

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.

IMPORTANT NOTICE TO THE HOLDERS OF THE

**Class A2a €230,000,000 mortgage backed floating rate notes due June 2045
(the "Class A2a Notes") (Rule 144A ISIN: US29881BAD01 CUSIP: 29881BAD0
Reg S ISIN: XS0311680747)**

**Class A3a €150,000,000 mortgage backed floating rate notes due June 2045
(the "Class A3a Notes") (Rule 144A ISIN: US29881BAG32 CUSIP: 29881BAG3
Reg S ISIN: XS0311702657)**

**Class A3c £111,690,000 mortgage backed floating rate notes due June 2045
(the "Class A3c Notes") (Rule 144A ISIN: US29881BAJ70 CUSIP: 29881BAJ7
Reg S ISIN: XS0311704356)**

**Class B1a €52,000,000 mortgage backed floating rate notes due June 2045
(the "Class B1a Notes") Rule 144A ISIN: US29881BAK44 CUSIP 29881BAK4
Reg S ISIN: XS0311705759)**

**Class C1a €55,000,000 mortgage backed floating rate notes due June 2045
(the "Class C1a Notes") (Rule 144A ISIN: US29881BAN82 CUSIP: 29881BAN8
Reg S ISIN: XS0311708696)**

**Class D1a €36,000,000 mortgage backed floating rate notes due June 2045
(the "Class D1a Notes") (Rule 144A ISIN: US29881BAR96 CUSIP: 29881BAR9
Reg S ISIN: XS0311713001)**

**Class E1c £10,220,000 mortgage backed floating rate notes due June 2045
(the "Class E1c Notes") (Reg S ISIN: XS0311717416)
10,000 Residual Certificates
(the "Residual Certificates") (ISIN: XS0311833247)**

**issued by
EUROSAIL-UK 2007-4BL PLC
(the "Issuer")
on or about 16 August 2007**

The Class A2a Notes, the Class A3a Notes, the Class A3c Notes, the Class B1a Notes, the Class C1a Notes, the Class D1a Notes, the Class E1c Notes and the Residual Certificates are together referred to as the "**Instruments**" and the holders of the Instruments are together referred to as the "**Instrumentholders**".

The Instruments are admitted to trading on the regulated market of the Irish Stock Exchange Limited. Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse), together with implementing Commission Directives 2003/124/EC of 22 December 2003, 2003/125/EC of 22 December 2003 and 2004/72/EC of 29 April 2004, as implemented by the relevant member states, require disclosure by or on behalf of the Issuer of any inside information concerning the Instruments.

Introduction

We refer to the notices from the Issuer dated 11 July 2014, 2 October 2014, 16 October 2014, 23 October 2014 and 3 November 2014 (the "**Notices**").

All terms and expressions used but not defined herein shall have the meanings attributed to them in the Master Definitions Schedule attached as Schedule 1 (Master Definitions Schedule) to the Master Securitisation Agreement dated 16 August 2007 between, amongst others, the Issuer and the Trustee (as amended and restated pursuant to the Amendment and Restructuring (2014A) Agreement (as defined below)) and the Notices, as the context may require.

Restructuring Proposals

On 10 November 2014, the Instrumentholders duly passed in writing an Extraordinary Resolution (the "**Restructuring Resolution**") to approve, authorise, consent, sanction and assent to, amongst other things, the provisions of an amendment and restructuring agreement between the Issuer, the Sellers, the Mortgage Administrator, the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Standby Mortgage Administrator, the Account Bank, the GIC Provider, the Collection Account Bank, PMCL, OptionCo, the Trustee, Principal Paying Agent, the Agent Bank, the Exchange Agent, the U.S. Paying Agent, the Registrar, the Transfer Agent, the Irish Paying Agent and the Corporate Services Provider (the "**Amendment and Restructuring (2014A) Agreement**") implementing several restructuring proposals including, amongst others, (i) converting the Realised Termination Amounts (as defined below) from U.S. dollars to Sterling; (ii) amending the currency of the Class A2a Notes, the Class A3a Notes, the Class B1a Notes, the Class C1a Notes and the Class D1a Notes from euro to Sterling; (iii) amending the Relevant Margin applicable to the Class A2a Notes, the Class A3a Notes, the Class A3c Notes, the Class B1a Notes and the Class C1a Notes; (iv) adjusting the Principal Amount Outstanding of the Class B1a Notes, the Class C1a Notes, the Class D1a Notes and the Class E1c Notes; (v) certain amendments to the Instruments; (vi) redeeming part of the Principal Amount Outstanding of certain Notes; (vii) amending the Transaction Documents including the removal of the Replacement Swap Obligations (as defined below); (viii) establishing a Liquidity Reserve Fund for the benefit of the A Notes; and (ix) distributing the Converted Realised Termination Amounts (as defined below) (together, the "**Restructuring Proposals**").

Acting pursuant to the Restructuring Resolution, the parties implemented the Restructuring Proposals in accordance with their terms and the Amendment and Restructuring (2014A) Agreement was executed by all parties on 24 November 2014.

Whilst the below provides a summary of the material aspects of the Restructuring Proposals, the Instrumentholders are advised to read the Amendment and Restructuring (2014A) Agreement and the Restated Transaction Documents (each as defined below and each of which is available for inspection by Instrumentholders as specified below) in full.

Agreed Spreadsheet

On the Calculation Date (as defined below) in connection with the amendments to the Instruments and the extraordinary payments described below, and pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, the Cash/Bond Administrator shall apply the calculations set out in the excel spreadsheet provided by the Auction/FX Agent to the

Issuer and the Cash/Bond Administrator to effect the Restructuring Proposals (the "**Agreed Spreadsheet**"). The form of the Agreed Spreadsheet is attached to this notice at Schedule 1.

Conversion of the Realised Termination Amounts

As previously notified in the Notices, the Issuer has received the Distribution Amounts which amount to a total of USD 89,791,670.50.

On the Business Day immediately following the date on which, amongst other things, both the Amendment and Restructuring (2014A) Agreement has been executed and delivered and the proceeds of sale of the Remaining Claims (the "**Sale Proceeds**") has been received (the "**FX Transaction Date**"), the Issuer and the Trustee will execute an instruction letter (the "**Instruction Letter – FX Transaction**") instructing the Account Bank to convert the Sale Proceeds and the Distribution Amounts (together, the "**Realised Termination Amounts**") from USD to Sterling (the "**FX Transaction**" and such converted Realised Termination Amounts being the "**Converted Realised Termination Amounts**") and transmit the Converted Realised Termination Amounts to the Transaction Account.

Crediting the Converted Realised Termination Amounts to Ledgers

On the date of the Amendment and Restructuring (2014A) Agreement, the Cash/Bond Administrator opened in the books of the Issuer three new ledgers in the Transaction Account entitled the "Distributable Termination Proceeds Ledger", the "Liquidity Reserve Ledger" and the "2014 Restructuring Costs Ledger" respectively and upon receipt of the Converted Realised Termination Amounts in the Transaction Account, the Cash/Bond Administrator shall procure that:

- (a) an amount equal to £2,000,000 of the Converted Realised Termination Amounts is credited to the 2014 Restructuring Costs Ledger; and
- (b) the remainder of the Converted Realised Termination Amounts is credited to the Distributable Termination Proceeds Ledger.

Closure of the Termination Payment Reserve Account

Within 2 Business Days of the settlement date of the FX Transaction the Cash/Bond Administrator shall confirm to the Issuer that (i) the balance of the Termination Payment Reserve Account is nil; and (ii) on behalf of the Issuer, instruct the Account Bank to close this account. The Trustee shall, on closure of the Termination Payment Reserve Account, confirm that such account will be released from Security constituted under and pursuant to the Deed of Charge.

Amendment to the Currency and Pool Factor of the Notes

On the Business Day immediately following the FX Transaction Date (the "**Calculation Date**") at midday (London time) (providing that the Cash/Bond Administrator has complied with its obligations under the Amendment and Restructuring (2014A) Agreement) or such later time as the Cash/Bond Administrator provides the results of the calculations pursuant to the Agreed Spreadsheet to the Issuer, the Trustee and the other parties to the Amendment and Restructuring (2014A) Agreement by e-mail (the "**Effective Time**"):

- i. the currency of the Class A2a Notes, the Class A3a Notes, the Class B1a Notes, the Class C1a Notes and the Class D1a Notes will be redenominated from euro to Sterling

at a rate of EUR 1/GBP 0.78625, being the EUR/GBP exchange rate of WM/Reuters 4:00 p.m. (London time) mid-rate fixing for EUR/GBP on 23 September 2014 (the "Currency Amendment Rate") (the "Note Currency Amendments"); and

- ii. the Pool Factor applicable to the Class A2a Notes, the Class A3a Notes, the Class B1a Notes, the Class C1a Notes, the Class D1a Notes and the Class E1c Notes will be replaced by the fraction expressed as a decimal to the tenth point to be confirmed by the Cash/Bond Administrator on the Business Day immediately following the FX Transaction Date on the basis of the Currency Amendment Rate in accordance with:
 - (a) Cell S7 of the Agreed Spreadsheet for the Class A2a Notes;
 - (b) Cell S8 of the Agreed Spreadsheet for the Class A3a Notes;
 - (c) Cell S10 of the Agreed Spreadsheet for the Class B1a Notes;
 - (d) Cell S11 of the Agreed Spreadsheet for the Class C1a Notes;
 - (e) Cell S12 of the Agreed Spreadsheet for the Class D1a Notes; and
 - (f) Cell S13 of the Agreed Spreadsheet for the Class E1c Notes,(the "New Note Pool Factors")
- iii. the minimum denominations of the Class A2a Notes, the Class A3a Notes, The Class A3c Notes, the Class B1a Notes, the Class C1a Notes, the Class D1a Notes and the Class E1c Notes will be replaced with £100,000.

Each such redenomination and replacement referred to at (i) – (iii) above shall be deemed to have been effective for all purposes as of 17:00 (London Time) on the Interest Payment Date falling in September 2014.

Closure of the Euro Account

Within 2 Business Days of the Calculation Date, the Cash/Bond Administrator shall confirm to the Issuer that (i) the balance standing to the credit of the Euro Account is nil and (ii) on behalf of the Issuer, instruct the Account Bank to close the account. The Trustee shall confirm that upon the closure of the Euro Account, such account is to be released from the Security constituted under and pursuant to the Deed of Charge.

Amendment to the Relevant Margin

At the Effective Time, the Relevant Margin of the Class A2a Notes, the Class A3a Notes, the Class A3c Notes, the Class B1a Notes and the Class C1a Notes for each Interest Period from (and including) the Interest Period commencing on the Interest Payment Date falling in September 2014 shall be amended so as to result in the respective applicable annual percentage rate set out as follows:

Relevant Margin for the Interest Period beginning on the Interest Payment Date falling in September 2014	Relevant Margin for each Interest Period from (and including) the Interest Period beginning on the Interest
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		Payment Date falling in December 2014
Class A2a Notes	0.16 per cent.	0.30 per cent.
Class A3a Notes	0.20 per cent.	0.95 per cent.
Class A3c Notes	0.20 per cent.	0.95 per cent.
Class B1a Notes	0.36 per cent.	1.00 per cent.
Class C1a Notes	0.65 per cent.	1.25 per cent.

Such amendments are be deemed to have been effective for all purposes (including, without limitation, the calculation of interest) as of 17:00 (London time) on the Interest Payment Date falling in September 2014.

Amendment to Global Instruments

The parties to the Amendment and Restructuring (2014A) Agreement agreed that, at the Effective Time the following Instruments and the conditions of such instruments would be amended in the forms annexed to the Amendment and Restructuring (2014A) Agreement:

- a) the A2a Reg S Global Note;
- b) the A3a Reg S Global Note;
- c) the A3c Reg S Global Note;
- d) the B1a Reg S Global Note;
- e) the C1a Reg S Global Note;
- f) the D1a Reg S Global Note;
- g) the E1c Reg S Global Note; and
- h) a Global Residual Certificate,

the instruments listed at paragraphs (a) to (h) as amended pursuant to the Amendment and Restructuring (2014A) Agreement being the “**Amended Instruments**”.

Amended Global Instruments

Pursuant to the Amendment and Restructuring (2014A) Agreement, the Issuer agreed to comply with, and be bound by, the covenants, obligations and provisions expressed to be performed by, or binding on, it or any covenant or obligations of it in relation to entering into the Amended Instruments.

Cancellation of Certain Original Global Notes

The parties to the Amendment and Restructuring (2014A) Agreement agreed that, at the Effective Time to cancel:

- a) the A2a Rule 144A Global Note;
- b) the A3a Rule 144A Global Note;
- c) the A3c Rule 144A Global Note;
- d) the B1a Rule 144A Global Note;
- e) the C1a Rule 144A Global Note; and
- f) the D1a Rule 144A Global Note.

Restatement of Original Transaction Documents

Pursuant to the Amendment and Restructuring (2014A) Agreement, the parties thereto agreed, to amend and restate certain of the Transaction Documents to reflect, among other things, the amendments to the Instruments referred to above.

The terms of the Amendment and Restructuring (2014A) Agreement provide that with effect on and from the Effective Time, the following documents were amended and restated in the forms contained in the schedules to the Amendment and Restructuring (2014A) Agreement:

- (a) the Cash/Bond Administration Agreement;
- (b) the Common Terms;
- (c) the Master Definitions Schedule;
- (d) the GIC;
- (e) the Bank Agreement;
- (f) the Mortgage Administration Agreement; and
- (g) the Paying Agency Agreement,

(together, the "**Restated Transaction Documents**").

First Amended and Restated (2014) Trust Deed and Supplemental (2014A) Deed of Charge

In accordance with the Restructuring Resolution, the Issuer and the Trustee and other relevant Transaction Parties entered into the first amended and restated Trust Deed (the "**First Amended and Restated (2014) Trust Deed**") and a supplemental Deed of Charge (the "**Supplemental (2014A) Deed of Charge**"), incorporating, in the case of the First Amended and Restated (2014) Trust Deed, amendments to and restatements of the Conditions of the Notes (the "**Restated Conditions**") and the Residual Certificate Conditions (the "**Restated Residual Certificate Conditions**") to reflect the changes to the Instruments described above, and in the case of the Supplemental (2014A) Deed of Charge, amendments to the Deed of Charge.

- (a) First Amended and Restated 2014 Trust Deed:

The Restated Conditions are attached to this notice at Schedule 2 (*The Terms and Conditions of the Notes*) and the Restated Residual Certificate Conditions are attached to this notice at Schedule 3 (*The Terms and Conditions of the Residual Certificates*).

In addition, the First Amended and Restated 2014 Trust Deed amends, amongst other things, the following provisions of the Trust Deed:

- (i) Clause 11.2(m) (*Raters' Confirmations*) - to provide that the Rating Agency Confirmations are not required in certain circumstances; and
 - (ii) Schedule 4 (*Provisions for Meetings of the Instrumentholders*) - to provide that all provisions of such Schedule no longer take into account the difference in the currency of the Notes.
- (b) Supplemental (2014A) Deed of Charge

Pursuant to the Supplemental (2014A) Deed of Charge the Issuer granted a supplemental level of security on the same terms as the existing security (save in respect of the Scottish Declaration of Trust (which is already subject to a full assignation in favour of the Trustee under Scots law pursuant to the original Deed of Charge), in relation to which the Issuer has assigned in favour of the Trustee its reversionary interest in the assignation of the Scottish Declaration of Trust granted in terms of the original Deed of Charge). The Supplemental (2014A) Deed of Charge is intended as a supplement to the existing security granted pursuant to the Deed of Charge to cover any amendments to the Secured Amounts arising as a result of the Restructuring Proposals and it is not intended that the security pursuant to the Deed of Charge would be released.

The Supplemental (2014A) Deed of Charge appends an amended form of the Deed of Charge, reflecting, amongst other things, the termination of the Hedging Agreements, the inclusion of new limited recourse provisions and amendments to the Post-Enforcement Priority of Payments.

Termination of the Replacement Swap Obligations

Prior to the implementation of the Amendment and Restructuring (2014A) Agreement, Condition 2(g) of the Conditions, Condition 2(d) of the Residual Certificate Conditions, clauses 18.2(ff) and 18.2(nn) of the Deed of Charge and clause 9.14(c) of the Cash/Bond Administration Agreement required the Issuer to, among other things, apply the Realised Termination Amounts towards payment to suitably rated replacement swap counterparties in consideration for such swap counterparties entering into suitable replacement hedging agreements with the Issuer (the "**Replacement Swap Obligations**"). The Replacement Swap Obligations have been terminated in all relevant Restated Transaction Documents.

Principal Deficiency Ledger

On the Calculation Date, the Cash/Bond Administrator shall:

1. create the following sub-ledgers within the Principal Deficiency Ledger:
 - (a) the "A2a Principal Deficiency Ledger"; and

- (b) the "A3 Principal Deficiency Ledger",
- 2. as soon as possible following the Effective Time, reduce the balance (if any) of the existing A Principal Deficiency Ledger to zero; and
- 3. thereafter:
 - (a) allocate the A Principal Deficiency (if any):
 - (i) *first*, to the A3 Principal Deficiency Ledger (up to a maximum amount equal to the Principal Amount Outstanding of the A3 Notes);
 - (ii) *second*, to the A2a Principal Deficiency Ledger (up to a maximum amount equal to the Principal Amount Outstanding of the A2a Notes); and
 - (b) close the A Principal Deficiency Ledger.

Termination of Appointment of the Exchange Agent, the Irish Paying Agent and the U.S. Paying Agent

The parties to the Amendment and Restructuring (2014A) Agreement agreed that at the Effective Time the appointment of each of the Exchange Agent, the Irish Paying Agent and U.S. Paying Agent shall terminate.

Termination of the PECO

At the Effective Time, and pursuant to the Restructuring Resolution and the terms of the Amendment and Restructuring (2014A) Agreement, the Issuer, the Trustee and OptionCo agree to terminate the Post Enforcement Call Option Agreement and to release all the Issuer's right, title, interest and benefit (both present and future) in, to and under the Post Enforcement Call Option Agreement from the Security created pursuant to the Deed of Charge.

