per cent. for all Loans;
- (k) there is collateral of £303,492,234 and on the Issue Date the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and have an aggregate Principal Amount Outstanding of £298,937,000, with the A Notes representing 83.75%, the B Notes representing 7.00%, the C Notes representing 3.75%, the D Notes representing 2.50%, the E Notes representing 1.50%, the Z1 notes representing 1.50%, the Z2 notes representing 2.50% and the X notes representing 2.50%, altogether representing 105% of the Provisional Portfolio;
- (l) the weighted average lives are calculated on a Act/365 basis;
- (m) no further advances are made on a Loan;
- (n) the Cut-Off Date is 21st January 2021;
- (o) the Portfolio as at the Cut-Off Date is £303,492,234;
- (p) the Issue Date is assumed to be 21st January 2021 and that any Principal Receipts and Revenue Receipts from that date forward shall be for the account of the Issuer;

- (q) payments on the Notes are made on the 25th day of April, July, October and January;
- (r) no Product Switches are made on a Loan;
- (s) the first Interest Period for the Notes will include five months of Principal Receipts and Revenue Receipts from the Loans in the Portfolio;
- (t) the senior fees in respect of the Portfolio are equal to the sum of: variable fees equal to 0.18 per cent. per annum of the aggregate Current Balance of the Loans at the beginning of each collection period; and fixed fees of £115,000 per annum (inclusive of VAT) (distributed equally through time);
- (u) the Issuer Profit Amount is £300;
- (v) the fixed rate under the Swap Agreement is 0.80 per cent;
- (w) the Swap Agreement is not terminated and the Swap Counterparty fully complies with its obligations under the Swap Agreement;
- (x) no Loan is subject to or will become subject to a COVID-19 Payment Holiday;
- (y) the General Reserve Fund is credited up to the General Reserve Fund Required Amount at the Closing Date and the Class A Liquidity Reserve Fund is credited up to the Class A Liquidity Reserve Fund Required Amount at the Closing Date;
- (z) Compounded Daily SONIA is equal to 0.06 per cent;
- (aa) no interest accrues on the Deposit Account;
- (bb) the Call Option is exercised once the aggregate Principal Balance of the Loans is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;
- (cc) the Option Holder exercises its option to redeem the Notes on the Optional Redemption Date, in the first scenario, or the Option Holder does not exercise its option to redeem the Notes on or after the Optional Redemption Date, in the second scenario, with the exception of assumption (bb) above;
- (dd) the Notes will be redeemed in accordance with the Conditions; and
- (ee) Principal Additional Amounts are assumed to be zero.

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

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

Weighted Average Life in Years

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

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Notes. The weighted average lives of the Rated Notes (other than the Class X Notes and the Class Z1 Notes) have been calculated on an Actual/365 basis.

CPR	Class A Notes		Class B Notes		Class C Notes		Class D Notes		Class E Notes	
	Notes are called on FORD (years)	No call option exercised (years)**	Notes are called on FORD (years)	No call option exercised (years)**	Notes are called on FORD (years)	No call option exercised (years)**	Notes are called on FORD (years)	No call option exercised (years)**	Notes are called on FORD (years)	No call option exercised (years)**
0.0%	3.01	13.00	3.01	22.39	3.01	23.25	3.01	23.37	3.01	23.52
5.0%	2.79	7.70	3.01	17.03	3.01	18.54	3.01	19.21	3.01	19.62
10.0%	2.57	5.26	3.01	13.02	3.01	14.54	3.01	15.90	3.01	16.93
15.0%	2.36	3.90	3.01	10.17	3.01	12.10	3.01	13.02	3.01	13.02
18.0%	2.26	3.43	3.01	9.25	3.01	10.87	3.01	11.27	3.01	11.27
20.0%	2.17	3.04	3.01	8.54	3.01	9.69	3.01	9.76	3.01	9.76
25.0%	1.98	2.45	3.01	7.14	3.01	8.02	3.01	8.02	3.01	8.02
30.0%	1.80	2.04	3.01	5.92	3.01	6.51	3.01	6.51	3.01	6.51
Pricing CPR	2.87	4.15	3.01	8.90	3.01	10.67	3.01	11.27	3.01	11.27

* 3.0 per cent. CPR for 35 months, followed by 40.0 per cent. CPR for 25 months, followed by 15.0 per cent. thereafter.

**Assumes 10% clean-up call is exercised

For more information in relation to the risks involved in the use of the average lives estimated above, see "Risk Factors – The yield to maturity on the Notes may be affected by, among other things, prepayments made by Borrowers on their Loans" above.

EARLY REDEMPTION OF THE NOTES

The Option Holder may exercise the Call Option granted by the Issuer pursuant to the Deed Poll, requiring the Issuer to sell the Portfolio. The Issuer is not permitted to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security or the repurchase of a Loan and its Related Security by the Seller pursuant to the Mortgage Sale Agreement).

Pursuant to and subject to the terms of the Deed Poll, the Issuer will grant to the Option Holder the following rights (collectively, the "**Call Option**"), which may be exercised at any time on or after the Optional Purchase Commencement Date:

- (a) the right to require the Issuer to sell and transfer to the Option Holder or a Third Party Purchaser (as identified in the Exercise Notice, the "**Beneficial Title Transferee**") the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Beneficial Title**") in consideration for the Optional Purchase Price; and
- (b) the right to require the Issuer to transfer the legal title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Legal Title**"), or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that the Seller transfers the Whole Legal Title, to the Option Holder, a Third Party Purchaser or any nominee of the Option Holder specified as such in the Exercise Notice (as identified in the Exercise Notice, the "**Legal Title Transferee**").

The Call Option may be exercised at any time on or after the Optional Purchase Commencement Date by notice from the Option Holder to the Issuer, with a copy to the Security Trustee, the Seller and each of the Rating Agencies (such notice, an "**Exercise Notice**"), that the Option Holder wishes to exercise the Call Option, for effect on an Interest Payment Date following the service of the Exercise Notice (the Interest Payment Date identified as the date on which the purchase by the Beneficial Title Transferee of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title to the Legal Title Transferee is expected to be completed pursuant to the terms of the Deed Poll being the "**Optional Purchase Completion Date**").

The sale of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title pursuant to the Call Option shall also be subject to the following conditions:

- (a) either:
 - (i) the Beneficial Title Transferee and (if applicable) the Legal Title Transferee are resident for tax purposes solely in the United Kingdom; or
 - (ii) the Issuer, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it (acting reasonably), or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs) ("**Tax Advice**"), is satisfied that sale of the Whole Beneficial Title and (if applicable) transfer of the Whole Legal Title should not create or increase any liabilities of the Issuer to withholding tax imposed by the United Kingdom or the jurisdiction of the Beneficial Title Transferee and (if applicable) the Legal Title Transferee on interest. The costs relating to such Tax Advice shall be borne by the Option Holder;
- (b) either:

- (i) the Legal Title Transferee has all the appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer residential mortgage loans such as the Loans and their Related Security comprising the Portfolio (the "**Relevant Authorisations**"); or
- (ii) the Beneficial Title Transferee has appointed a servicer who has the Relevant Authorisations and the Seller has confirmed in writing that it will hold legal title to the Loans and their Related Security comprising the Portfolio on trust for the Beneficial Title Transferee; and
- (c) the Beneficial Title Transferee shall not be permitted to transfer the beneficial interest in any of the Loans and their Related Security comprising the Portfolio to a further purchaser until the transfer of the Whole Legal Title is perfected unless such transfer of beneficial interest is made to an entity which is within the charge to UK corporation tax as regards any payment relating to the Loans.

Optional Purchase Price

The purchase price for the Loans and their Related Security comprising the Portfolio pursuant to the Call Option shall be an amount equal to the greater of:

- (a) the aggregate Current Balance of the Loans (excluding any Enforced Loans) comprising the Portfolio determined as at the Collection Period Start Date immediately preceding the Optional Purchase Completion Date; and
- (b) without double counting, the greater of:
 - (i) zero; and
 - (ii) an amount equal to:
 - (A) (x) if the Optional Purchase Completion Date occurs prior to the Optional Redemption Date, the amount required by the Issuer to pay in full all amounts payable under items (a) to (t) (inclusive) of the Pre-Enforcement Revenue Priority of Payments and items (a) to (h) (inclusive) of the Pre-Enforcement Principal Priority of Payments, in each case on the immediately following Interest Payment Date or (y) if the Optional Purchase Completion Date occurs on or after the Optional Redemption Date, the amount required by the Issuer to pay in full all amounts payable under items (a) to (s) (inclusive) and (v) of the Pre-Enforcement Revenue Priority of Payments and items (a) to (h) (inclusive) of the Pre-Enforcement Principal Priority of Payments, in each case on the immediately following Interest Payment Date;

less
 - (B) any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer,

in each case, plus (without double counting) (i) the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Option Holder or its nominee (if any) and (ii) an amount agreed between the Issuer and the Option Holder in respect of costs anticipated to be incurred by the Issuer after the Optional Purchase Completion Date (the "**Optional Purchase Price**").

In connection with the exercise of the Call Option, the Beneficial Title Transferee will agree with the Issuer to: (i) deposit an amount equal to the Optional Purchase Price in either an escrow account in the name of the

Beneficial Title Transferee or in any other account as may be agreed between the Issuer and the Beneficial Title Transferee; or (ii) provide irrevocable payment instructions for an amount equal to the Optional Purchase Price for value on the Optional Purchase Completion Date to the Deposit Account or such other account as may be agreed between the Issuer and the Beneficial Title Transferee, provided that such deposit shall be made or irrevocable payment instructions shall be given no later than (x) two Business Days prior to the Optional Purchase Completion Date or (y) such other date as the Issuer, at its sole discretion and the Beneficial Title Transferee may agree, provided further that the Optional Purchase Price or irrevocable payment instructions (as applicable) must be received by the Issuer in sufficient time to enable the Issuer to provide notice of redemption of the Notes to the Noteholders pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) (as applicable); and/or (iii) take any other action as may be agreed by the Beneficial Title Transferee, the Issuer and the Security Trustee in relation to the payment of the Optional Purchase Price.

At the cost of the Option Holder, the Issuer shall serve, or if, at the time the Call Option is exercised, the Issuer does not hold the Whole Legal Title, direct the Seller to serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to effectively vest the Whole Legal Title in the Legal Title Transferee, in each case subject to the terms and conditions set out in the Deed Poll, such notices to be given promptly after the Optional Purchase Completion Date.

Redemption of the Notes

On the Optional Purchase Completion Date, the Optional Purchase Price will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and will result in the Notes being redeemed in full.

Any Revenue Receipts or Principal Receipts received by the Issuer from and including the Collection Period Start Date immediately prior to the Optional Purchase Completion Date to and including the Optional Purchase Completion Date (such amounts being "**Optional Purchase Collections**") will be payable to or for the account of the Beneficial Title Transferee and the Issuer shall transfer all such amounts to or for the account of the Beneficial Title Transferee on the Optional Purchase Completion Date.

The Issuer has covenanted in the Deed Poll in favour of the 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.

In this Prospectus:

"**Deed Poll**" means the deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Option Holder from time to time.

"**Option Holder**" means:

- (a)
 - (i) (where the Class Z1 Notes and the Class Z2 Notes are represented by Registered Definitive Notes) the holder of greater than 75 per cent. of the Class Z1 Notes and the Class Z2 Notes; or
 - (ii) (where the Class Z1 Notes and the Class Z2 Notes are represented by Global Notes) the person who holds the beneficial interest in more than 75 per cent. of the Class Z1 Notes and the Class Z2 Notes; or
- (b) where no person holds greater than 75 per cent. of the Class Z1 Notes and the Class Z2 Notes (or, as applicable, the beneficial interest in more than 75 per cent. of the Class Z1

Notes and the Class Z2 Notes), the person who holds the greatest number of the Class Z1 Notes and the Class Z2 Notes (or, as applicable, the beneficial interest in the greatest number of the Class Z1 Notes and the Class Z2 Notes).

"Optional Purchase Commencement Date" means the earlier of:

- (a) the Collection Period Start Date immediately preceding the Optional Redemption Date; or
- (b) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date; or
- (c) any Business Day following the occurrence of a Redemption Event.

"Third Party Purchaser" means a third party purchaser of the beneficial title to the Loans and their Related Security as nominated by the Option Holder in the Exercise Notice.

USE OF PROCEEDS

On the Closing Date, the Issuer will use the net proceeds of the Notes which are estimated to be £286,500,000 to:

- (a) pay the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date;
- (b) establish the General Reserve Fund;
- (c) establish the Class A Liquidity Reserve Fund; and
- (d) credit excess amounts (if any, other than the proceeds from the Class X Notes which will be payable to the Seller) to the Principal Ledger for application as Available Principal Receipts on the first Interest Payment Date.

RATINGS

The Rated Notes, on issue, are expected to be assigned the following ratings by S&P and Moody's (other than the Class X Notes, which has ratings assigned by Moody's only and the Class Z1 Notes, which has ratings assigned by S&P only). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances so warrant.

Class of Notes	S&P	Moody's
Class A Notes	AAA(sf)	Aaa(sf)
Class B Notes	AA(sf)	Aa1(sf)
Class C Notes	A+(sf)	Aa3(sf)
Class D Notes	A-(sf)	A2(sf)
Class E Notes	BBB-(sf)	Baa3(sf)
Class X Notes	N/R	B1(sf)
Class Z1 Notes	B(sf)	N/R
Class Z2 Notes	N/R	N/R

The ratings assigned to the Rated Notes by each of S&P and Moody's (other than for the Class X Notes, which has ratings assigned by Moody's only and the Class Z1 Notes which have ratings assigned by S&P only) address, *inter alia*:

- (a) the likelihood of full and timely payment to the holders of the Most Senior Class of Notes of all payments of interest on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal and (in relation to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class Z1 Notes) of interest on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes (other than the Class Z1 Notes which have ratings assigned by S&P only) by Moody's also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class of Notes held by such Noteholder on the Final Maturity Date.

The Class Z2 Notes will not be rated by the Rating Agencies.

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

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 21 August 2020 (registered number 12830096) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 10th Floor, 5 Churchill Place, London E14 5HU. The telephone number of the Issuer's registered office is +44 (0) 207 513 2388. The issued share capital of the Issuer 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 Holdings (see "*Holdings*" below).

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

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

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

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

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issue of the Notes 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 the information filing and fee payment 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 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2021.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Principal Ledger, the Revenue Ledger, the General Reserve Fund Account, the Class A Liquidity Reserve Fund Account, the Principal Deficiency Ledger and the Issuer Profit Account). The Issuer's ongoing activities principally comprise: (i) the issue of the Notes; (ii) the entering into of the Transaction Documents to which it is expressed to be a party; and (iii) the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

The legal entity identifier number of the Issuer is 635400ITH77FQC2T4O54.

The Issuer has its "centre of main interests" in the United Kingdom and will be subject to the insolvency laws of England and Wales.

PricewaterhouseCoopers LLP, with its registered office at 1 Embankment Place, London, WC2N 6RH, United Kingdom, is the auditor of the Issuer. PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practice in England and Wales.

Directors

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
CSC Directors (No. 1) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
CSC Directors (No. 2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
Lara Nasato	10th Floor, 5 Churchill Place, London E14 5HU	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their principal activities are as follows:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director
Charmaine De Castro	10th Floor, 5 Churchill Place, London E14 5HU	Director
Constantinos Kleanthous	10th Floor, 5 Churchill Place, London E14 5HU	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director
J.P Nowacki	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jonathan Hanly	3rd Floor, Flemming Court, Flemming's Place, Dublin 4, Ireland	Director
Lara Nasato	10th Floor, 5 Churchill Place, London E14 5HU	Director

Name	Business Address	Principal Activities
Vinoy Nursiah	10th Floor, 5 Churchill Place, London E14 5HU	Director

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 20 August 2020 (registered number 12827904) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 10th Floor, 5 Churchill Place, London E14 5HU. The issued share capital of Holdings comprises one 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. Holdings holds 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	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
CSC Directors (No. 2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Corporate Director
Lara Nasato	10th Floor, 5 Churchill Place, London E14 5HU	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
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Director
Catherine McGrath	10th Floor, 5 Churchill Place, London E14 5HU	Director
Charmaine De Castro	10th Floor, 5 Churchill Place,	Director

Name	Business Address	Principal Activities
	London E14 5HU	
Constantinos Kleanthous	10th Floor, 5 Churchill Place, London E14 5HU	Director
Debra Parsall	10th Floor, 5 Churchill Place, London E14 5HU	Director
J.P Nowacki	10th Floor, 5 Churchill Place, London E14 5HU	Director
Jonathan Hanly	3rd Floor, Flemming Court, Flemming's Place, Dublin 4, Ireland	Director
Lara Nasato	10th Floor, 5 Churchill Place, London E14 5HU	Director
Vinoy Nursiah	10th Floor, 5 Churchill Place, London E14 5HU	Director

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2021.

Holdings has no employees.

THE SELLER, THE SERVICING FACILITATOR AND THE RISK RETAINER

Lendco Limited ("**Lendco**", the "**Seller**", the "**Servicing Facilitator**" and the "**Risk Retainer**") was previously registered under the name Atlas Property Finance Limited, and was renamed on 26 April 2018. Lendco is a private limited company incorporated under the laws of England and Wales on 30 January 2018. Lendco is registered in England and Wales under company number 11177105. The registered office of Lendco is at City Place House, 55 Basinghall Street, London EC2V 5DX, United Kingdom.

Lendco is a provider of unregulated buy-to-let mortgage financing for the purpose of purchasing or refinancing residential properties in England and Wales which are to be held as investments and let to unrelated third parties. As of 30 November 2020, Lendco has originated approximately £342m of buy-to-let mortgage loans.

Lendco is registered with the Financial Conduct Authority under registration number 805730 for the purposes of carrying out lending, administration and arranging activities in respect of consumer buy-to-let mortgage contracts.

Lendco (in its capacity as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) has given certain undertakings in relation to the holding of the Retained Interest which are set out in the section headed "Securitisation Regulations".

For the purposes of Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation, Lendco (in its capacity as originator and as Risk Retainer) has made available the following information (or has procured that such information is made available):

- (i) confirmation that Lendco was not a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 as it forms part of domestic law by virtue of the EUWA at the time of origination of the Loans in the Portfolio;
- (ii) confirmation that Lendco (as originator) will retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the UK Securitisation Regulation and as determined in accordance with Article 6 of the EU Securitisation Regulation as required for the purposes of Article 5(1)(d) of the EU Securitisation Regulation and that the risk retention will be disclosed to investors in accordance with Article 7 of the UK Securitisation Regulation; and
- (iii) confirmation that the Issuer (or the Servicing Facilitator on its behalf) will make available the information required by Article 7 of the UK Securitisation Regulation in accordance with the frequency and modalities provided for in such article.

The management team of Lendco have significant relevant professional experience in the origination and servicing of mortgage loans similar to the Loans in the Portfolio. In particular, Simon Knight (Managing Director) has 30 years' experience in the UK, US and international mortgage-lending markets, Alex King (Executive Director) has 25 years' financial services experience and extensive sales management, marketing and operational experience and Nigel Moore (Finance Director and Company Secretary) has over 30 years' experience in the financial services industry and has held a variety of roles in numerous global financial services companies. In addition, staff who are responsible for managing the origination by Lendco of mortgage loans similar to the Loans in the Portfolio have significant relevant professional experience in the origination of such loans.

Source – Lendco Limited

SERVICER

Link Mortgage Services Limited is a private limited company incorporated in England and Wales on 3 August 1967 and registered under company number 00912411. The registered office of Link Mortgage Services Limited is at 6th Floor 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

Link Mortgage Services Limited is one of the mortgage administration industry's longest established organisations and is rated RPS2- by Fitch Ratings Limited and ranked "Above Average" by S&P, in each case for primary servicing and RSS 2- and "Above Average", in each case for special servicing of residential mortgage loans.

Link Mortgage Services Limited currently services in excess of 48,000 borrowers, 53,000 accounts totalling £6.1bn of mortgage assets. Link Mortgage Services Limited is part of Link Asset Services, which acquired Link Mortgage Services Limited in May 2014. Across its regulated subsidiaries, Link Asset Services currently services over £25bn of mortgage assets in the UK, and a total of €93bn across its European operations.

Link Mortgage Services Limited has ISO 9001-2008 certification, is an Associate Member of the UK Finance and the Building Societies Association and is authorised and regulated by the Financial Conduct Authority under registration number 306235. It holds all relevant permissions under FSMA and has made the necessary notifications under the Data Protection Act 1998 or necessary information filing and fee payment (as applicable) under the Data Protection Legislation.

THE CASH MANAGER, THE ISSUER ACCOUNT BANK AND THE CUSTODIAN

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240, Greenwich Street, New York, NY 10286, USA and having a branch registered in England and Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The short term senior unsecured and unguaranteed obligations of the Bank of New York Mellon are, as at the date of this Prospectus, rated P-1 by Moody's and A-1 by Standard & Poor's and the Bank of New York Mellon has a short term issuer default rating of F1- from Fitch. The long term senior unsecured and unguaranteed obligations of the Bank of New York Mellon are rated Aa2 by Moody's and AA- by Standard & Poor's and the Bank of New York Mellon has a long term issuer default rating of AA+ from Fitch.

THE NOTE TRUSTEE AND SECURITY TRUSTEE

BNY Mellon Corporate Trustee Services Limited (the "Trustee") will be appointed pursuant to the Trust Deed as Trustee for the Noteholders.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2nd October, 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on the 1st March, 2011 the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

THE SWAP PROVIDER

HSBC Bank plc and its subsidiaries form a group providing a range of banking products and services.

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

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. As at the date of this Prospectus, the HSBC Group serves over 40 million customers worldwide across 64 countries and territories. With assets of \$2,956 bn at 30 September 2020, HSBC is one of the world's largest banking and financial services organisations.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1 by Standard & Poor's and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated A1 by Moody's and A+ by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

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

THE CORPORATE SERVICES PROVIDER AND BACK-UP SERVICING FACILITATOR

CSC Capital Markets UK Limited (registered number 10780001), having its principal address at 10th Floor, 5 Churchill Place, London E14 5HU, 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 and back-up servicing facilitator for numerous securitisation transactions and programmes involving pools of mortgage loans.

THE LOANS

The Portfolio

Introduction

The following is a description of some of the characteristics of the Loans including details of loan types and selected statistical information.

The Seller procured the selection of the Loans for transfer into the Provisional Portfolio, using a system containing defined data on each of the qualifying loans. This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that the Seller will make in the Mortgage Sale Agreement in relation to the Loans. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. The Loans selected for transfer into the Provisional Portfolio are representative of the Buy-to-Let Loans meeting the selection criteria which the Seller holds immediately prior to the sale of the Portfolio. After a pool of Loans is selected in this way, the constituent Loans are monitored so that they continue to comply with the Loan Warranties on the Closing Date.

The characteristics of the Loans in the Provisional Portfolio may differ from Loans in the Portfolio as at the Closing Date due to any redemptions of mortgage loans occurring, the death of any relevant Borrower, enforcement procedures being completed or repurchases by the persons who sold the relevant mortgage loan to the Seller.

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

The Portfolio

The Portfolio from time to time after the Closing Date will comprise loans advanced to the Borrowers upon the security of residential property situated in England or Wales in relation to the purchase or re-mortgage of a Property for letting purposes, such loans acquired pursuant to the Mortgage Sale Agreement, other than Loans which have been repaid or which have been purchased from the Issuer pursuant to the Mortgage Sale Agreement.

There has been no revaluation of any Property for the purposes of the issuance of the Notes and the valuations quoted are as at the date of the origination of the Loans.

Origination of the Portfolio

The Portfolio comprises of Loans originated by the Seller via a network of mortgage brokers.

Security

All of the Loans are secured by first ranking mortgages.

Each Property must be of residential use and planning status only, and must be located in England and Wales.

In general, the following types of tenure are deemed by the Seller to represent suitable security in respect of the Loans:

- (a) Freehold (except certain flats or maisonettes);

- (b) Leasehold in respect of flats or maisonettes with a minimum of 60 years of the lease remaining at the time the application by the relevant Borrower is made (save where the lease is being simultaneously extended upon completion of the transaction); and
- (c) Flying Freehold where the flying freehold element does not exceed 25% of the total area of the relevant Property.

In general, the following property types (amongst others) are considered by the Seller to be eligible as security in respect of a Loan: new-build properties; residential houses; purpose-built or converted flats (including maisonettes and studio flats (with a floor area of a minimum of 30 square metres)); houses in multiple occupation ("HMO") (provided correct planning permission is in place and the property is properly licenced (where appropriate)); flats above commercial units (non-takeaway, public house, bar or nightclub related) and multi-unit freehold.

Interest Rates in respect of the Loans

In respect of any Loan, if the relevant offer document specifies an initial fixed rate of interest, that rate of interest shall apply during the initial fixed rate period referred to in such offer document.

After the expiry of the initial fixed rate period specified in any such offer document (or if such offer document does not specify an initial fixed rate period), the interest rate applicable to the relevant Loan shall be (i) 3-month GBP LIBOR, plus (ii) the margin referred to in the relevant offer document.

Interest is calculated on the principal amount of the relevant Loan from time to time (including any fees payable to the Seller and added to such principal amount) on the basis of a 360 day year consisting of 12 months of 30 days. Interest accrues daily and is payable on a monthly basis on a specified day of each calendar month (for the purposes of this section, each such date is an "Interest Payment Date").

In the event that LIBOR ceases to be available or is no longer commonly accepted as a benchmark rate, the Seller may exercise its discretion to select any substitute reference rate. The Seller has formed a working group to facilitate a smooth transition from 3-month GBP LIBOR to a new reference rate (which, as of the Closing Date, is expected to be the Sterling Overnight Index Average ("SONIA")). The Bank of England has stated that term SONIA is expected to be published during the second half of 2020, at which time the Seller will begin the process of transitioning the Loans from LIBOR to SONIA.

To transition existing Loans that reference GBP LIBOR to a substitute reference rate, adjustments for term differences and credit differences are likely to be required to be applied to such replacement reference rate in order to enable the two reference rates to be economically equivalent following completion of the transition. The Seller intends to follow industry-based methodologies for calculating such adjustments between GBP LIBOR and such alternative reference rate.

The Seller will continue to monitor the industry's response to the reference rate reforms and will ensure that the required changes to its internal systems, procedures and processes and communications with Borrowers occur in a timely manner.

Characteristics of the Loans

Types of Loans

The Loans in the Portfolio consist of buy-to-let mortgage loans in respect of residential properties in England and Wales purchased or refinanced for the purpose of investment and let to unrelated third parties. The Loans each have a contractual term of not less than 5 years and not more than 35 years.

Repayment Terms

Repayment of each Loan must take place on or before the final day of the term specified in the relevant offer document or on the date on which the Seller declares the Loan to be immediately due and payable following the occurrence of an event of default in respect of the Loan. A Borrower is required to pay all accrued and unpaid interest, and all applicable outstanding fees, on the date on which a Loan becomes repayable in full.

Loans are repayable on an interest-only basis. Subject to the ability of a Borrower to make overpayments (see "*Overpayments and Early Repayment Charges*"), payments made by a Borrower on each Interest Payment Date will not be deemed to repay any part of the relevant Loan. The entire outstanding principal amount of the relevant Loan is required to be repaid on its maturity date.

Further mortgage advances

The Seller is under no obligation to make further advances to any Borrower.

Overpayments and Early Repayment Charges

Overpayments on a Loan may be made on any Business Day, subject to any restrictions in the relevant offer document.

At the same time as making any overpayment, the relevant Borrower must pay to the Seller accrued interest on the amount repaid (calculated up to and including the date of repayment), together with any Early Repayment Charge or similar fee specified in the relevant offer document. During the early repayment charge period specified in an offer document, a Borrower may be permitted to make repayments of up to 10 per cent. of the initial principal amount of a Loan without incurring an early repayment fee. The minimum overpayment permitted in respect of any Loan is £1,000.

The Seller may, in its absolute discretion following a request from a Borrower, permit a Borrower to make overpayments outside of the above criteria. Any overpayment made outside of such criteria would be subject to the payment by the Borrower of an Early Repayment Charge.

Payment Holidays

Initial screenings of applications by Borrowers for payment holidays are performed by the Servicer. In addition, the Seller maintains a policy, operated in accordance with the FCA Payment Deferral Guidance, governing the granting of payment holidays requested by Borrowers as a result of the direct or indirect impact of the COVID-19 pandemic (a "**COVID-19 Payment Holiday**"). Such COVID-19 Payment Holiday applications are considered by the Seller's underwriters.

As at the Closing Date, no Loan in the Portfolio is subject to a COVID-19 Payment Holiday.

Title to the Portfolio

Pursuant to and under the terms of the Mortgage Sale Agreement dated on or about the Closing Date, the Seller will transfer to the Issuer the equitable title to the Loans and their Related Security. The Seller has agreed to transfer legal title to the Loans and their Related Security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only following the occurrence of a Perfection Event (as set out below).

None of the above mentioned transfers to the Issuer is to be completed by registration at the Land Registry or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. The Loans in the Portfolio and their Related Security are accordingly owned in equity only by the Issuer pending

such registration and notification. Legal title in the Loans and their Related Security will continue to be vested in the Seller until the occurrence of a Perfection Event. In the case of the Loans secured over registered land in England or Wales which will be transferred to the Issuer on the Closing Date, the Seller has agreed to remain on the Land Registry as the legal mortgagee. Following the occurrence of a Perfection Event, the Seller has agreed, in the Mortgage Sale Agreement, to transfer legal title to the Issuer, which transfer will be perfected by steps including filing forms at the Land Registry and notifying the Borrowers of such transfer, as applicable, by the Issuer.

The Issuer will grant a first fixed charge in favour of the Security Trustee over its interest in the Loans.

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the Land Registry to perfect the sale of the Loans to the Issuer or the granting of security over the Loans by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of Title Deeds to the Properties.

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 Loans.

As noted above, until the occurrence of a Perfection Event, the Issuer and the Security Trustee will not take actions to effect a transfer of legal title to the Loans and their Related Security to the Issuer. The following events constitute Perfection Events:

- (a) the Seller being required to perfect legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans and their Related Security; or
- (b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy; or
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Seller; or
- (f) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Loan in the Portfolio; or
- (g) the occurrence of a Servicer Termination Event where no replacement servicer has been appointed in accordance with the provisions of the Servicing Agreement; or
- (h) default is made by the Seller in the performance or observance of any of its covenants and obligations under the Transaction Documents 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 20 Business Days after the earlier of the Seller becoming aware of such default and receipt by the Seller of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied.

Following the occurrence of a Perfection Event, the Issuer and the Security Trustee will each be entitled to take all necessary steps to perfect legal title to its interests in the Loans and their Related Security, including the carrying out of any necessary registrations, recordings and notifications. In furtherance of these rights,

the Seller has granted the Issuer and the Security Trustee an irrevocable power of attorney to take certain action in the name of the Seller (including action required to perfect a legal transfer of the Loans and their Related Security).