Extraordinary Payments: Payment of Restructuring Transaction Costs

- (a) Provided the Effective Time has occurred, on the Interest Payment Date falling in December 2014, the Cash/Bond Administrator, on behalf of the Issuer, shall procure that any invoices presented to the Issuer in accordance with Clause (b) below and duly representing amounts comprising:
 - (i) the costs, fees and expenses (including any legal costs) incurred by the Issuer in connection with its appointment of AgFe LLP as the Auction/FX Agent, Acenden Limited, S&P, Fitch and Ernst & Young LLP;
 - (ii) the costs, fees and expenses (including any legal costs) incurred by the Transaction Parties (including the Issuer and the Trustee) in connection with the Amendment and Restructuring (2014A) Agreement, the directions of the Instrumentholders pursuant to the Restructuring Resolution (the “**2014A Restructuring**”) and the Extraordinary Resolutions passed or proposed by the

Instrumentholders up to and including the Interest Payment Date falling in December 2014;

- (iii) the costs, fees and expenses (including any legal costs) incurred by the Instrumentholders (to Clifford Chance LLP and Sidley Austin LLP) in connection with the Amendment and Restructuring (2014A) Agreement, the 2014A Restructuring and the Extraordinary Resolutions passed or proposed by the Instrumentholders up to and including the Interest Payment Date falling in December 2014;
- (iv) without double counting, the costs, fees and expenses (including any legal costs) of the Transaction Parties (including the Issuer and the Trustee) in connection with the implementation of the Amendment and Restructuring (2014A) Agreement, the 2014A Restructuring and any further amendment and restructuring agreement(s): (i) proposed by the Instrumentholders; or (ii) entered or proposed into in accordance with Extraordinary Resolutions passed by the Instrumentholders, incurred up to and including the Determination Date falling in March 2015; and
- (v) without double counting, the costs, fees and expenses (including any legal costs) of the Instrumentholders (to Clifford Chance LLP and Sidley Austin LLP) in connection with the 2014A Restructuring and any further amendment and restructuring agreement(s): (i) proposed by the Instrumentholders; or (ii) entered or proposed into in accordance with Extraordinary Resolutions passed by the Instrumentholders, incurred up to and including the Determination Date falling in March 2015,

together, the “**Restructuring Transaction Costs**”, shall be paid (on a *pro rata* basis) from amounts standing to the credit of the 2014 Restructuring Costs Ledger of the Transaction Account (in each case making an appropriate debit to the 2014 Restructuring Costs Ledger) (the “**December Restructuring Transaction Costs**”).

- (b) The payments and debits referred to in (a) above shall only be made against invoices presented to the Issuer and thereafter presented by the Issuer to the Cash/Bond Administrator by no later than 15:00 (London time) on 3 December 2014 that appear on their face to be presented by the Issuer, a Transaction Party or the Instrumentholders (or, by the relevant party's legal counsel as the case may be) and that fall within a category of service or task referred to in the Restructuring Transaction Costs.
- (c) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, provided the Effective Time has occurred, on the Interest Payment Date falling in March 2015 and/or, if applicable, on such earlier date as may be notified by the Issuer to the Transaction Parties and the Instrumentholders in writing (the “**Interim Payment Date**”), in each case subject to (e)(iii) below, the Cash/Bond Administrator, on behalf of the Issuer, shall procure that, without double counting, any invoices presented to the Issuer in accordance with (d) below and duly representing amounts comprising Restructuring Transaction Costs shall be paid (on a *pro rata* basis by reference to the invoices submitted for payment in accordance with (d)(i) or (d)(ii) below (as applicable) and to be paid on the Interest Payment Date falling in March 2015 and/or the Interim Payment Date respectively) from amounts standing to the credit of the 2014 Restructuring Costs Ledger of the Transaction Account (in each case making an

appropriate debit to the 2014 Restructuring Costs Ledger) ("**Additional Restructuring Transaction Costs**").

- (d) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, the payments and debits referred to in (c) above shall only be made against invoices presented to the Issuer and thereafter presented by the Issuer to the Cash/Bond Administrator by no later than:

(i) in the case of payments to be made on the Interest Payment Date falling in March 2015, 15:00 (London time) on 4 March 2015; or

(ii) in the case of payments to be made on the Interim Payment Date, such earlier date as shall be notified to the Transaction Parties and the Instrumentholders by the Issuer,

in each case, that appear on their face to be presented by the Issuer, a Transaction Party or the Instrumentholders (or, by the relevant party's legal counsel as the case may be) and that fall within a category of service or task referred to in the Restructuring Transaction Costs.

- (e) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, provided the Effective Time has occurred and to the extent that the amounts credited to the 2014 Restructuring Costs Ledger:

(i) exceed the amount applied in payment of the Restructuring Transaction Costs, the excess shall be applied for the purpose set out in (f) below;

(ii) are insufficient to pay the December Restructuring Transaction Costs, the shortfall shall be paid out of the Available Revenue Funds and rank for payment at Condition 2(g)(i), (ii), (iii) or (iv), as applicable, of the Restated Conditions and Residual Certificate Conditions 2(d)(i), (ii), (iii) or (iv), as applicable, of the Restated Residual Certificate Conditions on the Interest Payment Date falling in December 2014;

(iii) are insufficient to pay the Additional Restructuring Transaction Costs, the shortfall shall be paid:

A. in the case of a shortfall arising on the Interim Payment Date, on the earlier of (i) the date on which sufficient funds are available in the Transaction Account to satisfy the Additional Restructuring Transaction Costs in full in accordance with clause 9.3(m) of the Cash/Bond Administration Agreement and (ii) the Interest Payment Date falling in March 2015 out of the Available Revenue Funds and rank for payment at Condition 2(g)(i), (ii), (iii) or (iv), as applicable, of the Restated Conditions and Residual Certificate Condition 2(d)(i), (ii), (iii) or (iv), as applicable, of the Restated Residual Certificate Conditions; and

B. in the case of a shortfall arising on the Interest Payment Date falling in March 2015, out of the Available Revenue Funds and rank for payment at Condition 2(g)(i), (ii), (iii) or (iv), as applicable, of the Restated

Conditions and Residual Certificate Condition 2(d)(i), (ii), (iii) or (iv), as applicable, of the Restated Residual Certificate Conditions.

- (f) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, provided the Effective Time has occurred, on the Interest Payment Date falling in March 2015 immediately after the Cash/Bond Administrator has applied the Available Revenue Funds in accordance with the Pre-Enforcement Priority of Payments and the Actual Redemption Funds in accordance with Condition 5(b) (*Mandatory Redemption in part of the Notes*) of the Restated Conditions and paid any Additional Restructuring Transaction Costs on that date, the Cash/Bond Administrator shall procure that all amounts (if any) standing to the credit of the 2014 Restructuring Costs Ledger are paid as an extraordinary payment, *pari passu* and *pro rata*, to the Residual Certificateholders, withdrawing from the Transaction Account and making an appropriate debit to the 2014 Restructuring Costs Ledger, such payment to be made to the holders of the Residual Certificates for their own account.
- (g) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, the above is without prejudice to the entitlement of the Issuer (and/or the Cash/Bond Administrator on the Issuer's behalf) to make certain payments that would otherwise be payable and which shall include, amongst others, any fees, costs, disbursements and expenses and other amounts due to its or the Trustee's legal, tax and other professional advisers.

Extraordinary Payments: Application of amounts standing to the credit of the Distributable Termination Proceeds Ledger

- (a) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, on the Interest Payment Date falling in December 2014 immediately after the Cash/Bond Administrator has applied the Available Revenue Funds in accordance with the Pre-Enforcement Priority of Payments and the Actual Redemption Funds in accordance with Condition 5(b) (*Mandatory Redemption in part of the Notes*) of the Restated Conditions, the Cash/Bond Administrator shall procure that the amounts standing to the credit of the Reserve Ledger are credited to the Distributable Termination Proceeds Ledger (and debited from the Reserve Ledger).
- (b) Pursuant to the terms of the Amendment and Restructuring (2014A) Agreement, following the making of the debits and credits referred to in (a) above, the Cash/Bond Administrator shall apply the amounts then standing to the credit of the Distributable Termination Proceeds Ledger as follows (in each case withdrawing from and/or, as applicable, retaining in the Transaction Account and making an appropriate debit to the Distributable Termination Proceeds Ledger):
 - (i) *first, pari passu* and *pro rata*:
 - A. an amount of £12,000,000 to be paid, *pari passu* and *pro rata*, to the Residual Certificateholders as an extraordinary distribution on the Residual Certificates;
 - B. *pari passu* and *pro rata*:

- (I) an amount equal to £1,338,079.41, to be paid, *pari passu* and *pro rata*, to the A2a Noteholders;
- (II) an amount equal to £1,769,062.50, to be paid, *pari passu* and *pro rata*, to the A3a Noteholders; and
- (III) an amount equal to £1,675,350.00, to be paid, *pari passu* and *pro rata*, to the A3c Noteholders;
- (ii) *second*, the Initial Reserve Amount to be credited to the Reserve Ledger (and deposited into the Transaction Account);
- (iii) *third, pari passu and pro rata*:
- A. an amount equal to the amount to be confirmed by the Cash/Bond Administrator on the Calculation Date in accordance with and pursuant to cell C63 of the Agreed Spreadsheet (the “**A3a Paydown Amount**”) to be paid, *pari passu* and *pro rata*, to the A3a Noteholders, such amount to be applied in partial redemption of the A3a Notes; and
- B. an amount equal to the amount to be confirmed by the Cash/Bond Administrator on the Calculation Date in accordance with and pursuant to cell C64 of the Agreed Spreadsheet (the “**A3c Paydown Amount**”) to be paid, *pari passu* and *pro rata*, to the A3c Noteholders, such amount to be applied in partial redemption of the A3c Notes;
- (iv) *fourth*, an amount equal to the amount to be confirmed by the Cash/Bond Administrator on the Calculation Date in accordance with and pursuant to cell C65 of the Agreed Spreadsheet (the “**B Paydown Amount**”) to be paid, *pari passu* and *pro rata*, to the B Noteholders, such amount to be applied in partial redemption of the B Notes;
- (v) *fifth*, an amount equal to the amount to be confirmed by the Cash/Bond Administrator on the Calculation Date in accordance with and pursuant to cell C66 of the Agreed Spreadsheet (the “**C Paydown Amount**”) to be paid, *pari passu* and *pro rata*, to the C Noteholders, such amount to be applied in partial redemption of the C Notes;
- (vi) *sixth*, an amount equal to the amount to be confirmed by the Cash/Bond Administrator on the Calculation Date in accordance with and pursuant to cell C67 of the Agreed Spreadsheet (the “**D Paydown Amount**”) to be paid, *pari passu* and *pro rata*, to the D Noteholders, such amount to be applied in partial redemption of the D Notes;
- (vii) *seventh*, an amount equal to the amount to be confirmed by the Cash/Bond Administrator on the Calculation Date in accordance with and pursuant to cell C68 of the Agreed Spreadsheet (the “**E Paydown Amount**”) to be paid, *pari passu* and *pro rata*, to the E Noteholders, such amount to be applied in partial redemption of the E Notes; and
- (viii) *eighth*, any remaining amounts standing to the credit of the Distributable Termination Proceeds Ledger to be credited to the Reserve Ledger.

Rating Agency Confirmation

Certain of the Transaction Documents provide that a Rating Agency Confirmation must be obtained in respect of certain actions permitted to be made and certain changes permitted to occur under the terms of those Transaction Documents. In line with recent experiences of certain Rating Agencies no longer providing Rating Agency Confirmations as a matter of course, the Restated Transaction Documents provide that a Rating Agency Confirmation will not be required (in circumstances where it was so required under the terms of the Transaction Documents, the Deed of Charge and/or the Trust Deed, prior to the implementation of the Restructuring Proposals) if the applicable Rating Agency (a) does not, at the applicable time, rate the Notes to which such Rating Agency Confirmation is required to apply; (b) has made a public statement to the effect that it will no longer review events or circumstances of such type for the purposes of confirming such then current ratings and will not issue such Rating Agency Confirmation; or (c) has communicated to the Issuer, the Trustee or the Cash/Bond Administrator (or any of their respective counsel) that it will not review such event or circumstance for the purposes of determining whether or not it can confirm such then current ratings and will not issue a Rating Agency Confirmation on the basis that it is not obliged to provide such confirmation.

Other Matters

In connection with the Restructuring Proposals and pursuant to the Restructuring Resolution, the Trustee:

- (a) concurred with, consented to and confirmed its agreement to:
 - (i) the Issuer entering into, amongst other things, the Amendment and Restructuring (2014A) Agreement and implementing the Restructuring Proposals and in each case performing its obligations contemplated thereby; and
 - (ii) the Issuer concurring with, consenting to and directing each of the Cash/Bond Administrator, the Registrar, the Principal Paying Agent and each other party to enter into, amongst other things, the Amendment and Restructuring (2014A) Agreement and implement the Restructuring Proposals and in each case performing its obligations contemplated thereby;
- (b) waived all breaches or proposed breaches by the Issuer or the other parties to the Amendment and Restructuring (2014A) Agreement of the provisions of the Transaction Documents and/or the Instruments that may occur in connection with entering into the Amendment and Restructuring (2014A) Agreement and implementing the Restructuring Proposals; and
- (c) determined that any actions taken by the Issuer or the parties to the Amendment and Restructuring (2014A) Agreement pursuant to or in connection with, amongst other things, the Amendment and Restructuring (2014A) Agreement or in connection with the implementation of the Restructuring Proposals which constitute an Event of Default or Potential Event of Default in respect of the Instruments shall not be treated as such.

In connection with the Restructuring Resolution and the Restructuring Proposals, the Issuer (with the consents referred to in paragraphs (a)-(c) above) concurred with, consented to and directed the Cash/Bond Administrator, the Registrar, the Principal Paying Agent and each other party to enter into the Amendment and Restructuring (2014A) Agreement and implement the Restructuring Proposals, in each case performing its obligations contemplated thereby.

In connection with the Restructuring Proposals, the parties waived the following:

- (a) any and all requirements, restrictions or conditions precedent set forth in the Transaction Documents on any person in respect of entering into, amongst other things, the Amendment and Restructuring (2014A) Agreement and the transactions contemplated hereby; and
- (b) any requirements contained in the unamended Transaction Documents to obtain rating agency approval or confirmation that the then current ratings of the Notes would not be adversely affected.

The parties to the Amendment and Restructuring (2014A) Agreement (other than the GIC Provider and the Account Bank) acknowledged and waived any breach:

- (a) by the GIC Provider of clause 8.1 (*Warranties and Acknowledgments*) of the GIC;
- (b) by the Account Bank of clause 5.12 (*Acknowledgments*) of the Bank Agreement;
- (c) by the Account Bank, the Issuer and/or the Cash/Bond Administrator of clause 7.3 (*Change of Account Bank*) of the Bank Agreement;
- (d) by the Issuer and/or the Cash/Bond Administrator of clause 7.1 (*Rating and Transfer of Bank Accounts*) of the Cash/Bond Administration Agreement; and
- (e) of any other provision of a Transaction Document, in each case arising from the GIC Provider and/or the Account Bank (as applicable) having ceased to be a Qualifying Entity, such acknowledgement and waiver to be without prejudice to the rights, obligations and ability of the Issuer and/or the Cash/Bond Administrator to act after the date of this notice to replace the GIC Provider and/or the Account Bank (as applicable) with a Qualifying Entity in accordance with the terms of the Transaction Documents.

Acknowledgment of Risks

The following is a summary of certain aspects of the Amendment and Restructuring (2014A) Agreement and the Restructuring Proposals about which Instrumentholders and prospective Instrumentholders should be aware. The summary is not intended to be exhaustive and prospective Instrumentholders should take their own advice in connection with the risks associated with the Instruments or any investment therein. Nothing in this notice should be considered as a recommendation or as constituting an invitation or offer to buy or the solicitation of an offer to subscribe for or purchase any Instruments or any other securities in any jurisdiction. Each investor contemplating subscribing for or purchasing or selling any Instruments should make its own independent investigation of the Instruments and take its own advice in connection with any risks associated therewith or otherwise.

Instrumentholders' acknowledgments

In the Restructuring Resolution, the Instrumentholders:

- (a) resolved to discharge and exonerate the Trustee and the Issuer from all liability for which either of them become responsible to Instrumentholders (or may incur to Instrumentholders) in respect of any act or omission by the Trustee or the Issuer required to implement the Restructuring Resolution in accordance with its terms;
- (b) confirmed that they have formed their own view in relation to the actions arising out of the Restructuring Resolution without any reliance on the Issuer, the Trustee or the Paying Agents or their respective advisers;
- (c) acknowledged and agreed that the terms of the Restructuring Resolution have not been formulated by the Trustee or the Issuer neither of whom expresses any view on them, and nothing in the Restructuring Resolution or otherwise should be construed as a recommendation to the Instrumentholders from the Trustee or the Issuer to either approve or reject the Restructuring Resolution or its implementation;
- (d) acknowledged and agreed that neither the Trustee nor the Issuer are responsible for the accuracy, completeness, validity or correctness of the statements made and documents referred to in the Restructuring Resolution or any omissions from the Restructuring Resolution or the proposals therein;
- (e) confirmed that they have consulted their own independent legal, financial, tax and other professional advisers and conducted such due diligence as they consider necessary or appropriate for the purposes of considering the Restructuring Resolution and the proposals therein and have made their own judgment in connection therewith are not relying (for the purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Trustee and they further acknowledge and agree that neither the Issuer nor the Trustee have given (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) of the Restructuring Resolution and the Restructuring

Proposals (as defined in the Restructuring Resolution); and

- (f) confirmed that they are sophisticated investors familiar with transactions similar to their investment in the Instruments and that they are acting for their own account, and have made their own independent decisions in respect of passing the Restructuring Resolution and passed the Restructuring Resolution with a full understanding of all the terms, conditions and risks associated with or that exist or may exist now or in the future in connection with the Restructuring Resolution and that are capable of assuming and willing to assume (financially or otherwise) those risks.

Rating of the Notes

The Rating Agencies have not confirmed that the applicable ratings of the Instruments (if any) will not be downgraded, suspended, withdrawn or qualified as a result of the execution of the Amendment and Restructuring (2014A) Agreement or in connection with the implementation of the Restructuring Proposals or any part of them and as a result there can be no assurance that such ratings will not be so downgraded, suspended, withdrawn or qualified.

No hedging

In light of the amendments made pursuant to the Amendment and Restructuring (2014A) Agreement, the Issuer will not enter into any hedging arrangement in respect of the Instruments to mitigate potential risks including, without limitation, risks associated with rising interest rates, increase in Note Sterling LIBOR or any potential mismatch between Loan BBR and Note Sterling LIBOR or otherwise, which in each case might lead to a shortfall in amounts available to make payments in respect of the Instruments or a downgrade, suspension, withdrawal or qualification of the Instruments by one or more of the Rating Agencies.

No legal opinions

Neither the Issuer nor the Trustee has the benefit of any legal opinion in connection with the Restructuring Proposals and their implementation or the Amendment and Restructuring (2014A) Agreement regarding capacity, authority, enforceability, validity of security or any other matters (including taxation).