Warranties and Breach of Warranties in relation to the Loans

The Mortgage Sale Agreement contains certain representations and warranties given by the Seller in favour of the Issuer in relation to the Loans and their Related Security 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 representations and warranties given to it under the Mortgage Sale Agreement.

If there is an unremedied material breach of any of the Loan Warranties given under the Mortgage Sale Agreement, then the Seller is required to repurchase the relevant Loan pursuant to the Mortgage Sale Agreement for consideration in cash equal to:

- (a) the Current Balance of the Loan being repurchased (or the aggregate of the Current Balance of the Loans being repurchased, as the case may be) (disregarding, for the purposes of any such calculation (in the event that the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Seller) the amount of any such reduction in the Current Balance) as at the last day of the Collection Period immediately preceding the date of repurchase; *plus*
- (b) the repurchase costs (if any) in connection with such repurchase; *less*
- (c) an amount equal to all Collections received by the Issuer on the relevant Loan(s) and their Related Security from (but excluding) the last day of the Collection Period immediately preceding the date of such repurchase to (but excluding) the date of such repurchase.

If a Loan has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be repurchased then the Seller shall indemnify the Issuer and the Security Trustee against any loss, costs or expenses, suffered by reason of any Loan Warranty relating to or otherwise affecting that Loan being untrue or incorrect.

Lending Criteria

The Loans comprised in the Portfolio consist of mortgage loans secured by way of legal mortgage over residential property located in England and Wales. All Borrowers are required to have good and marketable title to the relevant Property, and each Property must be free from onerous restrictions and conditions.

The Seller considers applications from, amongst others:

- (a) Portfolio landlords who own four or more mortgaged buy-to-let Properties in respect of which Loans were provided by the Seller, and who are able to demonstrate a good track record of managing similar assets in their personal capacity (or as part of an associated corporate entity) for a minimum 12-month period in the buy-to-let sector.
- (b) First time landlords (provided such landlords are UK homeowners). Loans to first-time landlords are restricted to a maximum of 65% LTV, and will only be considered in respect of single-unit properties. Evidence of a 12 month record of mortgage payments is also required. However, the

Seller may exercise its discretion to advance a Loan where the relevant Borrower's home is unencumbered and evidence of 12 months of mortgage payments is not available.

- (c) Individuals who are UK nationals, EU nationals or nationals of one of the following countries: Australia, Canada, China, Gibraltar, Guernsey, Hong Kong, Iceland, India, Isle of Man, Israel, Japan, Jersey, Malaysia, New Zealand, Norway, Singapore, South Africa, South Korea, Switzerland and the USA.
- (d) Limited companies and LLPs which are solvent and trading. The Seller would usually require a personal guarantee from at least one director. Searches are also conducted in order to assess the ultimate ownership of the company in order to ensure that the Seller obtains personal guarantees from the most appropriate individuals, unless there are strong mitigating factors and an exemption is granted by the Seller's credit committee. Where the relevant Borrower is part of a corporate group, upstream, downstream, associated company or cross-company guarantees may be considered. The relevant underwriter will also consider whether any relevant director or shareholders' loan should be subordinated behind the Loan. For Loans over £500,000, or at the relevant underwriter's discretion, the latest available company accounts of the Borrower may be requested so that an assessment of financial position can be made.
- (e) Expats and foreign nationals who evidence an acceptable credit profile on the basis of certain criteria, including evidence of employment in a senior position with a traceable internationally recognised or UK, US or EU registered company, evidence that an internationally recognised accountant has been engaged by them, or evidence of a UK bank account (held for at least 12 months) from which repayments in respect of the relevant Loan will be made. Enhanced KYC and AML diligence is also undertaken prior to any offer of a Loan being made to such persons.
- (f) Offshore companies with simple structures incorporated in Gibraltar, Jersey, Guernsey and the Isle of Man. The relevant underwriter must fully understand the ownership structure of the borrowing entity and assess where the beneficial ownership ultimately lies. If any part of the ownership structure is based in another jurisdiction outside of the UK or Gibraltar, Guernsey, the Isle of Man or Jersey, the application may only be approved by the Seller's credit committee.

Loan to Value Criteria

The minimum loan amount in respect of any Loan is £100,000 (or such lower amount as may be approved by the Seller's credit committee), and the maximum loan amount is £4,000,000 (in respect of (i) Borrowers who are UK nationals and residents and (ii) limited companies and limited liability partnerships incorporated under the laws of England and Wales), or £1,500,000 (in respect of Borrowers who are ex-pats or foreign nationals). The aggregate maximum permitted exposure to any single Borrower is £7,000,000 (except in the case of one specific Borrower to whom an aggregate exposure of £8,100,000 exists as a result of loans being granted before the criteria for maximum loan amounts were changed in July 2019), although there is no restriction on the number of Properties which may be taken by the Seller as security for any Loan.

The loan to value in respect of each Loan is calculated using the lower of the purchase price and the valuation of the relevant Property. The Seller lends against the value of the relevant Property, and will generally not consider lending against any element of VAT, hope value, goodwill or fixtures and fittings. The maximum loan to value applied by the Seller in respect of any Loan to UK nationals, limited companies or limited liability partnerships incorporated in England and Wales, or foreign nationals fulfilling certain criteria (including, among others, a requirement that (i) the Borrower holds and has held a UK bank account for at least three years and (ii) has been resident in the UK for at least three years ("Qualified Foreign Nationals")), is 80% on loan amounts of between £100,000 and £750,000. The maximum original loan to value applied by the Seller in respect of Loans to ex-pats and other foreign nationals is 75% and 65% respectively.

Remortgage

A Property must usually have been owned by the Borrower for a minimum of three months before a remortgage application will be considered by the Seller, unless the approval of the Seller's credit committee is obtained. Examples of circumstances where such approval would be provided include where the relevant Property has been purchased with cash or bridging finance, or where works have been carried to the property following purchase which have significantly enhanced its value.

Underwriting

Each lending proposal is assessed and approved by an underwriter with the appropriate level of individual lending mandate approval authority, and is assessed within the parameters of aggregated lending approval authorities. The Seller's underwriters can approve individual Loans of up to £500,000. The Head of Credit and Senior Underwriter of the Seller are authorised to approve individual Loans of up to £1,000,000, and may also approve aggregated facilities of up to £2,000,000 to connected parties of a Borrower, provided that the principal amount of each individual Loan is no greater than £1,000,000. The Seller's credit committee is responsible for the approval of individual Loans of greater than £1,000,000 (up to a maximum cap of £4,000,000) and applications for Loans which fall outside of the Seller's policy parameters.

Individual and aggregated lending approval authorities are approved by the Seller's risk committee and updated from time to time. Applications in respect of Loans which fall outside of the Seller's lending criteria may be approved by the Seller's head of credit or senior underwriter together with the Seller's managing director or credit committee (and, where necessary, certain third parties). Such exceptions are reported monthly.

The Seller also considers applications for Loans in respect of (i) Properties valued at up to but no more than £10,000,000 (subject to receipt of strong valuation commentary and rental demand), (ii) ex-local authority properties in prime areas or in areas with strong rental demand, and (iii) office-to-residential conversions (subject to a minimum interest cover ratio ("**ICR**") threshold of 160% and provided that (i) the relevant Borrower has experience of owning and managing other similarly converted units and (ii) acceptable planning permission for residential use is in place upon completion).

Each application in respect of any Loan is assessed on its individual merits, and the relevant underwriters apply sense-checks on the information provided in support of each lending decision. The relevant underwriters assess the applicant's borrowing strategy in the context of their age versus long term affordability, gearing and property management. As a key element of the Seller's credit appraisal and anti-money laundering checks, the relevant underwriters analyse the source of the applicant's deposit and consider how the relevant Property will be transferred between the vendor and purchaser, in order to ensure that the details of the transaction appear reasonable and consistent with the applicant's profile.

Valuations

Properties offered as security are professionally valued by a nominated panel valuer having one of the following qualifications and whose compensation is not affected by the approval or non approval of the relevant mortgage; FRICS, MRICS, RICS or AssocRICS (collectively referred to as "RICS qualified valuers"). Properties are valued at origination in accordance with the standards and practices of the "RICS Valuation Standards" (including those relating to competency and required documentation). Each valuation report includes at least three comparable properties providing evidence for the valuation of the property offered as security. The panel of valuers is maintained (including the appointment of valuer firms to the panel) by the Credit Risk Team of the Seller with no involvement of sales staff. Likewise, sales staff are not involved in the selection of the valuer firm from the panel of valuers engaged to carry out the valuation of the Properties.

In respect of single-unit Properties, the Seller's surveyor will undertake an assessment of both the current market value of the relevant Property and the estimated market rent which is likely to be generated by it. The relevant surveyor's estimate of market rent in respect of any such Property is supported by comparable evidence of the rental income currently generated by similar properties. For multi-unit Properties, the market commentary provided by the Seller's surveyor in the relevant valuation report may be sufficiently strong for the Seller to consider lending against the 'aggregated' value of the relevant Property (taking the individual values of each unit in total).

For HMO Properties, the planning and licencing status of the relevant Property is carefully considered alongside the market commentary contained in the relevant valuation report.

Assessment of income and affordability

Income calculations are made on the basis of market rent (as confirmed by the valuer). The Seller's underwriters also consider the impact on affordability where the passing rent in respect of a Property is significantly lower than the market rent. This rental income is used to calculate the ICR and ultimately the maximum amount of any Loan. The minimum ICR threshold for single-unit and multi-unit assets is 125-145% for individuals, expats and foreign nationals, and 125% for limited companies and limited liability partnerships. The minimum ICR threshold for HMO Properties is 130-150%.

In the event that the projected rental income in respect of any Property is likely to be insufficient to satisfy the relevant ICR threshold, the Seller's underwriters may have regard to income generated by the relevant Borrower from other sources (provided that, in any event, the lower of (i) the passing rent and (ii) the market rent of the relevant Property generates an ICR of at least 100%). In particular, the Seller's underwriters may consider rental income generated by other properties of the Borrower which are not the subject of security in favour of the Seller. A Borrower's other sources of income, such as employment income or income arising from pensions, savings and investments, may also be considered by the Seller in certain circumstances when determining compliance with the relevant ICR.

In respect of High Net Worth ("**HNW**") applicants (being applicants who have an annual net income of no less than £300,000, or net assets of at least £3,000,000 (or whose obligations are guaranteed by a person with an income or assets of such amount)) their wealth may, in accordance with the FCA's Mortgage and Home Finance Conduct of Business rules, be considered by the Seller's underwriters when assessing affordability. In this regard, the Seller's underwriters may consider evidence of liquid assets which could be disposed of to generate income over the lifetime of the relevant Loan.

In respect of portfolio landlords, applications must be supported by portfolio schedules and an interview (which together operate in lieu of a business plan). The Seller's underwriters expect that a portfolio landlord applicant's outside portfolio should generate rental income to cover at least 125% of commitments in respect of the applicant's mortgage portfolio commitments.

Servicing of the Portfolio

The Servicer will be required from the Closing Date to service the Portfolio as an agent of the Issuer and the Security Trustee and, where applicable, the Seller under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer will include, among other things:

- operating the Expenses Account and ensuring that payments are made into and from the Expenses Account in accordance with the Servicing Agreement;
- notifying the Borrowers of any change in their Monthly Instalments;
- providing a redemption statement upon the request of a Borrower or the Borrower's solicitor or licensed conveyancer;

- taking all reasonable steps to recover all sums due to the Issuer, including by the institution of proceedings and/or the enforcement of any Mortgage or any Related Security; and
- taking all action and doing all things which it would be reasonable to expect a Prudent Mortgage Lender to do in administering its mortgages.

The Seller shall instruct the Collection Account Bank to transfer all Collections relating to the Loans and their Related Security and standing from time to time to the credit of each Collection Account on each Business Day into the Deposit Account.

"Collections" means Revenue Receipts and Principal Receipts.

" Collection Account" means the account held in the name of the Seller with the Collection Account Bank into which amounts received in respect of the Loans from the Borrowers shall be paid, and any other replacement or additional collection account of Lendco in respect of which amounts are received in respect of the Loans and their Related Security in the Portfolio.

"Expenses Account" means the account held in the name of the Seller with the Collection Account Bank into which amounts shall be transferred by the Cash Manager (acting on the instructions of the Issuer and the Servicing Facilitator) in order fund the payment by the Servicer of certain expenses to be incurred by the Servicer in accordance with the provision of the Services under the Servicing Agreement (or any replacement account).

Enforcement Procedures

The Seller has established procedures for managing loans which are in arrears, including early contact with the Borrowers in order to find a solution to any financial difficulties they may be experiencing. The procedures permit discretion to be exercised by the appropriate officer of the Seller in many circumstances. These procedures, as from time to time varied in accordance with the practice of a Prudent Mortgage Lender, are required to be used by the Seller in respect of arrears arising on the Loans.

"Prudent Mortgage Lender" means a reasonably prudent mortgage lender of mortgage loans of a type similar to the Loans, lending to borrowers of the type contemplated in the Lending Criteria applicable at the date of origination of the Loans on terms similar to those set out in the relevant Lending Criteria in England and Wales.

In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner (the Seller), the equitable or, as the case may be, the beneficial owner (the Issuer), the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) will need to obtain possession. There are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice); and, second, by obtaining a court order.

If a mortgagee takes physical possession, it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements.

Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the loan and/or mortgage. It is also possible that further legislative and/or regulatory direction or guidance may be issued to suspend

repossessions or direct the way in which repossessions should take place (such as the actions taken during the COVID-19 pandemic) and the Servicer will, where required, be obliged to comply with and take into account such legislative and/or regulatory direction or guidance where applicable.

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

In some instances, the Seller may decide to appoint a Law of Property Act ("**LPA**") Receiver to protect its interest in the Property under its powers under the Law of Property Act 1925 or the Mortgage. The LPA Receiver will act as an agent of the Borrower and the Seller will not influence the actions of the LPA Receiver.

Investors should note that, the FCA Tailored Support Guidance (as described in the section entitled 'Mortgages and coronavirus: FCA guidance for firms' above), states that mortgage lenders/administrators should not commence or continue repossession proceedings against customers before 31 January 2021, irrespective of the stage that repossession proceedings have reached and to any step taken in pursuit of repossession. Where a possession order has already been obtained, firms should refrain from enforcing it. The FCA makes clear in the guidance that it expect lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements.

Insurance Contracts

For certain Loans, the Seller may obtain a title insurance policy in order to mitigate against the risk of financial loss arising from certain title defects in respect of a Property. All such title insurance policies arranged by the Seller in relation to any Property are entered into for the benefit of the Seller and not for the benefit of any Borrower. No Borrower has any entitlement under any such policy, nor does any Borrower have any claim of any nature against any such policy or its proceeds.

Evidence of buildings insurance is required for each Property taken as security.

Credit Risk Mitigation

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation.

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

- (a) 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 "*The Loans – Lending Criteria*" and "*Summary of the Key Transaction Documents – Servicing Agreement*");
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Portfolio will be serviced in line with the servicing procedures of the Seller and the Servicer – please see further the section of this Prospectus headed "*Summary of the Key Transaction Documents – Servicing Agreement*");

- (c) diversification of credit portfolios taking into account the Seller's target market and overall 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) policies and procedures in relation to risk mitigation techniques (as to which, please see further the sections of this Prospectus headed "*The Loans – Lending Criteria*" and "*Summary of the Key Transaction Documents – Servicing Agreement*").

Governing Law

Each of the Loans and their Related Security and any non-contractual obligations arising out of or in connection with them are governed by English law.

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus (including the tables below) has been compiled by reference to loans originated by the Seller in a provisional portfolio (the "**Provisional Portfolio**") and extracted from the systems of the Seller on the Portfolio Reference Date.

As at the Portfolio Reference Date, the Provisional Portfolio comprised of 731 loans originated by the Seller and secured over properties located in England and Wales. The aggregate Current Balance of the loans in the Provisional Portfolio as at the Portfolio Reference Date was £303,492,234. Having removed any loans which were no longer eligible or had been redeemed in full as at the Cut-Off Date, the Seller randomly selected the Transaction Portfolio from the Provisional Portfolio. The Portfolio that will be sold to the Issuer on the Closing Date comprises all loans in the Transaction Portfolio. The Properties over which the loans in the Provisional Portfolio are secured have not been revalued for the purposes of the issue of the Notes. The characteristics of the Portfolio will differ from those set out below as a result of, among other things, repayments and redemptions of loans in the Provisional Portfolio from the Portfolio Reference Date to the Closing Date and removal of any loans that do not comply with the Loan Warranties as at the Closing Date. In respect of the first Interest Payment Date only, the excess of the proceeds of the Rated Notes (other than the Class X Notes and the Class Z1 Notes) over the Current Balance of the Portfolio as at the Cut-Off Date will be paid into the Deposit Account on the Closing Date and will form part of the Available Principal Receipts to be applied in accordance with the Pre-Enforcement Principal Priority of Payments. If loans selected for the Portfolio are repaid in full between the Cut-Off Date and the Closing Date, the principal recoveries from that loan will form part of the Available Principal Receipts. Except as otherwise indicated, these tables have been prepared using the Current Balance of each loan in the Provisional Portfolio as at the Portfolio Reference Date, which includes all principal and accrued interest for the loans in the Provisional Portfolio.

Summary table of the Provisional Portfolio as at the Portfolio Reference Date

Summary

Current Balance (£)	303,492,234
Original Balance (£)	303,666,790
Number of Loans	731
Weighted Average Original LTV (%)	69.06
Average Current Balance (£)	415,174
Average Original Balance (£)	415,413
Weighted Average Interest Rate (%)	3.73
Weighted Average Income Coverage Ratio (%)	193.14
Weighted Average Reversion Margin (%)	4.79
Weighted Average Term To Maturity (Years)	20.70
Weighted Average Current LTV (%)	69.03
Self-Employed (%)	29.18
Company Borrowers (%)	62.46
Interest Only (%)	100.00
Buy-to-Let (%)	100.00
Weighted Average Seasoning (months)	14.75
Properties with Full Internal and External Valuation (%)	100.00
Proportion in Payment Holidays (%)	0.00
Bankruptcy/IVA (%)	0.00
Largest Loan Current Balance (£)	3,525,120
Minimum seasoning (months)	1.23

Maximum seasoning (months)	26.57
Number of Payment Holiday Loans	0.00
Number of Payment Holiday Loans (%)	0.00
Payment Holiday Loans (% of balance)	0.00

Distribution of Loans by Borrower Type

The following table shows the distribution of Loans by their Borrower Type as determined in respect of each Loan on the Portfolio Reference Date.

Distribution of Loans by Borrower Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Legal Entity	492	67.31	189,560,640	62.46
Individual	239	32.69	113,931,594	37.54
Total:	731	100.00	303,492,234	100.00

Distribution of Loans by Original Loan to Value (%)

The following table shows the range of "Original Loan to Value Ratios" or "OLTV Ratios", which express the original balance of each Loan as at the Portfolio Reference Date divided by the original valuation of the Property securing that Loan.

Distribution of Loans by Original Loan to Value (%)	No. of Loans	% of Loans	Current Balance	% of Current Balance
10.01 to 20.00	2	0.27	355,500	0.12
20.01 to 30.00	4	0.55	631,325	0.21
30.01 to 40.00	5	0.68	3,107,252	1.02
40.01 to 50.00	26	3.56	9,229,726	3.04
50.01 to 60.00	45	6.16	26,200,595	8.63
60.01 to 65.00	29	3.97	21,579,621	7.11
65.01 to 70.00	154	21.07	67,038,785	22.09
70.01 to 75.00	135	18.47	54,835,092	18.07
75.01 to 80.00	313	42.82	114,397,948	37.69
80.01 to 85.00	18	2.46	6,116,390	2.02
Total:	731	100.00	303,492,234	100.00
Weighted Average (%)	69.06			
Minimum (%)	12.14			
Maximum (%)	81.40			

The minimum, maximum and weighted average Loan to Value Ratio at origination of the Loans as of the Portfolio Reference Date is 12.14%, 81.40% and 69.06%, respectively.

Distribution of Loans by Current Loan to Value (%)

The following table shows the range of "Current Loan to Value Ratios" or "CLTV Ratios", which are calculated by dividing the Current Balance of a Loan as at the Portfolio Reference Date by the original valuation of the Property securing that Loan.

Distribution of Loans by Current Loan to Value (%)	No. of Loans	% of Loans	Current Balance	% of Current Balance
10.01 to 20.00	2	0.27	355,500	0.12
20.01 to 30.00	4	0.55	631,325	0.21
30.01 to 40.00	5	0.68	3,107,252	1.02
40.01 to 50.00	28	3.83	10,008,803	3.30
50.01 to 60.00	44	6.02	25,826,425	8.51
60.01 to 65.00	28	3.83	21,174,715	6.98
65.01 to 70.00	155	21.20	66,882,986	22.04
70.01 to 75.00	136	18.60	55,255,092	18.21
75.01 to 80.00	311	42.54	114,133,747	37.61
80.01 to 85.00	18	2.46	6,116,390	2.02
Total:	731	100.00	303,492,234	100.00
Weighted Average (%)	69.03			
Minimum (%)	12.14			
Maximum (%)	81.47			

The minimum, maximum and weighted average Current Loan to Value Ratio of the Loans as of the Portfolio Reference Date is 12.14%, 81.47% and 69.03%, respectively.

Current Balances

The following table shows the distribution of Loans by their Current Balance as determined in respect of each Loan on the Portfolio Reference Date.

Distribution of Loans by Current Balance	No. of Loans	% of Loans	Current Balance	% of Current Balance
<= 50,000	2	0.27	94,395	0.03
50,001 to 100,000	27	3.69	2,191,108	0.72
100,001 to 150,000	78	10.67	9,671,443	3.19
150,001 to 300,000	216	29.55	48,883,115	16.11
300,001 to 450,000	188	25.72	69,121,829	22.78
450,001 to 600,000	100	13.68	51,297,990	16.90
600,001 to 750,000	49	6.70	32,551,240	10.73
750,001 to 1,000,000	35	4.79	29,235,754	9.63
1,000,001 >=	36	4.92	60,445,360	19.92
Total:	731	100.00	303,492,234	100.00
Average (£)	415,174			
Minimum (£)	46,436			
Maximum (£)	3,525,120			

The minimum, maximum and average Current Balance of the Loans as of the Portfolio Reference Date is £46,436, £3,525,120 and £415,174, respectively.

Original Balance

The following table shows the distribution of Loans by their Original Balance as determined in respect of each Loan on the Portfolio Reference Date.

Distribution of Loans by Original Balance	No. of Loans	% of Loans	Current Balance	% of Current Balance
<= 50,000	2	0.27	94,395	0.03
50,001 to 100,000	27	3.69	2,191,108	0.72
100,001 to 150,000	78	10.67	9,671,443	3.19
150,001 to 300,000	216	29.55	48,883,115	16.11
300,001 to 450,000	188	25.72	69,121,829	22.78
450,001 to 600,000	100	13.68	51,297,990	16.90
600,001 to 750,000	49	6.70	32,551,240	10.73
750,001 to 1,000,000	35	4.79	29,235,754	9.63
1,000,001 >=	36	4.92	60,445,360	19.92
Total:	731	100.00	303,492,234	100.00
Average (£)	415,413			
Minimum (£)	46,436			
Maximum (£)	3,525,120			

The minimum, maximum and average Original Balance of the Loans as of the Portfolio Reference Date is £46,436, £3,525,120 and £415,413, respectively.

Years to maturity of Loans

The following table shows the distribution of Loans according to the number of years remaining until their maturity as at the Portfolio Reference Date.

Distribution of Loans by Remaining Term to Maturity (years)	No. of Loans	% of Loans	Current Balance	% of Current Balance
0.01 to 5.00	10	1.37	5,742,143	1.89
5.01 to 10.00	118	16.14	44,289,221	14.59
10.01 to 15.00	87	11.90	37,202,608	12.26
15.01 to 20.00	82	11.22	48,776,205	16.07
20.01 to 25.00	281	38.44	110,397,396	36.38
25.01 to 30.00	30	4.10	13,434,032	4.43
30.01 to 35.00	123	16.83	43,650,630	14.38
Total:	731	100.00	303,492,234	100.00
Weighted Average (years)	20.70			
Minimum (years)	3.21			
Maximum (years)	34.89			

The minimum, maximum and weighted average remaining term of the Loans as of the Portfolio Reference Date is 3.21, 34.89 and 20.70 years, respectively.

Seasoning of Loans

Distribution of Loans by Seasoning (months)	No. of Loans	% of Loans	Current Balance	% of Current Balance
0.00 to 5.99	84	11.49	35,684,695	11.76
6.00 to 11.99	209	28.59	77,699,619	25.60
12.00 to 17.99	194	26.54	80,950,254	26.67
18.00 to 23.99	198	27.09	86,715,509	28.57
>= 24.00	46	6.29	22,442,158	7.39
Total:	731	100.00	303,492,234	100.00
Weighted Average (months)	14.75			
Minimum (months)	1.23			
Maximum (months)	26.57			

The minimum, maximum and weighted average remaining term of the Loans as of the Portfolio Reference Date is 1.23, 26.57 and 14.75 (months), respectively.

Repayment Method

The following table shows the repayment method of the Loans as at the Portfolio Reference Date.

Distribution of Loans by Repayment Method	No. of Loans	% of Loans	Current Balance	% of Current Balance
Interest Only	731	100.00	303,492,234	100.00
Total:	731	100.00	303,492,234	100.00

Interest rate types

The following table shows the distribution of the interest rate types of the Loans (the interest type of each Loan determined as at the Portfolio Reference Date).

Distribution of Loans by Rate Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Fixed to Floating	691	94.53	287,549,859	94.75
Floating for life*	35	4.79	13,606,065	4.48
Fixed for life**	5	0.68	2,336,310	0.77
Total:	731	100.00	303,492,234	100.00

* Float to Reversion rate or 3 month Libor tracking.

** "Fixed for life" refers to the 5-year fixed term of the loan

Reversion Date

The following table shows the distribution of reversion dates as at the Portfolio Reference Date for the Fixed Rate Loans in the Provisional Portfolio.

Distribution of Loans by Fixed Rate Reversion Year	No. of Loans	% of Loans	Current Balance	% of Current Balance
2020	3	0.43	3,801,124	1.32
2021	34	4.92	10,859,798	3.78
2022	18	2.60	5,121,540	1.78
2023	59	8.54	28,973,530	10.08
2024	365	52.82	154,771,072	53.82
2025	212	30.68	84,022,795	29.22
Total:	691	100.00	287,549,859	100.00

Income Coverage Ratio

The following table shows the distribution of varying income coverage ratios for the Loans in the Portfolio as at the Portfolio Reference Date.

Distribution of Loans by Income Coverage Ratio (%)	No. of Loans	% of Loans	Current Balance	% of Current Balance
125.01 to 150.00	194	26.54	101,048,005	33.30
150.01 to 175.00	157	21.48	66,365,422	21.87
175.01 to 200.00	118	16.14	40,628,414	13.39
200.01 to 225.00	54	7.39	18,219,738	6.00
225.01 to 250.00	56	7.66	22,514,932	7.42
250.01 to 275.00	35	4.79	15,595,367	5.14
275.01 to 300.00	45	6.16	14,070,096	4.64
300.01 >=	72	9.85	25,050,261	8.25
Total:	731	100.00	303,492,234	100.00
Weighted Average (%)	193.14			
Minimum (%)	125.01			
Maximum (%)	807.05			

Current interest rate

The following table shows the distribution of Loans by applicable interest rate as at the Portfolio Reference Date.

Distribution of Loans by Interest Rate (%) *	No. of Loans	% of Loans	Current Balance	% of Current Balance
2.01 to 2.50	2	0.27	1,549,144	0.51
2.51 to 3.00	23	3.15	9,909,008	3.26
3.01 to 3.50	71	9.71	36,134,918	11.91
3.51 to 4.00	602	82.35	240,218,409	79.15
4.01 to 4.50	26	3.56	13,579,341	4.47
4.51 to 5.00	6	0.82	1,457,540	0.48
5.01 to 5.50	1	0.14	643,875	0.21
Total:	731	100.00	303,492,234	100.00
Weighted Average (%)	3.73			

Minimum (%)	2.22
Maximum (%)	5.50

The minimum, maximum and weighted average current interest rate as of the Portfolio Reference Date is 2.22%, 5.50% and 3.73%, respectively.

Reversion Margin

The following table shows the distribution of reversion margins as at the Portfolio Reference Date for the Fixed Rate Loans in the Provisional Portfolio.

Distribution of Loans by Reversion Margin (%)*	No. of Loans	% of Loans	Current Balance	% of Current Balance
4.79	726	100.00	301,155,924	100.00
Total:	726	100.00	301,155,924	100.00

*Applicable to Fixed to Floating and Floating for Life loans

Loans by Arrears (Months)

The following table shows the number of Loans in the Provisional Portfolio in arrears as at the Portfolio Reference Date.

Distribution of Loans by Arrears (Months) *	No. of Loans	% of Loans	Current Balance	% of Current Balance
0	731	100.00	303,492,234	100.00
Total:	731	100.00	303,492,234	100.00

* Arrears are calculated as the number of calendar days any amount is past due and remains outstanding.

Loan Purpose

The following table shows the purpose of the Loans as at the Portfolio Reference Date.

Distribution of Loans by Loan Purpose	No. of Loans	% of Loans	Current Balance	% of Current Balance
Re-mortgage	497	67.99	226,203,589	74.53
Purchase	234	32.01	77,288,645	25.47
Total:	731	100.00	303,492,234	100.00

Loans by Employment Type

The following table shows the distribution of employment status of the borrower under the Loans as at the Portfolio Reference Date.

Distribution of Loans by Employment Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Legal entity	492	67.31	189,560,640	62.46
Self-employed	173	23.67	88,562,688	29.18
Employed	58	7.93	21,094,966	6.95
Pensioner	5	0.68	2,198,265	0.72
Other	3	0.41	2,075,675	0.68
Total:	731	100.00	303,492,234	100.00

Loans by Property Type

The following table shows the distribution of types of Properties secured by the Loans as at the Portfolio Reference Date.

Distribution of Loans by Property Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Flat/Apartment	300	41.04	98,794,135	32.55
House, detached or semi-detached	192	26.27	87,651,123	28.88
House in multiple occupation	97	13.27	63,028,460	20.77
Terraced house	134	18.33	51,798,654	17.07
Bungalow	8	1.09	2,219,861	0.73
Total:	731	100.00	303,492,234	100.00

Geographical distribution

The following table shows the regional distribution of Properties securing the Loans throughout England and Wales (the region of a Property in respect of a Loan determined as at the Portfolio Reference Date of such Loan).