Limited Recourse

Pursuant to the amendments made to the original Transaction Documents in the Amendment and Restructuring (2014A) Agreement, the Instruments will be limited recourse obligations of the Issuer. If, and to the extent that, after the Security has been enforced and the proceeds thereof have been applied in accordance with the applicable Priority of Payments, the amounts recovered on enforcement of the Security are insufficient to pay or discharge amounts due from the Issuer to the Instrumentholders in full for any reason, the amounts will cease to be due and payable by the Issuer. No other assets of the Issuer will be available to satisfy claims of Instrumentholders or any other Secured Creditors. The limited recourse provisions included in the Restated Transaction Document are binding on current and future Instrumentholders and will limit the recourse of Instrumentholders for payment of all amounts due to the Instrumentholders (including principal and interest on the Notes), and payment of RC Distributions on the Residual Certificates, to the proceeds of realisation of the Charged Property.

On the Final Maturity Date or following final distribution of net proceeds of enforcement of the Security, if the Trustee certifies, in its sole discretion, that the Issuer has insufficient funds to pay in full all of the Issuer's obligations to the Instrumentholders, then the Instrumentholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall cease to be due and payable.

Taxation

This notice does not address the tax consequences of the Restructuring Proposals. Instrumentholders who are in any doubt as to the tax position are encouraged to obtain specific tax advice, and in connection therewith reference is made to the foregoing confirmations and acknowledgments from the Instrumentholders.

Costs of Restructuring Proposals

The payment of costs in connection with the Restructuring Proposals is described in the Amendment and Restructuring (2014A) Agreement and the Restated Transaction Documents, as summarised in this notice.

However, there can be no assurance that the implementation of the Restructuring Proposals will not cause the parties to the Restated Transaction Documents to incur additional costs and such costs will be required to be paid by the Issuer in accordance with the Priority of Payments, which might lead to a shortfall in amounts available to make payments in respect of the Instruments or a downgrade, suspension, withdrawal or qualification of the Instruments by one or more of the Rating Agencies.

Compliance with new European Regulations

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Prospective investors in the Instruments are responsible for analysing their own regulatory position and none of the Issuer, the Sellers nor the Originators makes any representation to any prospective investor or purchaser of the Instruments regarding the regulatory capital treatment of their investment on the date of their issue or at any time in the future.

In particular, investors and prospective investors should be aware of Articles 404 to 410 of Regulation (EU) No 575/2013 referred to as the Capital Requirements Regulation (the "**CRR**"), as supplemented by Commission Delegated Regulation (EU) No 625/2014 of 13 March 2014 ("**Regulatory Technical Standards**") and Commission Delegated Regulation (EU) No 602/2014 of 4 June 2014. The CRR forms part of a broader package of measures known as CRD IV which has repealed and replaced Directive 2006/48/EC (as amended by Directive 2009/111/EC), referred to as the Capital Requirements Directive ("**CRD**" or "**Article 122a**" as applicable).

The CRR restricts a credit institution and investment firm regulated in a Member State of the European Economic Area ("**EEA**") and consolidated group affiliates thereof (each, an "**Affected Investor**") from investing in a securitisation (as defined by the CRR) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in that securitisation in the manner contemplated by

Article 405 of the CRR. The CRR also requires that an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the Instruments it has acquired and the underlying exposures, and that procedures have been established for monitoring the performance of the underlying exposures on an on-going basis. Failure to comply with one or more of the requirements set out in the CRR may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by an Affected Investor.

Furthermore, investors who are EEA regulated alternative investment funds should be aware of Article 17 of the European Union Alternative Investment Fund Managers Directive, as supplemented by Section 5 of Chapter III of Commission Delegated Regulation (EU) No 231/2013 ("AIFMR"), which requirements took effect from July 22, 2013. The provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of EEA regulated alternative investment fund managers which assume exposure to the credit risk of a securitisation on behalf of one or more EEA regulated alternative investment funds. While such requirements are similar to those which apply under the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

Similar requirements are also expected to be implemented for other types of EU regulated investors (such as insurance and reinsurance undertakings and Undertakings for Collective Investment in Transferable Securities funds) in the future. For the purpose of this Prospectus, all such requirements, together with the CRR and Section 5 of Chapter III of the AIFMR, are referred to as the "**Securitisation Retention Requirements**".

Neither of the Sellers nor any other party to the transaction retains, or intends to retain, a material net economic interest in the transaction in accordance with the Securitisation Retention Requirements or intends to take any other action which may be required by investors for the purposes of their compliance with the Securitisation Retention Requirements. The Securitisation Retention Requirements apply to new securitisations issued on or after 1 January 2014 and, after 31 December 2014, to existing securitisations where new underlying exposures are added or substituted after 31 December 2014. Therefore, on the basis that the Original Instruments were issued on 15 August 2007, the Securitisation Retention Requirements would only apply to the extent that new underlying Loans are added or substituted to the Mortgage Pool after 31 December 2014. No new Underlying Loans are intended to/permitted to be added or substituted into the Mortgage Pool other than in the circumstances permitted under the Securitisation Retention Requirements.

Investors in the Instruments are responsible for analysing their own regulatory position, and are encouraged to consult their own investment and legal advisors regarding compliance with the Securitisation Retention Requirements and the suitability of the Instruments for investment. None of the Issuer, the Trustee, the Corporate Services Provider and any other party to the transaction makes any representation to any prospective investor or purchaser of the Instruments regarding the regulatory capital treatment of their investment in the Instruments on the Closing Date or at any time in the future.

The Securitisation Retention Requirements and any other changes to the regulation or regulatory treatment of the Instruments for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Instruments in the secondary market.

Modification of Euroclear and Clearstream, Luxembourg records

The Amendment and Restructuring (2014A) Agreement and the Restructuring Proposals,

amongst other things, contemplate modifications to the Transaction Documents, the Global Notes and Global Residual Certificates and which require corresponding modifications to the books and records of, amongst others, Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream Luxembourg are under no obligation to make such modifications or implement the proposals in the Amendment and Restructuring (2014A) Agreement or, the Restructuring Proposals, amongst other things, or in connection therewith 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 Transaction Documents or otherwise. Neither the Issuer nor the Trustee, nor any of their agents will have any responsibility for the performance (timely or otherwise) by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations including, without limitation any modifications to their books, records or systems proposed to be made that were not made or were made in part only or in any way incorrectly or not in the manner envisaged in connection with the Amendment and Restructuring (2014A) Agreement, the Restructuring Proposals or otherwise. Instrumentholders and prospective Instrumentholders should be aware that any interests in the Instruments will be subject to the terms the Amendment and Restructuring (2014A) Agreement or the Restructuring Proposals notwithstanding that any modifications therein have not been accurately reflected in the books and records of Euroclear or Clearstream, Luxembourg, which might affect future payments in connection with the Instruments or their value, price or liquidity in the secondary market.

Schedule 1
Agreed Spreadsheet

Restructuring Calculations.

	Amount	Responsibility
Claim Sale		
Stipulated Claim	\$175,000,000	
LBSF Distribution to Date	\$89,791,670.50 Issuer	
Traded Value of Remaining Claim	15,000,000 Agfe/Issuer	
Claim Sale Proceeds	\$26,250,000	
Total Claim Proceeds	\$116,041,670.50	
GBPUSD Rate used to convert USD Proceeds into GBP	1.60070 Agfe	
GBP Equivalent Proceeds	£72,494,327.79	

Existing Assets

Mortgage Asset Balance	£389,339,931.93	
Existing Reserve Fund	£3,285,000	

Currency Amendment

Current outstanding Class A1a balance in GBP	-	
Current outstanding Class A1c balance in GBP	-	
Current outstanding Class A2a balance in EUR	113,456,654	
Current outstanding Class A3a balance in EUR	150,000,000	
Current outstanding Class A3c balance in GBP	111,690,000	
Current outstanding Class B1a balance in EUR	52,000,000	
Current outstanding Class C1a balance in EUR	55,000,000	
Current outstanding Class D1a balance in EUR	36,000,000	
Current outstanding Class E1c balance in GBP	10,220,000	
Current outstanding Class N* balance in GBP	-	
Conversion EURGBP Rate	0.78625	
Current outstanding Class A1a balance in GBP (without any currency amendment)	£0.00	
Current outstanding Class A1c balance in GBP (without any currency amendment)	£0.00	
Current outstanding Class A2a balance in GBP (without any currency amendment)	£89,205,294.21	
Current outstanding Class A3a balance in GBP (without any currency amendment)	£117,937,500.00	
Current outstanding Class A3c balance in GBP (without any currency amendment)	£111,690,000.00	
Current outstanding Class B1a balance in GBP (without any currency amendment)	£40,885,000.00	
Current outstanding Class C1a balance in GBP (without any currency amendment)	£43,243,750.00	
Current outstanding Class D1a balance in GBP (without any currency amendment)	£28,305,000.00	
Current outstanding Class E1c balance in GBP (without any currency amendment)	£10,220,000.00	
Current outstanding Class N balance in GBP (without any currency amendment)	£0.00	

*Class N notes are Revenue Backed as per Original OC dated 15 August 2007

Extraordinary Waterfall

Restructuring Costs Ledger	£2,000,000	
Minimum Initial Reserve Amount	£3,285,000.00	
Initial Liquidity Reserve Amount	£0.00	
Residual Paydown Ledger	£12,000,000	
Class A Consent Fee	£4,782,492	
A1a Paydown Amount	£0.00	
A1c Paydown Amount	£0.00	
A2a Paydown Amount	£0.00	
A3a Paydown Amount	£19,921,500.00	
A3c Paydown Amount	£18,866,674.80	
B1a Paydown Amount	£4,973,800.00	
C1a Paydown Amount	£5,260,750.00	
D1a Paydown Amount	£3,443,400.00	
E1c Paydown Amount	£1,243,365.20	
Initial Reserve Amount	£3,287,345.88	

Writedown

Total Write-Down Required	£1,562,877.72	
Total Mezz Write-Down	£1,562,877.72	
Total Senior Write-Down	£0.00	

Writedown per class

A1a Writedown Amount	£0.00	
A1c Writedown Amount	£0.00	
A2a Writedown Amount	£0.00	
A3a Writedown Amount	£0.00	
A3c Writedown Amount	£0.00	
B1a Writedown Amount	£1,562,877.72	
C1a Writedown Amount	£0.00	
D1a Writedown Amount	£0.00	
E1c Writedown Amount	£0.00	

Post redenomination, writedown and paydown balance

A1a Balance	£0.00	
A1c Balance	£0.00	
A2a Balance	£89,205,294.20	
A3a Balance	£98,016,000.00	
A3c Balance	£92,823,325.20	
B1a Balance	£37,474,077.72	
C1a Balance	£37,983,000.00	
D1a Balance	£24,861,600.00	
E1c Balance	£8,976,634.80	

Assets -Liabilities

Assets -Liabilities	£0.01	
Asset Liabilities Check	OK	
Cash Spent Check	OK	

Class	Number of Notes	Before Currency Amendment/WriteDown				After Currency Amendment/WriteDown			
		Amount per Note (GBP/EUR)	Initial Balance	Factor	Current Balance	Amount Per Note	Initial Balance	Factor	Current Balance
A1a	173,000	£1,000	£173,000,000	0.0000000000	£0	£1,000	£173,000,000	0.0000000000	£0.00
A1c	100,000	£1,000	£100,000,000	0.0000000000	£0	£1,000	£100,000,000	0.0000000000	£0.00
A2a	230,000	£1,000	£230,000,000	0.4932898000	£113,456,654	£1,000	£230,000,000	0.38784910525	£89,205,294.21
A3a	150,000	£1,000	£150,000,000	1.0000000000	£150,000,000	£1,000	£150,000,000	0.78625000000	£117,937,500.00
A3c	111,690	£1,000	£111,690,000	1.0000000000	£111,690,000	£1,000	£111,690,000	1.00000000000	£111,690,000.00
B1a	52,000	£1,000	£52,000,000	1.0000000000	£52,000,000	£1,000	£52,000,000	0.8169534080	£42,447,877.72
C1a	55,000	£1,000	£55,000,000	1.0000000000	£55,000,000	£1,000	£55,000,000	0.78625000000	£43,243,750.00
D1a	36,000	£1,000	£36,000,000	1.0000000000	£36,000,000	£1,000	£36,000,000	0.78625000000	£28,305,000.00
E1c	10,220	£1,000	£10,220,000	1.0000000000	£10,220,000	£1,000	£10,220,000	1.00000000000	£10,220,000.00
N	29,200	£1,000	£29,200,000	0.0000000000	£0	£1,000	£29,200,000	0.00000000000	£0.00

Schedule 2

Restated Terms and Conditions of the Notes

TERMS AND CONDITIONS OF THE NOTES

If Notes (as defined below) in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each Note would be as set out below. While the Notes remain in global form, the same terms and conditions govern such Notes, except to the extent that they are appropriate only to Notes in definitive form. These terms and conditions are subject to the detailed provisions of the Trust Deed and the Deed of Charge.

The €173,000,000 Class A1a Mortgage Backed Floating Rate Notes due September 2028 (the "**A1a Notes**"), the £100,000,000 Class A1c Mortgage Backed Floating Rate Notes due September 2028 (the "**A1c Notes**"), the €30,000,000 Class A2a Mortgage Backed Floating Rate Notes due June 2045 (the "**A2a Notes**" or the "**A2 Notes**"), the €150,000,000 Class A3a Mortgage Backed Floating Rate Notes due June 2045 (the "**A3a Notes**"), the £111,690,000 Class A3c Mortgage Backed Floating Rate Notes due June 2045 (the "**A3c Notes**" and together with the A3a Notes, the "**A3 Notes**"), the €52,000,000 Class B1a Mortgage Backed Floating Rate Notes due June 2045 (the "**B1a Notes**" or the "**B Notes**"), the €55,000,000 Class C1a Mortgage Backed Floating Rate Notes due June 2045 (the "**C1a Notes**" or the "**C Notes**"), the €36,000,000 Class D1a Mortgage Backed Floating Rate Notes due June 2045 (the "**D1a Notes**" or the "**D Notes**"), the £10,220,000 Class E1c Mortgage Backed Floating Rate Notes due June 2045 (the "**E1c Notes**" or the "**E Notes**") and the £29,200,000 Class N Mortgage Backed Floating Rate Notes due June 2045 (the "**N Notes**") were issued by Eurosail-UK 2007-4BL PLC (the "**Issuer**") on 16 August 2007 (the "**Closing Date**"). The A1a Notes and the A1c Notes were repaid in full and cancelled on 13 December 2011 and the N Notes were repaid in full and cancelled on 15 September 2014.

At the Effective Time (as defined below) and in accordance with the 2014D Resolutions (as defined below) the A2a Notes, the A3a Notes, the B1a Notes, the C1a Notes and the D1a Notes were redenominated from euro to Sterling (such redenomination to be deemed effective for all purposes, including the payment of interest, from and including the Interest Payment Date falling in September 2014) in accordance with the terms of the Amendment and Restructuring (2014A) Agreement (as defined below).

The A2a Notes and the A3 Notes are collectively referred to as the "**A Notes**". The A Notes, the B Notes, the C Notes, the D Notes and the E Notes are collectively referred to as the "**Notes**". Any reference below to a "**Class**" of Notes or a "**Class**" of holders of Notes shall be a reference to the A2a Notes, A2 Notes, the A3a Notes, the A3c Notes, the A3 Notes, the A Notes, the B1a Notes, the B Notes, the C1a Notes, the C Notes, the D1a Notes, the D Notes, the E1c Notes, and the E Notes or to the holders thereof (the "**Noteholders**").

The Notes are constituted by the trust deed dated the Closing Date between the Issuer and BNY Mellon Corporate Trustee Services Limited (then known as BNY Corporate Trustee Services Limited) as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed pursuant to the Trust Deed) for the holders for the time being of the Notes (as amended and restated and/or supplemented from time to time (including, without limitation, by a supplemental trust deed dated on or about 11 November 2014 between the Issuer and the Trustee), the "**Trust Deed**") and are subject to a Master Securitisation Agreement (as defined below) and the paying agency agreement set out in schedule 8 thereof (as amended and restated and/or supplemented from time to time (including, without limitation, pursuant to the Amendment and Restructuring (2014A) Agreement (as defined below)), the "**Paying Agency Agreement**") between, among others,

the Issuer, The Bank of New York Mellon (then known as The Bank of New York), acting through its London Branch as agent bank (in such capacity, the "**Agent Bank**" which expression includes any successor agent bank appointed from time to time in connection with the Notes), as principal paying agent (in such capacity, the "**Principal Paying Agent**" which expression includes any successor principal paying agent appointed from time to time in connection with the Notes and together with each other paying agent and successor paying agent appointed from time to time in connection with the Notes, the "**Paying Agents**"), The Bank of New York Mellon (Luxembourg) S.A. (then known as The Bank of New York (Luxembourg) S.A.) as registrar for the Notes (in such capacity, the "**Registrar**" which expression includes any successor registrar appointed from time to time in connection with the Notes) and as transfer agent for the Notes (in such capacity, the "**Transfer Agent**" which expression includes any successor transfer agent appointed from time to time in connection with the Notes) and the Trustee. The security for the Notes is created pursuant to, and on the terms set out in, a deed of charge dated 16 August 2007 between, among others, the Issuer and the Trustee (as supplemented, amended and/or restated by a supplemental deed of charge dated on or around 11 November 2014 between, among others, the Issuer and the Trustee (the "**Supplemental (2014A) Deed of Charge**")) and as further amended, restated and/or supplemented from time to time, the "**Deed of Charge**").

Copies of the Transaction Documents are available for inspection by the Instrumentholders upon reasonable notice during normal business hours at the principal office for the time being of the Trustee, being at the Effective Time at One Canada Square, London E14 5AL and at the specified offices for the time being of the Paying Agents.

The statements in these conditions relating to the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Paying Agency Agreement and the other Transaction Documents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Charge and each other Transaction Document.

Capitalised words and expressions which are used in these Conditions, shall, unless otherwise defined below, have the same meanings as those given in the master definitions schedule (as amended and restated and/or supplemented from time to time (including, without limitation, by the Amendment and Restructuring (2014A) Agreement (as defined below)), the "**Master Definitions Schedule**") set out in schedule 1 (*Master Definitions Schedule*) to the master securitisation agreement dated the Closing Date between, among others, the Issuer, the Mortgage Administrator, the Trustee, the Principal Paying Agent and the Sellers (as the same may be supplemented, amended and/or restated from time to time, the "**Master Securitisation Agreement**") and the following capitalised words and expressions shall have the following meanings:

"**2014D Resolutions**" has the meaning given to such term in the Amendment and Restructuring (2014A) Agreement.

"**Actual Redemption Funds**" means, at any Determination Date, an amount calculated by the Cash/Bond Administrator as the aggregate of:

- (a) the amount standing to the credit of the Principal Ledger (following the making of any Principal Drawing and the debiting of any amount to the Principal Ledger pursuant to Condition 5(b)(iv), in each case on that Determination Date); and

- (b) the amount (if any) calculated on that Determination Date to be the amount by which the Principal Deficiency is expected to be reduced by the application of the Available Revenue Fund on the immediately succeeding Interest Payment Date.