Distribution of Loans by Region	No. of Loans	% of Loans	Current Balance	% of Current Balance
London	427	58.41	209,132,866	68.91
South East	109	14.91	39,180,224	12.91
South West	73	9.99	22,035,294	7.26
North West	37	5.06	11,495,643	3.79
East of England	35	4.79	11,470,327	3.78
West Midlands	24	3.28	4,392,230	1.45
Yorkshire and the Humber	9	1.23	1,812,690	0.60
Wales	2	0.27	1,764,831	0.58
East Midlands	6	0.82	1,418,713	0.47
North East	9	1.23	789,416	0.26

Total:

731

100.00

303,492,234

100.00

INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulation of buy-to-let mortgage loans

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

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

The Portfolio comprises Loans that the Seller believes are either unregulated or are Consumer Buy-to-Let Loans, and as described below, the Seller has given a warranty in the Mortgage Sale Agreement that no agreement for any Loan is in whole or in part a Regulated Credit Agreement, an Article 3(1)(b) Credit Agreement, or (other than a CBTL Loan) a Regulated Mortgage Contract. If any of the Loans are in fact Regulated Mortgage Loans, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Loans, interest payable under the Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

Unregulated buy-to-let mortgage loans

Many buy-to-let mortgage loans will be unregulated because they do not meet the criteria for a Regulated Credit Agreement, Regulated Mortgage Contract or Consumer Buy-to-Let Loan. There are, however, still some regulated activities that apply to unregulated buy-to-let mortgage loans; the relevant activities in respect of the Loans being, debt administration and debt collection. The Seller (because, and whilst, it holds legal title to the Loans and their Related Security) and Issuer (because, and whilst, it holds beneficial title the Loans and their Related Security) will be excluded as lender from the regulated activities of debt administration and debt collection in respect of any unregulated loan, Consumer Buy-To-Let Loans or Regulated Credit Agreements.

Consumer buy-to-let loans

The "Consumer buy-to-let" ("CBTL") framework was implemented on 21 March 2016 and is only applicable to consumer borrowers, the majority of buy-to-let lending in the UK being to non-consumers (based on the Treasury's estimate that only 11 per cent. of buy-to-let mortgages as at the date of implementation of the CBTL framework would fall into this category).

The legislative framework is set out in the Mortgage Credit Directive Order 2015. The Mortgage Credit Directive Order 2015 defines a CBTL mortgage contract as: "a buy-to-let mortgage contract which is not entered into by the borrower wholly or predominantly for the purposes of business carried on, or intended to be carried on, by the borrower". It provides that a firm that advises on, arranges, lends or administers CBTL mortgages must be registered to do so. Lendco is registered as a Consumer buy-to-let lender, a Consumer buy-to-let administrator and a Consumer buy-to-let arranger. The Mortgage Credit Directive Order sets out a number of conduct standards for firms carrying on CBTL business, which cover, amongst other things,

requirements for pre-contractual illustrations, assessing creditworthiness, adequate explanations and arrears and repossessions. The FCA has amended the FCA Handbook to provide it with supervisory and enforcement powers in respect of such conduct standards.

Unfair relationships

Under the CCA, 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 regulated home purchase plans under the FSMA. If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the Seller as legal title holder, 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 conduct (or anyone acting on behalf of the creditor) before and after making the agreement or 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 (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 Personal Finance Limited [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. If a mortgage loan subject to the unfair relationship test is found to be unfair, the court has a wide range of powers and may require the lender (and any associate or former associate of the lender) to repay sums to the debtor, or to do, not do or cease doing anything in relation to the agreement or any related agreement, and may require the lender to reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor i.e. lender as defined under section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 (the "**Distance Marketing Regulations**") apply to contracts for financial services entered into on or after 31 October 2004 by a "consumer" within the meaning of the Distance Marketing Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The Distance Marketing Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by the contract and includes, but is not limited to, general information in respect of the supplier and the financial service, the contractual terms and conditions, and whether or not there is a right of cancellation.

A regulated mortgage contract under the FSMA, if originated by a United Kingdom lender (who is authorised by the FCA) from an establishment in the United Kingdom, will not be cancellable under the Distance Marketing Regulations, but will be subject to related pre-contract disclosure requirements in the Mortgages and Home Finance: Conduct of Business Sourcebook, which sets out the rules under FSMA for

regulated mortgage activities ("**MCOB**"). Failure to comply with MCOB pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA.

Certain other agreements for financial services (including Consumer Buy-to-Let Loans) will be cancellable under the Distance Marketing Regulations in certain circumstances. Where the credit agreement is cancellable under the Distance Marketing Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information is provided (where all the of prescribed information was not provided prior to the contract being entered into).

Compliance with the Distance Marketing Regulations may be secured by way of injunction (interdict in Scotland) obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the Distance Marketing Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine. If the borrower cancels the contract under the Distance Marketing Regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the originator to the borrower, under or in relation to the contract, within 30 calendar days of cancellation; (b) the borrower is liable to pay interest, early repayment charges and other charges for services actually provided in accordance with the contract only if: (i) the amount is in proportion to the extent of the service provided before cancellation (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable; and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the borrower); and (c) any security provided in relation to the contract is to be treated as never having had effect.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and Consumer Rights Act 2015

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 (see "*Consumer Rights Act 2015*" below).

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 "*Consumer Rights Act 2015*" below) applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a term in an agreement 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 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 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.

In July 2019, the FCA and the Competition and Markets Authority (the "CMA") entered into a memorandum of understanding in relation to consumer protection (the "MoU") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the CRA and the UTCCR, of standard terms, and within the meaning of the CRA of negotiated terms, in financial services contracts entered into by authorised firms or appointed representatives and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the "CPUTR"), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission.

The FCA's consideration of fairness under the CRA, UTCCR and CPUTR 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;
- other credit-related regulated activities; and
- claims management services.

In July 2012, the Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeats the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms which are indicatively unfair. The Law Commission also recommended that the UTCCR should expressly provide that, in proceedings brought by individual consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included in the Consumer Rights Act 2015, which came into force in October 2015.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The extremely broad and general wording of the UTCCR and CRA 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 and CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

The guidance issued by the FSA (and, as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the UTCCR and CRA, or reform of the UTCCR and the CRA, will not have a material adverse effect on the Seller, the Servicer and the Issuer and their respective businesses and operations.

Consumer Rights Act 2015

The main provisions of the CRA came into force on 1 October 2015 and apply to agreements made on or after that date. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and introduced a new regime for dealing with unfair contractual terms as follows:

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

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

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded unfair.

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

Ultimately, only a court can decide whether a term is fair, however it may take into account relevant guidance published by the Competition and Markets Authority (the "CMA") or the FCA. On 19 December

2018, the FCA published new guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the European Union (the "CJEU"). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA state that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA state that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015. The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the "**CMA Guidance**"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR" (save in applying the consumer notices and negotiated terms). The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs". In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. The extremely broad and general wording of the CRA 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 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 on or after 1 October 2015 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. The guidance issued by the FSA (and as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**"), an independent adjudicator, 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 the circumstances of the case, taking into account, among other things, law and guidance, rather than strictly on the basis of compliance with law.

Complaints properly 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. The Ombudsman may order a money award to a debtor, which may adversely affect the ability of the Issuer to meet its obligations under the Notes. 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.

Consumer Protection from Unfair Trading Regulations 2008

The Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**") 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. Most of the provisions of the Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014 and amended the CPUTR. 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.

Mortgages and COVID-19: FCA guidance for firms

On 20 March 2020, the FCA published new guidance for, inter alia, mortgage lenders and administrators entitled 'Mortgages and coronavirus: our guidance for firms', in connection with the ongoing outbreak of COVID-19 in the UK. This guidance was updated on 4 June 2020, on 16 June 2020 and again on 17 November 2020, such update coming into effect on 20 November 2020 (the "**FCA Payment Deferral Guidance**"). Amongst other things, this guidance provides that mortgage lenders are required, where an eligible borrower is experiencing or reasonably expects to experience payment difficulties as a result of circumstances relating to COVID-19, and wishes to receive a payment deferral, to grant a borrower a payment deferral unless the mortgage lender agrees with the borrower a different option that the lender reasonably considers to be in the best interests of the borrower. A request for a full or partial payment deferral for three monthly payments may be made by a borrower at any time until 31 March 2021 in respect of payments up to and including 31 July 2021. The FCA Payment Deferral Guidance provides that (i) borrowers who have not yet had a payment deferral will be eligible for payment deferrals of 6 months in total (ii) those borrowers who currently have a payment deferral will be eligible to top up to 6 months in total (iii) those borrowers who have previously had payment deferrals of less than 6 months will be able to top up, as long as total deferrals do not exceed 6 months. This includes those borrowers receiving tailored support and those who are behind on payments (iv) borrowers who have already had 6 months of payment deferrals will not be eligible for a further payment deferral. Lenders should provide tailored support to those borrowers who are in financial difficulty and not eligible for a payment deferral under the FCA Payment Deferral Guidance appropriate to their circumstances. Borrowers will have until 31 March 2021 to apply for an initial or a further payment deferral. After that date, they will be able to extend existing deferrals to 31 July 2021, provided these extensions cover consecutive payments, and subject to the maximum 6 months allowed. The FCA advise that borrowers who have not yet taken a deferral, and who think they need the full 6 months should apply in good time before their February 2021 payment is due.

Interest will continue to accrue on the sum temporarily unpaid as the result of a payment deferral, however no fee or charge may be levied in connection with the grant of a payment deferral. Any missed payments arising under such payment deferrals will not constitute arrears and will not be reported as such to Noteholders (for the avoidance of doubt, except in relation to Loans that were in arrears when the payment deferral was granted, for which the arrears accrued before the start of the payment deferral period will continue to be reported as arrears, but the missed payments during the payment deferral period will not be treated as an increase in arrears).

In addition, the FCA's guidance provides that, except in exceptional circumstances, firms should not commence or continue repossession proceedings against borrowers before 31 January 2021, irrespective of the stage that repossession proceedings have reached and of any step taken in pursuit of repossession. Where a possession order has already been obtained, the FCA state that, except in exceptional circumstances, firms should refrain from enforcing it.

On 16 September 2020, additional guidance for firms entitled: "*Mortgages and coronavirus: additional guidance for firms*" came into force (the "**Tailored Support Guidance**") to supplement the FCA Payment Deferral Guidance. The Tailored Support Guidance was updated on 17 November 2020, such update coming into effect on 20 November 2020. The Tailored Support Guidance applies to firms dealing with borrowers facing payment difficulties due to circumstances related to coronavirus who are not receiving payment deferrals under the FCA Payment Deferral Guidance, including where they are not or are no longer eligible for payment deferral. The Tailored Support Guidance is designed to enable firms to continue to deliver short and long-term support to borrowers affected by the evolving coronavirus pandemic and the Government's response to it. It is intended to support firms to treat borrowers affected by coronavirus fairly and to help borrowers to bridge the crisis to get back to a more stable financial position. If the borrower indicates that they continue or reasonably expect to continue, to face payment difficulties after receiving

payment deferrals under the FCA Payment Deferral Guidance, then the Tailored Support Guidance applies and unless the borrower objects, the lender may capitalise the deferred amounts.

The Tailored Support Guidance provides that at the end of the payment deferral period, no payment shortfall for the purposes of MCOB 13 will arise, where the accrued amounts are repaid (this includes where sums are capitalised or repaid in a lump sum) before the next payment is due. In all other cases, mortgage lenders should regard those accrued amounts as a payment shortfall under MCOB 13 once the next payment falls due.

The FCA expects mortgage lenders to be flexible and employ a full range of short and long-term forbearance options to support their borrowers and minimise avoidable financial distress and anxiety experienced by customers in financial difficulty as a result of coronavirus. This may include short term arrangements under which the lender permits the customer to make no or reduced payments for a specified period. However it should be noted that where after the end of a payment deferral period under the FCA Payment Deferral Guidance, a mortgage lender agrees to the customer making no or reduced payments for a further period (without changing the sums due under the contract) this will cause a payment shortfall that will be subject to MCOB 13.

The Tailored Support Guidance provides that firms should be mindful that for some second charge mortgages there is a particular risk of harm from the total debt escalating significantly when a customer defers payments or enters payment shortfall, particularly compared with what they would have otherwise have paid. The Tailored Support Guidance provides that in such cases it is particularly important that firms consider using a range of forbearance options, including options beyond those listed in MCOB. These could include applying simple interest rather than compound to any payment shortfall, or reducing the interest rate charged on these sums (in some cases to 0%).

The Tailored Support Guidance further provides in respect of deferral shortfalls (amount added to the shortfall because of any payment deferrals) that unless the borrower is unreasonably refusing to engage with the mortgage lender in relation to addressing the shortfall, a mortgage lender should not repossess the property without the borrower's consent solely because of a deferral shortfall. Further, in considering whether and when steps to repossess the property should be taken and whether all other reasonable attempts to resolve the position have failed, mortgage lenders should take into account that the shortfall arose by agreement with the mortgage lender and in exceptional circumstances and the borrower was not expected to address the shortfall during the payment deferral period and so may have had less time to address it.

The FCA makes clear in the FCA Payment Deferral Guidance and the Tailored Support Guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance.

Increased levels of payment deferrals and enforcement moratoriums may result in a reduction of funds available to the Issuer to meet its obligations under the Notes. Nor can there be any assurance that the FCA, or other UK government or regulatory bodies, may not take further steps in response to the COVID-19 outbreak in the UK which may impact the performance of the Loans, including further amending and extending the scope of the above guidance.

Mortgage repossession

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.

In addition, MCOB rules for Regulated Mortgage Contracts from 25 June 2010 prevent the lender from: (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of the term, change in product type; and (b) automatically capitalising a payment shortfall.

Investors should note, as at the date of this Prospectus, the FCA Tailored Support Guidance to firms, as described above in the section entitled "*Mortgages and COVID-19: FCA guidance for firms*" in response to the COVID-19 outbreak in the UK states that firms should not, except in exceptional circumstances, commence or continue repossession proceedings against customers before 31 January 2021. This applies irrespective of the stage that repossession proceedings have reached and to any step taken in pursuit of repossession. Where a possession order has already been obtained, firms should, except in exceptional circumstances, refrain from enforcing it. The FCA makes clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements.

The protocol in this Act and the Mortgages and Home Finance: Conduct of Business sourcebook requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of possession claims.

The Renting Homes (Wales) Act 2016

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

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

Energy Efficiency Regulations 2015

From 1 April 2018, landlords of relevant domestic properties in England and Wales may not grant a tenancy to new or existing tenants if their property has an Energy Performance Certificate ("**EPC**") rating of band F or G (as shown on a valid Energy Performance Certificate for the property) and from 1 April 2020, landlords must not continue letting a relevant domestic property which is already let if that property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate for the property). In both cases described above this is referred to in the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the "**Energy Efficiency Regulations 2015**") as the prohibition on letting substandard property. Where a landlord wishes to continue letting property which is currently substandard, they will need to ensure that energy efficiency improvements are made which raise the EPC rating to a minimum of E. In certain circumstances landlords may be able to claim an exemption from this prohibition on letting substandard property; this includes situations where the landlord is unable to obtain funding to cover the cost of making improvements, or where all improvements which can be made have been made, and the property remains below an EPC rating of Band E. Local authorities will enforce compliance with the domestic minimum level of energy efficiency. They may check whether a property meets the minimum level of energy efficiency, and may issue a compliance notice requesting information where it appears to them that a property has been let in breach of the Energy Efficiency Regulations 2015 (or an invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Energy Efficiency Regulations 2015 it may serve a notice on the landlord imposing financial penalties

Assured Shorthold Tenancy (AST)

Depending on the level of ground rent payable at any one time it is possible that a long leasehold may also be an Assured Tenancy ("AT") or Assured Shorthold Tenancy ("AST") under the Housing Act 1988 ("HA 1988"). If it is, this could have the consequences set out below.

A tenancy or lease will be an AT if granted after 15 January 1989 and:

- (i) the tenant or, as the case may be, each of the joint tenants is an individual;
- (ii) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home; and
- (iii) if granted before 1 April 1990:
 - (A) the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and
 - (B) the rent payable for the time being is greater than 2/3rds of the rateable value at 31 March 1990;
- (iv) if granted on or after 1 April 1990 the rent payable for the time being is between £251 and £100,000 inclusive (or between £1,001 and £100,000 inclusive in Greater London).

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997 all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8 – namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action. However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is government consultation underway to review residential leasehold law generally and it is anticipated that this issue will be addressed as part of any resulting reforms.

Currently, however, there is a risk that where:

a long lease is also an AT/AST due to the level of the ground rent;

- (v) the tenant is in arrears of ground rent for more than 3 months;
- (vi) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and

- (vii) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property.

Potential effects of any additional regulatory changes

No assurance can be given that additional regulatory changes by or guidance from the CMA, the FCA, 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, the Servicer and their respective businesses and operations.

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Seller, the Issuer, the Security Trustee and the Servicer (the "**Mortgage Sale Agreement**"), on the Closing Date, the Seller shall, subject to certain conditions being satisfied, sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh residential mortgage loans each secured by a Mortgage and, where applicable, other Related Security (the "**Loans**").

The Loans and their Related Security comprising the Portfolio will be assigned by way of equitable assignment to the Issuer and is referred to as the "**sale**" by the Seller to the Issuer of the Loans and Related Security. The Loans and Related Security 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 Portfolio shall be:

- (a) the Initial Consideration, which is due and payable on the Closing Date; and
- (b) the deferred consideration payable to the Seller or the Seller's nominee as the Seller may direct from time to time from excess Available Revenue Receipts and Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (the "**Deferred Consideration**").

Title to the Mortgages, Registration and Notifications

The completion of the transfer of the Loans and their Related Security (and, where appropriate, their registration or recording) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and their Related Security therefore remains with the Seller until the occurrence of a Perfection Event. Notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer will be completed by or on behalf of the Seller on or before the 30th Business Day after any of the following Perfection Events occurs:

- (a) the Seller being required to perfect legal title to the Loans and/or for the Related Security by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Seller or by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Seller to comply; or
- (b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the reasonable opinion of the Security Trustee, in jeopardy; or
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Seller; or

- (f) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Loan in the Portfolio; or
- (g) the occurrence of a Servicer Termination Event where no replacement servicer has been appointed in accordance with the provisions of the Servicing Agreement; or
- (h) default is made by the Seller in the performance or observance of any of its covenants and obligations under the Transaction Documents 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 20 Business Days after the earlier of the Seller becoming aware of such default and receipt by the Seller of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied,

(each of the events set out in paragraphs (a) to (h) inclusive being a "**Perfection Event**"). Until such Perfection Event occurs, the Seller will hold legal title to the Loans and their Related Security.

An "**Insolvency Event**" will occur in respect of an entity in the following circumstances:

- (a) an order is made or an effective resolution passed for the winding up of the relevant entity (or it proposes or makes any compromise or arrangement with its creditors); or
- (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (c) an encumbrancer takes possession or a Receiver is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (d) the relevant entity is unable to pay its debts as they fall due (after taking into account any relevant grace period or permitted deferral) or it is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts or announces an intention to suspend making payments with respect to any class of undisputed debts; or
- (e) if proceedings are initiated against the relevant entity 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 relevant entity or, as the case may be, in relation to the whole or any part of the undertaking or assets of any relevant entity, 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 relevant entity, is not discharged within 30 days or if the relevant entity takes steps with a view to obtaining a moratorium in respect of any indebtedness.

Following a Perfection Event, notice of the legal assignments will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments at the Land Registry.

Save for Title Deeds held at the Land Registry, all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Seller or the Servicer (on behalf of the Seller) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors.

"**Title Deeds**" means, in relation to each Loan, and its Related Security and the Property relating thereto, all conveyancing deeds, certificates and all other documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the relevant Borrower of the related Mortgage.

"**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* correspondence between the Borrower and the Seller and including mortgage documentation applicable to each Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's certificate of title.

"**Valuation Report**" means the valuation report or reports for mortgage purposes, obtained by the Seller from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller.

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 that day. 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.

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**") are as follows:

1. The Loans

- 1.1 The Seller has good and marketable title to and is the absolute legal owner and has the full legal interest and full beneficial title in, each of the Loans, Mortgages and their Related Security free from, in each case, any mortgages, charges, liens, financial encumbrances and equities.
- 1.2 The whole of each Loan and any interest, which are now or become in the future due or payable under a Loan constitutes a legal, valid, binding and enforceable obligation of the relevant Borrower enforceable in accordance with its terms and the amount outstanding under each Loan is a valid debt to the Seller from the Borrower except that (i) enforceability may be limited by bankruptcy or insolvency of any Borrower occurring after the date of any advance or other similar laws of general applicability affecting the enforcement of creditors' rights generally (other than FSMA or any rights of set off to the extent the same are the subject of a separate warranty) and the courts' discretion in relation to equitable remedies and (ii) this warranty shall not apply in respect of any Early Repayment Charge or similar early repayment fees, mortgage administration charges, exit fees or charges payable in the event of a Borrower Default or Delinquency or other fees and costs which are deemed irrecoverable by a competent regulatory authority or court.
- 1.3 In respect of each Loan, (a) all formal approvals, consents and other steps required to be taken by the Seller to permit a legal or equitable transfer or other disposal as and in the manner contemplated by the Mortgage Sale Agreement, of the Loans and the related Mortgages to be sold pursuant to the Mortgage Sale Agreement and to permit the Seller to enter into and perform its obligations under the Mortgage Sale Agreement and to render the Mortgage Sale Agreement legal, valid, binding and enforceable have been obtained or taken, and (b) each Loan and Related Security is freely transferable or assignable by the Seller.
- 1.4 The Seller has instructed Solicitors to ensure that all steps necessary to perfect the Seller's title to each Loan, together with their related Mortgages are duly taken at the appropriate time, including,

for the avoidance of doubt, within the applicable priority periods or time limits for registration and stamping of all documents that may be needed to enforce any Loan, its related Mortgage or Related Security.

- 1.5 In relation to each Loan, the particulars of each Loan and its related Mortgage set out in in Exhibit 2 (Details of the Portfolio) of the Mortgage Sale Agreement are true, complete and accurate as at the Cut-Off Date.
- 1.6 No Loan or its Related Security is subject to any lien or right of set-off, compensation, counterclaim defence or claim for rescission.
- 1.7 The Seller has not entered into any arrangement with any Borrower the effect of which would restrict the ability of the Seller (or the Servicer on its behalf) to determine the rates of interest in relation to any Loan in accordance with the Mortgage Conditions (other than in accordance with the applicable Lending Criteria).
- 1.8 The Seller has not entered into any arrangement with any Borrower the effect of which would be to restrict the ability of the Issuer to enforce the terms of the Loan.
- 1.9 No Loan is a Flexible Loan.
- 1.10 The Seller has not waived or acquiesced in any breach of any its rights (i) in respect of a Loan, the related Mortgage or Related Security, other than waivers and acquiescence such as a Prudent Mortgage Lender might make on a case by case basis or (ii) against any valuer, solicitor, licensed conveyancer or other professional who has provided information, carried out work or given advice in connection with any Loan or Related Security.
- 1.11 Interest is charged on each Loan in accordance with the provisions of the Loan and its related Mortgage.
- 1.12 All fees are either charged to the relevant Borrower in accordance with the Standard Documentation or waived in accordance with the practice of a Prudent Mortgage Lender.
- 1.13 Interest in relation to each Loan is payable monthly in arrear.
- 1.14 No Loan is, or ever has been, subject to any provision for deferring of interest or the capitalisation of a corresponding amount.
- 1.15 All amounts received and identified from the relevant Borrower on or before the Closing Date (including, without limitation, principal, interest and/or fees) have been applied on or before the Closing Date in reduction of the Current Balance relating to that Loan (whether or not such principal, interest and/or fees have accrued or are due or are in respect of a day or period after the Closing Date).
- 1.16 Each Loan was originated in, is denominated in, and all amounts in respect of such Loan are payable only in, sterling and may not be changed under the terms of the Mortgage Conditions by the relevant Borrower to any other currency.
- 1.17 The Loan Files for each Loan are held in dematerialised form and are and will be stored on the systems of the Seller (in its capacity as legal title holder) and the Title Deeds for each related Property are held in electronic form at the Land Registry.
- 1.18 In relation to each Loan, no sums of principal, interest or any other sum payable by the Borrower under the relevant Loan is more than 30 days overdue and, since the date of each Loan, no Borrower

is or has been in breach of any other material obligation owed in relation to such Loan and/or Related Security.

- 1.19 No Borrower is an employee or director of the Seller.
- 1.20 No Loan had an original LTV greater than 85% as at the Cut-Off Date in relation to such Loan, disregarding for such purposes any fees which have been capitalised and added to the balance of the Loan on or after origination.
- 1.21 All of the Borrowers are (i) individuals and were aged 18 years or older as at the date of execution of the Loan, (ii) companies incorporated or registered in the UK, Guernsey, Jersey, Isle of Man or Gibraltar, (iii) UK, Guernsey, Jersey, Isle of Man or Gibraltar limited liability partnerships or (iv) trusts formed or registered in the UK, Guernsey, Jersey, Isle of Man or Gibraltar.
- 1.22 Each Loan and its Related Security is governed by and subject to the laws of England and Wales.
- 1.23 No Loan advanced to a Borrower (or any Related Security in relation to that Loan) that is an individual which is assigned under the Mortgage Sale Agreement consists of or includes any "stock" or "marketable securities" within the meaning of section 125 of the Finance Act 2003, "chargeable securities" for the purposes of section 99 of the Finance Act 1986 or a "chargeable interest" for the purposes of section 48 of the Finance Act 2003 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017.
- 1.24 No Loan advanced to a Borrower that is not an individual (or any Related Security in relation to that Loan) which is assigned under the Mortgage Sale Agreement consists of or includes any "chargeable securities" for the purposes of section 99 of the Finance Act 1986 or a "chargeable interest" for the purposes of section 48 of the Finance Act 2003 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 and each such Loan is "exempt loan capital" (that is, loan capital that is exempt from stamp duty on transfer under section 79(4) of the Finance Act 1986).
- 1.25 No Loan was marketed and underwritten on the premise that the Borrower or, where applicable, intermediaries were made aware that the information provided by the Borrower might not be verified by the Seller.
- 1.26 No Loan is a Cross-collateralised Mortgage Loan.

2. The Advance

- 2.1 The amount of each Loan has been fully advanced, released and disbursed to or to the order of the relevant Borrower and such Loan does not contain an obligation on the part of the Seller to make any further advance or pay or repay any amount (including, without limitation, in relation to cashback payments, interest, fees, charges and refunds) to any Borrower.

3. The Mortgages

- 3.1 Each Mortgage constitutes a legal, binding, enforceable, non-cancellable, valid and subsisting first charge or security by way of legal mortgage or legal charge over the relevant Property (subject to completion of any registration or recording requirements at the Land Registry) with the Seller having priority as first ranking mortgagee and secured for the whole of the Current Balance on each Loan and all future interest, fees, costs and expenses payable under or in respect of such Loan and Related Security.
- 3.2 In relation to a Mortgage where the title relating to the Mortgage or relevant Property is registered at the Land Registry or application for first registration has been made in respect of the same at the

Land Registry, the Seller has made, or caused to be made to the Land Registry, an application for the registration against the relevant registered title, a restriction to the effect that (except under order of the Land Registrar) no subsequent disposition by the registered proprietor of such Property shall be registered without the written consent of the mortgagee.

- 3.3 In respect of all Loans, if the title relating to a Mortgage or relevant Property is registered at the Land Registry for which application for first registration at the Land Registry has been made, the Seller has not consented to any subsequent disposition or charge by the registered proprietor or registered owner of such Property to be registered with the same ranking priority as the Seller.
- 3.4 In relation to each Property where registration or recording of the relevant Mortgage is pending at the relevant Land Registry, there is no caution, notice, inhibition, restriction or other matter which would prevent the registration or recording of that Mortgage.
- 3.5 The Seller has not received written notice and the Seller is not aware that the holder of any other security interest in relation to a Property has taken any step to enforce such security interest or entered into possession of the relevant Property.
- 3.6 In the case of each Mortgage provided to a UK incorporated registered limited company, such Mortgage and any floating charge together with the instrument by which they were created have been duly registered at Companies House.
- 3.7 In the case of each Mortgage provided to a UK incorporated registered limited company, the Seller has not received written notice of any steps having been taken for the liquidation or winding up of, or the making of an administration order in relation to, any Borrower or of any steps having been taken to enforce any security over the assets of any Borrower.

4. *Properties*

- 4.1 In relation to each Mortgage, the Borrower has a good and marketable title to the relevant Property in England and Wales, and (a) where the relevant Property is in the course of registration (or subject to first registration) at the Land Registry, the Seller has instructed Solicitors to ensure that the Borrower will be registered with such title to the relevant Property as would be acceptable to a Prudent Mortgage Lender by reference to the then-applicable Lending Criteria and (b) without limiting the foregoing, in the case of a leasehold Property (i) the lease cannot be forfeited on the bankruptcy of the tenant and (ii) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given.
- 4.2 Each Property is situated in England or Wales and each Property is the subject of security or charged to secure the repayment of those Loans and is of the kind permitted under the applicable Lending Criteria.
- 4.3 Each Loan is secured on a residential Property situated in England and Wales.
- 4.4 None of the property (other than the Loans) which is assigned under the Mortgage Sale Agreement consists of or includes any "stock" or "marketable securities" within the meaning of section 125 of the Finance Act 2003, "chargeable securities" for the purposes of section 99 of the Finance Act 1986 or a "chargeable interest" for the purposes of section 48 of the Finance Act 2003 or section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017.

5. *Lending Criteria/Origination*

- 5.1 Each Loan was originated by the Seller in accordance with the then current Lending Criteria and all preconditions to the making of the Loan were satisfied in all material respects, subject only to such exceptions and waivers as would be acceptable to a Prudent Mortgage Lender.
- 5.2 The documents on which the Loans, the related Mortgages and Related Security have been granted are all in materially the same form as the applicable Standard Documentation.
- 5.3 At origination of each Loan, each Borrower who is an individual has been assessed in accordance with the documented underwriting process and lending policy and on the basis of their own merits and creditworthiness, without taking into account any guarantee of their obligations under any of the Loans, which may be provided by any third party as additional credit support.
- 5.4 At origination of each Loan, variable direct debit instructions in favour of the Seller were completed in respect thereof and such completed variable direct debit instructions are held by the Seller.
- 5.5 At the date of origination in relation to each Loan:
 - (a) the Seller instructed Solicitors in the terms of the Solicitors' Instructions and pursuant to the applicable Lending Criteria and received a Certificate of Title or Report on Title addressed to the Seller from such Solicitors and a signed copy of that Certificate of Title or Report on Title (as applicable) is with the Loan File and such Certificate of Title or Report on Title did not disclose any matter which would (if applicable, after further investigation) have caused a Prudent Mortgage Lender, having regard to the then-applicable Lending Criteria, to decline to proceed with that Mortgage on the proposed terms; and
 - (b) a valuation of the relevant Property was undertaken (together with the relevant rental income estimate of the relevant Property in the case of a Buy to Let Loan) on behalf of the Seller by a valuer pursuant to the applicable Lending Criteria and a Valuation Report was obtained by the Seller. The disclosures made by the valuation were not such that, in the circumstances prevailing at that time, would have caused the relevant Property or related Loan application not to comply with the then-applicable Lending Criteria. An electronic copy of the valuation is contained in the Loan File. Such Valuation Report is dated not more than six months prior to the offer date of the relevant Loan and not more than twelve months prior to the date of completion of the relevant Loan.