"**Available Revenue Fund**" has the meaning given to such term in Condition 2(g) (*Priority of Payments prior to enforcement*).

"**Affiliate**" means, in relation to any person, any other person who, directly or indirectly is in control of, or controlled by, or is under common control with, such person (and for the purposes of this definition, "**control**" of a person means the power, direct or indirect (i) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such person or (ii) to direct or cause the direction of the management and policies of such person, whether by contract or otherwise).

"**Amendment and Restructuring (2014A) Agreement**" means the amendment and restructuring agreement dated on or about 11 November 2014 and made between, among others, the Issuer, the Trustee, the Cash/Bond Administrator, the Account Bank, the Collection Account Bank, the GIC Provider, the Registrar, the Transfer Agent, the Mortgage Administrator and the Sellers.

"**Appointee**" means any attorney, manager, agent, delegate, nominee, custodian, receiver, administrative receiver or other person appointed by the Trustee under the Trust Deed or the Deed of Charge.

"**Apportionment Factor**" means in relation to any Interest Payment Date, 0.25.

"**Available Revenue Ledger**" means the Ledger of such name created by the Cash/Bond Administrator pursuant to the terms of the Cash/Bond Administration Agreement.

"**Basic Terms Modification**" has the meaning given to such term in paragraph 5 of Schedule 4 (*Provisions for Meetings of Instrumentholders*) to the Trust Deed.

"**Business Day**" means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

"**Calculation Date**" has the meaning given to such term in the Amendment and Restructuring (2014A) Agreement.

"**Delinquencies**" means, in relation to a Loan, the amount of payments of interest or interest and scheduled principal due and payable by the related Borrower, which is overdue after cash payments received from that Borrower have been allocated first to missed monthly contractual payments and second to fees, costs and any other amounts.

"**Determination Date**" means the third Business Day of the calendar month in which an Interest Payment Date occurs.

"**Effective Time**" has the meaning set out in the Amendment and Restructuring (2014A) Agreement.

"**Extraordinary Resolution**" means:

- (a) a resolution passed at a meeting of the relevant Class or, if two or more Classes are voting on the resolution, at a meeting of the relevant Classes or separate meetings of the relevant Classes, as the case may be, duly convened and held in accordance with the Trust Deed by a majority at each such meeting consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) in respect of a resolution in writing signed on or before 31 May 2015, a resolution in writing signed by or on behalf of the Noteholders representing not less than 90 per cent. of the Principal Amount Outstanding of the relevant Class or Classes, as the case may be; or
- (c) in respect of a resolution in writing signed on or after 1 June 2015, a resolution in writing signed by or on behalf of all the Noteholders of the relevant Class or Classes, as the case may be,

provided that a resolution passed at a meeting to amend the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities shall be required to be passed by holders of not less than 50 per cent. of each of (x) the aggregate Principal Amount Outstanding of the Notes for the time being outstanding and (y) the Total Number Outstanding of the Residual Certificates.

"FATCA withholding" has the meaning given to such term in Condition 8(b) (*Taxation*).

"Independent Director" means a duly appointed member of the board of directors of the relevant entity who should not have been, at the time of such appointment, or at any time in the preceding five years, a direct or indirect legal or beneficial owner in such entity or any of its affiliates (excluding *de minimus* ownership interests).

"Initial Liquidity Reserve Amount" means £2,500,000.

"Initial Reserve Amount" means £3,285,000.

"Insolvency Proceedings" means any corporate action or other steps or legal proceedings for the winding up, dissolution, moratorium, controlled management, similar insolvency proceedings or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer.

"Interest Determination Date" means in respect of the Notes the first day of the Interest Period to which the Rate of Interest shall apply.

"Interest Period" means the period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

"Junior Notes" means the A3 Notes, the B Notes, the C Notes, the D Notes, and/or the E Notes.

"Liquidity Reserve Drawing" means, in respect of any Interest Payment Date, the amount (to be debited on the Determination Date immediately preceding such Interest Payment Date to the Liquidity Reserve Ledger and credited to the Available Revenue Ledger in accordance with the Cash/Bond Administration Agreement) equal to the lesser of:

- (a) the Revenue Shortfall (Liquidity Reserve) in respect of such Interest Payment Date; and
- (b) the credit balance of the Liquidity Reserve Ledger as at that Determination Date (after taking into account the amount debited from the Principal Ledger and credited to the Liquidity Reserve Ledger on that Determination Date pursuant to Condition 5(b)(iv)).

"Liquidity Reserve Fund" means at any time the credit balance on the Liquidity Reserve Ledger at such time.

"Liquidity Reserve Fund Required Amount" means:

- (a) in respect of each Interest Payment Date falling before December 2015, the Initial Liquidity Reserve Amount; and
- (b) in respect of the Interest Payment Date falling in December 2015 and each subsequent Interest Payment Date:
 - (i) if the Liquidity Reserve Trigger Condition is satisfied on the Determination Date immediately preceding such Interest Payment Date, the lesser of:
 - (A) 1.00 per cent. of the aggregate Principal Amount Outstanding of the A Notes as at the immediately preceding Interest Payment Date after the application of the Available Revenue Fund and the Actual Redemption Funds on such Interest Payment Date; and
 - (B) the Initial Liquidity Reserve Amount; and
 - (ii) if the Liquidity Reserve Trigger Condition is not satisfied on the Determination Date immediately preceding such Interest Payment Date, the Liquidity Reserve Fund Required Amount in respect of the immediately preceding Interest Payment Date,

provided that the Liquidity Reserve Fund Required Amount shall be zero where (x) in respect of an Interest Payment Date, there are no A Notes then outstanding on that Interest Payment Date (after taking into account any principal payments in respect of such Notes on that date) or (y) if an Event of Default has occurred.

"Liquidity Reserve Fund Surplus" means as of any Interest Payment Date (the **"Current Interest Payment Date"**) the amount (if any) by which the balance of the Liquidity Reserve Ledger as at the immediately preceding Determination Date, prior to the transfer of any Liquidity Reserve Drawing to the Available Revenue Ledger from the Liquidity Reserve Ledger, exceeds the Liquidity Reserve Fund Required Amount calculated by the Cash/Bond Administrator for the Current Interest Payment Date.

"Liquidity Reserve Ledger" means the Ledger of such name established by the Cash/Bond Administrator on behalf of the Issuer pursuant to the Amendment and Restructuring (2014A) Agreement.

"Liquidity Reserve Trigger Condition" is satisfied on a Determination Date if:

- (a) the Reserve Fund was at the Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (b) the Liquidity Reserve Fund was at the Liquidity Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (c) the Available Revenue Fund, (including, for the avoidance of doubt, any Reserve Fund transferred as at such Determination Date to the Available Revenue Ledger from the Reserve Fund Ledger, but excluding any Liquidity Reserve Drawing transferred at such Determination Date to the Available Revenue Ledger from the Liquidity Reserve Ledger) is sufficient to satisfy items (i) to (xviii) (both inclusive) of the Pre-Enforcement Priority of Payments provided that, for the purposes of this definition only and in order to determine whether such funds are sufficient, the Reserve Fund Required Amount for item (xviii) of the Pre-Enforcement Priority of Payments shall be deemed to be equal to the Reserve Fund Required Amount as at the immediately preceding Interest Payment Date;
- (d) (i) the aggregate Principal Balance of all Loans in the Mortgage Pool at that Determination Date that have Delinquencies which are 90 days or more overdue (including Trigger Condition Modified Loans but excluding Repossession Loans) as a percentage of the aggregate Principal Balance of all Loans in the Mortgage Pool does not exceed 22.5 per cent., (ii) at that Determination Date, the aggregate Principal Balance of Repossession Loans in the Mortgage Pool since the Closing Date (which includes sold repossessions plus current repossessions) as a percentage of the aggregate Principal Balance of the Loans in the Mortgage Pool as at the Closing Date does not exceed 17.5 per cent (or, in each case, such greater percentage agreed between the Issuer (with the consent of the Noteholders of each Class of Notes, acting by Extraordinary Resolution) and the Rating Agencies from time to time upon the basis that such greater percentage will not adversely affect the then current ratings of the Notes), and (iii) at that Determination Date, the aggregate value of the realised principal losses of all Loans in the Mortgage Pool that have arisen since the Determination Date immediately preceding the Calculation Date (whether or not such principal losses form part of the Principal Deficiency at such time) is not greater than £19,500,000; and
- (e) the Revenue Shortfall (Liquidity Reserve) is zero as at such Determination Date.

"Most Senior Class of Notes" means, at any time:

- (a) the A2a Notes; or
- (b) if no A2a Notes are then outstanding, the A3 Notes; or
- (c) if no A Notes are then outstanding, the B Notes; or
- (d) if no A Notes and B Notes are then outstanding, the C Notes; or
- (e) if no A Notes, B Notes and C Notes are then outstanding, the D Notes; or
- (f) if no A Notes, B Notes, C Notes and D Notes are then outstanding, the E Notes.

"Permitted Activities" means the activities contemplated in the Transaction Documents as being undertaken by the Issuer, including (i) the acquisition of the Loans, the Collateral Security and their Related Rights; (ii) the appointment of entities to undertake the administration and servicing of the Loans, the Collateral Security and their Related Rights and the collection and administration of monies relating thereto in accordance with the terms of the Transaction Documents; (iii) the issue of the Instruments, the granting and maintaining of security therefor, the listing and rating thereof and the making of any Basic Terms Modifications thereto; (iv) the entering into of borrowings; (v) the investment of collections from the Loans together with any proceeds retained by the Issuer from the issue of the Instruments and any borrowings and (vi) the payment of liabilities, maintenance of hedging and administrative functions required to be undertaken in respect of the Instruments.

"Pre-Enforcement Priority of Payments" means the order of priority set out in Condition 2(g) (*Priority of Payments prior to enforcement*).

"Principal Amount Outstanding" means, in respect of:

- (a) a Note, on any date of determination, the initial principal amount of such Note on its date of issue:
 - (i) less the aggregate amount of all Note Principal Payments in respect of such Note that have become due and payable since the Closing Date and on or prior to such date of determination have been paid;
 - (ii) less any other payments and/or reduction of principal (by the reduction of the Pool Factor or otherwise) or cancellation of principal in respect of such Note made since the Closing Date and on or prior to such date of determination (including in accordance with the terms of the Amendment and Restructuring (2014A) Agreement, but (and for the avoidance of doubt) excluding payments made pursuant to Clause 14.3(b)(i) of the Amendment and Restructuring (2014A) Agreement);
 - (iii) plus any increase of principal (by the increase of the Pool Factor or otherwise) in respect of such Note made since the Closing Date and on or prior to such date of determination (including in accordance with the terms of the Amendment and Restructuring (2014A) Agreement); and
- (b) a Class of Notes, the aggregate Principal Amount Outstanding of the Notes of that Class as determined in accordance with paragraph (a) above.

Effective as of 17:00 (London time) on the Interest Payment Date falling in September 2014, any reference to the Principal Amount Outstanding of the A2a Notes on the Closing Date shall be construed to mean £230,000,000; any reference to the Principal Amount Outstanding of the A3a Notes on the Closing Date shall be construed to mean £150,000,000; any reference to the Principal Amount Outstanding of the B1a Notes on the Closing Date shall be construed to mean £52,000,000; any reference to the Principal Amount Outstanding of the C1a Notes on the Closing Date shall be construed to mean £55,000,000; and any reference to the Principal Amount Outstanding of the D1a Notes on the Closing Date shall be construed to mean £36,000,000.

"Principal Deficiency" means the amounts recorded as a debit on each principal deficiency ledger established by or on behalf of the Issuer pursuant to the Cash/Bond Administration Agreement and/or the Amendment and Restructuring (2014A) Agreement.

"Principal Drawing" means, in respect of any Interest Payment Date, the amount (to be debited on the Determination Date immediately preceding such Interest Payment Date to the Principal Ledger and credited to the Available Revenue Ledger) equal to the lesser of:

- (a) the Revenue Shortfall (Principal Ledger) in respect of such Interest Payment Date; and
- (b) the credit balance of the Principal Ledger as at that Determination Date.

"Redemption Priority" means the Redemption Pro Rata Priority and/or the Redemption Sequential Priority (as applicable).

"Redemption Pro Rata Priority" has the meaning given to such term in Condition 5(b)(ii) (*Mandatory redemption in part of the Notes*).

"Redemption Sequential Priority" has the meaning given to such term in Condition 5(b)(i) (*Mandatory redemption in part of the Notes*).

"Related Rights" means all ancillary rights, accretions and supplements to the Loans and Collateral Security.

"Relevant Margin" means, in respect of each class of Notes, the per cent. per annum set out in the following table:

	Relevant Margin for the Interest Period beginning on the Payment Date falling in September 2014	Relevant Margin for each Interest Period from (and including) the Interest Period beginning on the Interest Payment Date falling in December 2014
A2a Notes	0.16 per cent.	0.30 per cent.
A3a Notes	0.20 per cent.	0.95 per cent.
A3c Notes	0.20 per cent.	0.95 per cent.
B1a Notes	0.36 per cent.	1.00 per cent.
C1a Notes	0.65 per cent.	1.25 per cent.
D1a Notes	1.75 per cent.	1.75 per cent.
E1c Notes	3.50 per cent.	3.50 per cent.

"Reserve Fund Required Amount" means:

- (a) in respect of each Interest Payment Date falling before December 2017, the Initial Reserve Amount;
- (b) in respect of each Interest Payment Date falling in or after December 2017:
 - (i) if the Trigger Condition is satisfied on the Determination Date immediately preceding such Interest Payment Date, the lesser of:

- (A) 2.0 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the immediately preceding Interest Payment Date after the application of the Available Revenue Fund and the Actual Redemption Funds on such Interest Payment Date; and
 - (B) the Initial Reserve Amount; and
- (ii) if the Trigger Condition is not satisfied on the Determination Date immediately preceding such Interest Payment Date, the Reserve Fund Required Amount in respect of the immediately preceding Interest Payment Date,

provided that the Reserve Fund Required Amount shall be zero where (x) in respect of an Interest Payment Date, there are no Notes then outstanding on that Interest Payment Date (after taking into account any principal payments in respect of the Notes on such date) or (y) an Event of Default has occurred.

"Residual Revenue" means, as of any Interest Payment Date, an amount calculated by the Cash/Bond Administrator as being the aggregate of (a) the amount of the Available Revenue Fund available to make the payments at item (xxi) of the Pre-Enforcement Priority of Payments (or the amount of funds available to the Trustee to make the payments at item (x) of the Post-Enforcement Priority of Payments as applicable) and (b) the total amount standing to the credit of the Prepayment Charges Ledger as at the immediately preceding Determination Date, after application of Prepayment Charges Receipts to item (xx) of the Pre-Enforcement Priority of Payments (or item (ix) of the Post-Enforcement Priority of Payments as applicable).

"Restructuring Calculations" has the meaning given to such term in the Amendment and Restructuring (2014A) Agreement.

"Restructuring Transaction Costs" has the meaning given to such term in the Amendment and Restructuring (2014A) Agreement.

"Revenue Shortfall (Liquidity Reserve)" means for so long as there are any A Notes outstanding on the immediately succeeding Interest Payment Date, the amount (if any) by which the Available Revenue Fund on a Determination Date, together with the amounts, if any, expected to be credited to the Available Revenue Ledger on or before such immediately succeeding Interest Payment Date (but before the making of a Liquidity Reserve Drawing or a Principal Drawing) will be insufficient to pay or provide for payment of:

- (a) items (i) to (v) (inclusive) and item (vii) of the Pre-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date (taking into account amounts required to be applied to items of a higher priority) (provided that no Revenue Shortfall (Liquidity Reserve) will exist (and, where applicable, shall be recorded as zero) under this paragraph (a) unless the debit balance of the A3 Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A3 Notes); or
- (b) where a Revenue Shortfall (Liquidity Reserve) is determined not to exist in accordance with paragraph (a) above, items (i) to (v) (inclusive) of the Pre-Enforcement Priority of Payments on the immediately succeeding Interest Payment

Date (provided that no Revenue Shortfall (Liquidity Reserve) will exist (and, where applicable, shall be recorded as zero) under this paragraph (b) unless the debit balance of the A2a Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A2 Notes).

"Revenue Shortfall (Principal Ledger)" means the amount, if any, by which the Available Revenue Fund on a Determination Date, together with the amounts, if any, expected to be credited to the Available Revenue Ledger on or before the immediately succeeding Interest Payment Date (after the making of a Liquidity Reserve Drawing but before the making of a Principal Drawing), will be insufficient to pay or provide for the payment of items (i) to (v) (inclusive) and item (vii) of the Pre-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date (taking into account amounts required to be applied to items of a higher priority); provided that the Revenue Shortfall (Principal Ledger) on a Determination Date shall be deemed not to exist and, where applicable, shall be recorded as zero unless:

- (a) for so long as there are A2a Notes outstanding on such immediately succeeding Interest Payment Date, in respect of any such insufficiency of funds as determined by the Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement on such Determination Date to pay or provide for payment of items (i) to (v) (inclusive) of the Pre-Enforcement Priority of Payments (being a Revenue Shortfall (Principal Ledger) on the A2a Notes):
 - (i) the credit balance of the Liquidity Reserve Ledger as at such immediately succeeding Interest Payment Date (after any Liquidity Reserve Drawing to be made on such Interest Payment Date has been made) will be zero; and
 - (ii) the debit balance of the A2a Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A2a Notes; and
- (b) for so long as there are A3 Notes outstanding on such immediately succeeding Interest Payment Date, in respect of any such insufficiency of funds as determined by the Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement on such Determination Date to pay or provide for payment of items (i) to (v) (inclusive) and item (vii) of the Pre-Enforcement Priority of Payments, after taking into account amounts to be applied to items of a higher priority (being a Revenue Shortfall (Principal Ledger) on the A3 Notes):
 - (i) the credit balance of the Liquidity Reserve Ledger as at such immediately succeeding Interest Payment Date (after any Liquidity Reserve Drawing to be made on such Interest Payment Date has been made) will be zero; and
 - (ii) the debit balance of the A3 Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A3 Notes.

"Total Number Outstanding" means 10,000.

"Transaction Documents" means the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Mortgage Administration Agreement, the Cash/Bond Administration Agreement, the Mortgage Sale Agreement, the Closing Arrangements Deed, the Collection Accounts Declarations of Trust, the GIC, the Master Securitisation Agreement, the Bank Agreement, the Corporate Services Agreement, the Master Definitions Schedule, the Scottish Declarations of Trust, any Supplemental Scottish Declarations of the Trust, the Subscription Agreement, the Amendment and Restructuring (2014A) Agreement and the Supplemental (2014A) Deed of Charge and each a **"Transaction Document"**.