6. Insurance

- 6.1 Each Title Indemnity Policy is in full force and effect and all premiums thereon due on or before the Closing Date have been paid in full.
- 6.2 At origination, each Property was insured under:
 - (a) a contingent buildings insurance policy arranged by the Borrower in accordance with the relevant Mortgage Conditions or under the buildings insurance policy arranged by the Seller; or
 - (b) in the case of a leasehold property or a commonhold property a buildings insurance policy arranged by the relevant landlord or property management company.

7. Regulatory

- 7.1 No Loan is a Regulated Credit Agreement or an Article 3(1)(b) Credit Agreement.
- 7.2 No Loan (other than a CBTL Loan) is a Regulated Mortgage Contract.

- 7.3 Each Loan has, where applicable, been originated in compliance with the Mortgage Credit Directive Order 2015 or any modification or re-enactment thereof and the Seller is registered with the FCA as a lender in respect of CBTL Loans.
- 7.4 The documents on which the Loans, the related Mortgage and Related Security have been granted comply with the applicable requirements of the Consumer Rights Act 2015 or any modification or re-enactment thereof.
- 7.5 The Seller has in connection with each Loan:
- (a) carried out the identification and other procedures required under the Money Laundering Regulations 2007, the Guidance for the UK financial sector issued by the Joint Money Laundering Steering Group, and the Money Laundering sourcebook of the FCA Handbook; and
 - (b) complied with the requirements of the Terrorism Act 2000 and Proceeds of Crime Act 2002 to the extent (if any) that the same are applicable.
- 7.6 The Borrower was verified at origination and so far as the Seller is aware (the Seller having in place appropriate systems and controls to identify fraud) there is no evidence of any fraud in connection with the Loan.
- 7.7 The Seller has not at any time provided a Borrower with mortgage advice (as defined under Article 53A of the FSMA 2000 (Regulated Activities) Order 2001) in respect to the Loan.
- 7.8 The Seller is entitled to disclose information relating to each Borrower to the Issuer under the terms of the Mortgage Sale Agreement without contravening the Data Protection Legislation and the Seller has complied with all applicable requirements of the Data Protection Legislation in relation to processing of personal data in connection with the Loans in all material respects.
- 7.9 No circumstances exist which are capable of making the relationship between the Seller and any Borrower who is an individual or a relevant recipient of credit (as those terms are defined in the Consumer Credit Act 1974) unfair under section 140A to 140D of that Act or any modification or re-enactment thereof.
- 7.10 The Seller has created and maintained all records in respect of the Loans relevant to the Seller in all material respects loan to in accordance with any Requirement of Law, Regulatory Direction and to the standard of a Prudent Mortgage Lender and has procured that, since the creation of each Loan, full and proper accounts, books, records and the Loan File have been kept showing clearly all material transactions, payments, receipts and proceedings relating to that Loan and its Mortgage and all such accounts, books and records are up to date and accurate in all material respects.
- 7.11 Since the making of each Loan such Loan has been serviced in accordance with standards of care acceptable to a Prudent Mortgage Lender.
- 7.12 The Seller has not received any complaint in writing in relation to a Loan from any regulatory body (including the Financial Ombudsman Service) or any Borrower that the Seller has acted unfairly in relation to the setting of the interest rate in respect of the Loan.
- 7.13 To the extent that any Loan is a consumer buy-to-let mortgage contract under article 4 of the Mortgage Credit Directive Order 2015, (i) the Seller has the requisite FCA authorisation, registration and permissions (as applicable) for making such Loans, and (ii) the Seller and the documents which evidence such Loans are in compliance with all of the relevant legal requirements of, and procedures set out in FSMA, all secondary legislation made pursuant thereto, the Mortgage Credit Directive

Order 2015, the FCA Handbook and the most recent relevant guidelines published by the FCA, as applicable.

- 7.14 The Seller has complied with all applicable requirements of the Financial Services (Distance Marketing) Regulations 2004 (as amended from time to time) (the "**DM Regulations**") and no Loan is cancellable in whole or in part as a result of any non-compliance with the DM Regulations.

8. General

- 8.1 The Seller has not received written notice of, or instigated, any Litigation or claim (including, without limitation, forfeiture proceedings) relating to any Loan, the related Mortgage or Related Security and no notice of any such proceedings or claims has been received by the Seller (directly or indirectly) from a Borrower or any third party.
- 8.2 The Seller has not received any written notice of any litigation or claim (including, without limitation, forfeiture proceedings) brought by a third party relating to any Property.
- 8.3 The Seller is not required to make any deduction or withholding for or on account of tax from any payment it makes in respect of the Loans.
- 8.4 The Seller is a company that is resident for tax purposes only in the UK, and is not and will not be a "financial institution" within the meaning of section 564B ITA 2007.

Neither the Security Trustee, the Joint Arrangers nor the Joint Lead Managers 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.

Product Switches

The Seller (or the Servicer on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch.

In the event that a Product Switch is provided in respect of any Loan, the outstanding balance in respect of such Loan shall be redeemed in full by the Seller and the redemption proceeds shall be applied in accordance with the relevant Priorities of Payments.

Further Advances

The Seller undertakes to the Issuer that it shall not make any Further Advances to any Borrower.

Repurchase by the Seller

The Seller will agree to be liable for the repurchase of any Loan and its Related Security sold pursuant to the Mortgage Sale Agreement in the following circumstances:

- (a) *Breach of Loan Warranties on the Closing Date.* If any Loan Warranty made by the Seller in relation to that Loan and/or its Related Security proves to be materially untrue as at the Closing Date and that default has not been remedied in accordance with the Mortgage Sale Agreement; and
- (b) *Cross-collateralised Mortgage Loan.* The Seller will also repurchase any Loan which the Seller has determined on any Calculation Date to be a Cross-collateralised Mortgage Loan as at the immediately preceding Collection Period Start Date.

If there is a material breach of any of the Loan Warranties, the Issuer will notify the Seller (with a copy to the Security Trustee) as soon as reasonably practicable and in any event within 30 days of discovery of such breach or breaches, specifying the Loans and/or the Related Security to which such breach or breaches relate and (in reasonable detail having regard to its level of knowledge) the facts giving rise to such breach or breaches and where practicable what, in its reasonable opinion, is its best estimate (on a without prejudice basis) of the amount of any warranty claim, and if such matter is capable of remedy, the Seller shall use all reasonable endeavours to remedy such matter within 45 days from and including the date upon which the Issuer or Security Trustee notifies it of the relevant breach.

If the matter giving rise to the breach of a Loan Warranty is capable of being remedied but the Seller fails to remedy such matter within the above 45 day period or the relevant breach is not capable of being remedied, then the Issuer shall serve upon the Seller (with a copy to the Security Trustee) a loan repurchase notice in duplicate substantially in the form set out at Schedule 4 (*Loan Repurchase Notice*) of the Mortgage Sale Agreement (the "**Loan Repurchase Notice**"), requiring the Seller to repurchase the relevant Loan and its Related Security.

Upon receipt of a Loan Repurchase Notice duly signed on behalf of the Issuer, the Seller shall promptly sign and return a duplicate copy, and the Seller shall be required to repurchase from the Issuer, and the Issuer shall accordingly assign or transfer to the Seller free from the Security created by or pursuant to the Deed of Charge, the relevant Loan or Loans and its (or their) Related Security. The repurchase of the relevant Loan and the payment of the purchase price shall take place on the date specified by the Issuer in the Loan Repurchase Notice, provided that the date so specified by the Issuer shall be a date no earlier than 30 days and no later than 45 days after receipt by the Seller of the Loan Repurchase Notice.

The consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Current Balance of such Loan (disregarding for the purposes of any such calculation in the event that the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Seller, the amount of any such reduction in the Current Balance) as at the last day of the Collection Period immediately preceding the date of repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller less an amount equal to all Collections received on the relevant Loan(s) and their Related Security from (but excluding) the last day of the Collection Period immediately preceding the date of such repurchase to (but excluding) the date of such repurchase.

As used in this Prospectus:

"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, United Kingdom.

"Borrower Buildings Policy" means, in relation to each Property, any individual or block buildings insurance policy relating to a Property which has been taken out in the name of the relevant Borrower and any other insurance contracts in replacement, addition or substitution therefor from time to time (including in each case any endorsements or extensions thereto as issued from time to time), and **Borrower Buildings Policies** has the corresponding meaning

"Calculation Date" means, in relation to a Collection Period, the day falling 5 Business Days prior to the Interest Payment Date immediately following the end of such Collection Period.

"CBTL Loan" means any Loan that is a Consumer Buy-to-let Mortgage Contract as defined by article 4 of the Mortgage Credit Directive Order 2015 or any modification or re-enactment thereof.

"Certificate of Title" means, in respect of a Property, a solicitor's or licensed conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of such Property substantially in the form of the pro forma set out in the Standard Documentation.

"Collection Period" means the quarterly period commencing on (and including) a Collection Period Start Date and ending on (but excluding) the immediately following Collection Period Start Date, except that the first Collection Period will commence on (and include) 20 January 2021 and end on (and exclude) the Collection Period Start Date falling in July 2021.

"Collection Period Start Date" means the first calendar day of each of January, April, July, and October, except that the first Collection Period Start Date will be 20 January 2021.

"Cut-Off Date" means 19 January 2021.

"Data Protection Legislation" means: (a) the DPA; (b) the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2003/2426) as it forms part of domestic law by virtue of EUWA; and (c) all United Kingdom laws relating to processing of personal data and privacy (including, where applicable, the guidance and codes of practice issued by the Information Commissioner) and any laws or guidance that replaces them, including but not limited to Regulation (EU) 2016/679 as it forms part of domestic law by virtue of EUWA.

"Default" means any Loan in respect of which:

- (a) one or more payments to be made by the Borrower in respect of such Loan are overdue by more than three calendar months; and
- (b) a breach of the Offer Conditions in respect of such Loan has occurred (unless the Servicer is notified in writing by the Seller that any such breach has been waived).

"Delinquent" means, in respect of any Loan, that one or more payments due by the Borrower in respect of such Loan are outstanding or past due or such Loan is otherwise deemed to be in Default.

"Enforced Loan" means a Loan in respect of which the Related Security has been enforced and the related Property has been sold.

"Fixed Rate Loan" means a Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the principal balance does not vary and is fixed for a certain period of time by the Seller.

"Flexible Loan" means a Loan that incorporates features that give the Borrower options (which may be subject to certain conditions) to, among other things, make further drawings on the loan account and/or to overpay or underpay interest and/or underpay principal in a given month and/or overpay principal in excess of 10% per annum and/or take a payment holiday.

"Further Advance" means, in relation to a Loan, any advance of further money to the relevant Borrower following the advance of the initial principal amount by the Seller to the relevant Borrower under a Loan ("**Initial Advance**") which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

"Insurance Policies" means with respect to the Loans and their Related Security, the Borrower Buildings Policies and the Title Indemnity Policies and any other insurance contracts in replacement, addition or substitution thereof from time to time which relate to the Loans, and **Insurance Policy** means any one of them.

"Monthly Instalment" means the amount which the relevant Mortgage Conditions require a Borrower to pay on each monthly payment date in respect of that Borrower's Loan.

"Mortgage" means, in respect of any Loan, each first fixed charge by way of legal mortgage secured over a Property located in England or Wales, which is, or is to be, sold, assigned or transferred by the Seller to the Issuer pursuant to the Mortgage Sale Agreement 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 applicable to such Loan (including, without limitation, the Seller's relevant general conditions) 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 that Mortgage.

"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 Borrower.

"Product Switch" means any variation in the financial terms and conditions applicable to a Loan other than any variation:

- (a) agreed with a Borrower to control or manage actual or anticipated arrears on the Loan;
- (b) agreed with a Borrower to extend the maturity date of the Loan (unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);
- (c) imposed or required by statute, regulation or regulatory guidance;
- (d) in the rate of interest payable in respect of a Loan; or
- (e) agreed with a Borrower to change the Loan from an interest-only loan to a repayment loan requiring scheduled repayment of principal,

provided that with respect to paragraph (d):

- (i) any variation in the rate of interest payable in respect of a Loan where the terms of the Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable shall not be considered a Product Switch;
- (ii) any variation in the rate of interest payable in respect of a Loan in order to reflect the amendment or replacement of the relevant reference rate applied to such Loan (including, for the avoidance of doubt, the replacement of LIBOR with Compounded Daily SONIA) shall not be considered a Product Switch; and
- (iii) any variation in the rate of interest payable in respect of a Loan not permitted or otherwise contemplated by paragraphs (i) and (ii) above or the relevant Mortgage Conditions (including any re-fixing of an interest rate) shall be considered a Product Switch.

"Property" means a freehold, leasehold or commonhold property which is subject to a Mortgage.

"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.

"Regulated Mortgage Loan" means a Loan that is:

- (a) a Regulated Mortgage Contract (as defined in article 61(3)(a) of the Regulated Activities Order); or
- (b) a Regulated Credit Agreement (as defined in section 8 of the Consumer Credit Act 1974 and article 60B of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001); or
- (c) an Article 3(1)(b) Credit Agreement as defined in the FCA Handbook.

"Related Security" means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all rights, remedies or benefits related thereto including:

- (a) the benefit of all affidavits, declarations, consents, renunciations, waivers and any deed of consent, deeds of postponement, ranking agreements and any rights against any person or persons in connection with the origination and completion of such Loan and Related Security;
- (b) to the extent assignable, the benefit of Borrower Buildings Policies and any life policies, life policy assignments, assignments, priority letters, pension policies, deposited, charged, obtained or held in connection with the relevant Loan and Related Security;
- (c) to the extent assignable (without the consent of the relevant counterparty), all causes and rights of action (whether assigned to the Issuer or otherwise) against Valuers, Solicitors, the Land Registry or any other person in connection with any report (including a report on title), Valuation Report, opinion, certificate, consent or other statement of fact or opinion given in connection with the relevant Loan or Related Security; and
- (d) Title Indemnity Policies, assignments, searches, indemnities and related documentation and any other deed or document providing ancillary security or indemnity for repayment of any sums due from time to time under the relevant Loan.

"Standard Documentation" means the standard documentation of the Seller, a list or CD of which is set out in or appended to Exhibit 1 (Standard Documentation) to the Mortgage Sale Agreement, or any update or replacement in respect of the same as the Seller may from time to time introduce (acting in accordance with the standards of a Prudent Mortgage Lender) including, without limitation, any amendments or variations thereto (such amendments to include, for the avoidance of doubt, amendments to the interest reference rate applied in respect of the Loans).

"Title Indemnity Policies" means, in relation to any Loan:

- (a) on the Closing Date:
 - (i) the Properties-in-Possession insurance policy with policy reference B1262BWO095820-15 (PIP) underwritten by Syndicate 1686 (managed by AXIS Managing Agency Ltd) at Lloyds;
 - (ii) the Lenders-Interest Only insurance policy with policy reference B1262BWO095820-15 (LIO) underwritten by Syndicate 1686 (managed by AXIS Managing Agency Ltd) at Lloyds;
 - (iii) the Failure to Insure insurance policy with policy reference B1262BWO095820-15 (FTI) underwritten by Syndicate 1686 (managed by AXIS Managing Agency Ltd) at Lloyds; and

- (iv) the block title insurance policy in the name of the Seller with policy number 00-37418418J0 (made available to the Seller by XL Caitlin Insurance company (UK) Ltd and Royal & Sun Alliance Insurance Plc Underwriting Limited); and
- (b) each other title insurance policy or policies relating to such Loan and referable to the relevant Property, together with any other title insurance policies in replacement, addition or substitution thereof or thereto from time to time which relate to such Loan and are referable to the relevant Property.

Designated entity

The Issuer has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation and has accepted such appointment.

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.

Servicing Agreement

The Issuer, the Security Trustee, the Seller, the Servicer, the Servicing Facilitator and the Back-Up Servicing Facilitator will enter into, on or around the Closing Date, an agreement pursuant to which the Servicer agrees to service the Loans and their Related Security (the "**Servicing Agreement**"). The services to be provided by the Servicer are set out in the Servicing Agreement, and may include any services additional thereto as may be agreed to by the Issuer, the Servicing Facilitator and the Servicer (the "**Services**").

On or about the Closing Date, the Servicer will be appointed by the Issuer and, as applicable, the Seller to be its agent to service the Loans and their Related Security. The Servicer must comply with any proper directions and instructions that the Servicing Facilitator (acting with delegated authority from the Issuer and the Seller) or, following the Security Trustee notifying the Servicer that an Enforcement Notice has been served, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer's actions in servicing the Loans and their Related Security in accordance with the terms of the Servicing Agreement (including the procedures of the Servicer set out therein) are binding on the Issuer.

Powers

The Servicer has the power, authority and right to do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the provision of the Services on the terms and conditions of the Servicing Agreement.

Undertakings by the Servicer

The Servicer has undertaken, among other things, to:

- (a) give such time and attention and exercise such skill, care and diligence in the performance of the Services and the other obligations contained in the Servicing Agreement and will provide those Services and perform such other obligations to the same standard as a Prudent Mortgage Lender;
- (b) service the Loans and the Related Security in accordance with (i) the Servicing Agreement (including for the avoidance of doubt the Client Manual); (ii) all applicable Regulatory Requirements; and (iii) the Mortgage Conditions;

- (c) at all times, employ and ensure that there are adequate resources and suitably qualified personnel to execute, perform and undertake the tasks and perform the obligations which the Servicer agrees to undertake and perform under the Servicing Agreement and to maintain suitable premises and equipment compatible with its obligations hereunder;
- (d) to the extent practicable, comply with any proper and reasonable directions, orders and instructions which the Issuer may from time to time give to it in accordance with the provisions of the Servicing Agreement and which in any event are not inconsistent with the terms upon which it has been appointed under the Servicing Agreement nor with any applicable Regulatory Requirements;
- (e) keep good, orderly and tidy credit, deed and other files in such a manner as would a Prudent Mortgage Lender including all material communications with all Borrowers under the relevant Loans (including material communications conducted by email, letter, phone or otherwise);
- (f) keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under the Servicing Agreement and in particular any necessary notification under Data Protection Laws and any authorisation and permissions under the FSMA;
- (g) not knowingly fail to comply with any applicable legal and Regulatory Requirements in the performance of the Services;
- (h) notify the Issuer upon becoming aware of any legal proceedings being taken against it or of any judgment or decree being given against it in any proceedings, which would, in each case materially and adversely affect its ability to perform its obligations under the Servicing Agreement;
- (i) make all payments required under the Servicing Agreement to be made by it on the due date for payment in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without any set-off (including in respect of fees owed to the Servicer) except any deductions required by law (or as expressly permitted under the Servicing Agreement); and
- (j) the Servicer shall assist in the administration and performance, to the standards of a Prudent Mortgage Lender, of the arrangements for any insurance to which the Seller is a party or in which it has an interest and which relate to the Loans and Related Security.

"Competent Authority" means any person having regulatory and/or supervisory authority in the UK, or any part thereof, over all or any part of:

- (a) the Services;
- (b) the business of the Servicer, the Seller, the Servicing Facilitator or the Issuer in relation to the Services; or
- (c) including, for the avoidance of doubt, the FCA and the Prudential Regulatory Authority (to the extent applicable).

"Regulatory Requirements" means all laws (including statute law, common law and the law of equity), binding court orders, judgments, decrees, regulations, rules, regulatory policies, government or regulator approved codes of practice issued by any Competent Authority (including, in the case of

the United Kingdom, the FSMA, the Data Protection Laws, the MCDO and the FCA's six outcomes on Treating Customers Fairly) that are applicable:

- (a) to the business of the Servicer;
- (b) to the business of the Seller;
- (c) to the business of the Issuer; and
- (d) in any jurisdiction in which the Services are provided.

Article 7 of the UK Securitisation Regulation

The Issuer has appointed the Servicer and the Servicing Facilitator to perform certain of the Issuer's obligations under Article 7 of the UK Securitisation Regulation.

The Servicer on behalf of the Issuer shall prepare the SR Data Tape as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (and which shall be provided in the form of the standardised template set out in Annex II of the UK Article 7 RTS or as otherwise agreed between the Issuer and the Servicer).

The Servicing Facilitator will publish each Investor Report, the Prospectus, each Transaction Document and each SR Data Tape in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/> (or such other website which may be available for such purpose and notified by the Servicing Facilitator to the Issuer, the Servicer, the Cash Manager, the Security Trustee, the Note Trustee, each Rating Agency and the Noteholders from time to time), being a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation.

The Servicing Facilitator shall publish without delay, any (i) inside information relating to the Issuer which the Issuer determines it is obliged to make pursuant to Article 7(1)(f) of the UK Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event pursuant to Article 7(1)(g) of the UK Securitisation Regulation, in each case in accordance with the UK Article 7 Technical Standards.

Back-Up Servicing Facilitator

The Issuer will appoint the Back-Up Servicing Facilitator in accordance with the Servicing Agreement. If the Servicer's and/or the Servicing Facilitator's appointment is terminated, the Back-Up Servicing Facilitator shall use best efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable substitute servicer and/or substitute servicing facilitator in accordance with the Servicing Agreement.

Setting of Interest Rates on the Loans

Subject to the terms of the Servicing Agreement, the Servicer has undertaken to take certain steps once notified by the Seller of (a) any changes to be made to the interest rate applicable to any one or more Loans or (b) a replacement of the benchmark rate currently applicable to any one or more Loans with an alternative benchmark rate selected by the Seller (including, in particular, (i) notifying such change to the affected Borrowers in accordance with the terms of the relevant Loans, the Mortgage Conditions and any applicable Regulatory Requirements and (ii) recording such change and any consequential changes in the electronic systems used by the Servicer in relation to any such Loans and notifying the Servicing Facilitator that such change has been so recorded).

Operation of the Collection Account

The Seller will operate the Collection Account, opened in the name of the Seller with HSBC Bank plc or such other bank with which the Collection Account is held from time to time (the "**Collection Account Bank**") in accordance with the terms of the Servicing Agreement and the Collection Account Declaration of Trust (as to which, see "*The Collection Account Declaration of Trust*"). Revenue Receipts and Principal Receipts arising in relation to the Loans will be paid directly into the Collection Account. On each Business Day, the Seller shall transfer, or instruct the transfer of, all Collections in respect of the Loans and/or their Related Security standing to the credit of the Collection Account that are available to be withdrawn at that time to the Deposit Account.

Operation of the Expenses Account

The Servicer will operate the Expenses Account, opened in the name of the Seller with the Collection Account Bank or such other bank with which the Expenses Account is held from time to time in accordance with the terms of the Servicing Agreement. The Servicer shall have full access to monitor the Expenses Account and to withdraw sums on behalf of the Legal Title Holder (with the prior consent of the Servicing Facilitator where such consent is required) as necessary (and to request that sums are deposited in the Expenses Account where required) to (i) pay any expenses incurred by the Legal Title Holder or the Servicer in connection with the services provided under the Servicing Agreement and which are or are intended to be recoverable from the related Borrower, (ii) reimburse to any Borrower any overpayments made such Borrower or (iii) provide to any person so entitled any excess proceeds in respect of any Loan and Related Security following the completion of the Enforcement Procedures in respect of such Loan and Related Security.

The Servicer shall, in accordance with the provision of the Servicing Agreement and Servicer's client manual set out at Schedule 3 (Client Manual) of the Servicing Agreement (the "**Client Manual**") (i) assess whether any claims notified to it constitute expenses payable from the Expenses Account, (ii) (to the extent there are funds available in the Expenses Account) promptly after obtaining the consent of the Servicing Facilitator where such consent is required, pay such expenses from the Expenses Account, (iii) provide the Servicing Facilitator (on behalf of the Issuer), on the last day of each Collection Period, with details of the expenses paid by it during such Collection Period and (iv) not cause the Expenses Account to become overdrawn. The Servicer shall not be liable for any breach or failure of its obligations to perform the Services from time to time that may have arisen as a result of the failure of the Servicer to pay the relevant expense as a result of insufficient funds being available in the Expenses Account to make the payment of the relevant expense.

In addition, the Servicer shall be required to obtain the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) of the Servicing Facilitator before paying any expense where the payment of such expense will mean that the aggregate of the expenses paid in any Collection Period in relation to the Portfolio exceeds £5,000 (or such revised aggregate amount as may be agreed between the Servicer, the Cash Manager (on behalf of the Issuer) and the Servicing Facilitator from time to time) save that no such consent shall be required in respect of (i) any overpayment or erroneous payment by any Borrower in relation to its Loan or (ii) any payment to any person so entitled of any excess proceeds of

enforcement in respect of any Loan and Related Security following the completion of the Enforcement Proceeds in respect thereof.

The Servicer shall monitor the Expenses Account and shall calculate, not more than eight nor less than four Business Days prior to the end of the then current Collection Period but before the provision of the Quarterly Request, the amount by which the Expenses Account (the "**Quarterly Increase**") needs to be credited so that the Expenses Account has a credit balance of at least £5,000 at the start of the following Collection Period.

Replacement of Collection Account Bank

(i) *Collection Account Bank Rating*

The Servicing Facilitator shall monitor the Collection Account Bank Rating and if the rating of the Collection Account Bank falls below the Collection Account Bank Rating it shall notify the other parties to the Servicing Agreement. If the rating of the Collection Account Bank falls below the Collection Account Bank Rating and there exists a financial institution having a rating of at least the Collection Account Bank Rating and which is a bank as defined in Section 991 of the Income Tax Act 2007, the Servicing Facilitator shall assist the Seller (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security) to, and the Seller (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security) shall, as soon as reasonably practicable (such time period to be not more than 35 calendar days) following such occurrence:

- (a) open a replacement Collection Account and an Expenses Account in the name of the Seller with a financial institution;
 - (i) having a rating of at least the Collection Account Bank Rating;
 - (ii) approved in writing by the Issuer and the Security Trustee; and
 - (iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or
- (b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or
- (c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes.

(ii) *Insolvency Event*

The Servicing Facilitator shall monitor the Collection Account Bank for any Insolvency Event and notify the other parties to the Servicing Agreement in the event of the occurrence of an Insolvency Event in respect of the Collection Account Bank. Following notification of an Insolvency Event in respect of the Collection Account Bank, the Seller shall, as directed by the Issuer (or the Servicing Facilitator on its behalf) or, following the service of an Enforcement Notice, the Security Trustee shall (as agreed in writing by the Seller), terminate the appointment of the Collection Account Bank immediately upon the giving of notice to it and the Seller shall open a replacement Collection Account and a replacement Expenses Account, in each case in the name of the Seller, with a financial institution which (i) is approved in writing by the Issuer and the Security Trustee, (ii) is a bank as defined in Section 991 of the Income Tax Act 2007, and (iii) is of reputable standing, as soon as reasonably practicable and in any event within 30 calendar days. In the event a replacement collection account is opened, the Seller shall procure that (i) all Direct Debit mandates are transferred to such replacement collection account, (ii) all payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened and (iii) all amounts standing to the credit of the Collection Account be transferred to the replacement collection account promptly after the replacement

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

In the event a replacement expenses account is opened, the Seller shall procure that (i) all amounts standing to the credit of the Expenses Account are transferred to the replacement expenses account promptly after such replacement expenses account is opened and (ii) any payment instructions held by the Cash Manager are updated to facilitate the payment of amounts from the Deposit Account into such replacement expenses account where required in accordance with the provisions of the Servicing Agreement and the Cash Management Agreement.

Compensation of the Servicer

The Servicer receives fees under the terms of the Servicing Agreement. In consideration for providing Services set out in the Servicing Agreement, the Issuer shall pay to the Servicer the following fees:

- (a) the aggregate of the Primary Servicing Fee and the Special Servicing Fee; plus
- (b) the Redemption Fees; plus
- (c) the Additional Servicing Costs.

"Primary Servicing Fee" means a fee equivalent to 0.15% per annum (exclusive of VAT) multiplied by the average of the total outstanding principal balance of all of the Loans serviced by the Servicer during the relevant quarter (on the basis of the actual number of days in that quarter and a year of 365 days (366 days in any leap year)) (exclusive of any applicable VAT).

"Redemption Fee" means a fee of £100.00 (exclusive of any applicable VAT) for each Loan that is redeemed in full.

"Special Servicing Fee" means a fee of 0.35% per annum multiplied by the average of the total outstanding principal balance of all of the Loans in respect of which Special Services are performed by the Servicer during the relevant quarter for any Loan that is deemed Delinquent (on the basis of the actual number of days in that quarter and a year of 365 days (366 days in any leap year)) (exclusive of any applicable VAT).

The Servicing Fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Removal of the Servicer

Subject to the prior written consent of the Security Trustee, the Issuer may, by notice in writing to the Servicer (with a copy to the Security Trustee, the Seller, the Servicing Facilitator and the Back-Up Servicing Facilitator), terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each, a "**Servicer Termination Event**") occurs and is continuing:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 10 Business Days after:
 - (i) (where the failure to pay has arisen other than as a result of a Disruption Event) upon the earlier of the Servicer becoming aware of such default and the receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the

Servicing Facilitator and the Back-Up Servicing Facilitator) requiring the same to be remedied; or

- (ii) (where the failure to pay has arisen as a result of a Disruption Event) the cessation of the Disruption Event or, if earlier, 20 Business Days following the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Servicing Facilitator and the Back-Up Servicing Facilitator) requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure 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) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 20 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Servicing Facilitator and the Back-Up Servicing Facilitator) requiring the Servicer's non-compliance to be remedied **provided that** where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 20 Business Days, the Servicer (i) terminates the relevant sub-contracting or delegation arrangements, (ii) takes such steps as the Issuer or (following receipt by the Servicer from the Security Trustee of a copy of an Enforcement Notice) the Security Trustee may in its absolute discretion specify to remedy such default and (iii) indemnifies the Issuer and the Security Trustee against the consequences of such default;
- (c) the occurrence of an Insolvency Event in relation to the Servicer;
- (d) the Servicer ceases to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its mortgage servicing business; or
- (e) it is or becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement,

In determining whether to provide or withhold consent to the termination of the Servicer by the Issuer, the Security Trustee shall have regard to factors it deems to be relevant (including for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicer in place at any time). Upon the termination of the Servicer as servicer under the Servicing Agreement, the Issuer shall use its reasonable endeavours to appoint a substitute servicer that satisfies the conditions set forth in the Servicing Agreement.