"Trigger Condition" is satisfied on a Determination Date if:

- (a) the Reserve Fund was at the Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (b) the Liquidity Reserve Fund was at the Liquidity Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (c) no A2a Notes are then outstanding;
- (d) the Available Revenue Fund (including the amount of the Reserve Fund (if any) transferred on such Determination Date to the Available Revenue Ledger from the Reserve Fund Ledger but excluding the Liquidity Reserve Drawing and the Principal Drawing (in each case, if any) transferred on such Determination Date to the Available Revenue Ledger from the Liquidity Reserve Ledger and/or the Principal Ledger, as applicable) is sufficient to satisfy items (i) to (xviii) (both inclusive) of the Pre-Enforcement Priority of Payments provided that, for the purpose only of the determination as to whether the Trigger Condition is or is not satisfied, the Reserve Fund Required Amount for item (xviii) of the Pre-Enforcement Priority of Payments shall be deemed to be equal to the Reserve Fund Required Amount as at the immediately preceding Interest Payment Date;
- (e) (i) the aggregate Principal Balance of all Loans in the Mortgage Pool at that Determination Date that have Delinquencies which are 90 days or more overdue (including Trigger Condition Modified Loans but excluding Repossession Loans) as a percentage of the aggregate Principal Balance of all Loans in the Mortgage Pool does not exceed 22.5 per cent., (ii) at that Determination Date, the aggregate Principal Balance of Repossession Loans in the Mortgage Pool since the Closing Date (which includes sold repossessions plus current repossessions) as a percentage of the aggregate Principal Balance of the Loans in the Mortgage Pool as at the Closing Date does not exceed 17.5 per cent (or, in each case, such greater percentage agreed between the Issuer (with the consent of the Noteholders of each Class of Notes, acting by Extraordinary Resolution) and the Rating Agencies from time to time upon the basis that such greater percentage will not adversely affect the then current ratings of the Notes), and (iii) at that Determination Date, the aggregate value of the realised principal losses of all Loans in the Mortgage Pool that have arisen since the Determination Date immediately preceding the Calculation Date (whether or not such principal losses form part of the Principal Deficiency at such time) is not greater than £19,500,000; and
- (f) (only for so long as there are any A Notes outstanding) the Revenue Shortfall (Liquidity Reserve) is zero as at such Determination Date.

1. **Form, Denomination and Title**

- (a) The Notes are each issued in fully registered form without principal receipts, interest coupons or talons attached, and may be held or traded in holdings in the minimum aggregate original principal amount of £100,000 and integral multiples of £1,000 in excess thereof.
- (b) The Principal Amount Outstanding of the Notes of each Class is represented by a global certificate in fully registered form (each a "**Global Note**"). References herein to the "**Notes**" shall include (i) in relation to any Notes represented by a Global Note, units in denominations of £1,000), (ii) Definitive Notes issued in exchange for a Global Note and (iii) any Global Note.
- (c) If (i) the Notes become due and repayable pursuant to Condition 9(a) (*Events of Default*), or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or has in fact done so and no successor clearing system acceptable to the Trustee is available, or (iii) as a result of any amendment to, or change in, (a) the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or (b) the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer is or the Paying Agents are 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 form, then the Issuer will, within 30 days of the occurrence of the relevant event, issue serially numbered Notes, as applicable, in definitive form in exchange for the whole outstanding interest in the Global Notes; provided that in no event will the Notes be issued in definitive bearer form.
- (d) Title to the Notes will pass by transfer and registration as described below.
- (e) With respect to the Notes, subject as provided below, the person listed in the register (the "**Register**") as the holder of any such Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, or of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such person will be treated as the absolute owner of such Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.
- (f) The Issuer will cause to be kept at the specified office of the Registrar the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of such Notes held by them and all transfers and redemptions of such Notes. No transfer of such Notes will be valid unless and until entered on the Register.
- (g) Transfers and exchanges of beneficial interests in the Global Notes and entries on the Register relating to the Notes will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Trust Deed, the Paying Agency Agreement, the legend appearing on the face of the Notes and the rules and procedures, at the applicable time, of Euroclear

and Clearstream, Luxembourg. In no event will a transfer of a beneficial interest in a Global Note or a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Trustee and, if with respect to the Notes, the Registrar.

2. Status, Security and Administration

Status and relationship between Classes of Notes

- (a) The Notes of each Class constitute direct, secured (as more particularly described in the Deed of Charge) and limited recourse obligations of the Issuer and rank *pari passu* without preference or priority amongst Notes of the same Class.
- (b) Prior to the enforcement of the security created by or pursuant to the Deed of Charge (the "**Security**"), payment of interest on the Notes will be made in accordance with the order of priority set out in Condition 2(g) (*Priority of Payments prior to enforcement*) and mandatory payments of principal pursuant to Condition 5(b) (*Mandatory redemption in part of the Notes*) will be made in accordance with the order of priority set out in such Condition. In the event of the Security being enforced, payment of principal and interest on the Notes will be made in accordance with the order of priority set out in Condition 2(h) (*Priority of Payments Post-Enforcement*)).
- (c) The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the holders of the A2a Notes (the "**A2a Noteholders**"), the holders of the A3 Notes (the "**A3 Noteholders**" and, together with the A2a Noteholders, the "**A Noteholders**"), the holders of the B Notes (the "**B Noteholders**"), the holders of the C Notes (the "**C Noteholders**"), the holders of the D Notes (the "**D Noteholders**") and the holders of the E Notes (the "**E Noteholders**") equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to:
 - (i) the interests of the A2a Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the A2a Noteholders and the interests of the A3 Noteholders, the B Noteholders, the C Noteholders, the D Noteholders, and/or the E Noteholders;
 - (ii) subject to paragraph (i) above or if there are no A2a Notes outstanding, the interests of the A3 Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the A3 Noteholders and the interests of the B Noteholders, the C Noteholders, the D Noteholders, and/or the E Noteholders;
 - (iii) subject to paragraphs (i) and (ii) above or if there are no A Notes outstanding, the interests of the B Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the B Noteholders and the interests of the C Noteholders, the D Noteholders, and/or the E Noteholders;

- (iv) subject to paragraphs (i), (ii) and (iii) above or if there are no A Notes or B Notes outstanding, the interests of the C Noteholders, if, in the Trustee's sole opinion, there is a conflict between the interests of the C Noteholders and the interests of the D Noteholders and/or the E Noteholders; and
 - (v) subject to paragraphs (i), (ii), (iii) and (iv) above or if there are no A Notes, B Notes or C Notes outstanding, the interests of the D Noteholders, if, in the Trustee's sole opinion, there is a conflict between the interests of the D Noteholders and the interests of the E Noteholders.
- (d) The Trust Deed contains provisions limiting the powers of a Class of Noteholders, *inter alia*, to pass any Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes ranking senior thereto in any Priority of Payments. Except in certain circumstances, the Trust Deed imposes no such limitations on the power of a Class of Noteholders to bind any Class or Classes of Noteholders ranking junior thereto in any Priority of Payments.
- (e) The Trust Deed contains provisions to the effect that, so long as any of the Notes are outstanding and subject to Condition 2(c) the Trustee shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of, or act at the direction of, any persons having the benefit of the Security, other than the Noteholders and the Residual Certificateholders in accordance with the Trust Deed, and, in relation to the exercise of such powers, authorities and discretions, the Trustee shall have no liability to such persons as a consequence of so acting.

Security

- (f) As security for the payment of all monies payable in respect of the Notes, the Residual Certificates and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee and any receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the Mortgage Administrator under the Mortgage Administration Agreement, the Cash/Bond Administrator under the Cash/Bond Administration Agreement, the Standby Mortgage Administrator under the Mortgage Administration Agreement, the Standby Cash/Bond Administrator under the Cash/Bond Administration Agreement, the Principal Paying Agent, any other Paying Agent, the Registrar, the Transfer Agent and the Agent Bank under the Paying Agency Agreement, the Account Bank and the Collection Account Bank under the Bank Agreement, the GIC Provider under the GIC, the Corporate Services Provider under the Corporate Services Agreement and each Seller in respect of its entitlement to unpaid consideration under the Mortgage Sale Agreement, the Issuer has, pursuant to the Deed of Charge, created the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder (such parties, the "**Secured Creditors**"):
- (i) a first fixed charge in favour of the Trustee over the Issuer's interests in each Loan, each related Mortgage and all other collateral security given or obtained in connection with such Loan in the Mortgage Pool (such collateral security, together with the Mortgages, the "**Collateral Security**" and including, without limitation, (1) the benefit of all affidavits, declarations, consents, renunciations, waivers and deeds of postponement from occupiers and other persons having an interest in or rights in connection with the relevant

Property, (2) the benefit of (including notations of interest on) insurance and assurance policies (including, without limitation, all returns of premium and proceeds in respect of such policies) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property, and (3) (to the extent assignable without the consent of the relevant counterparty) all courses and rights of action (whether assigned to the Issuer or otherwise) against valuers, solicitors, the Land Registry of England and Wales, the Registers of Northern Ireland and the Registers of Scotland or any other person in connection with any report (including a report on title), valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with the relevant Loan, Mortgage, other collateral security or Property) and, in relation to Loans which are Scottish Loans, such fixed charge is in the form of an assignment in security, governed by Scots law, of the Issuer's interests in each such Scottish Loan, its related Scottish Mortgage and other Collateral Security as comprised in the relevant Scottish Trust (together with the Issuer's whole reversionary right, title and interest therein and thereto);

- (ii) an assignment in favour of the Trustee of the Issuer's interests in the insurance contracts to the extent that they relate to the Loans and their related Collateral Security;
- (iii) an assignment in favour of the Trustee of the benefit of the Issuer in each of the Transaction Documents (other than the Trust Deed and the Deed of Charge);
- (iv) a first fixed charge in favour of the Trustee over the Issuer's interest in the Bank Accounts and any other bank accounts or Authorised Investments in which the Issuer has an interest; and
- (v) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (iv) above) over the whole of the undertaking, property, assets and rights of the Issuer,

(such property, assets, rights, accounts and undertaking being, together, the "**Charged Property**").

Priority of Payments prior to enforcement

- (g) The "**Available Revenue Fund**" at any time comprises the credit balance of the Available Revenue Ledger at that time. Prior to the Trustee giving notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) declaring the Notes to be due and repayable or the Security otherwise being enforced pursuant to Condition 10 (*Enforcement of Notes*), on each Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall apply (x) the Available Revenue Fund calculated on the immediately preceding Determination Date (and taking into account any payments to be made or received from that date up to and including the immediately following Interest Payment Date) in or towards the satisfaction of items (i) to (xix) (inclusive) below; and (y) the Available Revenue Fund as so calculated on the immediately preceding Determination Date remaining after application of amounts under (i) to (xix) (inclusive) below together with any credit balance standing to the Prepayment Charges Ledger as at the immediately preceding Determination

Date, in or towards the satisfaction of items (xx) and (xxi) (inclusive) below (the following order of priority being the "**Pre-Enforcement Priority of Payments**"), in each case making an appropriate debit to the Available Revenue Ledger or Prepayment Charges Ledger, where appropriate:

- (i) *first*, when due, the remuneration payable to the Trustee or any Appointee (plus value added tax, if any) and any costs, charges, liabilities and expenses incurred by the Trustee or any Appointee under the provisions of or in connection with the Trust Deed, the Deed of Charge or any other Transaction Document together with any applicable interest as provided in the Trust Deed or the Deed of Charge;
- (ii) *second*, when due, *pro rata*:
 - (A) amounts, including audit fees, company secretarial expenses and costs and expenses incurred in connection with the appointment of any substitute administrator (plus value added tax, if any), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed, the Deed of Charge or the Cash/Bond Administration Agreement and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer during the Interest Period commencing on that Interest Payment Date and to provide for the Issuer's primary liability or possible primary liability for corporation tax, and
 - (B) an amount equal to any *premia* due in respect of insurance contracts held by the Issuer;
- (iii) *third*, *pro rata*:
 - (A) except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date (1) the mortgage administration fee due and payable under the Mortgage Administration Agreement, such fee being up to a maximum of the product of 0.25 per cent. per annum and the aggregate Principal Balance of the Loans as at the Determination Date immediately preceding the immediately prior Interest Payment Date, multiplied by the Apportionment Factor and (2) any costs and expenses incurred by the Mortgage Administrator in accordance with the Mortgage Administration Agreement;
 - (B) except to the extent already paid to the Cash/Bond Administrator since the preceding Interest Payment Date (1) the Cash/Bond Administration Fee due and payable under the Cash/Bond Administration Agreement to the Cash/Bond Administrator and (2) any costs and expenses incurred by the Cash/Bond Administrator due and payable in accordance with the Cash/Bond Administration Agreement;
 - (C) prior to the assumption by the Standby Mortgage Administrator of the duties and obligations of the Mortgage Administrator, (1) the Standby Mortgage Administrator Fixed Fee in an amount of no more than £6,000 per annum (plus value added tax chargeable on the fee up to a

- rate of 17.5 per cent.), due and payable pursuant to the Mortgage Administration Agreement to the Standby Mortgage Administrator divided by four and (2) costs and expenses incurred by the Standby Mortgage Administrator in accordance with the Mortgage Administration Agreement;
- (D) prior to the assumption by the Standby Cash/Bond Administrator of the duties and obligations of the Cash/Bond Administrator, (1) the Standby Cash/Bond Administrator Fixed Fee in an amount of no more than £3,000 per annum (plus value added tax chargeable on the fee up to a rate of 17.5 per cent.), due and payable pursuant to the Cash/Bond Administration Agreement to the Standby Cash/Bond Administrator divided by four and (2) costs and expenses incurred by the Standby Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement;
 - (E) (1) the corporate services fee (inclusive of value added tax if any) due and payable pursuant to the Corporate Services Agreement to the Corporate Services Provider divided by four and (2) costs and expenses incurred by the Corporate Services Provider in accordance with the Corporate Services Agreement;
 - (F) amounts due to the Paying Agents, the Registrar, the Transfer Agent and the Agent Bank under the Paying Agency Agreement;
 - (G) amounts due to the GIC Provider under the GIC; and
 - (H) amounts due to the Account Bank and the Collection Account Bank under the Bank Agreement;
- (iv) *fourth*, to pay *pro rata* any Restructuring Transaction Costs to the extent not paid from amounts credited to the Restructuring Costs Ledger in accordance with clause 14.2 (*Payment of Restructuring Transaction Costs*) of the Amendment and Restructuring (2014A) Agreement or pursuant to items (i) to (iii) (inclusive) above;
 - (v) *fifth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the A2a Notes;
 - (vi) *sixth*, to apply amounts to reduce the A2a Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the A2a Principal Deficiency Ledger) such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) provided that for the purpose of this item (vi), Available Revenue Funds shall not include the amount of any Principal Drawing credited to the Available Revenue Ledger on the Determination Date immediately preceding the relevant Interest Payment Date;
 - (vii) *seventh*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the A3 Notes;

- (viii) *eighth*, only for so long as there are any A Notes outstanding:
- (A) on any Interest Payment Date following a Determination Date on which any amount is to be debited from the Principal Ledger and credited to the Liquidity Reserve Ledger pursuant to Condition 5(b)(iv), by crediting the Liquidity Reserve Ledger with an amount equal to the aggregate of the Liquidity Reserve Drawings (if any) less any replenishment of the Liquidity Reserve Fund on any previous Interest Payment Date in accordance with this item (viii)(A) until the balance of the Liquidity Reserve Fund reaches the Liquidity Reserve Fund Required Amount; and
 - (B) on any other Interest Payment Date, by crediting the Liquidity Reserve Ledger to increase the balance of the Liquidity Reserve Fund until it reaches the Liquidity Reserve Fund Required Amount,

provided that for the purpose of this item (viii), Available Revenue Funds shall not include the amount of any Principal Drawing credited to the Available Revenue Ledger on the Determination Date immediately preceding the relevant Interest Payment Date;

- (ix) *ninth*, to apply amounts to reduce the A3 Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the A3 Principal Deficiency Ledger) such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) provided that for the purpose of this item (ix), Available Revenue Funds shall not include the amount of any Principal Drawing credited to the Available Revenue Ledger on the Determination Date immediately preceding the relevant Interest Payment Date;
- (x) *tenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the B1a Notes;
- (xi) *eleventh*, to apply amounts to reduce the B Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the B Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*);
- (xii) *twelfth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the C1a Notes;
- (xiii) *thirteenth*, to apply amounts to reduce the C Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the C Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*);
- (xiv) *fourteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the D1a Notes;

- (xv) *fifteenth*, to apply amounts to reduce the D Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the D Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*);
 - (xvi) *sixteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the E1c Notes;
 - (xvii) *seventeenth*, to apply amounts to reduce the E Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the E Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*);
 - (xviii) *eighteenth*, except upon the Interest Payment Date on which the Notes are redeemed in full, (by crediting the Reserve Ledger) to increase the balance of the Reserve Fund until it reaches the Reserve Fund Required Amount;
 - (xix) *nineteenth*, (by crediting the Profit Ledger) to retain an amount equal to 0.0025 per cent. of the aggregate balance standing to the credit of the Revenue Ledger on the immediately preceding Determination Date;
 - (xx) *twentieth*, *pari passu* and *pro rata*:
 - (A) to the Standby Mortgage Administrator of an amount, if any, equal to that portion of value added tax owing in respect of the Standby Mortgage Administrator's fee due and payable under item (iii)(C) above to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
 - (B) to the Standby Cash/Bond Administrator of an amount, if any, equal to that portion of value added tax owing in respect of the Standby Cash/Bond Administrator's fee due and payable under item (iii)(D) above to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
 - (xxi) *twenty-first*, in or towards payment *pari passu* and *pro rata*, of RC Distributions to the Residual Certificateholders.
- (g1) If, as of any Determination Date, prior to the Trustee giving notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) declaring the Notes to be due and repayable or the Security otherwise being enforced pursuant to Condition 10 (*Enforcement of Notes*):
- (i) a Liquidity Reserve Fund Surplus has been determined for the immediately succeeding Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall, in accordance with Clause 9.4 (*Determination Date – Ledger transfers*) of the Cash/Bond Administration Agreement, debit an amount equivalent to such Liquidity Reserve Fund Surplus from the

Liquidity Reserve Ledger and credit a corresponding amount to the Principal Ledger;

- (ii) a Revenue Shortfall (Liquidity Reserve) has been determined for the immediately succeeding Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall, in accordance with Clause 9.4 (*Determination Date – Ledger transfers*) of the Cash/Bond Administration Agreement, make a Liquidity Reserve Drawing in respect of such Revenue Shortfall (Liquidity Reserve) on such Determination Date. The amount of such Liquidity Reserve Drawing shall be debited to the Liquidity Reserve Ledger and credited to the Available Revenue Ledger.
- (iii) a Revenue Shortfall (Principal Ledger) has been determined for the immediately succeeding Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall, in accordance with Clause 9.4 (*Determination Date – Ledger transfers*) of the Cash/Bond Administration Agreement, make a Principal Drawing in respect of such Revenue Shortfall (Principal Ledger) on such Determination Date. The amount of such Principal Drawing shall be debited to the Principal Ledger and to the Principal Deficiency Ledger and credited to the Available Revenue Ledger.

The amount credited to the Principal Ledger on a Determination Date in accordance with Condition 2(g1)(i) above will form part of Actual Redemption Funds to be distributed on the immediately succeeding Interest Payment Date in accordance with the applicable Redemption Priority. The amounts credited to the Available Revenue Ledger on a Determination Date in accordance with Condition 2(g1)(ii) and Condition 2(g1)(iii) above will form part of Available Revenue Funds to be distributed on the immediately succeeding Interest Payment Date in accordance with the Pre-Enforcement Priority of Payments.

- (g2) In the event that any payment is to be made from the Available Revenue Fund by the Issuer and the relevant amount of the Available Revenue Fund is not denominated in the relevant currency in which such payment is to be made, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall convert the relevant amounts comprised in the Available Revenue Fund to make such payment into such currency at the then prevailing spot rate of exchange as may be required in order to be applied in or towards such payment.

Priority of Payments Post-Enforcement

- (h) After the Trustee has given notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) declaring the Notes to be due and repayable, the Trustee shall, to the extent of the funds available to the Issuer and from the proceeds of enforcement of the Security (other than amounts standing to the credit of the Prepayment Charges Ledger) (x) make payments in or towards the satisfaction of items (i) to (viii) (inclusive) below; and (y) the balance of such funds remaining after the application of the funds under items (i) to (viii) (inclusive) below together with all amounts of the Prepayment Charges Receipts, make payments in or towards satisfaction of items (ix) and (x) below (the following order of priority being the "**Post-Enforcement Priority of Payments**" and, together with the Pre-Enforcement Priority of Payments, the

"**Priority of Payments**") pursuant to, in accordance with and as set out more fully in the Deed of Charge:

- (i) *first*, to pay, *pro rata*, any remuneration then due to the Trustee, any receiver or administrator appointed by the Trustee or any other Appointee of the Trustee and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by the Trustee, such receiver or administrator or such Appointee together with interest thereon (plus value added tax, if any);
- (ii) *second*, to pay, *pro rata*, the fees, costs, expenses and liabilities due to the Mortgage Administrator, the Cash/Bond Administrator, the Standby Mortgage Administrator, the Standby Cash/Bond Administrator (the fees of such Standby Mortgage Administrator and Standby Cash/Bond Administrator to be paid together with value added tax up to a rate of 17.5 per cent. only), the Corporate Services Provider, the Paying Agents, the Registrar, the Transfer Agent, the Agent Bank, the Account Bank, the Collection Account Bank and the GIC Provider, together with value added tax (if any) chargeable thereon;
- (iii) *third*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the A2a Notes;
- (iv) *fourth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the A3 Notes;
- (v) *fifth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the B1a Notes;
- (vi) *sixth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the C1a Notes;
- (vii) *seventh*, to pay *pari passu* and *pro rata* all amounts of interest and principal then due and payable on the D1a Notes;
- (viii) *eighth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the E1c Notes;
- (ix) *ninth*, to pay, *pro rata*:
 - (A) to the Standby Mortgage Administrator an amount, if any, equal to that portion of value added tax owing in respect of the Standby Mortgage Administrator's fee to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
 - (B) to the Standby Cash/Bond Administrator an amount, if any, equal to that portion of value added tax owing in respect of the Standby Cash/Bond Administrator's fee to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
- (x) *tenth*, in or towards payment, *pari passu* and *pro rata*, of RC Distributions to the Residual Certificateholders.

In such distribution, the manner of making payments to the Noteholders shall remain as specified prior to the Notes being declared due and payable. The Noteholders have limited recourse to the Issuer in respect of the payments prescribed above pursuant to the terms of the Trust Deed, the Deed of Charge and Condition 18 (*Non Petition and Limited Recourse*)).

The Security will become enforceable upon the giving of an Enforcement Notice pursuant to Condition 9(a) (*Events of Default*) or upon any failure by the Issuer to pay the full amount when due on the Notes pursuant to Condition 5(a) (*Final redemption*) or following the giving of notice of redemption of the Notes pursuant to Condition 5(e) (*Early Redemption*) or Condition 5(f) (*Redemption for tax reasons*) 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 Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either (A) the Trustee is satisfied that sufficient amounts would be realised to allow discharge in full of all amounts owing to the Noteholders and any other Secured Creditors ranking *pari passu* therewith or in priority thereto; or (B) the Trustee is of the sole opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, acting in its absolute discretion, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any other Secured Creditors ranking *pari passu* with or in priority thereto.

Control of Trustee

- (i) The Notes are subject to the Deed of Charge pursuant to which the claims and exercise of rights by the beneficiaries of the Security against the Issuer are regulated.

3. Covenants

Save with the prior written consent of the Trustee (but subject as provided in Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*)) or as provided in or envisaged by any of the Transaction Documents, the Issuer shall not for so long as any Note remains outstanding (as defined in the Master Definitions Schedule):

- (a) *Negative pledge*

create or permit to subsist any mortgage, sub-mortgage, assignment, assignation, standard security, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignation or other security interest whatsoever upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

- (b) *Restrictions on activities*

- (i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

- (ii) open nor have any interest in any account whatsoever with any bank or other financial institution other than the Bank Accounts and the Collection Accounts, save where such account is immediately charged in favour of the Trustee so as to form part of the assets subject to the Security described in Condition 2 (*Status, Security and Administration*) and the Trustee receives from such other bank or financial institution an acknowledgement of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set off it might otherwise have against the account in question;
 - (iii) have any subsidiaries or employees or own, rent, lease or be in possession of any assets (including, without limitation, buildings, premises or equipment);
 - (iv) act as a director of or hold any office in any company or other organisation;
 - (v) amend, supplement or otherwise modify its Memorandum or Articles of Association or other constitutive documents; or
 - (vi) engage, or permit any of its affiliates to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under U.S. federal income tax principles, and hold, or permit any of its affiliates to hold, any mortgaged property that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under U.S. federal income tax principles;
- (c) *Dividends or distributions*
- pay any dividend or make any other distribution to its shareholders (other than amounts paid from the Profit Ledger) or issue any further shares;
- (d) *Borrowings*
- incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or any obligation of any person;
- (e) *Merger*
- consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (f) *Disposal of assets*
- transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein;
- (g) *Tax grouping*
- apply to become part of any group for the purposes of Section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or any such act,

regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994;

(h) *Other*

permit any of the Transaction Documents, the insurance contracts relating to the Mortgages from time to time owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated, postponed or discharged, or consent to any variation thereof, or exercise any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed, these Conditions and the Residual Certificate Conditions, or permit any party to any of the Transaction Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any part of the Security save as envisaged in the Transaction Documents; and

(i) *Independent Director*

at any time have fewer than one Independent Director.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee, acting in its absolute discretion may deem expedient in the interests of the Noteholders, provided that S&P and Fitch provide written confirmation to the Trustee that the then-current ratings of the Notes will not be downgraded, withdrawn or qualified as a result of such modifications or additions and notice of such modification and/or addition is given to Moody's.

4. **Interest**

(a) *Period of Accrual*

Each Note of each Class bears interest from (and including) the Closing Date. Each Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is improperly withheld or refused or unless default is otherwise made in respect of the payment, in which event, interest will continue to accrue as provided in the Trust Deed.

(b) *Interest Payment Dates and Interest Periods*

Subject to Condition 6 (*Payments*), interest on the Notes is payable in sterling (as defined in the Master Definitions Schedule) in arrear on the 13th day of March, June, September and December in each year (or if such day is not a Business Day, the next succeeding Business Day) (each such date an "**Interest Payment Date**").

(c) *Rate of Interest*

Subject to Condition 7 (*Prescription*), the rate of interest payable from time to time (the "**Rate of Interest**") and the Interest Amount (as defined below) in respect of each Class of the Notes will be determined on the basis of the provisions set out below:

- (i) on each Interest Determination Date, the Agent Bank will determine the offered quotation to leading banks in the London Interbank market for three month sterling deposits by reference to the display designated as the Interest Settlement Rate of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) as quoted on the Reuters Screen Page LIBOR01 or:
 - (A) such other page as may replace Reuters Screen Page LIBOR01 on that service for the purpose of displaying such information; or
 - (B) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace such service as at or about 11.00 a.m. (London time) on that date,

(the "**Screen Rate**"). If the Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined in Condition 4(h) (*Reference Banks and Agent Bank*) below) to provide the Agent Bank with its offered quotation as at or about 11.00 a.m. (London time) on that date to leading banks in the London interbank market for three month sterling deposits. The Rate of Interest for each Class for such Interest Period shall, subject as provided below, be the Relevant Margin above the relevant Screen Rate or, as the case may be, above the relevant arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the quotations of the Reference Banks;

- (ii) if, on the relevant Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks provide such quotations, the Rate of Interest for the relevant Interest Period shall be determined (in accordance with (i) above) on the basis of the quotations of the two quoting Reference Banks;
- (iii) if, on the relevant Interest Determination Date, the Screen Rate is unavailable and only one or none of the Reference Banks provides such a quotation, then the Rate of Interest for the relevant Interest Period shall be the Reserve Interest Rate. The "**Reserve Interest Rate**" shall be the rate per annum which the Agent Bank determines to be either:
 - (A) the Relevant Margin above the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the sterling lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting, as at or about 11.00 a.m. (London time), on the relevant Interest Determination Date, for the relevant Interest Period to those of the Reference Banks which are leading banks in London or those of them (being at least two in number) to which such quotations are in the sole opinion of the Agent Bank being so made; or
 - (B) if the Agent Bank certifies that it cannot determine such arithmetic mean, the Relevant Margin above the average of the sterling lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting on the relevant Interest Determination

Date to leading banks which have their head offices in London for the relevant Interest Period,

provided that if the Agent Bank certifies as aforesaid and further certifies that none of the banks selected as provided in (B) above is quoting to leading banks as aforesaid, then the Reserve Interest Rate shall be the Rate of Interest in effect for the Interest Period immediately preceding the relevant Interest Determination Date.

(d) *Determination of Rates of Interest and Calculation of Interest Amounts*

The Agent Bank shall, on each Interest Determination Date, determine and notify in writing to the Issuer, the Mortgage Administrator, the Cash/Bond Administrator, the Trustee, the Irish Stock Exchange and the Paying Agents:

- (i) the Rate of Interest applicable to the relevant Interest Period, and
- (ii) the sterling amount, equal to the Rate of Interest in respect of each Note multiplied by the Principal Amount Outstanding of such Note and then multiplied by the actual number of days elapsed in the Interest Period and divided by 365 and rounded up to the nearest pence (each, an "**Interest Amount**") payable in respect of such Interest Period in respect of each Note.

(e) *Publication of Rate of Interest, Interest Amount and other Notices*

As soon as practicable after providing notification thereof, the Agent Bank (on behalf of the Issuer) will cause the Rate of Interest and the Interest Amounts for each Interest Period and the immediately succeeding Interest Payment Date to be notified to each stock exchange and competent listing authority (if any) on which the Notes are then listed and will cause notice thereof to be given in accordance with Condition 14 (*Notice to Noteholders*). The Interest Amounts and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period.

(f) *Determination or calculation by Trustee*

If the Agent Bank does not at any time for any reason determine any Rate of Interest and/or calculate any Interest Amount in accordance with the foregoing paragraphs, the Trustee shall (at the cost of the Issuer):

- (i) determine or procure the determination of the Rate of Interest not so determined at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances, and
- (ii) calculate or procure the calculation of the Interest Amount not so calculated in the manner specified in paragraph (i) above,

and any such determination and/or calculation by, or procured by, the Trustee shall be notified (at the cost of the Issuer) in accordance with Condition 4(d) (*Determination of Rates of Interest and Calculation of Interest Amounts*) and Condition 4(e)

(*Publication of Rate of Interest, Interest Amount and other Notices*) above and shall be deemed to have been made by the Agent Bank.

(g) *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Cash/Bond Administrator, the Reference Banks, the Agent Bank, the Trustee and all Instrumentholders and (in the absence of wilful default or bad faith) no liability to the Trustee or the Instrumentholders shall attach to the Issuer, to the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of each of Barclays Bank PLC, National Westminster Bank Plc and HSBC Bank plc (the "**Reference Banks**"). In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank or in the event of the Agent Bank being unwilling to act as the Agent Bank, the Issuer shall appoint such other bank as may be approved by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved by the Trustee has been appointed.

5. **Redemption**

(a) *Final redemption*

Unless previously redeemed as provided in this Condition, the Issuer shall redeem all Notes at their Principal Amount Outstanding on the Interest Payment Date falling in June 2045.

The Issuer may not redeem Notes in whole or in part prior to the relevant Interest Payment Date indicated in this Condition 5(a) (*Final redemption*) except as provided in Condition 5(b) (*Mandatory redemption in part of the Notes*), Condition 5(e) (*Early Redemption*) or Condition 5(f) (*Redemption for tax reasons*) of this Condition 5 (*Redemption*), but without prejudice to Condition 9 (*Events of Default*).

(b) *Mandatory redemption in part of the Notes*

(i) On:

- (A) each Interest Payment Date prior to the Interest Payment Date falling in December 2017, other than the Interest Payment Date on which the Notes are to be redeemed under Condition 5(a) (*Final redemption*) above or Condition 5(e) (*Early Redemption*) or Condition 5(f) (*Redemption for tax reasons*) below; and

- (B) any other Interest Payment Date, other than the Interest Payment Date on which the Notes are to be redeemed under Condition 5(a) (*Final redemption*) above or Condition 5(e) (*Early Redemption*) or Condition 5(f) (*Redemption for tax reasons*) below, immediately succeeding a Determination Date on which:
- (1) the Trigger Condition is not satisfied; or
 - (2) the Liquidity Reserve Fund is less than the Liquidity Reserve Fund Required Amount; or
 - (3) the aggregate Principal Amount Outstanding of the Notes on such date is less than 10 per cent. of the aggregate value of the Principal Balance of the Loans in the Mortgage Pool as at the Closing Date,

the Issuer shall apply an amount equal to the Actual Redemption Funds determined as at the Determination Date falling immediately prior to such Interest Payment Date in making payment in the following priority (the "**Redemption Sequential Priority**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) and in each case making a debit to the Principal Ledger:

- (X) an amount equal to the Liquidity Reserve Fund Surplus (if any) determined as at the Determination Date falling immediately prior to such Interest Payment Date:
- (1) in redeeming *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each) the A2a Notes until the Interest Payment Date on which the A2a Notes have been redeemed in full; and
 - (2) after the A2a Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the A3 Notes until the Interest Payment Date on which the A3 Notes have been redeemed in full; and
- (Y) an amount equal to the Actual Redemption Funds determined as at the Determination Date falling immediately prior to such Interest Payment Date (other than any Liquidity Reserve Fund Surplus applied in redemption of principal on the A Notes in accordance with Condition 5(b)(i)(X) above and after debiting any amounts from the Principal Ledger required under Condition 5(b)(iv) and the amount of any Principal Drawing made on such Determination Date) in the following priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) and in each case making a debit to the Principal Ledger:
- (1) in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the A2a Notes until the

- Interest Payment Date on which the A2a Notes have been redeemed in full;
- (2) after the A2a Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the A3 Notes until the Interest Payment Date on which the A3 Notes have been redeemed in full;
 - (3) after the A Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the B Notes until the Interest Payment Date on which the B Notes have been redeemed in full;
 - (4) after the A Notes and the B Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the C Notes until the Interest Payment Date on which the C Notes have been redeemed in full;
 - (5) after the A Notes, the B Notes and the C Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the D Notes until the Interest Payment Date on which the D Notes have been redeemed in full; and
 - (6) after the A Notes, the B Notes, the C Notes and the D Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the E Notes until the Interest Payment Date on which the E Notes have been redeemed in full.
- (ii) On any Interest Payment Date other than an Interest Payment Date on which the Actual Redemption Funds would be applied by the Issuer in accordance with Condition 5(b)(i) and provided that the Trigger Condition is satisfied on the immediately preceding Determination Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall apply the following amounts in the following order of priority (the "**Redemption Pro Rata Priority**") in each case making a debit to the Principal Ledger:
- (A) an amount equal to the Liquidity Reserve Fund Surplus (if any) determined as at the Determination Date falling immediately prior to such Interest Payment Date:
 - (1) in redeeming *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each) the A2a Notes until the Interest Payment Date on which the A2a Notes have been redeemed in full;

- (2) after the A2a Notes have been redeemed in full, in redeeming, *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), the A3 Notes until the Interest Payment Date on which the A3 Notes have been redeemed in full; and
- (B) an amount equal to the Actual Redemption Funds determined as at the Determination Date falling immediately prior to such Interest Payment Date (other than any Liquidity Reserve Fund Surplus applied in redemption of principal on the A Notes in accordance with Condition 5(b)(ii)(A) above and after debiting any amounts from the Principal Ledger required under Condition 5(b)(iv) and the amount of any Principal Drawing made on such Interest Payment Date) in redeeming *pari passu* and *pro rata* (in accordance with the Principal Amount Outstanding of each), each Class of Notes then outstanding.
- (iii) The Cash/Bond Administrator is responsible, pursuant to the Cash/Bond Administration Agreement, for determining the amount of the Actual Redemption Funds and the amounts required to reduce the balance of each Principal Deficiency Ledger in each case to zero as at any Determination Date and each determination so made shall (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on the Issuer, the Mortgage Administrator, the Trustee and all Instrumentholders and no liability to the Instrumentholders shall attach to the Issuer, the Trustee or (in such absence as aforesaid) to the Cash/Bond Administrator in connection therewith.
- (iv) On the Determination Date falling in December 2014 and on each Determination Date thereafter until an amount equal to the Initial Liquidity Reserve Amount has been debited from the Principal Ledger and credited to the Liquidity Reserve Ledger, the Issuer (or the Cash/Bond Administrator on its behalf), will debit to the Principal Ledger (and credit to the Liquidity Reserve Ledger) an amount equal to the lesser of (x) the balance of the Principal Ledger on such Determination Date and (y) the amount by which the Initial Liquidity Reserve Amount exceeds the aggregate amount that has been debited from the Principal Ledger and credited to the Liquidity Reserve Ledger in accordance with this Condition 5(b)(iv) prior to the relevant Determination Date. Such debit shall not constitute a Principal Deficiency nor be credited to the Principal Deficiency Ledger. Following the debiting from the Principal Ledger and the crediting to the Liquidity Reserve Ledger of an amount equal to the Initial Liquidity Reserve Amount, no further transfers shall be made pursuant to this Condition 5(b)(iv).
- (c) *[Reserved]*
- (d) *Note Principal Payments, Principal Amount Outstanding and Pool Factor*

The principal amount so payable in respect of each Note of each Class (the "**Note Principal Payment**") on any Interest Payment Date under Condition 5(b) (*Mandatory redemption in part of the Notes*) shall be the amount calculated on the Determination Date immediately preceding that Interest Payment Date to be applied in redemption of Notes of that Class divided by the number of Notes of that Class outstanding on the

relevant Interest Payment Date (rounded down to the nearest pound); provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

With respect to each Note of each Class on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Cash/Bond Administrator to determine):

- (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Determination Date;
- (ii) the Principal Amount Outstanding of such Note on the Interest Payment Date next following such Determination Date (after deducting any Note Principal Payment due to be made in respect of that Note on that Interest Payment Date); and
- (iii) the fraction expressed as a decimal to the tenth point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that class (as referred to in paragraph (ii) above) and the denominator is the principal amount of that Note on issue expressed as an entire integer.

Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each Class of Notes the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Trustee, the Paying Agents, the Registrar, the Agent Bank and (for so long as the Notes are listed on or by one or more stock exchanges and/or competent listing authorities) the relevant stock exchanges and/or competent listing authorities, and will immediately cause notice of each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be given in accordance with Condition 14 (*Notice to Noteholders*) by not later than one Business Day prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders.

If the Issuer does not at any time for any reason determine (or cause the Cash/Bond Administrator to determine) with respect to each Class of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this paragraph, such Note Principal Payment, Principal Amount Outstanding and Pool Factor may be determined by the Trustee, acting in its absolute discretion, in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer or the Cash/Bond Administrator (as applicable).

(e) *Early Redemption*

On any Interest Payment Date following receipt by the Issuer of a notice from the Mortgage Administrator that the Mortgage Administrator intends to exercise its

option under the Mortgage Administration Agreement to purchase or arrange for the purchase of, the remaining Loans in the Mortgage Pool from the Issuer on any Interest Payment Date following a date on which the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the Principal Balance of the Loans in the Mortgage Pool as at the Closing Date, the Issuer will upon giving no more than 60 nor less than 30 days' written notice to the Trustee, the Noteholders in accordance with Condition 14 (*Notice to Noteholders*), redeem all (but not some only) of the Notes at their Principal Amount Outstanding plus any accrued but unpaid interest, provided that prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person (other than any security interest held by the Trustee in such funds for the benefit of the Secured Creditors), required to redeem the Notes plus any accrued but unpaid interest as aforesaid and any amounts payable in priority thereto under the applicable Priority of Payments.

(f) *Redemption for tax reasons*

If:

- (i) the Issuer at any time satisfies the Trustee immediately prior to the giving of the notice referred to below that either:
 - (A) on the next Interest Payment Date the Issuer would be required by reason of a change in law, or the interpretation or administration thereof to deduct or withhold from any payment of principal or interest on the Notes (other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision thereof or any authority thereof or therein, or
 - (B) [*Reserved*]
 - (C) the total amount payable in respect of interest in relation to any of the Loans during an Interest Period ceases to be receivable (whether by reason of any Borrower being obliged to deduct or withhold any amount in respect of tax therefrom or otherwise, and whether or not actually received) by the Issuer during such Interest Period, and
- (ii) (A) the Trustee is of the opinion that such changes would be materially prejudicial to the interests of the Noteholders, or (B) the Trustee seeks and obtains the approval of the holders of the Most Senior Class of Notes to redeem the Notes, such approval to be given by way of an Extraordinary Resolution of the holders of the Most Senior Class of Notes passed in accordance with the provisions of the Trust Deed (for the avoidance of doubt, if the Trustee chooses to seek the approval of the holders of the Most Senior Class of Notes, the decision of the holders of the Most Senior Class of Notes shall prevail irrespective of whether the Trustee is nevertheless of the opinion that such changes would be or would not be materially prejudicial to the interests of the Noteholders and in no event should the Trustee be liable for

any loss incurred by any person by reason of any delay in seeking, or failure to obtain, such approval),

then, provided that it has sufficient funds, the Issuer shall, having given not more than 60 nor less than 30 days' written notice to the Trustee and the Noteholders in accordance with Condition 14 (*Notice to Noteholders*), redeem all (but not some only) of the Notes on any Interest Payment Date at their Principal Amount Outstanding plus any accrued but unpaid interest provided that, prior to giving any such notice, the Issuer shall have provided (at the Issuer's cost) to the Trustee:

- (A) a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to the interest of any other person (other than any security interest held by the Trustee in such funds for the benefit of the Secured Creditors), required to redeem the Notes plus any accrued but unpaid interest as aforesaid and any amounts payable in priority thereto under the applicable Priority of Payments, and
- (B) if appropriate a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in England (approved in writing by the Trustee) opining on the relevant change in tax law (or interpretation or administration thereof).

Any certificate and legal opinion given by or on behalf of the Issuer may be relied on by the Trustee and shall be conclusive and binding on the Noteholders and the Trustee shall have no liability for acting on such reliance.

(g) *Notice of Redemption*

Any such notice as is referred to in Condition 5(e) (*Early Redemption*) or Condition 5(f) (*Redemption for tax reasons*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding plus any accrued but unpaid interest.

(h) *Purchase*

The Issuer shall not purchase any Notes.

(i) *Cancellation*

All Notes redeemed pursuant to Condition 5(e) (*Early Redemption*) or Condition 5(f) (*Redemption for tax reasons*) will be cancelled upon redemption and may not be resold or re-issued.

6. Payments

(a) Payments in respect of the Notes represented by a Global Note will be made by sterling cheque drawn on or, at the option of the holder, by a transfer to a sterling account maintained by the payee with a sterling clearing bank as specified by the payee.

(b) [*Reserved*]

- (c) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (d) If payment of principal is improperly withheld or refused or default is otherwise made in respect of such payment, the interest which continues to accrue in respect of the relevant Note in accordance with the Trust Deed will be paid, to the persons shown in the Register at the close of business on the Record Date and, in the case of final redemption of the Notes, against surrender of the relevant Note.
- (e) The initial Principal Paying Agent, the initial Registrar and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Registrar or of any Paying Agent and appoint an additional or other Registrar or Paying Agent. The Issuer will at all times maintain a Principal Paying Agent, a Registrar and (so long as the Notes are listed on the Irish Stock Exchange) a Paying Agent with a specified office in Ireland (which may be the Principal Paying Agent). The Issuer will cause at least 14 days' notice of any change in or addition to the Registrar or any Paying Agent or their specified offices to be given in accordance with Condition 14 (*Notice to Noteholders*).
- (f) If any Note is presented for payment or if the due date for any payment of principal and/or interest in respect of any Note is on a Saturday, a Sunday or a day on which banks are not generally open for business in the location of the Paying Agent to whom such presentation is made or a day on which commercial banks and foreign exchange markets do not settle payments and are not open for general business in a principal financial centre of the country or region of the currency of the relevant Note, payment will not be made until the next succeeding business day in that location and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.
- (g) For purposes of this Condition 6 (*Payments*), "**Record Date**" means:
 - (i) for each Global Note, the close of business on the Business Day before the due date for the relevant payment, and
 - (ii) for each Definitive Note, 15 calendar days before the due date for the relevant payment.
- (h) In the event that the aggregate funds, if any (computed in accordance with the provisions of the Cash/Bond Administration Agreement), available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, but for this Condition, due on a Class of Junior Notes on such Interest Payment Date, are not sufficient to satisfy in full the aggregate amount of interest which is, but for this Condition, otherwise due on such Class of Junior Notes on such Interest Payment Date, then notwithstanding any other provision of these Conditions, there shall be payable on such Interest Payment Date by way of interest on each Junior Note of such Class a *pro rata* share of such aggregate funds calculated by reference to the ratio borne by the Principal Amount Outstanding of such Junior Note (as the case may be) to the then Principal Amount Outstanding of that Class of Junior Notes (as

the case may be). This Condition 6(h) shall not apply to any Class of Junior Notes which is, on the relevant Interest Payment Date, the Most Senior Class of Notes.

- (i) The amount by which the aggregate amount of interest paid on the relevant Junior Notes on any Interest Payment Date in accordance with this Condition 6 (*Payments*) falls short of the aggregate amount of interest which would otherwise be payable on the relevant Junior Notes on that date (the "**Interest Shortfall**") shall accrue interest during each Interest Period during which it remains outstanding at the Rate of Interest for such Interest Period. A *pro rata* share of the Interest Shortfall (together with interest thereon) calculated by reference to the ratio borne by the then Principal Amount Outstanding of such Junior Note (as the case may be) to the Principal Amount Outstanding of all the Junior Notes (as the case may be) shall be, subject to Condition 6(h), aggregated within the amount of, and treated for the purpose of this Condition as if it were, interest due on each A3 Note or, as the case may be, each B Note or, as the case may be, each C Note, or, as the case may be, each D Note or, as the case may be, each E Note on the next succeeding Interest Payment Date. This provision and the paragraph above shall cease to apply on the Interest Payment Date referred to in Condition 5(a) (*Final redemption*) at which time all accrued interest shall become due and payable.

7. **Prescription**

Claims against the Issuer in respect of the Notes shall become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the relevant date in respect thereof. In this Condition the relevant date is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all the Notes due on or before that date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

8. **Taxation**

- (a) All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the relevant Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event the Issuer or any Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.
- (b) Without limiting the generality of Condition 8(a) above, and notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US

Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder or any other person for any FATCA withholding deducted or withheld by the Issuer, the Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.

- (c) Notwithstanding that the Trustee, the Issuer or the Paying Agents are required to make a withholding or deduction or that the Issuer is required to make a FATCA withholding, making such deduction or withholding or FATCA withholding shall not constitute an Event of Default.

9. **Events of Default**

- (a) The Trustee may, at the Trustee's discretion, or shall, if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the then outstanding Notes of the Most Senior Class of Notes, or if so directed by or pursuant to an Extraordinary Resolution of the holders of the then outstanding Notes of the Most Senior Class of Notes (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), serve a notice (an "**Enforcement Notice**") on the Issuer declaring, in writing, the Notes to be due and repayable (whereupon the Security shall become enforceable) at any time after the happening of any of the following events (each, an "**Event of Default**"):
 - (i) subject to Condition 6(h) (*Payments*) and Condition 6(i) (*Payments*), default being made for a period of three Business Days in the payment of the principal of or any interest on the Most Senior Class of Notes when and as the same ought to be paid in accordance with these Conditions; or
 - (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or any Transaction Document (excluding, for the avoidance of doubt, its obligations to make payment of interest or principal on the Notes) and, in any such case such failure is continuing for a period of 14 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied (except that no such notice will be required where the Trustee certifies that, in its sole opinion, such failure is incapable of remedy); or
 - (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (iv) below, ceasing or, through or consequent upon an official action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or being unable to pay its debts as and when they fall due or, within the meaning of Section 123(1) of the Insolvency Act 1986 (as that Section may be amended from time to time), being deemed unable to pay its debts; or
 - (iv) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; or

- (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application or pending application for an administration order or appointment of a liquidator or administrator) and such proceedings not, in the sole opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order being granted, or an administrative receiver or other receiver, liquidator, administrator or other similar official being appointed in relation to the Issuer or in relation to all or any part of the undertaking, property or assets of the Issuer, or an encumbrancer taking possession of all or any part of the undertaking, property or assets of the Issuer, or a distress or diligence or execution or other process being levied or enforced upon or sued out against all or any part of the undertaking, property or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 15 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally,

provided that, in the case of each of the events described in sub-paragraphs (ii) and (iii) of this paragraph (a), the Trustee shall have certified to the Issuer that such event is, in its sole opinion, materially prejudicial to the interests of the Noteholders.

- (b) Upon any declaration being made by the Trustee in accordance with paragraph (a) above that the Notes are due and repayable, the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Security shall become enforceable as provided in the Trust Deed and Deed of Charge.

10. **Enforcement of Notes**

Subject to Condition 18 (*Non Petition and Limited Recourse*), the Trustee may, at any time, at its discretion and without further notice, take such proceedings against the Issuer or any other party to any of the Transaction Documents as the Trustee may think fit to enforce the provisions of the Notes or the Trust Deed or any other Transaction Document and, at any time after the Security has become enforceable, may, at its discretion and without further notice, take such steps as it may think fit to enforce the Security, but it shall not be bound to take any such proceedings or steps unless:

- (a) it shall have been requested by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the then outstanding Notes of the Most Senior Class of Notes or so directed by an Extraordinary Resolution of the holders of the outstanding Notes of the Most Senior Class of Notes; and
- (b) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

11. **Meetings of Noteholders; Modifications; Consents; Waiver**

- (a) The Trust Deed contains provisions for convening meetings of any Class of Noteholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of the Noteholders of any Class of any modification of the Notes of such Class (including these Conditions as they relate to the Notes of such Class) or the provisions of any of the Transaction Documents. Any resolution to alter the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities shall be by Extraordinary Resolution. For the purposes of, *inter alia*, any Extraordinary Resolution to alter the definition of Permitted Activities any Notes held by or on behalf of a Seller or any of its Affiliates have no voting rights and are deemed not to be outstanding for the purposes of any vote on such Extraordinary Resolution.
- (b) The quorum at any meeting of the Noteholders of any Class of Notes for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding, or, at any adjourned meeting, one or more persons holding or representing Notes of such Class whatever the aggregate Principal Amount Outstanding of the Notes of such Class held or represented by him or them except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding. The quorum at any meeting of the Noteholders of any Class of Notes for all business other than voting on an Extraordinary Resolution shall be one or more persons holding or representing in the aggregate not less than 5 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class or, at any adjourned meeting, one or more persons being or representing the Noteholders of such Class, whatever the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding so held.
- (c) Except in certain circumstances described in the Trust Deed, an Extraordinary Resolution of the A3 Noteholders shall be effective (and will bind the A2a Noteholders, the B Noteholders, the C Noteholders, the D Noteholders and the E Noteholders) when the Trustee is of the sole opinion that it will not be materially prejudicial to the interests of the A2a Noteholders, or it is sanctioned by an Extraordinary Resolution of the A2a Noteholders. Except in certain circumstances described in the Trust Deed, an Extraordinary Resolution of the B Noteholders shall be effective (and will bind the A2a Noteholders, the A3 Noteholders, the C Noteholders, the D Noteholders and the E Noteholders) when the Trustee is of the sole opinion that it will not be materially prejudicial to the respective interests of the A2a Noteholders and the A3 Noteholders, or it is sanctioned by an Extraordinary Resolution of the A2a Noteholders and the A3 Noteholders. Except in certain circumstances described in the Trust Deed, an Extraordinary Resolution of the C Noteholders shall be effective (and will bind the A2a Noteholders, the A3 Noteholders, the B Noteholders, the D Noteholders and the E Noteholders) when the Trustee is of the sole opinion that it will not be materially prejudicial to the respective interests of the A2a Noteholders, the A3 Noteholders, and the B Noteholders or it is sanctioned by an Extraordinary Resolution of the A2a Noteholders, the A3

Noteholders, and the B Noteholders. Except in certain circumstances described in the Trust Deed, an Extraordinary Resolution of the D Noteholders shall be effective (and will bind the A2a Noteholders, the A3 Noteholders, the B Noteholders, the C Noteholders and the E Noteholders) when the Trustee is of the sole opinion that it will not be materially prejudicial to the respective interests of the A2a Noteholders, the A3 Noteholders, the B Noteholders, and the C Noteholders, or it is sanctioned by an Extraordinary Resolution of the A2a Noteholders, the A3 Noteholders, the B Noteholders and the C Noteholders. Except in certain circumstances described in the Trust Deed, an Extraordinary Resolution of the E Noteholders shall be effective (and will bind the A2a Noteholders, the A3 Noteholders, the B Noteholders, the C Noteholders and the D Noteholders) when the Trustee is of the sole opinion that it will not be materially prejudicial to the respective interests of the A2a Noteholders, the A3 Noteholders, the B Noteholders, the C Noteholders and the D Noteholders, or it is sanctioned by an Extraordinary Resolution of the A2a Noteholders, the A3 Noteholders, the B Noteholders, the C Noteholders and the D Noteholders. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the A2a Noteholders the exercise of which will be binding on the A3 Noteholders, the B Noteholders, the C Noteholders, the D Noteholders and the E Noteholders irrespective of the effect on their interests.

- (d) An Extraordinary Resolution passed at any meeting of the Noteholders of any Class of Notes shall be binding on all Noteholders of such Class, whether or not they are present at the meeting.
- (e) The Trust Deed provides that:
 - (i) a resolution or request which in the opinion of the Trustee affects the interests of the holders of the A2a Notes only shall, in the case of a resolution, be deemed to have been duly passed if passed at a meeting of the holders of the A2a Notes, and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of the A2a Notes;
 - (ii) a resolution or request which in the opinion of the Trustee affects the interests of the holders of one Class only of the A3 Notes shall, in the case of a resolution, be deemed to have been duly passed at a separate meeting of the holders of the A3 Notes of that Class and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of the A3 Notes of that Class;
 - (iii) a resolution or request which in the opinion of the Trustee affects the interests of the holders of each Class of A3 Notes but does not give rise to a conflict of interest between the holders of such Classes of the A3 Notes shall, in the case of a resolution, be deemed to have been duly passed if passed at a single meeting of the holders of both Classes of the A3 Notes, and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of both Classes of the A3 Notes taken together;
 - (iv) a resolution or request which in the opinion of the Trustee affects the interests of the holders of each Class of A3 Notes and gives or may give rise to a conflict of interest between the holders of such Classes of the A3 Notes shall, in the case of a resolution, be duly passed only if passed at separate meetings

of the holders of each Class of the A3 Notes, and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of each Class of the A3 Notes taken separately;

- (v) a resolution or request which in the opinion of the Trustee affects the interests of the holders of the B Notes only shall, in the case of a resolution, be deemed to have been duly passed if passed at a meeting of the holders of the B Notes, and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of the B Notes;
 - (vi) a resolution or request which in the opinion of the Trustee affects the interests of the holders of the C Notes only shall, in the case of a resolution, be deemed to have been duly passed if passed at a meeting of the holders of the C Notes, and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of the C Notes;
 - (vii) a resolution or request which in the opinion of the Trustee affects the interests of the holders of the D Notes only shall, in the case of a resolution, be deemed to have been duly passed if passed at a meeting of the holders of the D Notes, and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of the D Notes; and
 - (viii) a resolution or request which in the opinion of the Trustee affects the interests of the holders of the E Notes only shall, in the case of a resolution, be deemed to have been duly passed if passed at a meeting of the holders of the E Notes and, in the case of a request, be deemed to have been duly made if made by the requisite percentage of the holders of the E Notes; and
- (f) The Trustee may agree without the consent of the Noteholders of any Class or any other Secured Creditor:
- (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Notes of any Class (including these Conditions) or any of the Transaction Documents provided that the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Noteholders of any Class and would not constitute a change in any Permitted Activities that the Issuer may undertake, or
 - (ii) to any modification of the Notes of any Class (including these Conditions) or any of the Transaction Documents, which in the Trustee's sole opinion is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the sole opinion of the Trustee, proven.