"Disruption Event" means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for the payments to be made in connection with a Transaction Document (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, the relevant party seeking to rely on such disruption; and/or
- (b) the occurrence of any other event which results in the disruption (of a technical or systems related nature) to the treasury or payments operations of the party seeking to rely on such disruption which prevents that party, or any other party to the Transaction Documents, from:

- (i) performing its payment obligations under the Transaction Documents; or
- (ii) communicating with any other party to a Transaction Document in accordance with the terms of the relevant Transaction Documents.

Servicer Termination with Cause

The Servicer may resign as servicer on written notice to the Issuer, the Security Trustee, the Seller, the Servicing Facilitator and the Back-Up Servicing Facilitator (a “**Notice of Termination with Cause**”) in the event that:

- (a) the Issuer is in material breach of the Servicing Agreement (or commits a series of breaches which together constitute a material breach of the Servicing Agreement) which is either: (i) incapable of being remedied; or (ii) is capable of being remedied and remains unremedied within thirty (30) days' after receipt by the Issuer of a written notice from the Servicer specifying the breach and requiring it to be remedied; or
- (b) the Issuer fails to pay any sum which is due under the Servicing Agreement to the Servicer and that sum remains unpaid for five (5) Business Days after receipt by the Issuer of a written notice from the Servicer specifying the breach and requiring it to be remedied; or
- (c) it becomes unlawful under any Regulatory Requirements for the Servicer or any other party to comply with the Servicing Agreement or a substantial part of it or in the event that a Competent Authority lawfully directs the Servicer to terminate its appointment under the Servicing Agreement.

Any termination of the appointment of the Servicer under the Servicing Agreement pursuant to paragraphs (a) and (b) above shall take effect on the later of:

- (a) the date specified in the relevant Notice of Termination with Cause; and
- (b) the earlier of:
 - (A) the expiry of 90 days from the date on which the relevant Notice of Termination with Cause was given to the Issuer, the Security Trustee, the Seller, the Servicing Facilitator and the Back-Up Servicing Facilitator in accordance with Clause 20.2(a) of the Servicing Agreement; and
 - (B) the appointment by the Issuer of a substitute servicer which satisfies the conditions set out in Clause 20.3 (Voluntary Termination) of the Servicing Agreement.

Upon receipt of a Notice of Termination with Cause, the Issuer shall use reasonable endeavours to promptly appoint a substitute servicer which satisfies the conditions set out in Clause 20.3 (Voluntary Termination) of the Servicing Agreement.

Voluntary Resignation and Termination

The Servicer may voluntarily resign by giving not less than ninety (90) days' written notice to the Seller (or such shorter notice period as may be agreed between the Servicer and the Seller) with a copy of such notice to the Security Trustee, the Issuer, the Servicing Facilitator) and the Back-Up Servicing Facilitator.

The Seller may also terminate the appointment of the Servicer, without fault, by giving not less than ninety (90) days' written notice to the Servicer (or such shorter notice period as may be agreed between the Servicer

and the Seller) with a copy of such notice to the Security Trustee, the Issuer, the Servicing Facilitator and the Back-Up Servicing Facilitator

Any such resignation or termination shall not be effective unless: (i) a substitute servicer shall be appointed, such appointment to be effective not later than the date of such termination; (ii) where required, such substitute servicer is authorised or exempt to act as such under the FSMA and has the requisite experience of servicing residential mortgage loans in the United Kingdom and is approved by the Issuer and the Security Trustee; (iii) such substitute servicer enters into a servicing agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute servicer agrees to assume and perform all the material duties and obligations of the Servicer under the Servicing Agreement; and (iv) (if the Rated Notes remain outstanding) the then current ratings of the Rated Notes are not adversely affected as a result thereof, unless the Noteholders (acting by way of an Extraordinary Resolution) otherwise agree.

Delivery of documents and records

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver to the Issuer or the Security Trustee (or as the Issuer or the Security Trustee shall direct in writing and, in the event of a conflict between directions from the Issuer and directions from the Security Trustee, the directions from the Security Trustee shall prevail), *inter alia*, the Title Deeds and Loan Files relating to the Loans and their Related Security in its possession.

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

Enforcement Procedures

The Servicer shall act in the manner of a Prudent Mortgage Lender to collect all payments due under or in connection with the Loans and the Related Security and to enforce all covenants and obligations of each Borrower in accordance with the Enforcement Procedures in the event that they become enforceable under the terms of the relevant Loan provided that the Servicer may not, unless by prior written agreement with the Servicing Facilitator, agree to (i) extend the term of any Loan (ii) grant any waiver of principal due or interest under a Loan or (iii) vary or amend the terms and conditions of a Loan.

Immediately upon the Servicer becoming aware of the commencement or intended commencement of any proceedings against a Borrower by any third party in relation to any Property which is the subject of any Related Security or Loan, the Servicer shall forthwith, as agent of the Seller and at the Issuer's cost take all such actions as a Prudent Mortgage Lender would take as owner of the Loans, including actions which would enable the Seller to enforce its rights under the Related Security in respect of the relevant Loan in accordance with the provisions of the Servicing Agreement. The Servicer shall promptly liaise with and notify the Servicing Facilitator of such proposed actions. Neither the Seller nor the Issuer's prior authority for such actions shall be required, but the Servicer shall act in accordance with the reasonable and proper directions of the Co-ordination Committee (if any).

The Servicer shall procure that if, upon completion of the Enforcement Procedures in respect of any Loan and Related Security, an amount in excess of all sums due by the relevant Borrower is recovered or received into the Collections Account, the balance, after discharge of all sums due by such Borrower, is paid to the person or persons so entitled from amounts standing to the credit of the Expenses Account in accordance with paragraph 5 (The Expenses) of schedule 2 (Banking) to the Servicing Agreement.

Limit to Servicer's Liability

The Servicer's aggregate liability under or in connection with the Servicing Agreement (whether under contract including by way of indemnity, tort including negligence, statute or otherwise) in any twelve (12) month period shall not exceed one times the aggregate amount of fees paid and payable to the Servicer under the Servicing Agreement during that twelve (12) month period. The limitation of liability applies in the

aggregate with respect to any and all events or circumstances occurring during the relevant twelve (12) month period, irrespective of when a claim, action or proceeding may be brought or initiated against the Servicer with respect to such events or circumstances. The relevant twelve (12) month period shall be calculated as follows:

- (f) in the event of a single claim, action or proceeding, the relevant twelve (12) month period shall be the twelve (12) months preceding the events or circumstances giving rise to such claim, action or proceeding; and
- (g) in the event of two or more claims, actions or proceedings arising with respect to any events or circumstances occurring within the same twelve (12) month period, the relevant twelve (12) month period shall be the twelve (12) months preceding the last of the events or circumstances give rise to such claims, actions or proceedings.

Servicing Facilitator

The Servicing Facilitator will also be appointed by the Seller and the Issuer (and, in certain circumstances, the Security Trustee) to act as its lawful agent, in its name and on its behalf, to provide instructions to the Servicer and to do all things which the Servicing Facilitator reasonably considers necessary, convenient or incidental to facilitate the servicing of the Loans and their Related Security by the Servicer or the exercise of such rights, powers and discretions.

The Servicing Facilitator's duties and authority to act as Servicing Facilitator hereunder are limited to the duties and authority specifically provided for in the Servicing Agreement and the Client Manual. The Servicing Facilitator shall not assume or be deemed to assume the rights or obligations of the Issuer under the Transaction Documents or any other document or agreement to which the Issuer is a party, except to the extent contemplated pursuant to the terms the Servicing Agreement. The Servicing Facilitator shall not have any duties or obligations to the Issuer unless those duties and obligations are specifically provided for in the Transaction Documents.

Removal of the Servicing Facilitator

The appointment of the Servicing Facilitator may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) if any of the following events (each a "**Servicing Facilitator Termination Event**") occurs and is continuing:

- (a) the Servicing Facilitator defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and the Servicing Facilitator fails to remedy it for a period of 20 Business Days after: (i) (where the failure to pay has arisen other than as a result of a Disruption Event) the earlier of the Servicing Facilitator becoming aware of such default and the receipt by the Servicing Facilitator of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Back-Up Servicing Facilitator) requiring the same to be remedied; or (ii) (where the failure to pay has arisen as a result of a Disruption Event) the cessation of the relevant Disruption Event or, if earlier, 60 Business Days following the Servicing Facilitator becoming aware of such default and receipt by the Servicing Facilitator of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Back-Up Servicing Facilitator) requiring the same to be remedied; or
- (b) default in the performance or observance by the Servicing Facilitator of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or in the opinion of the Security Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the Noteholders, and the Servicing Facilitator does not remedy that failure within 20 Business Days after the earlier of the

Servicing Facilitator becoming aware of the failure or of receipt by the Servicing Facilitator of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Back-Up Servicing Facilitator) requiring the Servicing Facilitator's non-compliance to be remedied; or

- (c) an Insolvency Event occurring in respect of the Servicing Facilitator; or
- (d) the Servicing Facilitator ceases to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its servicing business; or
- (e) it is or becomes unlawful in any applicable jurisdiction for the Servicing Facilitator to perform any of its obligations as contemplated by the Servicing Agreement.

Unless the Issuer has instructed the Back-Up Servicing Facilitator to perform the functions of the Servicing Facilitator pursuant to the Servicing Agreement, the termination or resignation of the Servicing Facilitator is conditional on:

- (a) a replacement servicing facilitator being appointed, such appointment to be effective not later than the date of such resignation or termination;
- (b) such replacement servicing facilitator has obtained or made (as applicable) all approvals, authorisations, consents and licences from, and all filings, registrations and qualifications with, any court, government department or any other regulatory body required pursuant to any Requirement of Law or any Regulatory Direction in connection with its business, the execution, delivery and performance by it of the Servicing Agreement;
- (c) such replacement servicing facilitator entering into a servicing agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the replacement servicing facilitator agrees to assume and perform all the material duties and obligations of the Servicing Facilitator under the Servicing Agreement; and
- (d) (if the Rated Notes remain outstanding) the then current ratings of the Rated Notes not being adversely affected as a result thereof, unless the Noteholders (acting by way of an Extraordinary Resolution) otherwise agree.

In determining whether to give or withhold consent to the termination of the Servicing Facilitator by the Issuer, the Security Trustee will have regard to factors it deems relevant (including, for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicing facilitator in place at any time).

Governing Law

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

Cross-collateral Mortgages and Cross-collateral Rights

The conditions of each of the Mortgages (each a "**Cross-collateral Mortgage**") provide, among other things, some rights (the "**Cross-collateral Rights**") which allow the relevant mortgagee of any such Cross-collateral Mortgage:

- (d) to declare immediately due and repayable each liability secured by that Cross-collateral Mortgage and to exercise the statutory power of sale under that Cross-collateral Mortgage if and when the mortgagee of any other Cross-collateral Mortgage in the name of the same mortgagor is entitled to

declare immediately due and repayable any liability secured by that other Cross-collateral Mortgage; and

- (e) to apply the proceeds of enforcement under the Cross-collateral Mortgages of the relevant mortgagor against all liabilities secured by the Cross-collateral Mortgages.

On or about the Closing Date, the Issuer will enter into a cross-collateral mortgage rights deed (the "**Cross-collateral Mortgage Rights Deed**") to regulate the respective rights between each person who as of the date of this Prospectus has a beneficial interest in any Mortgage that is a Cross-collateral Mortgage that includes Cross-collateral Rights which may apply to one or more of the Mortgages.

The Cross-collateral Mortgage Rights Deed seeks to provide that each party thereto who is a beneficial owner of a Cross-collateral Mortgage: (i) shall only have Cross-collateral Rights in respect of Cross-collateral Mortgages that it beneficially owns; (ii) waives all rights to exercise Cross-collateral Rights in respect of other Cross-collateral Mortgages which are not beneficially owned by it; (iii) waives all rights to take any action or proceedings against any other beneficial owner of Cross-collateral Mortgages to exercise the Cross-collateral Rights of that other beneficial owner; (iv) waives any rights to the proceeds of enforcement of Cross-collateral Mortgages not beneficially owned by it; and (v) agrees that if it enforces a Cross-collateral Mortgage in respect of which Cross-collateral Rights attach, the proceeds of such enforcement after deduction of all related costs and expenses shall be applied by or on behalf of it in respect of the Cross-collateral Mortgages beneficially owned by it firstly to repay all amounts owing by the mortgagee under the enforced Cross-collateral Mortgage beneficially owned by it in accordance with the applicable Mortgage Conditions and, secondly, to the extent there are additional proceeds of enforcement, apply such proceeds in accordance with the approach of a Prudent Mortgage Lender.

The Seller covenants that it will use its reasonable endeavours to prevent, and will not facilitate or otherwise permit, the enforcement of any Cross-collateral Rights by any other party to the Cross-collateral Mortgage Rights Deed in respect of any Mortgage (as defined in the Cross-collateral Mortgage Rights Deed) except in the circumstances and to the extent that such party is not prohibited by the provisions of a Cross-collateral Mortgage Rights Accession Deed (as defined in the Cross-collateral Mortgage Rights Deed) from exercising Cross-collateral Rights in respect of that Mortgage.

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 Secured Creditors (including the Noteholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed and the Deed of Charge) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder);
- (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 interest in the Loans and their Related Security and other related rights comprised in the Portfolio and any sums derived therefrom;

- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account, the Swap Cash Collateral Account, the General Reserve Fund Account, the Class A Liquidity Reserve Fund Account and the Issuer Profit Account) maintained with the Issuer Account Bank and the Swap Securities Collateral Account maintained with the Custodian and any other bank or custodian and any sums or securities standing to the credit thereof;
- (e) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer (or the Cash Manager on behalf of the Issuer) acting on the instructions of the Servicing Facilitator on its behalf;
- (f) an assignment by way of first fixed security (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 under the Collection Account Trust (created pursuant to the Collection Account Declaration of Trust) and the Expenses Account Trust (created pursuant to the Expenses Account Declaration of Trust); and
- (g) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (whether or not such assets are the subject of the charges referred to above).

"Authorised Investments" means money market funds provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments: (i) (aa) have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date or within 90 days, whichever is sooner, and are rated at least P-1 (short term) and A1 (long term) by Moody's and at least A-1+ (short term) by S&P (and AA- (long term) by S&P if the investments have a long-term rating) (or, as applicable, Aaa –mf by Moody's and A-1 (short term) by S&P, in respect of money market funds); or (bb) have a maturity date of 30 days or less and mature on or before the next Interest Payment Date or within 30 days, whichever is the sooner, and are rated at least P-1 (short term) and A2 (long term) by Moody's and at least A-1 (short term) by S&P or, as applicable, Aaa –mf by Moody's and A-1 (short term) by S&P, in respect of money market funds; and (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) on or before the next following Interest Payment Date or within 30 to 90 days, whichever is sooner, as specified in (i) above, save that where such investments would result in the recharacterisation of the programme, the Notes or any transaction under the Transaction Documents as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No. 575/2013 as it forms part of domestic law by virtue of the EUWA, such investments shall not qualify as authorised investments.

"Secured Creditors" means the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, Holdings, the Seller, the Servicer, the Servicing Facilitator, the Back-Up Servicing Facilitator, the Cash Manager, the Swap Provider, the Issuer Account Bank, the Custodian, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

"Transaction Documents" means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Collection Account Declaration of Trust, the Expenses Account Declaration of Trust, the Deed Poll, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge, the Swap Agreement, a share trust deed dated on or about the Closing Date (the **"Share Trust Deed"**), the power of attorney granted by the Issuer in favour of the

Security Trustee under the Deed of Charge (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 power of attorney granted by the Seller in favour of the Issuer and the Security Trustee on the Closing Date (the "**Seller Power of Attorney**"), the Cross-collateral Mortgage Rights Deed, 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.

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Deposit Account as described in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer*" below and apply monies and securities standing to the credit of each Swap Collateral Account as described in "*Cashflows – Swap Collateral*".

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 or if no Notes remain outstanding, 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 Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*" below and apply the monies and securities standing to the credit of each Swap Collateral Account in accordance with the Swap Collateral Account Priority of Payments defined in "*Cashflows – Swap Collateral*" below.

The Security will become enforceable after an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either: (a) the Cash Manager certifies to the Security Trustee (upon which certification the Security Trustee can rely absolutely and without enquiry or liability) that 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 all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or (b) the Security Trustee is of the opinion (which shall be binding on the Secured Creditors) that the cash flow 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 all persons ranking in priority to the Noteholders in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (and all such prior ranking persons) have been repaid, to the remaining Secured Creditors 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.

Trust Deed

On or about the Closing Date, the Issuer, the Security Trustee and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes are subject to the provisions in the Trust Deed. The Conditions and the forms of each class of Notes are each 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 on trust for the Noteholders.

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 outstanding, by Extraordinary Resolution, may 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, it 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.

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.

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 Issuer, the Seller, the Servicer, the Servicer Facilitator, the Swap Provider 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 Issuer Accounts in accordance with the Cash Management Agreement, Bank Account Agreement and the Deed of Charge.

In addition, the Cash Manager will, amongst 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, Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments, any Class A Liquidity Reserve Fund Release Amount to meet any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments and any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments;
- (b) on each Calculation Date determine if there would be a Class A Liquidity Deficit following the application of Available Revenue Receipts on the immediately following Interest Payment Date;
- (c) on each Calculation Date determine if there would be a Revenue Deficit following the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amounts on the immediately following Interest Payment Date;
- (d) on each Calculation Date determine if there would be a Senior Expenses Deficit following the application of Available Revenue Receipts, any Class A Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts on the immediately following Interest Payment Date;
- (e) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Final Redemption Date;
- (f) record credits to, and debits from, the Ledgers, as and when required;
- (g) record credits to, and debits from, the Issuer Accounts, as and when required; and
- (h) 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 6.8(c) (Determinations and Reconciliation) and the Cash Management Agreement.

In addition, the Cash Manager will also, among other things:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer:
 - (i) the "**Principal Ledger**" on the Deposit Account, which will record all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
 - (ii) the "**Revenue Ledger**" on the Deposit Account, which will record all Revenue Receipts, any Swap Collateral Account Surplus, amounts credited to the Deposit Account in accordance with item (y) of the Pre-Enforcement Revenue Priority of Payments and the distribution of Available Revenue Receipts and 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 Third Party Amounts; and
 - (iii) the "**Principal Deficiency Ledger**" on the Deposit Account, which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (such Losses being "**Principal Deficiencies**") (on the next Interest Payment Date after the Cash Manager is informed of such Losses by the relevant Servicer) and Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager) and record as a credit Available Revenue Receipts applied as Available Principal Receipts (including any amounts in respect of Enhanced Amortisation Amounts) pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date.
- (b) operate the following accounts on behalf of the Issuer:
 - (i) Deposit Account;
 - (ii) each Swap Collateral Account;
 - (iii) the "**Class A Liquidity Reserve Fund Account**" which will record amounts credited to, and debited from, the Class A Liquidity Reserve Fund;
 - (iv) the "**General Reserve Fund Account**", which will record amounts credited to, and debited from, the General Reserve Fund; and
 - (v) the "**Issuer Profit Account**", 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;
- (c) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts 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);
- (d) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Class A Redemption Date (prior to the service of an Enforcement Notice) the amount of any

Class A Liquidity Reserve Fund Release Amount to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date (including any Class A Liquidity Reserve Fund Excess Amount to be applied *firstly*, to replenish (if required) the General Reserve Fund up to the General Reserve Fund Required Amount and *secondly*, as Available Revenue Receipts on such Interest Payment Date));

- (e) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice) the amount of any General Reserve Fund Release Amount to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Available Revenue Receipts and Class A Liquidity Reserve Fund Release Amount to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments);
- (f) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice) the amount of any Principal Addition Amounts to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Class A Liquidity Reserve Fund Release Amounts to be applied to meet any Class A Liquidity Deficit, any General Reserve Fund Release Amounts to be applied to meet any Revenue Deficit and the Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date) and drawn from Available Principal Receipts on such Interest Payment Date;
- (g) provide the Investor Report in accordance with the Cash Management Agreement; and
- (h) as soon as reasonably practicable upon receiving a request from the Issuer and/or the Security Trustee and provided that it has all information necessary to enable it to do so, calculate and provide to the Issuer and the Security Trustee:
 - (i) the Optional Purchase Price (or where such calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date, an estimate of the Optional Purchase Price); and/or
 - (ii) (where the initial calculation of the Optional Purchase Price is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date) the definitive Optional Purchase Price.
- (i) At the written direction of the Servicing Facilitator, the Cash Manager, on behalf of and in the name of the Issuer, may invest monies standing from time to time to the credit of the Deposit Account, the Class A Liquidity Reserve Fund Account and the General Reserve Fund Account in Authorised Investments as determined by the Servicing Facilitator, subject to the following provisions:
 - (i) any investment in any Authorised Investments shall be made in the name of the Issuer;
 - (ii) any costs properly and reasonably incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and
 - (iii) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Deposit Account.

The Cash Manager shall (assuming delivery by the Servicer of the Servicer Reports by the relevant deadline specified in schedule 6 (Servicer Reports) to the Servicing Agreement) provide each Rating Agency and the Servicing Facilitator with the Investor Report prior to the relevant Interest Payment Date.

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.

Cash Manager to be provided with Swap Provider Swap Amount

The Swap Provider shall use best efforts to provide the net value of the Swap Provider Swap Amount and the Issuer Swap Amount to the Cash Manager, by no later than 11am London time on the 3rd Business Day before the relevant Interest Payment Date.

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, the Seller 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 exclusive 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 quarterly in arrear on each Interest Payment Date 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 (the "**Cash Manager Termination Events**") shall occur:

- (a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of 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 in respect of 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, 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) (if Rated Notes remain outstanding) 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 email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Notes to be adversely affected unless the relevant Class or Classes of Noteholders (acting by way of an Extraordinary Resolution) otherwise agree; and
- (c) will be subject to the prior written approval of the Security Trustee (acting pursuant to the Deed of Charge).

For the avoidance of doubt, upon termination of the appointment of the Cash Manager, if the Issuer is unable to find a suitable third party willing to act as a substitute cash manager, this shall not constitute any breach of the provisions of the Cash Management Agreement.

Resignation of the Cash Manager

The Cash Manager may resign on giving not less than 90 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the Servicer and the Security Trustee) of its resignation to the Issuer, the Servicer, the Seller and the Security Trustee, provided that:

- (a) a substitute cash manager shall be appointed, 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;
- (c) such substitute cash manager:
 - (i) 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;
 - (ii) (if Rated Notes remain outstanding) 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 email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Notes to be adversely affected unless the relevant Class or Classes of Noteholders (acting by way of an Extraordinary Resolution) otherwise agree; and
 - (iii) will be subject to the prior written approval of the Security Trustee (acting pursuant to the Deed of Charge).

If, by the end of the notice period, a successor Cash Manager has not been appointed, the Cash Manager may itself select a successor to be appointed in accordance with the Cash Management Agreement.

Governing Law

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

The Bank Account Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Custodian, the Cash Manager and the Security Trustee (the "**Bank Account Agreement**"), the Issuer will (i) maintain with the Issuer Account Bank the Deposit Account, the Swap Cash Collateral Account, the General Reserve Fund Account, the Class A Liquidity Reserve Fund Account and the Issuer Profit Account and (ii) maintain with the Custodian the Swap Securities Collateral Account, which will be operated in accordance with the Bank Account Agreement, the Cash Management Agreement, the Deed of Charge and, in relation to the Swap Collateral Accounts, the Swap Agreement. Each of the Issuer Account Bank and Custodian is required to have the Account Bank Rating.

Interest

If any amount is standing to the credit of any Issuer Account, such amount will bear or charge interest at a rate (the "**Issuer Account Rate**") equal to the rate of SONIA minus 0.1% (or such other rate of interest as the Issuer Account Bank and the Issuer may agree from time to time), provided that:

- (a) where the rate of SONIA is greater than zero, and the rate of SONIA minus 0.1% would result in an interest rate of less than zero, the Issuer Account Rate shall be zero; and
- (b) where the rate of SONIA is at any time less than or equal to zero, the Issuer Account Rate shall be determined by the Issuer Account Bank and notified to the Issuer.

A negative interest rate would result in a charge payable by the Issuer to the Issuer Account Bank and will be paid using Available Revenue Receipts subject to and in accordance with the applicable Priority of Payments.

Governing Law

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

The Corporate Services Agreement

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings, and the arrangement for the convening of shareholders' and directors' meetings.

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 Collection Account Declaration of Trust

On or prior to the Closing Date, the Issuer, the Seller, and the Security Trustee will enter into a collection account declaration of trust (the "**Collection Account Declaration of Trust**") pursuant to which the Seller (as Collection Account Trustee (as defined therein)) will declare a trust (the "**Collection Account Trust**") in favour of, among others, the Issuer and itself. The Issuer's share of the Collection Account Trust at any relevant time (the "**Collection Account Issuer Trust Share**") shall equal all amounts credited to the Collection Account at such time in respect of the Loans and their Related Security taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the 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 Collection Account Issuer Trust Share is calculated.

Governing Law

The Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Expenses Account Declaration of Trust

On or prior to the Closing Date, the Issuer, the Seller, and the Security Trustee will enter into an expenses account declaration of trust (the "**Expenses Account Declaration of Trust**") pursuant to which the Seller (as Expenses Account Trustee (as defined therein)) will declare a trust (the "**Expenses Account Trust**") in favour of, among others, the Issuer and itself. The Issuer's share of the Expenses Account Trust at any relevant time (the "**Expenses Account Issuer Trust Share**") shall equal all amounts credited to the Expenses Account at such time in respect of the Loans and their Related Security taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Expenses 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 Expenses Account Issuer Trust Share is calculated.

Governing Law

The Expenses Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Other Agreements

For a description of the Swap Agreement, see "*Credit Structure*" below.

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 provided by Available Revenue Receipts**

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing (with a constant prepayment rate of zero per cent. on their Current Balances), be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (bb) (inclusive) of the Pre-Enforcement Revenue Priority of Payments.

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 from the application of Available Principal Receipts as Principal Addition Amounts to cure any Senior Expenses Deficit in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments. Available Principal Receipts shall only be applied to provide for any such Senior Expenses Deficit in respect of items (i), (k), (m) or (o) of the Pre-Enforcement Revenue Priority of Payments if the relevant PDL Condition applies.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date up to but excluding the Class A Redemption Date exceeds the aggregate of the payments required to be met under items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the Class A Liquidity Reserve Fund up to an amount equal to the Class A Liquidity Reserve Fund Required Amount.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments required to be met under items (a) to (p) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the General Reserve Fund up to an amount equal to the General Reserve Fund Required Amount.

On the Final Redemption Date or on each Interest Payment Date from and including the Optional Redemption Date, to the extent that the amount of Available Revenue Receipts exceeds the aggregate of the payments required to be met under items (a) to (s) (inclusive) and (v) of the Pre-Enforcement Revenue Priority of Payments, an amount equal to the lesser of (i) all remaining amounts (if any); and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (h) (inclusive) of the Pre-Enforcement Principal Priority of Payments, less any Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, is available as Enhanced Amortisation Amounts to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

"Final Redemption Date" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, (ii) any Class A Liquidity Reserve Fund Release Amounts in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of

Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, (iii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, (iv) the sum of the Available Principal Receipts (other than item (c) of the definition thereof), (v) all amounts standing to the credit of the General Reserve Fund Account, (vi) all amounts standing to the credit of the Class A Liquidity Reserve Fund Account and (vii) all amounts which (but for the occurrence of the Final Redemption Date) would have been available for application pursuant to items (x) to (bb) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such amounts would be sufficient to redeem in full the Rated Notes on such Interest Payment Date, including, as the case may be, as a result of the mandatory redemption of the Notes pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*).

2. **General Reserve Fund and General Reserve Fund Account**

On the Closing Date, the Cash Manager on behalf of the Issuer will establish a fund which will be credited with the General Reserve Fund Required Amount from part of the proceeds of the Class Z2 Noteholder's subscription for the Class Z2 Notes on the Closing Date (the "**General Reserve Fund**") to provide liquidity support for the Rated Notes (other than the Class X Notes and the Class Z1 Notes) and credit enhancement for each Class of Notes. The General Reserve Fund will be deposited in the General Reserve Fund Account.

The Cash Manager will maintain the General Reserve Fund Account pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund.

After the Closing Date, on each Interest Payment Date up to but excluding the Class E Redemption Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount from *firstly*, the Class A Liquidity Reserve Fund Excess Amount and *secondly*, Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments. The Issuer may invest the amounts standing to the credit of the General Reserve Fund Account from time to time in Authorised Investments.

On any Calculation Date up to and including the Calculation Date immediately preceding the Class E Redemption Date (prior to the service of an Enforcement Notice), if the Cash Manager determines that there would be a Revenue Deficit on the immediately following Interest Payment Date, the Cash Manager will apply (after the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amounts but prior to the application of any Principal Addition Amounts) on such Interest Payment Date an amount from the General Reserve Fund equal to the lesser of:

- (a) the amount standing to the credit of the General Reserve Fund Account on such Interest Payment Date; and
- (b) the amount of such Revenue Deficit,

(such amount being the "**General Reserve Fund Release Amount**") in meeting such Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that such items appear in the Pre-Enforcement Revenue Priority of Payments (any such amount to be debited from the General Reserve Fund Account immediately after the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amounts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date).

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Account (after first having applied any Class A Liquidity Reserve Fund Release Amounts to meet any Class A Liquidity Deficit and then any General Reserve Fund Release Amount to meet any

Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the Class A Liquidity Reserve Fund Account and/or the General Reserve Fund Account in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

As used in this Prospectus:

"Class E Redemption Date" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, and (ii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, the sum of the Available Principal Receipts would be sufficient to redeem in full the Class E Notes on such Interest Payment Date;

"General Reserve Fund Account" means the account maintained by the Cash Manager on behalf of the Issuer which records amounts credited to, and debited from, the General Reserve Fund;

"General Reserve Fund Required Amount" means (a) on the Closing Date and on any Interest Payment Date up to and excluding the Class E Redemption Date, an amount equal to 2.5 per cent. of the aggregate current Principal Amount Outstanding of the Rated Notes (other than the Class X Notes and Class Z1 Notes) on the Closing Date minus the Class A Liquidity Reserve Fund Required Amount and (b) on each Interest Payment Date on and from the Class E Redemption Date, zero; and

"Revenue Deficit" means, on any Interest Payment Date, a shortfall in the amounts available to pay items (a) to (p) of the Pre-Enforcement Revenue Priority of Payments after the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amount (towards any Class A Liquidity Deficit), but prior to the application of any Principal Addition Amounts.

3. **Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Account**

On the Closing Date, the Cash Manager on behalf of the Issuer will establish a fund which will be credited with the Class A Liquidity Reserve Fund Required Amount from part of the proceeds of the Class Z2 Noteholder's subscription for the Class Z2 Notes on the Closing Date (the "**Class A Liquidity Reserve Fund**") to provide liquidity support (and ultimately, credit enhancement) for the Class A Notes. The Class A Liquidity Reserve Fund will be deposited in the Class A Liquidity Reserve Fund Account. The Issuer may invest the amounts standing to the credit of the Class A Liquidity Reserve Fund Account from time to time in Authorised Investments.

The Cash Manager will maintain the Class A Liquidity Reserve Fund Account pursuant to the Cash Management Agreement.

After the Closing Date, on each Interest Payment Date up to but excluding the Final Redemption Date, the Class A Liquidity Reserve Fund will be replenished up to the Class A Liquidity Reserve Fund Required Amount from Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments.

Following the determination by the Cash Manager on each Calculation Date (up to and including the Calculation Date immediately preceding the Class A Redemption Date) of the Class A Liquidity Reserve Fund Required Amount in respect of the immediately following Interest Payment Date, the Cash Manager shall determine the Class A Liquidity Reserve Fund Excess Amount for application

as Available Revenue Receipts on the immediately following Interest Payment Date (if any) after first having applied such Class A Liquidity Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount. On each Interest Payment Date up to and including the Class A Redemption Date, the Cash Manager will apply as Available Revenue Receipts the Class A Liquidity Reserve Fund Excess Amount (as determined on the immediately preceding Calculation Date) after first having applied such Class A Liquidity Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount.

On any Calculation Date up to but excluding the Calculation Date immediately preceding the Class A Redemption Date (prior to the service of an Enforcement Notice), if the Cash Manager determines that on the immediately following Interest Payment Date, there would be a Class A Liquidity Deficit (after the application of Available Revenue Receipts but prior to the application of any amounts from the General Reserve Fund and any Principal Addition Amounts), the Cash Manager will apply on such Interest Payment Date an amount from the Class A Liquidity Reserve Fund equal to the lesser of:

- (a) the amount standing to the credit of the Class A Liquidity Reserve Fund Account on such Interest Payment Date; and
- (b) the amount of such Class A Liquidity Deficit,

(such amount being the "**Class A Liquidity Reserve Fund Release Amount**"), in meeting such Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments (any such amount to be debited from the Class A Liquidity Reserve Fund Account immediately after the application of any Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date).

On the Class A Redemption Date, all amounts standing to the credit of the Class A Liquidity Reserve Fund (after first having applied any Available Revenue Receipts and then any Class A Liquidity Reserve Fund Release Amount in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Revenue Ledger and the Class A Liquidity Reserve Fund Account) will be applied *firstly*, to replenish (if required) the General Reserve Fund up to the General Reserve Fund Required Amount and *secondly*, as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

As used in this Prospectus:

"Class A Liquidity Deficit" means, on any Interest Payment Date, an amount equal to any shortfall in Available Revenue Receipts to pay items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, as determined by the Cash Manager on the immediately preceding Calculation Date;

"Class A Liquidity Reserve Fund Excess Amount" means on any Interest Payment Date an amount equal to the greater of:

- (a) zero; and
- (b) the amount standing to the credit of the Class A Liquidity Reserve Fund Account on such Interest Payment Date, less the Class A Liquidity Reserve Fund Required Amount on such Interest Payment Date;

"Class A Liquidity Reserve Fund Account" means the account maintained by the Cash Manager on behalf of the Issuer which records amounts credited to, and debited from, the Class A Liquidity Reserve Fund;

"Class A Liquidity Reserve Fund Required Amount" means:

- (a) on the Closing Date, an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date;
- (b) on any Interest Payment Date, subject to a minimum floor of 1.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Class A Notes prior to the application of Available Principal Receipts on such Interest Payment Date; and
- (c) on each Interest Payment Date on and from the Class A Redemption Date, zero; and

"Class A Redemption Date" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, (ii) any Class A Liquidity Reserve Fund Release Amounts in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments and (iii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, the sum of the Available Principal Receipts would be sufficient to redeem in full the Class A Notes on such Interest Payment Date.

4. Use of Available Principal Receipts to pay Senior Expenses Deficit

On each Calculation Date prior to the service of an Enforcement Notice, and with reference to the immediately following Interest Payment Date, the Cash Manager will calculate whether there will be a shortfall of Available Revenue Receipts, Class A Liquidity Reserve Fund Release Amounts and General Reserve Fund Release Amounts to pay:

- (a) items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments;
- (b) item (i) of the Pre-Enforcement Revenue Priority of Payments (if the Class B Notes are the Most Senior Class of Notes);
- (c) item (k) of the Pre-Enforcement Revenue Priority of Payments (if the Class C Notes are the Most Senior Class of Notes);
- (d) item (m) of the Pre-Enforcement Revenue Priority of Payments (if the Class D Notes are the Most Senior Class of Notes); and
- (e) item (o) of the Pre-Enforcement Revenue Priority of Payments (if the Class E Notes are the Most Senior Class of Notes),

on such Interest Payment Date.

If the Cash Manager determines that there will be a shortfall (such shortfall being a **"Senior Expenses Deficit"**), then pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments, the Cash Manager on behalf of the Issuer shall apply (after the application of Available Revenue

Receipts, any Class A Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts) an amount of Available Principal Receipts equal to the lesser of:

- (i) the amount of Available Principal Receipts available for application pursuant to the Pre-Enforcement Principal Priority of Payments on such Interest Payment Date; and
- (ii) the amount of such Senior Expenses Deficit,

(such amount being the "**Principal Addition Amount**"), in meeting such Senior Expenses Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments. Available Principal Receipts shall only be applied as Principal Addition Amounts to provide for any such Senior Expenses Deficit in respect of items (i), (k), (m) or (o) of the Pre-Enforcement Revenue Priority of Payments if the relevant PDL Condition applies.

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/or any Principal Addition Amounts. The Principal Deficiency Ledger will comprise the following sub-ledgers:

- (a) the Principal Deficiency Ledger relating to the Class A Notes (the "**Class A Principal Deficiency Sub-Ledger**");
- (b) the Principal Deficiency Ledger relating to the Class B Notes (the "**Class B Principal Deficiency Sub-Ledger**");
- (c) the Principal Deficiency Ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**");
- (d) the Principal Deficiency Ledger relating to the Class D Notes (the "**Class D Principal Deficiency Sub-Ledger**");
- (e) the Principal Deficiency Ledger relating to the Class E Notes (the "**Class E Principal Deficiency Sub-Ledger**"); and
- (f) the Principal Deficiency Ledger relating to the Class Z1 Notes (the "**Class Z1 Principal Deficiency Sub-Ledger**"),

(each a "**Principal Deficiency Sub-Ledger**").

Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the relevant Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)):

- (i) first, to the Class Z1 Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z1 Notes;
- (ii) third, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes;

- (iii) fourth, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes;
- (iv) fifth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes;
- (v) sixth, 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
- (vi) seventh, 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 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 (i) Available Revenue Receipts applied pursuant to items (h), (j), (l), (n), (p), and (r) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts) and (ii) Enhanced Amortisation Amounts applied in accordance with item (u) and (w) of the Pre-Enforcement Revenue Priority of Payments (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio.

"Losses" means the aggregate of (a) all realised losses on the Loans comprising the Portfolio which are not recovered from the proceeds following the sale of the Property to which such Loan relates or any losses realised by the Issuer on the Loans comprised in the Portfolio as a result of the failure of the Collection Account Bank to remit funds to the Issuer and (b) any loss to the Issuer as a result of an exercise of any set off by any Borrower in respect of a Loan comprising the Portfolio.

6. Available Revenue Receipts and Available Principal Receipts

Available Revenue Receipts and Available Principal Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, respectively. Other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer, amounts standing to the credit of the Issuer Profit Account, the General Reserve Fund Account (other than any amounts representing General Reserve Fund Release Amounts) or the Class A Liquidity Reserve Fund Account (other than any amounts representing Class A Liquidity Reserve Fund Release Amounts or Class A Liquidity Reserve Fund Excess Amounts) and amounts standing to the credit of any Swap Collateral Account (if any), it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date while there are Rated Notes outstanding, the Issuer has insufficient Available Revenue Receipts, Class A Liquidity Reserve Fund Release Amounts, General Reserve Fund Release Amounts and Principal Addition Amounts to pay the interest that would otherwise be payable absent the deferral provisions in respect of the Notes other than in respect of the Most Senior Class of Notes, then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default. However, failure to pay interest on the 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 Security Trustee enforcing the Security.

7. Interest Rate Risk for the Notes

Swap Agreement

On or about the Closing Date, the Issuer and the Swap Provider will enter into the ISDA Master Agreement, schedule, credit support annex and confirmation (as amended or supplemented from time to time) relating to the Swap Transaction (the "**Swap Agreement**").

"**ISDA Master Agreement**" means the 2002 ISDA Master Agreement, as published by ISDA.

Swap Transaction

Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time. However, the Issuer's liabilities under the Floating Rate Notes are based on the Compounded Daily SONIA for the relevant period.

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) the rate of interest under the Floating Rate Notes (other than the Class X Notes) being calculated by reference to Compounded Daily SONIA,

the Issuer will enter into the Swap Transaction with the Swap Provider under the Swap Agreement on the Closing Date.

Under the Swap Transaction, for each Swap Calculation Period falling prior to the termination date of the Swap Transaction, the following amounts will be calculated:

- (a) the amount produced by applying the Compounded Daily SONIA (provided that, for the purposes of the Swap Agreement, Compounded Daily SONIA shall be determined on the relevant Swap Floating Rate Determination Date and calculated by the Swap Provider, as calculation agent under the Swap Agreement) to the Notional Amount (as defined below) of the Swap Transaction for the relevant Swap Calculation Period and multiplying the resulting amount by the Day Count Fraction (as defined below) (the "**Swap Provider Swap Amount**"); and
- (b) the amount produced by applying a Fixed Rate (as defined in the Swap Agreement) to the Notional Amount of the Swap Transaction for the relevant Swap Calculation Period and multiplying the resulting amount by the Day Count Fraction (the "**Issuer Swap Amount**").

After these two amounts are calculated in relation to a Swap Payment Date, the following payments will be made on that Swap Payment Date:

- (a) if the Swap Provider Swap Amount for that Swap Payment Date is greater than the Issuer Swap Amount for that Swap Payment Date, then the Swap Provider will pay an amount equal to the excess to the Issuer;
- (b) if the Issuer Swap Amount for that Swap Payment Date is greater than the Swap Provider Swap Amount for that Swap Payment Date, then the Issuer will pay an amount equal to the excess to the Swap Provider; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

For the purposes of calculating both the Issuer Swap Amount and the Swap Provider Swap Amount in respect of a Swap Calculation Period, the notional amount of the Swap Transaction (the "**Notional Amount**") will be set out in a pre-agreed table to the Swap Transaction and based on the expected repayment profile of the Fixed Rate Loans assuming a three per cent. constant prepayment rate on the Current Balance of the Fixed Rate Loans in the Portfolio as at the Cut-Off Date.

For the purposes of determining the amounts payable under the Swap Transaction, the following definitions apply:

"Day Count Fraction" means, in respect of any Swap Calculation Period, the number of calendar days in that Swap Calculation Period divided by 365;

"Swap Calculation Period" means (other than the first Swap Calculation Period), each period that commences on (and includes) a Swap Payment Date and ends on (but excludes) the immediately following Swap Payment Date and in respect of the first Swap Calculation Period, means the period commencing on (and including) the Closing Date and ending on (but excluding) the Swap Payment Date falling in July 2021;

"Swap Floating Rate Determination Date" means, in respect of each Swap Calculation Period, the day which is 5 Business Days prior to the Swap Payment Date for such Swap Calculation Period; and

"Swap Payment Date" means the 25th day of April, July, October and January in each year commencing July 2021 and ending on the termination date of the Swap Transaction, in each case subject to adjustment in accordance with the modified following business day convention as set out in the Swap Agreement.

The Swap Transaction may not fully hedge the Issuer's interest rate risk as discussed under the section entitled "*Risk Factors – Interest Rate Risk*" above.

General

If a payment is made by the Swap Provider (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments), that payment will be included in the Available Revenue Receipts and will be applied on the relevant Swap Payment Date according to the applicable Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the applicable Priority of Payments of the Issuer.

Under the terms of the Swap Agreement, in the event that the relevant rating(s) of the Swap Provider assigned by a Rating Agency falls below the required swap rating (the "**Required Swap Rating**") (as to which see further the section entitled "*Transaction Overview – Triggers Tables*"), the Swap Provider will, in accordance with the Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Swap Agreement and at its own cost which may include providing collateral for its obligations under the Swap Transaction, arranging for its obligations under the Swap Transaction to be transferred to an entity with the Required Swap Ratings or procuring another eligible entity with the Required Swap Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Transaction. If there is an early termination of the Swap Agreement, the Cash Manager (on behalf of the Issuer) or, following the service of an Enforcement Notice, the Security Trustee shall instruct the custodian to liquidate any securities constituting Swap Collateral in the Swap Securities Collateral Account on a delivery versus payment basis promptly following such early termination of the Swap Agreement. However,

no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the Swap Provider for posting or that another entity with the Required Swap Rating will be available to become a replacement swap provider, co-obligor or guarantor or that the applicable Swap Provider will be able to take the requisite other action. If the remedial measures following a downgrade below the Required Swap Rating are not taken within the applicable time frames, this will in certain circumstances permit the Issuer to terminate the Swap Agreement early.

The Swap Transaction may be terminated in certain circumstances, including the following, each as more specifically defined in the Swap Agreement (an "**Early Termination Event**"):

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Swap Provider;
- (c) if a material misrepresentation is made by the Swap Provider under the Swap Agreement;
- (d) if a breach of a provision of the Swap Agreement by the Swap Provider is not remedied within the applicable grace period;
- (e) if a change of law results in the obligations of one of the parties becoming illegal;
- (f) if certain force majeure events occur and result in one of the parties being prevented from performing its obligations, receiving payments or complying with any material provision of the Swap Agreement;
- (g) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Swap Transaction due to a change in law;
- (h) if the Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement and described above;
- (i) service by the Note Trustee of an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes;
- (j) if there is a redemption in full of the Floating Rate Notes pursuant to Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*), Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*); and
- (k) any of the Transaction Documents are modified without the Swap Provider's prior written consent (such consent not to be unreasonably withheld), and such modification is materially prejudicial to the Swap Provider.

Under the terms of the Swap Agreement, upon an early termination of the Swap Transaction, depending on the type of Early Termination Event and the circumstances prevailing at the time of termination, the Issuer or the Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment may reflect, among other things, the cost of entering into a replacement transaction at the time, third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination and will include any unpaid amounts that became due and payable on or prior to the date of termination.

Depending on the terms of the Swap Transaction and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available for paying amounts due to the Noteholders.

The Issuer will use its reasonable endeavours, upon termination of the Swap Agreement, to find a replacement Swap Provider although no guarantees of such replacement can be given.

The Issuer is not obliged under the Swap Agreement to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Swap Transaction.

The Swap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax (other than withholding tax imposed under FATCA) is imposed on payments made by it under the Swap Agreement. provided that the Swap Provider will not be required to pay any additional amount to the Issuer to the extent that it would not be required to be paid but for the failure of the Issuer to comply with or perform any agreement contained in the Swap Agreement.

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

CASHFLOWS

Definition of Revenue Receipts

"**Revenue Receipts**" means (a) payments of interest and other fees (including Early Repayment Charges) due from time to time under the Loans and other amounts received by the Issuer in respect of the Loans and their Related Security other than payments of interest, fees and other amounts comprising Optional Purchase Collections, the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option and Principal Receipts, (b) recoveries of interest from Borrowers under Defaulted Loans being enforced, (c) recoveries of all amounts from Borrowers under Defaulted Loans following enforcement and sale of the relevant property and (d) the proceeds of repurchase attributable to Accrued Interest and Arrears of Interest only of any Loan repurchased by the Seller from the Issuer pursuant to the Mortgage Sale Agreement.

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) all Revenue Receipts or, if in a Determination Period, any Calculated Revenue Receipts, in each case excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date, received by the Issuer:
 - (i) during the immediately preceding Collection Period; or
 - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start 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 Collection Period Start Date;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period (other than any amount of interest or income received in respect of any Swap Collateral) and income from any Authorised Investments to be received on or prior to the Interest Payment Date (other than any amount of income received in respect of the Swap Collateral);
- (c) amounts received or to be received by the Issuer under or in connection with the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments);
- (d) on each Interest Payment Date up to but excluding the Class A Redemption Date, the Class A Liquidity Reserve Fund Excess Amount (after first having applied such Class A Liquidity Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount)
- (e) on the Class A Redemption Date, all amounts standing to the credit of the Class A Liquidity Reserve Fund Account (after first having applied any Class A Liquidity Reserve Fund Release Amount *firstly*, in meeting any Class A Liquidity Deficit against the relevant items

in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A Liquidity Reserve Fund Account and *secondly*, to replenish (if required) the General Reserve Fund Account up to the General Reserve Fund Required Amount);

- (f) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);
- (g) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (y) of the Pre-Enforcement Revenue Priority of Payments;
- (h) amounts representing the Optional Purchase Price received by the Issuer upon sale of the Loans and their Related Security comprising the Portfolio further to the exercise of the Call Option; and
- (i) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts;
- (j) amounts (which would otherwise constitute Available Principal Receipts) determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments; and
- (k) on the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Account (after first having applied, without double counting, any Class A Liquidity Reserve Fund Release Amount in meeting any Class A Liquidity Deficit and then any General Reserve Fund Release Amount in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amounts from the Class A Liquidity Reserve Fund Account and/or the General Reserve Fund Account in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date);

less:

- (l) amounts (which would otherwise constitute Revenue Receipts) applied from time to time during the immediately preceding Collection Period and transferred to the Expenses Account pursuant to the Servicing Agreement and the Cash Management Agreement towards making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
 - (i) certain costs and expenses charged or incurred by the Servicer in respect of its servicing of the Loans pursuant to the Servicing Agreement, other than the Servicing Fee and not otherwise covered by the items below;
 - (ii) any amounts required be paid into the Expenses Account in accordance with Schedule 2 (Banking) of the Servicing Agreement;
 - (iii) payments of certain insurance premiums in respect of the Borrower Buildings Policies and Title Indemnity Policies (to the extent referable to the Loans);
 - (iv) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and

- (v) 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 (l) being collectively referred to herein as "**Third Party Amounts**");

- (m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Account; and
- (n) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to the Collection Account or to pay any amounts due to the Collection Account Bank.

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 (before the application of any Class A Liquidity Reserve Fund Release Amounts and then any General Reserve Fund Release Amounts and then any Principal Addition Amounts) 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 and any Appointee 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 to the Security Trustee and any Appointee 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 (in each case without double counting) of:
 - (i) any amounts then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, Liabilities and expenses then due to them under the provisions of the Agency Agreement, together with VAT (if payable) thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due to it 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 Servicer and any fees (including the Servicing Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (iv) any amounts then due and payable to the Servicing Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

- (v) any amounts then due and payable to the Back-Up Servicing Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (vi) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Corporate Services Agreement, together with VAT (if payable) thereon as provided therein;
 - (vii) any amounts then due and payable to the Issuer Account Bank and the Custodian and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Bank Account Agreement, together with VAT (if applicable) thereon as provided therein; and
 - (viii) if applicable, the fees, costs, liabilities and expenses of the securitisation repository or any other third-party website provider;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
- (i) 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 (e) below); and
 - (ii) any Transfer Costs which the Servicer has failed to pay pursuant to Clause 21.2 of the Servicing Agreement;
- (d) *fourth*, to provide for amounts due on the relevant Swap Payment Date, to pay, in or towards satisfaction of any amounts due to the Swap Provider in respect of the Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Hedge Subordinated Amounts);
- (e) *fifth*, to pay the Issuer an amount equal to £300 to be retained by the Issuer as profit in respect of the business of the Issuer (the "**Issuer Profit Amount**");
- (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (g) *seventh*, (so long as the Class A Notes remain outstanding following such Interest Payment Date) to credit the Class A Liquidity Reserve Fund Account up to the Class A Liquidity Reserve Fund Required Amount;
- (h) *eighth*, (so long as the Class A Notes remain outstanding following such Interest Payment Date), 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);
- (i) *ninth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
- (j) *tenth*, (so long as the Class B Notes remain outstanding following such Interest Payment Date), 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);

- (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
- (l) *twelfth*, (so long as the Class C Notes remain outstanding following such Interest Payment Date), 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);
- (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class D Notes;
- (n) *fourteenth*, (so long as the Class D Notes remain outstanding following such Interest Payment Date), 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);
- (o) *fifteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class E Notes;
- (p) *sixteenth*, (so long as the Class E Notes remain outstanding following such Interest Payment Date), 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);
- (q) *seventeenth*, to credit the General Reserve Fund Account up to the General Reserve Fund Required Amount;
- (r) *eighteenth*, (so long as the Class Z1 Notes remain outstanding following such Interest Payment Date), to credit the Class Z1 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);
- (s) *nineteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X Notes;
- (t) *twentieth*, on any Interest Payment Date occurring prior to the Optional Redemption Date, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (u) *twenty-first*, on any Interest Payment Date occurring on or after the Optional Redemption Date or the Final Redemption Date an amount equal to the lesser of:
 - (i) all remaining amounts (if any); and
 - (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (f) (inclusive) of the Pre-Enforcement Principal Priority of Payments, less any Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer,
 to be applied as Available Principal Receipts;
- (v) *twenty-second*, on any Interest Payment Date occurring on or after the Optional Redemption Date, *pro rata* and *pari passu* to the principal amounts due on the Class X Notes to the extent not redeemed under (t) above;

- (w) *twenty-third*, on any Interest Payment Date occurring on or after the Optional Redemption Date or the Final Redemption Date an amount equal to the lesser of:
- (i) all remaining amounts (if any); and
 - (ii) the amount required by the Issuer to pay in full all amounts payable under items (g) and (h) of the Pre-Enforcement Principal Priority of Payments, less any Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer,
- to be applied as Available Principal Receipts;
- (x) *twenty-fourth*, to provide for amounts due on the relevant Interest Payment Date, to pay in accordance with the terms of the Swap Agreement to the Swap Provider in respect of any Hedge Subordinated Amounts (to the extent not satisfied by payment to the Swap Provider by the Issuer of any applicable Replacement Swap Premium or from the Swap Collateral Account Priority of Payments);
- (y) *twenty-fifth*, on any Interest Payment Date occurring on or prior to the Optional Redemption Date, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class Z2 Notes;
- (z) *twenty-sixth*, on any Interest Payment Date occurring on or prior to the Optional Redemption Date, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class Z1 Notes;
- (aa) *twenty-seventh*, on any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts; and
- (bb) *twenty-eighth*, to pay any Deferred Consideration in accordance with the Mortgage Sale Agreement in respect of the Loans sold to the Issuer.

As used in this Prospectus:

"Accrued Interest" means, in respect of a Loan, as at any date, the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date immediately preceding the relevant date to (but excluding) the relevant 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, in respect of any Loan, the aggregate of all interest (other than Capitalised Amounts) on that Loan which is currently due and payable and unpaid on that date.

"Call Option Redemption Date" means any Final Redemption Date falling on the Optional Purchase Completion Date.

"Early Repayment Charge" means any charge (other than a Redemption Fee) described in the relevant Offer Conditions which a Borrower is required to pay in the event that such Borrower repays all or any part of the relevant Loan prior to certain dates specified in the Offer Conditions.

"Hedge Subordinated Amounts" means, in relation to the Swap Agreement, the amount of any termination payment due and payable to the Swap Provider as a result of a Swap Provider Default or a Swap Provider Downgrade Event except to the extent such amount has already been paid pursuant to the Swap Collateral Account Priority of Payments.

"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.

"Redemption Fee" means a fee of £100.00 (exclusive of any applicable VAT) for each Loan that is redeemed in full.

"Replacement Swap Agreement" means an agreement between the Issuer and a replacement swap provider to replace the Swap Transaction.

"Replacement Swap Premium" means an amount received by the Issuer from a replacement swap provider, or an amount paid by the Issuer to a replacement swap provider, upon entry by the Issuer into a Replacement Swap Agreement.

"Swap Collateral" means the collateral provided by the Swap Provider to the Issuer under the Swap Agreement and includes any interest and distributions in respect thereof.

"Swap Provider Default" means the occurrence of an Event of Default (as defined in the Swap Agreement) where the Swap Provider is the defaulting party (as defined in the Swap Agreement).

"Swap Provider Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the Swap Agreement) following the failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Swap Agreement.

"Swap Tax Credits" means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Provider to the Issuer under the terms of the Swap Agreement.

"Transfer Costs" means the Issuer's costs and expenses associated with the transfer of servicing to a substitute servicer.

Definition of Principal Receipts

"Principal Receipts" means (a) principal repayments under the Loans (including payments of arrears of principal and Capitalised Amounts) other than any principal repayments comprising Optional Purchase Collections and the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option, (b) recoveries of principal from defaulting Borrowers under Loans being enforced, (c) recoveries of principal from defaulting Borrowers under Loans in respect of which enforcement procedures relating to the sale of the property have been completed (including the proceeds of sale of the relevant Property, to the extent such proceeds of sale are deemed to be principal but excluding all amounts received following a sale of the relevant Property), (d) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio, to the extent such payment is deemed to be principal, (e) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (but for the avoidance of doubt, excluding amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date), and (f) any other payment received by the Issuer in the nature of principal.

"**Capitalised Amounts**" means, in relation to a Loan, at any date, amounts which are due or overdue in respect of that Loan (other than any principal amounts) and which as at that date have been capitalised in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower and any other amounts (including fees and expenses), capitalised in accordance with the Mortgage Conditions.

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 or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer;
 - (i) during the immediately preceding Collection Period;
 - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement, received by the Issuer from but excluding the Collection Period Start 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 Collection Period Start Date; or
- (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 Z1 Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Principal Receipts in accordance with item (u) and (w) of the Pre-Enforcement Revenue Priority of Payments (the "**Enhanced Amortisation Amounts**");
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*); and
- (e) (in respect of the first Interest Payment Date only) the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes over the Initial Consideration.

Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, any Principal Addition Amounts to be applied to meet any Senior Expenses Deficit (such amounts to be applied as Available Revenue Receipts), provided that Available Principal Receipts shall only be applied to provide for any such Senior Expenses Deficit if the relevant PDL Condition applies;
- (b) *second*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (d) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (f) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (g) *seventh*, on any Interest Payment Date occurring on or after the Optional Redemption Date, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero;
- (h) *eighth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class Z1 Notes until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero; and
- (i) *ninth*, any excess amounts as Available Revenue Receipts on the next Interest Payment Date.

"**PDL Condition**" means that, provided that the debit balance of the relevant Principal Deficiency Ledger in respect of any Class of Notes does not exceed:

- (i) for so long as the Class B Notes are not the Most Senior Class of Notes, 10 per cent. of the Class B Principal Deficiency Sub-Ledger;
- (ii) for so long as the Class C Notes are not the Most Senior Class of Notes, 10 per cent. of the Class C Principal Deficiency Sub-Ledger;
- (iii) for so long as the Class D Notes are not the Most Senior Class of Notes, 10 per cent. of the Class D Principal Deficiency Sub-Ledger;
- (iv) for so long as the Class E Notes are not the Most Senior Class of Notes, 10 per cent. of the Class E Principal Deficiency Sub-Ledger,

and "**relevant PDL Condition**", in each case as calculated following the application of Available Revenue Receipts, except paragraph (j) thereof, and prior to the application of Available Principal Receipts on the relevant Interest Payment Date, means the PDL Condition in respect of any

particular Class of Notes. For the avoidance of doubt, the PDL Condition will be satisfied in respect of a Class of Notes if it is the Most Senior Class of Notes.

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:

- (a) any amount standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments); and
- (b) any amount standing to the credit of the Issuer Profit Account, 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, Receiver and any Appointee 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 and payable to the Security Trustee, Receiver and any Appointee 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 of:
 - (i) any amounts then due and payable to the Agent Bank, the Registrar and the Paying Agents and any costs, charges, Liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due 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 Servicer and any fees (including the Servicing Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) as provided therein;

- (iv) any amounts then due and payable to the Servicing Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (v) any amounts then due and payable to the Back-Up Servicing Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts then due and payable to the Corporate Services Provider and 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 (if payable) VAT thereon as provided therein;
 - (vii) any amounts then due and payable to the Issuer Account Bank and the Custodian and any fees, costs, charges, Liabilities and expenses then due and payable to the Issuer Account Bank and the Custodian under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein; and
 - (viii) if applicable, the fees, costs, liabilities and expenses of the securitisation repository or any other third-party website provider;
- (c) *third*, to pay in or towards satisfaction of any amounts due to the Swap Provider in respect of the Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by any payments by the Issuer to the Swap Provider under the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Hedge Subordinated Amounts);
 - (d) *fourth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
 - (e) *fifth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
 - (f) *sixth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
 - (g) *seventh*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
 - (h) *eighth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
 - (i) *tenth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
 - (j) *eleventh*, to pay in accordance with the terms of the Swap Agreement to the Swap Provider in respect of any Hedge Subordinated Amounts (to the extent not satisfied by payment to the Swap

Provider by the Issuer of any applicable amount under the Swap Collateral Account Priority of Payments);

- (k) *twelfth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero;
- (l) *thirteenth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class Z1 Notes until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero;
- (m) *fourteenth*, to pay the Issuer Profit Amount; and
- (n) *fifteenth*, to pay, *pro rata* and *pari passu*, amounts due and payable to third parties (if any);
- (o) *sixteenth*, to pay any Deferred Consideration in accordance with the Mortgage Sale Agreement in respect of the Loans sold to the Issuer.

Swap Collateral

In the event that the Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Swap Agreement (the "**Swap Collateral**") in accordance with the terms of the Credit Support Annex of the Swap Agreement (the "**Swap Credit Support Annex**"), that Swap Collateral (and any interest and/or distributions earned thereon) will be credited to a separate swap sterling cash collateral account (the "**Swap Cash Collateral Account**") or the sterling securities collateral account (the "**Swap Securities Collateral Account**", and together with the Swap Cash Collateral Account, the "**Swap Collateral Accounts**").

In addition, upon any early termination of the Swap Agreement (a) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (b) any termination payment received by the Issuer from the outgoing Swap Provider and (c) any Swap Tax Credits will be credited to the Swap Cash Collateral Account.

Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) will not be available for the Issuer or the Security Trustee to make payments to the Secured Creditors generally, but may be applied by the Cash Manager (subject to receipt of all relevant data and information, including, without limitation, the data and information to be provided by the Issuer in accordance with Clause 5.6 of the Cash Management Agreement) only in accordance with the following provisions (the "**Swap Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the relevant Swap Provider;
- (b) prior to the designation of an Early Termination Date (as defined in the Swap Agreement, the "**Early Termination Date**") in respect of the Swap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the Swap Credit Support Annex), Interest Amounts and Distributions (as defined in the Swap Credit Support Annex), on any day, directly to the Swap Provider;
- (c) following the designation of an Early Termination Date in respect of the Swap Agreement where (i) such Early Termination Date has been designated following a Swap Provider Default or Swap Provider Downgrade Event and (ii) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a

termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:

- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated;
 - (ii) *second*, in or towards payment of any termination payment due to the outgoing Swap Provider; and
 - (iii) *third*, the surplus (if any) on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts or (following the service of an Enforcement Notice) in accordance with clause 7.2 (Post-Enforcement Priority of Payments) of the Deed of Charge;
- (d) following the designation of an Early Termination Date in respect of the Swap Agreement where: (i) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c)(i) above, and (ii) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
- (i) *first*, in or towards payment of any termination payment due to the outgoing Swap Provider;
 - (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated; and
 - (iii) *third*, any surplus on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts or (following the service of an Enforcement Notice) in accordance with clause 7.2 (Post-Enforcement Priority of Payments) of the Deed of Charge;
- (e) following the designation of an Early Termination Date in respect of the Swap Agreement for any reason where the Issuer does not enter into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment due to the outgoing Swap Provider; and
- (f) following payments of amounts due pursuant to item (e) above, if amounts remain standing to the credit of a Swap Collateral Account, such amounts may be applied only in accordance with the following provisions:
- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement; and
 - (ii) *second*, any surplus remaining after payment of such Replacement Swap Premium to be transferred to the Deposit Account to be applied as Available Revenue Receipts or (following the service of an Enforcement Notice) in accordance with clause 7.2 (Post-Enforcement Priority of Payments) of the Deed of Charge,

provided that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement, on each Swap Payment Date, the Issuer (or the Cash Manager on its behalf) will be permitted to withdraw an amount from the Swap Collateral Accounts, equal to the excess of the Swap Provider Swap Amount over the Issuer Swap Amount which would have been paid by the Swap Provider to the Issuer on such Swap Payment Date but for the designation of an Early Termination Date under the Swap Agreement, such surplus to be transferred to the Deposit Account to be applied as Available Revenue Receipts; and

provided further that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement on or prior to the earlier of:

- (A) the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Rated Notes (other than the Class Z1 Notes) would be reduced to zero (taking into account any Swap Collateral Account Surplus to be applied as Available Revenue Receipts on such Interest Payment Date); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 11 (*Events of Default*); or
- (C) the date on which the Current Balance of the Fixed Rate Loans (excluding any Enforced Loans) is reduced to zero,

then the amount standing to the credit of such Swap Collateral Account on such day shall be transferred to the Deposit Account to be applied as Available Revenue Receipts as soon as reasonably practicable thereafter.

"Swap Collateral Account Surplus" means the amounts applied as Available Revenue Receipts pursuant to the Swap Collateral Account Priority of Payments.

Each Swap Collateral Account will be opened in the name of the Issuer and will be held at a financial institution which satisfies the Account Bank Rating. Each Swap Collateral Account will be established and maintained in respect of the Swap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in each Swap Collateral Account and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes representing the Notes will be registered 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 in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

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 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 Joint Lead Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as 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 Notes representing the Notes 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 holders of the Notes. 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 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 Joint Arrangers, the Joint Lead Managers, the Note Trustee, the Security Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

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 The Bank of New York Mellon, 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, as the case may be, Clearstream, Luxembourg, 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. On each Record Date Euroclear and Clearstream, Luxembourg will determine the identity of the holders of the Notes for the purposes of making payments to the holders of the Notes. The "**Record Date**" in respect of the Notes (i) where the Notes are in global registered form, 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 calendar 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, the Joint Arrangers, the Joint Lead Managers, the Note Trustee or

the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established 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 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 order of the Common Safekeeper and, upon final payment, the Common Safekeeper 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.

Issuance of Registered Definitive Notes

Holders of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 calendar 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 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 calendar 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 Note – Registered Definitive Notes and denominations in integral multiples*".

Action in respect of the Global Notes and the Book-Entry Interests

Not later than 10 calendar days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the

procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

Whilst the Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of the London Stock Exchange allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (Note Trustee's Discretion to Select Alternative Method) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (Notice to Noteholders) of the Notes.

New Safekeeping Structure and Eurosystem Eligibility

The Notes are intended to be held in a new safekeeping structure ("NSS") and in a manner which would allow Eurosystem eligibility and will be deposited with one of the International Central Securities Depositories (an "ICSD") as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Issuer-ICSDs Agreement

Prior to the issuance of the Notes, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Notes. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Notes (while being held in the NSS), maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

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 £250,405,000 Class A mortgage backed floating rate notes due July 2058 (the "**Class A Notes**"), the £20,929,000 Class B mortgage backed floating rate notes due July 2058 (the "**Class B Notes**"), the £11,212,000 Class C mortgage backed floating rate notes due July 2058 (the "**Class C Notes**"), the £7,474,000 Class D mortgage backed floating rate notes due July 2058 (the "**Class D Notes**"), the £4,484,000 Class E mortgage backed floating rate notes due July 2058 (the "**Class E Notes**"), the £7,474,000 Class X mortgage backed floating rate notes due July 2058 (the "**Class X Notes**"), the £4,485,000 Class Z1 mortgage backed fixed rate notes due July 2058 (the "**Class Z1 Notes**"), and the £7,475,000 Class Z2 mortgage backed fixed rate notes due July 2058 (the "**Class Z2 Notes**"), (the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class X Notes and the Class Z1 Notes together being the "**Rated Notes**" and, together with the Class Z2 Notes, the "**Notes**"), in each case of Atlas Funding 2021-1 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 1 February 2021 (the "**Closing Date**") and made between, among others, the Issuer and BNY Mellon Corporate Services 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 X Notes, the Class Z1 Notes or the Class Z2 Notes, as the case may be, 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 and pursuant to a deed of charge and assignment (the "**Deed of Charge**") dated on or about the Closing Date and made between, among others, the Issuer and BNY Mellon Corporate Services Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, the Security Trustee, The Bank of New York Mellon, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agents**"), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (in such capacity, the "**Registrar**") and The Bank of New York Mellon, London Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") dated on or about the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. 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.

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 Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by Global Notes, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. 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 either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 calendar 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 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 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 global and (if issued and printed) definitive form will be £100,000.

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. Any such transfer shall be in an amount equal to or greater than the minimum denominations specified in Condition 3.1 (*Form and Denomination*).

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.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) 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 at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).

- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) 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, but subordinate to the Class A Notes and the Class B 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 C Notes (the "**Class C Noteholders**") will be subordinated to the interests of each of the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) 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, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the "**Class D Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).
- (e) The Class E Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) 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 payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class E Notes (the "**Class E Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes remain outstanding).
- (f) The Class X Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class X Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in 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 X Notes (the "**Class X Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes remain outstanding).
- (g) The Class Z2 Notes constitute direct, secured and (subject as provided in Condition 17 (*Subordination by Deferral*) and the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class Z2 Notes rank subordinate to all payments due 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 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 Z2 Notes (the "**Class Z2 Noteholders**") will be subordinated to the interests of the holders 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 Notes (so long as any such Classes of Notes remain outstanding).

- (h) The Class Z1 Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class Z1 Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes and the Class Z2 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 Z1 Notes (the "**Class Z1 Noteholders**") will be subordinated to the interests of each of the holders 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 Notes and/or the Class Z2 Notes (so long as any such Classes of 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 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 in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes ranking in priority to the other relevant Classes of Notes in the Post-Enforcement Priority of Payments.
- (j) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to (i) request or direct the Note Trustee to take any action or (ii) pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class of Notes. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class of Notes, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.5 (*Modification to the Transaction Documents*), 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 and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders 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

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, 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 and the Issuer's interest in the Collection Account Trust and the Expenses Account Trust, 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 bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (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 presentation 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 with the first Interest Payment Date falling in July 2021;

6.2 Interest Payment Dates

The first Interest Payment Date will be the Interest Payment Date falling in July 2021.

Interest will be payable in arrear on each Interest Payment Date, for all classes of Notes.

"Interest Payment Date" means the 25th day of each of April, July, October and January or, if such day is not a Business Day, the immediately following Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day with the first Interest Payment Date falling in July 2021.

Interest shall accrue:

- (a) in the case of the Floating Rate Notes, 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; and
- (b) in the case of the Class Z1 Notes and the Class Z2 Notes, from (and including) a Fixed Rate Accrual 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 Fixed Rate Accrual Date

(each such period above, an **"Interest Period"**).

"Fixed Rate Accrual Date" means the 25th day of each of April, July, October and January or, if such day is not a Business Day, on the immediately succeeding Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day, with the first Interest Payment Date being in July 2021.

6.3 Rate of Interest

- (a) The rate of interest payable from time to time in respect of each class or sub-class of the Notes (each a **"Rate of Interest"** and together the **"Rates of Interest"**) will be:
 - (i) in respect of the Floating Rate Notes and any Interest Period, determined on the basis of the following provisions:

- (A) The Agent Bank will determine the Compounded Daily SONIA as at the Interest Determination Date (as defined below) in question.
- (B) The Rates of Interest for the relevant Interest Period will be the rate for the Compounded Daily SONIA determined as at the related Interest Determination Date plus: (I) from and including the Closing Date to (but excluding) the Optional Redemption Date, the Relevant Margin or (II) from (and including) the Optional Redemption Date, the Relevant Step-Up Margin.
- (C) If 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.
- (D) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, 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.
- (E) If the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin or Relevant Step-Up Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin or Relevant Step-Up Margin relating to the relevant Interest Period in place of the Relevant Margin or Relevant Step-Up Margin relating to that last preceding Interest Period) or (ii) 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).

- (ii) in respect of the Class Z1 Notes and any Interest Period, 6 per cent. per annum; and
- (iii) in respect of the Class Z2 Notes and any Interest Period, 6 per cent. per annum.

(b) In these Conditions (except where otherwise defined), the expression:

- (i) "**Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;
- (ii) "**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 fourth decimal place, with 0.00005 per cent. 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;

"**d₀**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d₀**, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**LBD**" means a Business Day;

"**n_i**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Business Day; and

SONIA_{i-5LBD} means, in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to that Business Day "**i**";

- (iii) "**Interest Determination Date**" means the fifth Business Day before the Interest Payment Date for which the relevant Rate of Interest will apply;
- (iv) "**Observation Period**" means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);
- (v) "**Relevant Margin**" means:
 - (A) in respect of the Class A Notes, 0.9 per cent. per annum;
 - (B) in respect of the Class B Notes, 1.50 per cent. per annum;
 - (C) in respect of the Class C Notes, 1.70 per cent. per annum;
 - (D) in respect of the Class D Notes, 2.25 per cent. per annum;
 - (E) in respect of the Class E Notes, 3.30 per cent. per annum; and
 - (F) in respect of the Class X Notes, 4.74 per cent. per annum;
- (vi) "**Relevant Step-Up Margin**" means:
 - (A) in respect of the Class A Notes, 1.80 per cent. per annum;
 - (B) in respect of the Class B Notes, 2.25 per cent. per annum;
 - (C) in respect of the Class C Notes, 2.55 per cent. per annum;
 - (D) in respect of the Class D Notes, 3.25 per cent. per annum;
 - (E) in respect of the Class E Notes, 4.30 per cent. per annum; and

- (F) in respect of the Class X Notes, 4.74 per cent. per annum;
- (vii) "**Reuters Screen SONIA Page**" means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA Page 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; and
- (viii) "**SONIA Reference Rate**" means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business 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 Business Day immediately following such Business Day).

If, in respect of any Business 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: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five calendar 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.

6.4 Determination of Rates of Interest and Interest Amounts

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of Notes and multiplying the sum by the actual number of calendar days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

If the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and the Interest Amounts in accordance with this Condition 6.4, the Issuer may, at the expense of the Issuer, engage an expert to make such determination and any such determination shall be deemed to be determinations made by the Agent Bank.

6.5 Publication of Rates of Interest and Interest Amounts

The Agent Bank shall as soon as reasonably practicable after determining the Rate of Interest and the Interest Amounts for each Class of Notes in respect of each Interest Period and each Interest Payment Date (as applicable) pursuant to these Conditions (and in any event, no later than two Business Days prior to the immediately succeeding Interest Payment Date), cause the relevant Rate of Interest and Interest Amount to be notified to the Issuer, the Cash Manager, the Note Trustee, the Paying Agents and the Registrar and to be published in accordance with Condition 16 (*Notice to Noteholders*), and the Issuer shall notify any stock exchange or other relevant authority on which the Notes are at the relevant time listed as soon as reasonably practicable after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The 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.

6.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Agent Bank or the Cash Manager, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, 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.

6.7 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 Rate of Interest or the 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 and such successor having acquired and become subject to such rights and obligations as if it had entered into an agency agreement in a form commercially acceptable in the market.

6.8 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive the Servicer Reports with respect to a Collection Period (each such period, a "**Determination Period**"), then the Cash Manager may, in accordance with the Cash Management Agreement, estimate the amount of Principal Receipts and Revenue Receipts for such Determination Period based on the three most recently received Servicer Reports in respect of the preceding Collection Periods or, where there are not at least three previous Servicer Reports, any previous Servicer Reports for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.8(b). When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.8(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.8(b) and/or 6.8(c); (ii) payments made under any of the Notes 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 Conditions 6.8(b) and/or 6.8(c), 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 following the Determination Period:
 - (i) determine the Interest Determination Ratio by reference to the three most recently received Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) received in the preceding Collection Periods;

- (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 (the "**Calculated Revenue Receipts**"); and
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Principal Receipts**").
- (c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.8(b) to the actual collections set out in the Servicer Report by allocating the Reconciliation Amount (as defined above) 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 absolute 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 absolute 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, the Note Trustee and the Security Trustee of such Reconciliation Amount.

- (d) In these Conditions (except where otherwise defined), the expression:
- (i) "**Interest Determination Ratio**" means, on any Interest Payment Date, (A) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) divided by (B) the aggregate of all Revenue Receipts and all Principal Receipts calculated on the basis of such Servicer Reports; and
 - (ii) "**Reconciliation Amount**" means in respect of any Collection Period (A) the actual Principal Receipts as determined on the basis of the available Servicer Report, less (B) the Calculated Principal Receipts in respect of such Collection Period, plus (C) any Reconciliation Amount not applied in previous Collection Periods.

7. PAYMENTS

7.1 Payment of Interest and Principal

Payments in respect of principal and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) for such purpose. Each payment of principal or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers and reflect such customers' interest in the Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst

such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered pro rata in the records of the relevant Clearing System but any failure to make such entries shall not affect the discharge referred to above.

In the event that any Notes represented by Global Notes are exchanged for Notes in definitive form, payments in respect of such Notes shall be made by transfer to the accounts specified by the holders of such Notes to the Registrar in accordance with the terms of the Agency Agreement.

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 (i) any fiscal or other laws and regulations applicable thereto and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 calendar days and no less than 15 calendar 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 in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in July 2058 (the "**Final Maturity Date**").

8.2 Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date

- (a) On each Interest Payment Date prior to the service of an Enforcement Notice or on the Call Option Redemption Date:
- (X) each Class of Notes (other than the Class X Notes) shall be redeemed in an amount equal to the Available Principal Receipts (to the extent not applied as Principal Addition Amounts to cover any Senior Expenses Deficit) available for such purpose in accordance with the Pre-Enforcement Principal Priority of Payments which shall be applied in the following order of priority:
 - (i) to repay the Class A Notes on a *pari passu* and *pro rata* basis until they are each repaid in full; and thereafter to be applied
 - (ii) to repay the Class B Notes on a *pari passu* and *pro rata* basis until they are each repaid in full; and thereafter to be applied
 - (iii) to repay the Class C Notes on a *pari passu* and *pro rata* basis until they are each repaid in full; and thereafter to be applied
 - (iv) to repay the Class D Notes on a *pari passu* and *pro rata* basis until they are each repaid in full; and thereafter to be applied
 - (v) to repay the Class E Notes on a *pari passu* and *pro rata* basis until they are each repaid in full; and thereafter to be applied
 - (vi) to repay the Class Z2 Notes on a *pari passu* and *pro rata* basis until they are each repaid in full; and thereafter to be applied
 - (vii) to repay the Class Z1 Notes on a *pari passu* and *pro rata* basis until they are each repaid in full;
 - (Y) in the case of the Class X Notes, such class of Notes shall be redeemed on a *pari passu* and *pro rata* basis in an amount equal to the Available Revenue Receipts available for such

purpose in accordance with the Pre-Enforcement Revenue Priority of Payments which shall be applied to repay the Class X Notes until they are each repaid in full.

- (b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Note of a particular Class (the "**Note Principal Payment**") on any Interest Payment Date prior to the service of an Enforcement Notice shall be (i) in respect of Notes of a particular Class other than the Class X Notes, the Available Principal Receipts available for such purpose on such Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments and (ii) in respect of the Class X Notes, the Available Revenue Receipts available for such purpose on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, each as calculated on the Calculation Date immediately preceding such Interest Payment Date multiplied by the relevant Pool Factor. With respect to each Note of a particular Class 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 (b)(ii) above) and the denominator is the Principal Amount Outstanding of the relevant Class of Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, gross negligence, fraud or manifest error) be final and binding on all persons.
- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank, the Swap Provider and (for so long as the Notes are listed on the Official List of London Stock Exchange and admitted to trading on the main market of the London Stock Exchange) the London Stock Exchange, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Mandatory Redemption of the Notes in Full

(a) On or after the Optional Redemption Date

On giving not more than 60 calendar days' nor fewer than two Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date on or after the Optional Redemption Date upon the occurrence of a sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Deed Poll, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) together with any accrued (and unpaid) interest up to (but excluding) the date of redemption, and any other amounts due to the Noteholders.

(b) Ten per cent. clean-up call

On giving not more than 60 calendar days' nor fewer than 14 Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date upon the occurrence of a sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Deed Poll where the aggregate

Current Balance of the Loans was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full, on such Interest Payment Date in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) together with any accrued (and unpaid) interest up to (but excluding) the date of redemption, and any other amounts due to the Noteholders.

8.4 Mandatory Redemption of the Notes 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 of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) 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
- (c) by reason of a change in 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 Swap Provider would be required to deduct or withhold from any payment under the Swap Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature,

then the Issuer shall, if the same would avoid the effect of such relevant event described in Condition 8.4(a), 8.4(b) or 8.4(c), 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 Rated Notes (and in making such determination, the Note Trustee may rely absolutely, without investigation or inquiry and without liability, on (A) any confirmation made orally to the Issuer (in which case the Seller on behalf of the Issuer shall confirm the same in writing to the Note Trustee) or 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 and the Seller on behalf of the Issuer has certified the same in writing to the Security Trustee and the Note Trustee (an "**Issuer Certificate**") 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 and the Security Trustee shall be entitled to rely absolutely without enquiry or 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.

A "**Redemption Event**" shall occur if the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in Condition 8.4(a), 8.4(b) or 8.4(c) 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.

On any Interest Payment Date on which the Loans and their Related Security comprising the Portfolio are sold pursuant to the Deed Poll following the occurrence of a Redemption Event, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full, in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) together with any accrued (and unpaid) interest up to (but excluding) the date of redemption, and any other amounts due to the Noteholders. The Issuer shall give not more than 60 calendar days' nor fewer than 15 Business Days' notice of any such redemption of the Notes to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee.

8.5 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 £ 250,405,000, in respect of the Class B Notes of £20,929,000, in respect of the Class C Notes of £11,212,000, in respect of the Class D Notes of £7,474,000, in respect of the Class E Notes of £4,484,000, in respect of the Class X Notes of £7,474,000, in respect of the Class Z1 Notes of £4,485,000 and in respect of the Class Z2 Notes of £7,475,000, 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.

8.6 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) 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 Clause 3.13(c) of the Deed Poll may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

8.7 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.8 Cancellation on redemption in full and/or exercise of the Call Option

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.4 (*Mandatory Redemption of the Notes 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 Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer (with a copy to the Swap Provider, the Cash Manager, the Security Trustee, the Servicer, the Seller, the Issuer Account Bank and the Custodian) that all Classes of the Notes are immediately due and payable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed, if any of the following events (each, an "**Event of Default**") occur:

- (a) subject to Condition 17 (*Subordination by Deferral*), if default is made in the payment of any principal or interest due in respect of the Notes and the default continues for: (i) a period of five Business Days in the case of principal, or (ii) three Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other material obligations under these Conditions or any Transaction Document to which it is a party and the failure continues for a period of 15 calendar days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied (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); or

- (c) if (in the opinion of the Note Trustee) any material representation or warranty made by the Issuer under any Transaction Document is incorrect when made and the matters giving rise to such misrepresentation are not remedied within a period of 15 calendar 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 the Noteholders; 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 the Noteholders, 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) the Issuer 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 calendar 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 payable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

12. ENFORCEMENT

12.1 General

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, 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 or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such proceedings, actions or 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 of Notes then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes; and
- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

12.2 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 these 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 reasonable period and such failure shall be continuing or (ii) the Note Trustee or, as the case may be, the Security 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 Priorities of Payment.

12.3 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 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, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 The Trust Deed contains provisions for convening meetings of the Noteholders 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.

13.2 For the purposes of these Conditions, "**Most Senior Class of Notes**" 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, 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 X Notes or, if there are no Notes in such aforementioned Classes then outstanding, the Class Z2 Notes or, if there are no Notes in such aforementioned Classes then outstanding, the Class Z1 Notes.

13.3 Most Senior Class of Notes and Limitations on other Noteholders

(a) Other than in relation to a Basic Terms Modification, which additionally require an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes then in issue, as applicable:

- (i) subject to Conditions 13.3(a)(ii) and (iii), an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class of Notes shall be binding on such Noteholders and all other Classes of Noteholders irrespective of the effect upon them;
- (ii) subject to Condition 13.3(a)(iii), an Extraordinary Resolution passed at any meeting of a relevant Class of Noteholders shall be binding on such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case irrespective of the effect it has upon them;
- (iii) no Extraordinary Resolution of any Class of Noteholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes 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 of Notes; and
- (iv) no Ordinary Resolution that is passed by the holders of any Class of Noteholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding or unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class of Notes, 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 of Notes,

provided that, in respect of any Extraordinary Resolution of a Class or Classes of Noteholders relating to any modifications, supplement, consent or waiver of any of the Transaction Documents which would have the effect of altering (i) the Priorities of Payments or the Swap Collateral Account Priority of Payments (in a manner that materially adversely affects the Swap Provider); (ii) the timing or amount of any payments or deliveries due from the Issuer to the Swap Provider; (iii) the Swap Provider's status as a Secured Creditor or the Swap Provider's rights in relation to any Security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such Security granted by the Issuer in favour of the Security Trustee on behalf of the Secured Creditors); (iv) any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter or (v) Condition 8 (Redemption) or including any additional redemption rights

in respect of the Notes in a manner that would (in the opinion of the Swap Provider, acting in good faith and a commercially reasonable manner) prejudice the Swap Provider, (x) the prior written consent of the Swap Provider or (y) written notification from the Issuer to the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such modification, supplement, consent or waiver being made.

- (b) Other than in relation to Basic Terms Modifications and subject as provided in Conditions 13.3(a) and 13.4 (*Quorum*), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:
- (i) any Class of Notes of one class only shall be deemed to have been duly passed if passed at a meeting (or by a resolution in writing or, in respect of the Notes represented by Global Notes only, by a resolution passed by way of consents received through the relevant Clearing System (s)) of the holders of that Class of Notes so affected;
 - (ii) any two or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, in respect of the Notes represented by Global Notes, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes; and
 - (iii) one or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, in respect of the Notes represented by Global Notes only, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of such Classes of Notes. Where such a resolution gives, or may give rise to, an actual or potential conflict of interest between the holders of such Classes of Notes, it shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or, in respect of the Notes represented by Global Notes only, by separate resolutions passed by way of electronic consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding which are affected by such Basic Terms Modification.
- (d) No Ordinary Resolution that is passed by the holders of any Class of Noteholders shall take effect for any purpose while any of the Most Senior Class of 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 of Notes.

13.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes 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 such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes 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 or Classes of Notes then outstanding.

- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes (other than pursuant to Condition 13.6(a)(vii) (*Additional Right of Modification*) or in relation to any Swap Rate Modification), (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes (other than pursuant to Condition 13.6(a)(vii) (*Additional Right of Modification*) or in relation to any Swap Rate Modification), or, where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (other than pursuant to Condition 13.6(a)(vii) (*Additional Right of Modification*) or in relation to any Swap Rate Modification, (iv) alter the currency in which payments under any Class of Notes are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes, (vii) any change to the definition of a Basic Terms Modification, or (viii) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**") shall be one or more persons holding or representing in aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or, in respect of the Notes represented by Global Notes only, by separate resolutions passed by way of electronic consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders.
- (d) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (e) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (f) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any adjourned meeting of any holders of any Class or Classes of Notes passing an Extraordinary Resolution to sanction a Basic Terms Modification shall be one or more persons holding or representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or, in respect of the Notes represented by Global Notes only, by separate resolutions passed by way of electronic consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders.

The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Note Trustee and the Security Trustee upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

13.5 Modification to the Transaction Documents

The Note Trustee may at any time and from time to time (and may direct the Security Trustee at any 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 or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) other than in respect of a Basic Terms Modification, to these Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee), will not be materially prejudicial to the interests of the Noteholders of any Class, or the interests of the Note Trustee or the Security Trustee and, for the avoidance of doubt, any modification of the Collection Accounts Declaration of Trust and/or the Expenses Account Declaration of Trust which does not affect the manner in which the Issuer's Trust Share (as defined in each of the Collection Accounts Declaration of Trust and Expenses Account Declaration of Trust respectively) is calculated will not be materially prejudicial to the interests of the Noteholders of any Class or the interests of the Note Trustee or the Security Trustee; or
- (b) to these Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee), such modification is of a formal, minor or technical nature or to correct a manifest error,

provided that, in respect of any modifications, supplement, consent or waiver of any of the Transaction Documents which would have the effect of altering (i) the Priorities of Payments or the Swap Collateral Account Priority of Payments (in a manner that materially adversely affects the Swap Provider); (ii) the timing or amount of any payments or deliveries due from the Issuer to the Swap Provider; or (iii) the Swap Provider's status as a Secured Creditor or the Swap Provider's rights in relation to any Security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such Security granted by the Issuer in favour of the Security Trustee on behalf of the Secured Creditors); (iv) any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter or (v) Condition 8 (Redemption) or including any additional redemption rights in respect of the Notes in a manner that would (in the opinion of the Swap Provider, acting in good faith and a commercially reasonable manner) prejudice the Swap Provider, (x) the prior written consent of the Swap Provider or (y) written notification from the Issuer to the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such modification, supplement, consent or waiver being made.

13.6 Additional Right of Modification

- (a) Notwithstanding the provisions of Condition 13.5 (*Modification to the Transaction Documents*), the Note Trustee or, as the case may be, the Security Trustee, shall be obliged, without any consent or sanction of the Noteholders or any other Secured Creditor, subject to 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), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:
 - (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:

- (A) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
- (B) in the case of any modification to a Transaction Document proposed by any of the Seller, the Servicer, the Swap Provider and the Seller (for the purpose of this Condition 13.6 only, each a "**Relevant Party**"), in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - I. the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in sub-paragraphs (B)(x) and/or (B)(y) above; and
 - II. either:
 - (aa) the Issuer, the Relevant Party or the Seller (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency and would not result in any Rating Agency placing any Class of Rated Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Seller), the Note Trustee and the Security Trustee; or
 - (bb) the Issuer, the Relevant Party or the Seller (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated within 30 calendar days that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Class of Rated Notes on rating watch negative (or equivalent) and, if requested by the Note Trustee or the Security Trustee, procures that an Issuer Certificate are provided to the Note Trustee and the Security Trustee in accordance with Condition 18 (*Non-Responsive Rating Agency*); and
 - III. the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee in connection with such modification;
- (ii) for the purpose of complying with any changes in the requirements of, or enabling the Issuer to comply with an obligation in respect of, the UK Securitisation Regulation or the EU Securitisation Regulation (including in respect of risk retention) after the Closing Date, including as a result of the adoption of regulatory or implementing technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (iii) for the purpose of enabling the Notes to be (or to remain) listed on the London Stock Exchange, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (iv) for the purposes of enabling the Issuer or any of the other Parties to the Transaction Documents to comply with FATCA, provided that the Issuer or the Relevant Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (v) for the purpose of complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;
- (vi) for the purpose of complying with any changes in the requirements of the UK CRA Regulation or the EU CRA Regulation after the Closing Date, provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer, the Seller, any of the Servicer and/or the Relevant Party and/or Party (in each case on behalf of the Issuer), as the case may be, pursuant to Conditions 13.6(a)(i) to 13.6(a)(vi) or Condition 13.6(a)(ix) being a "**Modification Certificate**"); or

- (vii) for the purpose of changing the reference rate or the base rate in respect of the Notes from SONIA 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, an "**Alternative Base Rate**") and make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer (or the Seller on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that:

(A) the Issuer (or the Seller on behalf of the Issuer), certifies to the Note Trustee and the Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:

- I. such Base Rate Modification is being undertaken due to any one or more of the following:
 - (aa) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - (bb) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - (cc) 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) and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date;

- (dd) 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 and such discontinuation or change is reasonably expected by the Issuer to occur prior to the Final Maturity Date;
- (ee) 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;
- (ff) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
- (gg) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a benchmark rate endorsed in a public statement by the Bank of England, the FCA or the PRA or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of SONIA;
- (hh) following the implementation of a Base Rate Modification, it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Base Rate which had already been adopted by the Issuer in respect of the Notes pursuant to a Base Rate Modification; or
- (ii) the reasonable expectation of the Seller that any of the events specified in sub-paragraphs (aa) to (hh) 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:

- (aa) a base rate published, endorsed, approved or recognised by the Bank of England, any regulator in 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);
- (bb) 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;
- (cc) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is an affiliate of any of the Seller; or

- (dd) such other base rate as the Seller reasonably determines,
- (viii) for the purpose of changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Seller on its behalf) and the Swap Provider solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Notes following such Base Rate Modification and making any associated amendment (a "**Swap Rate Modification**"), provided that the Issuer or the Seller (on behalf of the Issuer) certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**");
- (ix) for the purposes of enabling the Issuer and/or the Swap Provider to comply with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation, as it forms part of domestic law by virtue of EUWA ("**UK EMIR**") as amended, irrespective of whether such modifications are materially prejudicial to the interests of the holders of any Class of Notes or any other Secured Creditor (any such modification, a "**UK EMIR Amendment**") and subject to receipt by the Note Trustee and the Security Trustee of a Modification Certificate of (A) the Issuer signed by two directors or the Seller on behalf of the Issuer or (B) the Swap Counterparty (as applicable) certifying to the Note Trustee and the Security Trustee that the amendments (which may be requested by the Issuer or the Swap Counterparty) are to be made solely for the purpose of enabling the Issuer (or the Swap Counterparty (as applicable)) to satisfy its requirements under UK EMIR as amended,

provided that (in the case of each of sub-paragraphs (i) – (viii) above):

- I. at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- II. the Modification Certificate, Swap Rate Modification Certificate or Base Rate Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- III. the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,

and **provided further that**:

- (x) other than in the case of a modification pursuant to Condition 13.6(a)(i)(B), either:
- (aa) the Issuer, the Relevant Party or the Seller (on behalf of the Issuer) obtains from each of the Rating Agencies a Rating Agency Confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Rated Notes by such Rating Agency or (y) such Rating Agency placing any Class of Rated Notes on rating watch negative (or equivalent) and delivers each such confirmation to the Issuer (in the case of the Relevant Party or the Seller), the Note Trustee and the Security Trustee; or

- (bb) the Issuer, the Relevant Party or the Seller (on behalf of the Issuer) certifies in the Modification Certificate, Swap Rate Modification Certificate or the Base Rate Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated within 30 calendar days that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Rated Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if requested by the Note Trustee or the Security Trustee, procures that an Issuer Certificate is provided to the Note Trustee and the Security Trustee in accordance with Condition 18 (Non-Responsive Rating Agency); and
- (y) the Issuer certifies in writing to the Note Trustee and the Security Trustee that (X) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and (Y) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which any Notes may be held) within such notification period notifying the Issuer and the Note Trustee that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which any Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with this Condition 13.

Objections made in writing other than, in respect of the Notes represented by Global Notes, through the applicable clearing system must be accompanied by evidence to the Issuer's and the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (b) Other than where specifically provided in this Condition 13.6 or any Transaction Document:
 - (i) when implementing any modification pursuant to this Condition 13.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person but may act and rely solely and without investigation or liability on any certificate or evidence provided to it by the Issuer or the Servicer (as the case may be), the Seller or the Relevant Party or Party, as the case may be, pursuant to this Condition 13.6 and shall not be liable to the Noteholders or any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (ii) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the 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 rights or protection, of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or these Conditions.

- (c) Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:
 - (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
 - (ii) the Secured Creditors; and
 - (iii) the Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

13.7 Authorisation or Waiver of Breach

The Note Trustee and/or the Security Trustee (acting on the direction of the Note Trustee), as applicable, may, without the consent or sanction of the Noteholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, on such terms and conditions (if any) as shall seem expedient to it determine that an Event of Default shall not, or shall not subject to any specified conditions, be treated as such or authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to these Conditions or any of the Transaction Documents by any party thereto but only if (x) in the Note Trustee's sole opinion the interests of the holders of the Most Senior Class of Notes or (y) if there are no Notes then outstanding, in the sole opinion of the Security Trustee, the interests of all the Secured Creditors will not be materially prejudiced thereby, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.7 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes or by a direction under Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

13.8 Notification of modifications, waivers, authorisations or determinations

Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions or the Transaction Documents shall be binding on the Noteholders and the Secured Creditors and shall be notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*), the Rating Agencies (while any Rated Notes remain outstanding) and the Secured Creditors as soon as practicable thereafter.

13.9 Additional modifications; rating agency confirmations; and regard to Noteholder interests

- (a) In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders of any Class or the other Secured Creditors.
- (b) In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or

entail any other adverse action with respect to, the then current ratings of the Rated Notes. It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person, whether by way of contract or otherwise.

- (c) Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall (i) have regard to the general interests of the Noteholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders (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 (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 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 and (ii) 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 (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 to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes.
- (d) Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.
- (e) "**Ordinary Resolution**" means,
 - (i) in respect of the holders of any Class of Notes:
 - (A) a resolution passed at a meeting 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;
 - (B) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders 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 of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes;

- (f) **"Extraordinary Resolution"** means:
- (i) in respect of the holders of any Class of Notes:
 - (A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters 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 three quarters of the votes cast on such poll;
 - (B) a resolution in writing signed by or on behalf of the Noteholders of not less than three quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders 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 of not less than three quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes;
- (g) **"Eligible Person"** means, in respect of the Notes, any one of the following persons who shall be entitled to attend and vote at a meeting:
- (i) a bearer of any Voting Certificate; and
 - (ii) a proxy specified in any Block Voting Instruction.
- (h) **"Voting Certificate"** means an English language certificate issued in respect of the Notes by a Paying Agent in which it is stated:
- (i) that on the date thereof the Notes (not being the Notes 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 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
 - (ii) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate.
- (i) **"Block Voting Instruction"** means an English language document issued in respect of Notes by a Paying Agent in which:
- (i) it is certified that on the date thereof Notes (not being Notes 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 will cease to be so blocked until the first to occur of:
 - (A) the conclusion of the meeting specified in such Block Voting Instruction; and

- (B) the Notes 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;
- (ii) it is certified that each holder of such Notes has instructed such Paying Agent that the vote(s) attributable to the Notes 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 or adjournment thereof, neither revocable nor capable of amendment;
- (iii) the aggregate principal amount or aggregate total amount of the Notes 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
- (iv) 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 so listed in accordance with the instructions referred to in Condition 13.9(i)(iii) as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
 - (A) 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
 - (B) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.
- (j) 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 Issuer.

13.10 Issuer Substitution Condition

The Note Trustee and Security 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 and Security 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 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*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.10, the Note Trustee and Security Trustee may in their absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee and Security Trustee, be materially prejudicial to the interests of the Noteholders of any 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 any steps, actions or proceedings or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded 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 Condition 16.1(d), 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) Condition 16.1(c) 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 holders of the Notes 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 the main market of the London Stock Exchange and listed on the Official List of the London Stock Exchange, all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the London Stock Exchange (which includes delivering a copy of such notice to London Stock Exchange) and any such notice will be deemed to have been given on the date sent to London Stock Exchange.
- (e) The Note Trustee shall be at liberty to sanction any method of giving notice to the holders of Notes which are not represented by Global Notes if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that advance notice of such other method is given to the holders of such Notes in such manner as the Note Trustee shall deem appropriate.

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 advance 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

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 Notes other than 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 Notes other than the Most Senior Class of Notes to the extent only of any insufficiency of funds.

17.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 17.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and payable in full in accordance with these Conditions.

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 Maturity 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

18.1 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**").

18.2 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:

- (a) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 calendar 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
- (b) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from 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 each of the events in Condition 18.2(a)(A) or 18.2(a)(B) and 18.2(b) has occurred. If no such Rating Agency Confirmation is forthcoming and two directors of the Issuer have certified the same in writing to the Note Trustee and the Security Trustee (an "**Issuer Certificate**"), the Note Trustee and Security Trustee shall be entitled (but not obliged) to assume from a written certificate of the Issuer (or the Seller on its behalf) to the Note Trustee and Security Trustee (a "**Seller Certificate**") that such proposed action:

- (i) (while any of the Rated Notes remain outstanding) has been notified to the Rating Agencies;
- (ii) would not adversely 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 Notes remain outstanding) the then current rating of the Rated Notes would not be reduced, qualified, adversely affected or withdrawn,

upon which confirmation from the Rating Agencies, Issuer Certificate, the Note Trustee and the Security Trustee shall be entitled to rely absolutely without enquiry or liability to any person for so doing. In being entitled to take into account any such confirmation from the Rating Agencies, it is agreed and acknowledged by the Note Trustee and the Security Trustee that 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 or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

19. JURISDICTION AND GOVERNING LAW

- 19.1 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 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 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 Transaction Documents may be brought in such Courts.
- 19.2 The Transaction Documents, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of the 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. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be: (a) listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 ("ITA 2007"); or (b) admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange (within the meaning of Section 987 of the Income Tax Act 2007). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom income tax.

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 or 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 that 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).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. 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 the final regulations defining "foreign passthru payment" 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.

EU financial transaction tax

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

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

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

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

SUBSCRIPTION AND SALE

BNP Paribas and HSBC Bank plc (each, a "**Joint Arranger**" and together, the "**Joint Arrangers**") and NatWest Markets Plc (together with the Joint Arrangers, the "**Joint Lead Managers**" in respect of the Notes) and the Seller have, pursuant to a subscription agreement dated on or around 27 January 2021 between the Joint Arrangers, the Joint Lead Managers, the Seller and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (a) in the case of the Joint Lead Managers, 95 per cent. of the aggregate principal amount of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, and 100 per cent. of the aggregate principal amount of the Class X Notes:
- (b) in the case of the Seller, 5 per cent. of the aggregate principal amount of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, and 100 per cent. of the aggregate principal amount of each of the Class Z1 Notes and the Class Z2 Notes:

in each case as at the Closing Date.

The Issuer and the Seller have agreed to indemnify the Joint Arrangers and the Joint Lead Managers against certain liabilities in connection with the issue of the Notes.

Except with the prior written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by Section __.20 of the U.S. Risk Retention Rules, the Notes offered and sold on the Closing Date may not be purchased by, or for the account or benefit of Risk Retention U.S. Persons.

Prospective investors should note that the definition of "U.S. persons" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. In any event, no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section __.2 of the U.S. Risk Retention Rules) are issued) of all Classes of Notes may be sold or transferred to, or for the account or benefit of, Risk Retention U.S. Persons. Each purchaser of the Notes, or a beneficial interests therein, acquired in the initial syndication of the Notes, by its acquisition of the Notes or beneficial interest therein, will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent from the Seller, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section __.20 of the U.S. Risk Retention Rules described herein). Any Risk Retention U.S. Person wishing to purchase Notes must inform the Seller and the Joint Lead Managers that it is a Risk Retention U.S. Person.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or any other relevant 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) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold by the Joint Lead Managers solely to non-U.S. persons in offshore transactions in reliance on Regulation S.

Each of the Joint Lead Managers and the Seller (in each case only in respect of the Notes subscribed for by each of them) has agreed that, except as permitted by the Subscription Agreement, they will not offer, sell or deliver the Notes (a) as part of their distribution (if any) at any time or (b) otherwise until 40 days after the later of the commencement of the offering or 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, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. See the section entitled "*Transfer Restrictions and Investor Representations*". In addition, the Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from the registration requirements under the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and each of the Joint Lead Managers 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. Distribution of this Prospectus by any non U.S. person outside the United States to any U.S. person or to any other person within the United States, other than those persons, if any, retained to advise such non U.S. person with respect thereto, is unauthorised and 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 those persons, if any, retained to advise such non U.S. person, is prohibited.

United Kingdom

Prohibition of sales to UK Retail Investors

Each of the Joint Arrangers and the Joint Lead Managers 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 United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, 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 issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each of the Joint Arrangers and the Joint Lead Managers 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 Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (b) a customer within the meaning of Directive 2016/97/EU (as amended, 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.

General

Each of the Issuer, the Joint Arrangers, the Joint Lead Managers and the Seller has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with the UK Prospectus Regulation, applying for the admission of the Notes to listing on the Official List and to trading on the London Stock Exchange and applying for the admission of the Notes to trading on its regulated market, no action has been taken by the Issuer, the Joint Arrangers, the Joint Lead Managers or the Seller that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Joint Arrangers and the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms. Notwithstanding the foregoing, none of the Joint Lead Managers will have any liability to the Issuer or the Seller for compliance by the Issuer or the Seller or any other person with the U.S. Risk Retention Rules.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

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 date that is 40 days after the later of (i) the commencement of the offering of the Notes and (ii) the Closing Date, may constitute a violation of United States law.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) if the purchaser purchased the Notes during the initial syndication of the Notes, such purchaser (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section __.20 of the U.S. Risk Retention Rules);
- (b) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) pursuant to another exemption from the registration requirements under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (c) during the applicable distribution compliance period, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (b) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and

- (d) the Issuer, the Registrar, the Joint Arrangers, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

The Notes bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES 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 OTHERWISE TRANSFERRED IN 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) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (REGULATION S). ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID AB INITIO. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

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

EACH PURCHASER OR HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN) SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT, AND IS NOT USING THE ASSETS OF, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF, A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL,

STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, (“ERISA”) OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”). THE TERM "BENEFIT PLAN INVESTOR" SHALL MEAN (1) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS AT 29 C.F.R. § 2510-101, AS MODIFIED BY SECTION 3(42) OF ERISA.

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

Authorisation

The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on 11 January 2021.

Listing of Notes

Application has been made to the Official List of the FCA for the Notes to be admitted to the official list and to trading on the main market of the London Stock Exchange. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The main market of the London Stock Exchange is a regulated market for the purposes of UK MiFIR.

Documents Available

For the life of the Prospectus and for so long as the Notes are listed on the Official List and admitted to trading on the main market of the London Stock Exchange, 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) and electronic copies of the following documents may be inspected in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/>:

- (a) the memorandum and articles of association of each of the Issuer and Holdings;
- (b) the Agency Agreement, the Deed of Charge, the Cash Management Agreement, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, the Corporate Services Agreement, the Bank Account Agreement, the Collection Account Declaration of Trust, the Expenses Account Declaration of Trust, the Servicing Agreement, the Share Trust Deed, the Cross-collateral Mortgage Rights Deed, the Deed Poll, the Trust Deed and the Swap Agreement; and
- (c) the most recently published audited annual financial statements of the Issuer. The Issuer does not publish interim accounts.

Cleared Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

Class of Notes	ISIN	Common Code
Class A Notes	XS2243229684	224322968
Class B Notes	XS2243229841	224322984
Class C Notes	XS2243229924	224322992
Class D Notes	XS2243230187	224323018
Class E Notes	XS2243231078	224323107
Class X Notes	XS2243231151	224323115
Class Z1 Notes	XS2243232043	224323204
Class Z2 Notes	XS2243231664	224323166

The Notes have the following CFIs and FISNs codes:

Class of Notes	CFI	FISN
Class A Notes	DGVNFR	ATLAS FUNDING 2/VARMBS 22001231
Class B Notes	DGVXFR	ATLAS FUNDING 2/VARMBS 22001231 SU
Class C Notes	DGVXFR	ATLAS FUNDING 2/VARMBS 22001231 SU
Class D Notes	DGVXFR	ATLAS FUNDING 2/VARMBS 22001231 SU
Class E Notes	DGVXFR	ATLAS FUNDING 2/VARMBS 22001231 SU
Class X Notes	DGVXFR	ATLAS FUNDING 2/VARMBS 22001231 SU
Class Z1 Notes	DGZXFR	ATLAS FUNDING 2/ZERO CPNMBS 2200123
Class Z2 Notes	DGZXFR	ATLAS FUNDING 2/ZERO CPNMBS 2200123

Significant or Material Change

Since 21 August 2020 (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.

Litigation

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 21 August 2020 (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).

Accounts

No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2021.

Post-issuance information

The Issuer will procure that the Cash Manager will prepare the quarterly Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards, and shall procure that the Cash Manager delivers such reports to the Servicing Facilitator in accordance with the provisions of the Cash Management Agreement.

The Issuer will procure that the Servicer will prepare on a quarterly (and, where required by the Issuer or the Servicing Facilitator, monthly) basis certain loan-by-loan information in relation to the Portfolio in respect of each Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation

Regulation and the UK Article 7 Technical Standards (and which shall be provided in the form of the standardised template set out in Annex II of the UK Article 7 RTS or as otherwise agreed between the Issuer and the Servicer) (the "**SR Data Tape**").

The Servicing Facilitator will publish each Investor Report and each SR Data Tape in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/> being a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation (or such other website which may be available for such purpose and notified by the Servicing Facilitator to the Issuer, the Cash Manager, the Security Trustee and the Note Trustee (following which the Issuer will procure that such change is notified to each Rating Agency and the Noteholders at the time of such change)), no later than one month after the Interest Payment Date in relation to which such reports were prepared.

The Issuer shall also procure that the Servicing Facilitator shall publish in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/> (or such other website which may be available for such purpose and notified by the Servicing Facilitator to the Issuer, the Cash Manager, the Security Trustee and the Note Trustee from time to time (following which the Issuer will procure that such change is notified to each Rating Agency and the Noteholders at the time of such change)), being a website which conforms with the requirements set out in Article 7(2) of the UK Securitisation Regulation:

- (a) any information required to be reported pursuant to Articles 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation without delay and in accordance with the UK Article 7 Technical Standards. Such information will also be made available, on request, to potential holders of the Notes; and
- (b) within 15 days of the issuance of the Notes, copies of the Transaction Documents and this Prospectus.

The Servicing Facilitator shall make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes not later than one month after the Interest Payment Date in relation to which such information was prepared. To the extent any technical standards prepared under the UK Securitisation Regulation or the EU Securitisation Regulation come into effect after the date of this Prospectus and require such reports or information to be published in a different manner or on a different website, the Issuer shall procure that the Servicing Facilitator complies with the requirements of such technical standards when publishing such reports or information.

For the purpose of this Prospectus:

"UK Article 7 ITS" means Commission Implementing Regulation (EU) 2020/1225 as it forms part of domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

"UK Article 7 RTS" means Commission Delegated Regulation (EU) 2020/1224 as it forms part of domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

"UK Article 7 Technical Standards" means the UK Article 7 RTS and the UK Article 7 ITS.

The Issuer confirms that the Servicing Facilitator has made available the draft Transaction Documents, the draft Prospectus as required by Article 7(1)(b) of the UK Securitisation Regulation prior to the pricing of the Notes to the competent authorities and (upon request) to potential investors in the Notes in a manner consistent with the requirements of Article 7(2) of the UK Securitisation Regulation and, for these purposes, until an FCA-authorized securitisation repository becomes available and is appointed, the information is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator (or their successors) and, upon request, to potential investors in the Notes,, on the datasite hosted by European DataWarehouse at <https://editor.eurodw.co.uk/>.

Other than as outlined above, the Issuer does not intend to provide post issuance transaction information regarding the Notes or the Loans.

No other activities since incorporation

Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

Websites

Any website referred to in this document does not form part of the Prospectus.

Miscellaneous

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.

INDEX OF TERMS

\$.....	6	Class A Liquidity Reserve Fund Account .	86, 184, 194
£.....	6	Class A Liquidity Reserve Fund Excess Amount 193
€.....	6	Class A Liquidity Reserve Fund Release Amount 193
Account Bank Rating.....	88	Class A Liquidity Reserve Fund Required Amount 194
Accrued Interest	206	Class A Noteholders	223
Additional Interest	253	Class A Notes	64, 220
Agency Agreement	182, 220	Class A Principal Deficiency Sub-Ledger.....	195
Agent Bank	53, 220	Class A Redemption Date	194
Alternative Base Rate	245	Class B Noteholders.....	223
Appointee.....	206	Class B Notes	64, 220
Arrears of Interest	206	Class B Principal Deficiency Sub-Ledger.....	195
AST.....	21, 152	Class C Noteholders.....	223
AT.....	21, 152	Class C Notes	64, 220
Authorised Denomination	215	Class C Principal Deficiency Sub-Ledger.....	195
Authorised Investments	180	Class D Noteholders	223
Available Principal Receipts	78, 208	Class D Notes	220
Available Revenue Receipts.....	76, 201	Class D Principal Deficiency Sub-Ledger.....	195
Back-Up Servicing Facilitator	54	Class E Noteholders.....	223
Bank Account Agreement	187	Class E Notes.....	64, 220
Bank Rate.....	229	Class E Principal Deficiency Sub-Ledger	195
Banking Act	39	Class E Redemption Date.....	192
Base Rate Modification.....	245	Class X Noteholders	223
Base Rate Modification Certificate	245	Class X Notes	64, 220
Basic Terms Modification.....	241	Class Z1 Noteholders	224
BCBS	37	Class Z1 Notes.....	64, 220
Beneficial Title Transferee.....	108	Class Z1 Principal Deficiency Sub-Ledger	195
billion.....	6	Class Z2 Noteholders.....	224
Block Voting Instruction.....	251	Class Z2 Notes.....	64, 220
Book-Entry Interests	215	Clearing Obligation.....	42
Borrower	55	Clearing System.....	72
Borrower Buildings Policies	164	Clearstream, Luxembourg.....	221
Borrower Buildings Policy.....	164	Client Manual	171
Borrowers.....	55	Closing Date.....	ii, 220
Business Day	164, 227	CLTV Ratios	138
Buy-to-Let Loans.....	17	CMA	147
Calculated Principal Receipts.....	230	COBS	4
Calculated Revenue Receipts	230	Code.....	vi, 232
Calculation Date	164	Collateral Obligation.....	42
Call Option.....	108	Collection Account Bank	53, 171
Call Option Redemption Date	206	Collection Account Bank Rating.....	89
Capitalised Amounts.....	207	Collection Account Bank Ratings.....	89
Cash Management Agreement	182	Collection Account Declaration of Trust	188
Cash Manager.....	52	Collection Account Trust	188
Cash Manager Termination Events	186	Collection Period	164
CBTL	144	Collection Period Start Date.....	165
CBTL Loan	164	Collections.....	133
Certificate of Title	164	Commission's Proposal	257
Charged Assets	239	Common Safekeeper	48
CJEU.....	148		
Class.....	220		
Class A Liquidity Deficit	193		
Class A Liquidity Reserve Fund.....	192		

Competent Authority	169	FCA.....	ii, 6
Compounded Daily SONIA	227	FCA Payment Deferral Guidance	150
Conditions	iii, 220	Final Maturity Date.....	66, 233
Corporate Services Agreement.....	188	Final Redemption Date	79, 190
Corporate Services Provider.....	54	Fixed Rate Accrual Date	226
Courts.....	255	Fixed Rate Loan.....	165
COVID-19 Payment Deferral.....	14	Flexible Loan.....	165
COVID-19 Payment Deferral Loan.....	14	Floating Rate Notes	iii
CPR.....	105	foreign passthru payments.....	256
CPUTR	147	FSA.....	6
Cross-collateral Mortgage.....	178	FSMA.....	144
Cross-collateral Mortgage Rights Deed.....	178	FTT	257
Cross-collateral Rights.....	178	Further Advance	165
Cross-collateralised Mortgage Loan.....	58	GBP.....	6
Current Balance.....	56	General Reserve Fund.....	191
Current Loan to Value Ratios.....	138	General Reserve Fund Account.....	86, 184, 192
Custodian	53	General Reserve Fund Release Amount.....	191
Cut-Off Date.....	165	General Reserve Fund Required Amount	192
Data Protection Legislation.....	165	Global Note	1, 221
Day Count Fraction	198	HA 1988.....	21, 152
Deed of Charge.....	220	Hedge Subordinated Amounts.....	206
Deed Poll.....	110	HMRC.....	256
Deferred Consideration	155	HNW.....	132
Deferred Interest.....	253	Holdings.....	52
Deposit Account	86	ICR.....	131
Determination Period.....	230	ICSD	219
Direct Debit.....	78	IGAs.....	256
Direct Debiting Scheme.....	172	Indirect Participants	215
Disruption Event.....	174	Initial Advance	165
Distance Marketing Regulations	145	Initial Consideration	57
Distribution Compliance Period	259	Insolvency Event	156
distributor.....	4	Insurance Distribution Directive.....	5, 260
Early Repayment Charge	206	Insurance Policies	165
Early Termination Date.....	212	Interest Amounts.....	229
Early Termination Event.....	199	Interest Determination Date	228
EEA	4	Interest Determination Ratio	231
Eligible Person	250	Interest Payment Date	226
Enforced Loan.....	165	Interest Period.....	207, 226
Enforcement Notice.....	237	Investment Company Act.....	vi
English Regulations.....	17	Investor Report	73
Enhanced Amortisation Amounts.....	208	ISDA Master Agreement.....	197
ERISA.....	vi	Issuer.....	52, 220
ESMA	104	Issuer Account Bank	53
EU CRA Regulation	iv	Issuer Accounts	87
EU Securitisation Regulation	v	Issuer Certificate.....	27, 235, 254
euro.....	6	Issuer Power of Attorney	180
Euroclear.....	221	Issuer Profit	86
EUWA	ii, v, 259	Issuer Profit Account	184
Event of Default	237	Issuer Profit Amount.....	204
Exercise Notice.....	108	Issuer Substitution Condition	252
Expenses Account	133	Issuer Swap Amount.....	197
Expenses Account Declaration of Trust.....	189	ITA 2007	256
Expenses Account Trust	189	Joint Arranger.....	258
Extraordinary Resolution	70, 250	Joint Arrangers	54, 258
FATCA	24	Joint Lead Managers.....	258

Joint-Lead Managers	54	Perfection Event	156
Lead Manager Related Person.....	29	Pool Factor	234
Ledgers	183	Portfolio	155
Legal Title Transferee.....	108	Portfolio Reference Date.....	16
Lendco	ii	Post-Enforcement Priority of Payments.....	210
Lending Criteria	58	pounds.....	6
LIBOR	32, 36	PRA.....	6
Loan Files.....	157	Pre-Enforcement Principal Priority of Payments	
Loan Repurchase Notice.....	164	208
Loan Warranties	157	Pre-Enforcement Revenue Priority of Payments	
Loans	155	203
Losses	196	Presentation Date.....	232
Master Definitions and Construction Schedule		PRIIPs Regulation	5
.....	180, 220	Primary Servicing Fee.....	173
MCOB.....	146	Principal Addition Amount	195
Member States.....	257	Principal Amount Outstanding	236
MiFID II.....	4, 260	Principal Deficiencies	184
Modelling Assumptions	105	Principal Deficiency Ledger.....	184
Modification Certificate.....	244	Principal Deficiency Sub-Ledger	195
Monthly Instalment.....	165	Principal Ledger	183
Moody's.....	iv	Principal Paying Agent	53, 216, 220
Mortgage	165	Principal Receipts	207
Mortgage Conditions	166	Priority of Payments	210
Mortgage Deed	166	Product Switch.....	166
Mortgage Sale Agreement	155	Property.....	166
Most Senior Class of Notes.....	239	Proposed Amendment.....	24
MoU.....	147	Prospectus	ii
NFC+	42	Provisional Portfolio	136
NISAs	16	proxy	251
Non-Responsive Rating Agency	27, 254	Prudent Mortgage Lender.....	58, 133
Note Principal Payment	233	Qualifying Collateral Trigger Rating.....	90
Note Trustee	53, 220	Qualifying Transfer Trigger Rating.....	90
Noteholders	64	Quarterly Increase.....	171
Notes.....	64, 220, 222	Rate of Interest	226
Notice of Termination with Cause.....	174	Rated Notes	iv, 64, 220
Notional Amount	198	Rates of Interest	226
NSS.....	219	rating.....	26
Observation Period	228	Rating Agencies.....	iv
Offer Conditions	166	Rating Agency	iv
Official List	ii	Rating Agency Confirmation	26, 254
OLTV Ratios	137	ratings.....	26
Ombudsman	21	Re Leyland Daf.....	41
Option Holder.....	110	Receiver	166
Optional Purchase Collections	110	Reconciliation Amount	231
Optional Purchase Commencement Date.....	111	Record Date.....	216
Optional Purchase Completion Date.....	108	Redemption Event	235
Optional Purchase Price.....	109	Redemption Fee.....	173, 207
Optional Redemption Date.....	79	Register	222
Ordinary Resolution.....	70, 249	Registered Definitive Notes	218, 221
Original Loan to Value Ratios.....	137	Registrar	54, 220
OTC	42	Regulation S	vi, 1
Participants.....	215	Regulatory Direction.....	98
Paying Agent.....	220	Regulatory Requirements.....	169
PDL Condition	209	Related Security.....	167
PEPs.....	16	Relevant Authorisations	109

Relevant Class of Notes	73	Standard Documentation	167
Relevant Date	237	Sterling	6
Relevant Information	30	Subscription Agreement	258
Relevant Margin	228	Swap Agreement	197
Relevant Parties	1	Swap Calculation Period	198
Relevant Party	243	Swap Cash Collateral Account	86, 212
relevant PDL Condition	209	Swap Collateral	207, 212
Relevant Person	73	Swap Collateral Account Priority of Payments	212
Relevant Screen	75, 252	Swap Collateral Account Surplus	214
Relevant Step-Up Margin	228	Swap Collateral Accounts	87, 212
Replacement Swap Agreement	207	Swap Credit Support Annex	212
Replacement Swap Premium	207	Swap Floating Rate Determination Date	198
repurchase	55	Swap Payment Date	198
repurchased	55	Swap Provider	53
Required Swap Rating	198	Swap Provider Default	207
Requirement of Law	98	Swap Provider Downgrade Event	207
retail investor	4	Swap Provider Swap Amount	197
Retained Interest	v, 101	Swap Rate Modification	246
Reuters Screen SONIA Page	228	Swap Rate Modification Certificate	246
Revenue Deficit	192	Swap Securities Collateral Account	86
Revenue Ledger	183	Swap Sterling Securities Collateral Account	212
Revenue Receipts	201	Swap Tax Credits	207
Risk Retainer	52	Swap Transaction	30
Risk Retention U.S. Persons	2, 5	Tailored Support Guidance	150
S&P	iv	Tax Advice	108
S&P framework	91	Taxes	236
sale	55, 155	Third Party Amounts	78, 203
Screen Rate Replacement Event	32	Third Party Purchaser	111
SDLT	18	Title Deeds	156
Secured Creditors	180	Title Indemnity Policies	167
Secured Obligations	73	Trade and Cooperation Agreement	34
Securities Act	vi, 1	Transaction Documents	180
Securitisation Tax Regulations	46	Transfer Costs	207
Security	65, 179	Trust Corporation	182
Security Trustee	53, 220	Trust Deed	25, 220
sell	55	U.S. dollars	6
Seller	ii, 52	U.S. persons	1
Seller Power of Attorney	180	U.S. Risk Retention Consent	2, 5
Senior Expenses Deficit	194	U.S. Risk Retention Rules	v, 5
Servicer	52	U.S.\$	6
Servicer Facilitator	52	UK	iv
Servicer Facilitator Termination Event	96	UK Article 7 ITS	266
Servicer Termination Event	94, 173	UK Article 7 RTS	266
Services	168	UK Article 7 Technical Standards	267
Servicing Agreement	168	UK Benchmarks Regulation	iv
Servicing Facilitator Termination Event	177	UK Benchmarks Regulation	32
Servicing Fees	100	UK CRA Regulation	iv
Share Trust Deed	180	UK CRR	103
Share Trustee	54, 117	UK EMIR	24, 42, 246
Similar Law	vi	UK EMIR Amendment	246
sold	55	UK MiFIR	ii, 4
SONIA	229	UK MiFIR Product Governance Rules	4
SONIA Reference Rate	229	UK PRIIPs Regulation	5
Special Servicing Fee	173	UK Prospectus Regulation	ii
SR Data Tape	73, 266	UK Securitisation Regulation	v

UK STS Securitisation.....	103	Voting Certificate	250
Valuation Report	157	Whole Beneficial Title.....	108
VAT	100	Whole Legal Title.....	108
Volcker Rule	vi		

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