The Trustee may also without the consent of the Noteholders of any Class or any other Secured Creditor determine, acting in its absolute discretion, but only if and in so far in its sole opinion the interests of the Noteholders of each Class shall not be materially prejudiced thereby, that any Event of Default or any condition, event or act which, with the giving of notice and/or lapse of time and/or the issue of a certificate and/or the making of any determination, would constitute an Event of Default shall not, or shall not subject to specified conditions, be treated as such (but the Trustee may not make any such determination of any Event of Default or any such waiver or

authorisation of any such breach or proposed breach of the Notes (including the Conditions) or any of the Transaction Documents in contravention of an express direction of the Noteholders given by Extraordinary Resolution or a request under Condition 9 (*Events of Default*)). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders of each Class and any other Secured Creditor and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) as soon as practicable thereafter.

12. **Indemnification and Exoneration of the Trustee**

The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured to its satisfaction and, for the avoidance of doubt, whenever the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or secured to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, among others, the Issuer, the Mortgage Administrator, the Cash/Bond Administrator and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator, the Cash/Bond Administrator or any agent or related company of the Mortgage Administrator, the Cash/Bond Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Trust Deed provides that the Trustee shall be under no obligation to monitor or supervise compliance by the Issuer, the Mortgage Administrator or the Cash/Bond Administrator with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the Properties secured by the Mortgages.

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties, or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Security and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

13. **Replacement of Definitive Notes**

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. 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. Mutilated or defaced Notes must be surrendered before new ones will be issued.

14. **Notice to Noteholders**

Any notice to the Noteholders shall be validly given by any of:

- (a) the information contained in such notice appearing on a page of the Reuters Screen, or any other medium for electronic display of data as may be previously approved in writing by the Trustee (in each case a "**Relevant Screen**");
- (b) by publication in a leading newspaper published in Ireland (which is expected to be The Irish Times) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Dublin;
- (c) whilst the Notes are in global form, if delivered to Euroclear and/or Clearstream, Luxembourg (as applicable) for communicating them to the Noteholders; or
- (d) whilst the Notes are in definitive form, if mailed to the Noteholders at their respective addresses in the Register.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed or any other relevant authority.

Any notice under paragraph (a) or (b) shall be deemed to have been given to the Noteholders 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 in all newspapers in which (or on the Relevant Screen on which) publication is required. Any notice under paragraph (c) shall be deemed to have been given to the Noteholders on the third day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg. Any notice under paragraph (d) shall be deemed to have been given on the third day after being mailed to the address of the relevant Noteholders at its address stated in the Register.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or any 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 exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

15. **Third Party Rights**

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes.

16. **Governing Law and Jurisdiction**

- (a) The Trust Deed and the Notes are governed by, and shall be construed in accordance with, English law.
- (b) The Issuer has agreed in the Trust Deed that the courts of England shall have non-exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes

(respectively, the "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

- (c) In the Trust Deed, the Issuer has waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agreed not to claim that any such court is not a convenient or appropriate forum.

17. **Provision of Information**

For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Section 13 or Section 15(e) of the Exchange Act nor exempt from reporting pursuant to rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or Owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser designated by such holder or Owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

18. **Non Petition and Limited Recourse**

- (a) Each of the Noteholders, by purchasing or subscribing for the Notes, agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders, including, without limitation, its obligations under the Notes and the Transaction Documents, are limited in recourse as set out below:
 - (i) each Noteholder agrees that it will have a claim only in respect of, and will be limited to, the property, assets and rights of the Issuer which are subject to the Security and the amounts received, realised or otherwise recovered therefrom and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital;
 - (ii) sums payable to a Noteholder on any date in respect of the Issuer's obligations to such Noteholder on such date shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder on such date and (b) the aggregate amount of funds received, realised or otherwise recovered by or for the account of the Issuer and/or the Trustee and the other Secured Creditors in respect of the assets which are the subject of the Security whether pursuant to the enforcement of the Security or otherwise including amounts received, realised or otherwise recovered prior to enforcement of the Security, net of any sums which are payable by the Issuer to parties other than such Noteholder on such date in accordance with the applicable Priority of Payments and/or the Redemption Priority, as applicable, and the terms of the Deed of Charge in priority to or *pari passu* with sums payable to such Noteholder; and
 - (iii) on the Final Maturity Date or following final distribution of net proceeds of enforcement of the Security if the Trustee certifies, in its sole discretion, that the Issuer has insufficient funds to pay in full all of the Issuer's outstanding payment obligations to that Noteholder under the Transaction Documents and that there is no reasonable likelihood of there being any further realisations in

respect of the Charged Property (whether arising from the enforcement of the Security or otherwise), then that Noteholder shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall cease to be due and payable.

Nothing in this Condition 18 shall affect, limit or prevent an amount (or any part thereof) from falling due and/or payable on any Class of Notes for the purposes of Condition 9 (*Events of Default*).

- (b) Subject to Condition 10 (*Enforcement of Notes*), none of the Noteholders or the parties to the Transaction Documents shall be entitled to petition or commence any Insolvency Proceedings in respect of the Issuer for so long as the Notes are outstanding, provided that the Trustee may prove or lodge a claim in any Insolvency Proceedings in respect of the Issuer initiated by another party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Trust Deed.
- (c) None of the parties to the Transaction Documents shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Trust Deed or any other Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

Schedule 3

Restated Residual Certificate Conditions

TERMS AND CONDITIONS OF THE RESIDUAL CERTIFICATES

If Residual Certificates (as defined below) in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each Residual Certificate would be as set out below. While the Residual Certificates remain in global form, the same terms and conditions govern such Residual Certificates, except to the extent that they are appropriate only to Residual Certificates in definitive form. These terms and conditions are subject to the detailed provisions of the Trust Deed and the Deed of Charge.

The residual certificates (the "**Residual Certificates**") were issued by Eurosail-UK 2007-4BL PLC (the "**Issuer**") on 16 August 2007 (the "**Closing Date**").

The Residual Certificates are constituted by the trust deed dated the Closing Date between the Issuer and BNY Mellon Corporate Trustee Services Limited (then known as BNY Corporate Trustee Services Limited) as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed pursuant to the Trust Deed) for the holders for the time being of the Residual Certificates (as amended and restated and/or supplemented from time to time (including, without limitation, by a supplemental trust deed dated on or about 11 November 2014 between the Issuer and the Trustee), the "**Trust Deed**") and are subject to a Master Securitisation Agreement (as defined below) and the paying agency agreement set out in schedule 8 thereof (as amended and restated and/or supplemented from time to time (including, without limitation, pursuant to the Amendment and Restructuring (2014A) Agreement (as defined below)), the "**Paying Agency Agreement**") between, among others, the Issuer, The Bank of New York Mellon (then known as The Bank of New York), acting through its London Branch as agent bank (in such capacity, the "**Agent Bank**" which expression includes any successor agent bank appointed from time to time in connection with the Residual Certificates), as principal paying agent (in such capacity, the "**Principal Paying Agent**" which expression includes any successor principal paying agent appointed from time to time in connection with the Residual Certificates and together with each other paying agent and successor paying agent appointed from time to time in connection with the Residual Certificates, the "**Paying Agents**"), The Bank of New York Mellon (Luxembourg) S.A. (then known as The Bank of New York (Luxembourg) S.A.) as registrar for the Residual Certificates (in such capacity, the "**Registrar**" which expression includes any successor registrar appointed from time to time in connection with the Residual Certificates) and as transfer agent for the Residual Certificates (in such capacity, the "**Transfer Agent**" which expression includes any successor transfer agent appointed from time to time in connection with the Residual Certificates) and the Trustee. The security for the Residual Certificates is created pursuant to, and on the terms set out in, a deed of charge dated 16 August 2007 between, among others, the Issuer and the Trustee (as supplemented, amended and/or restated by a supplemental deed of charge dated on or around 11 November 2014 between, among others, the Issuer and the Trustee (the "**Supplemental (2014A) Deed of Charge**")) and as further amended, restated and/or supplemented from time to time, the "**Deed of Charge**").

Copies of the Transaction Documents are available for inspection by the Instrumentholders upon reasonable notice during normal business hours at the principal office for the time being of the Trustee, being at the Effective Time at One Canada Square, London E14 5AL and at the specified offices for the time being of the Paying Agents.

The statements in these conditions relating to the Residual Certificates (the "**Residual Certificate Conditions**") include summaries of, and are subject to, the detailed provisions of

the Trust Deed, the Deed of Charge, the Paying Agency Agreement and the other Transaction Documents. The Residual Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Charge and each other Transaction Document.

Capitalised words and expressions which are used in these Residual Certificate Conditions, shall, unless otherwise defined below, have the same meanings as those given in the master definitions schedule (as amended and restated and/or supplemented from time to time (including, without limitation, by the Amendment and Restructuring (2014A) Agreement (as defined below)), the "**Master Definitions Schedule**") set out in Schedule 1 (*Master Definitions Schedule*) to the Master Securitisation Agreement dated the Closing Date between, among others, the Issuer, the Mortgage Administrator, the Trustee, the Principal Paying Agent and the Sellers (as the same may be supplemented, amended and/or restated from time to time, the "**Master Securitisation Agreement**") and the following capitalised words and expressions shall have the following meanings:

"**Affiliate**" means, in relation to any person, any other person who, directly or indirectly is in control of, or controlled by, or is under common control with, such person (and for the purposes of this definition, "**control**" of a person means the power, direct or indirect (a) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such person or (b) to direct or cause the direction of the management and policies of such person, whether by contract or otherwise).

"**Amendment and Restructuring (2014A) Agreement**" means the amendment and restructuring agreement dated on or about 11 November 2014 and made between, among others, the Issuer, the Trustee, the Cash/Bond Administrator, the Account Bank, the Collection Account Bank, the GIC Provider, the Registrar, the Transfer Agent, the Mortgage Administrator and the Sellers.

"**Appointee**" means any attorney, manager, agent, delegate, nominee, custodian, receiver, administrative receiver or other person appointed by the Trustee under the Trust Deed or the Deed of Charge.

"**Apportionment Factor**" means in relation to any Interest Payment Date, 0.25.

"**Available Revenue Fund**" has the meaning given to such term in Residual Certificate Condition 2(d) (*Priority of Payments prior to enforcement*).

"**Basic Terms Modification**" has the meaning given to such term in paragraph 5 of Schedule 4 (*Provisions for Meetings of Instrumentholders*) to the Trust Deed.

"**Business Day**" means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

"**Calculation Date**" has the meaning given to such term in the Amendment and Restructuring (2014A) Agreement.

"**Delinquencies**" means, in relation to a Loan, the amount of payments of interest or interest and scheduled principal due and payable by the related Borrower, which is overdue after cash

payments received from that Borrower have been allocated first to missed monthly contractual payments and second to fees, costs and any other amounts.

"Determination Date" means the third Business Day of the calendar month in which an Interest Payment Date occurs.

"Effective Time" has the meaning set out in the Amendment and Restructuring (2014A) Agreement.

"Extraordinary Resolution" means:

- (a) a resolution passed at a meeting of the Residual Certificateholders, duly convened and held in accordance with the Trust Deed by a majority at such meeting consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of all the Residual Certificateholders,

provided that a resolution passed at a meeting to amend the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities shall be required to be passed by holders of not less than 50 per cent. of each of (x) the aggregate Principal Amount Outstanding of the Notes for the time being outstanding and (y) the Total Number Outstanding of the Residual Certificates.

"FATCA withholding" has the meaning given to such term in Residual Certificate Condition 8(b) (*Taxation*).

"Independent Director" means a duly appointed member of the board of directors of the relevant entity who should not have been, at the time of such appointment, or at any time in the preceding five years a direct or indirect legal or beneficial owner in such entity or any of its affiliates (excluding *de minimus* ownership interests).

"Initial Liquidity Reserve Amount" means £2,500,000.

"Initial Reserve Amount" means £3,285,000.

"Insolvency Proceedings" means any corporate action or other steps or legal proceedings for the winding up, dissolution, moratorium, controlled management, similar insolvency proceedings or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer.

"Liquidity Reserve Drawing" means, in respect of any Interest Payment Date, the amount (to be debited on the Determination Date immediately preceding such Interest Payment Date to the Liquidity Reserve Ledger and credited to the Available Revenue Ledger in accordance with the Cash/Bond Administration Agreement) equal to the lesser of:

- (a) the Revenue Shortfall (Liquidity Reserve) in respect of such Interest Payment Date; and

- (b) the credit balance of the Liquidity Reserve Ledger as at that Determination Date (after taking into account the amount debited from the Principal Ledger and credited to the Liquidity Reserve Ledger on that Determination Date pursuant to Condition 5(b)(iv)).

"Liquidity Reserve Fund" means at any time the credit balance on the Liquidity Reserve Ledger at such time.

"Liquidity Reserve Fund Required Amount" means:

- (a) in respect of each Interest Payment Date falling before December 2015, the Initial Liquidity Reserve Amount; and
- (b) in respect of the Interest Payment Date falling in December 2015 and each subsequent Interest Payment Date:
 - (i) if the Liquidity Reserve Trigger Condition is satisfied on the Determination Date immediately preceding such Interest Payment Date, the lesser of:
 - (A) 1.00 per cent. of the aggregate Principal Amount Outstanding of the A Notes as at the immediately preceding Interest Payment Date after the application of the Available Revenue Fund and the Actual Redemption Funds on such Interest Payment Date; and
 - (B) the Initial Liquidity Reserve Amount; and
 - (ii) if the Liquidity Reserve Trigger Condition is not satisfied on the Determination Date immediately preceding such Interest Payment Date, the Liquidity Reserve Fund Required Amount in respect of the immediately preceding Interest Payment Date,

provided that the Liquidity Reserve Fund Required Amount shall be zero where (x) in respect of an Interest Payment Date, there are no A Notes then outstanding on that Interest Payment Date (after taking into account any principal payments in respect of such Notes on that date) or (y) if an Event of Default has occurred.

"Liquidity Reserve Fund Surplus" means as of any Interest Payment Date (the **"Current Interest Payment Date"**) the amount (if any) by which the balance of the Liquidity Reserve Ledger as at the immediately preceding Determination Date, prior to the transfer of any Liquidity Reserve Drawing to the Available Revenue Ledger from the Liquidity Reserve Ledger, exceeds the Liquidity Reserve Fund Required Amount calculated by the Cash/Bond Administrator for the Current Interest Payment Date.

"Liquidity Reserve Ledger" means the Ledger of such name established by the Cash/Bond Administrator on behalf of the Issuer pursuant to the Amendment and Restructuring (2014A) Agreement.

"Liquidity Reserve Trigger Condition" is satisfied on a Determination Date if:

- (a) the Reserve Fund was at the Reserve Fund Required Amount on the immediately preceding Interest Payment Date;

- (b) the Liquidity Reserve Fund was at the Liquidity Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (c) the Available Revenue Fund, (including, for the avoidance of doubt, any Reserve Fund transferred as at such Determination Date to the Available Revenue Ledger from the Reserve Fund Ledger, but excluding any Liquidity Reserve Drawing transferred at such Determination Date to the Available Revenue Ledger from the Liquidity Reserve Ledger) is sufficient to satisfy items (i) to (xviii) (both inclusive) of the Pre-Enforcement Priority of Payments provided that, for the purposes of this definition only and in order to determine whether such funds are sufficient, the Reserve Fund Required Amount for item (xviii) of the Pre-Enforcement Priority of Payments shall be deemed to be equal to the Reserve Fund Required Amount as at the immediately preceding Interest Payment Date;
- (d) (i) the aggregate Principal Balance of all Loans in the Mortgage Pool at that Determination Date that have Delinquencies which are 90 days or more overdue (including Trigger Condition Modified Loans but excluding Repossession Loans) as a percentage of the aggregate Principal Balance of all Loans in the Mortgage Pool does not exceed 22.5 per cent., (ii) at that Determination Date, the aggregate Principal Balance of Repossession Loans in the Mortgage Pool since the Closing Date (which includes sold repossessions plus current repossessions) as a percentage of the aggregate Principal Balance of the Loans in the Mortgage Pool as at the Closing Date does not exceed 17.5 per cent (or, in each case, such greater percentage agreed between the Issuer (with the consent of the Noteholders of each Class of Notes, acting by Extraordinary Resolution) and the Rating Agencies from time to time upon the basis that such greater percentage will not adversely affect the then current ratings of the Notes), and (iii) at that Determination Date, the aggregate value of the realised principal losses of all Loans in the Mortgage Pool that have arisen since the Determination Date immediately preceding the Calculation Date (whether or not such principal losses form part of the Principal Deficiency at such time) is not greater than £19,500,000; and
- (e) the Revenue Shortfall (Liquidity Reserve) is zero as at such Determination Date.

"Permitted Activities" means the activities contemplated in the Transaction Documents as being undertaken by the Issuer, including (i) the acquisition of the Loans, the Collateral Security and their Related Rights; (ii) the appointment of entities to undertake the administration and servicing of the Loans, the Collateral Security and their Related Rights and the collection and administration of monies relating thereto in accordance with the terms of the Transaction Documents; (iii) the issue of the Instruments, the granting and maintaining of security therefor, the listing and rating thereof and the making of any Basic Terms Modifications thereto; (iv) the entering into of borrowings; (v) the investment of collections from the Loans together with any *proceeds* retained by the Issuer from the issue of the Instruments and any borrowings and (vi) the payment of liabilities, maintenance of hedging and administrative functions required to be undertaken in respect of the Instruments.

"Pre-Enforcement Priority of Payments" means the order of priority set out in Residual Certificate Condition 2(d) (*Priority of Payments prior to enforcement*).

"Principal Amount Outstanding" means, in respect of:

- (a) a Note, on any date of determination, the initial principal amount of such Note on its date of issue:
 - (i) less the aggregate amount of all Note Principal Payments in respect of such Note that have become due and payable since the Closing Date and on or prior to such date of determination have been paid;
 - (ii) less any other payments and/or reduction of principal (by the reduction of the Pool Factor or otherwise) or cancellation of principal in respect of such Note made since the Closing Date and on or prior to such date of determination (including in accordance with the terms of the Amendment and Restructuring (2014A) Agreement, but (and for the avoidance of doubt) excluding payments made pursuant to Clause 14.3(b)(i) of the Amendment and Restructuring (2014A) Agreement);
 - (iii) plus any increase of principal (by the increase of the Pool Factor or otherwise) in respect of such Note made since the Closing Date and on or prior to such date of determination (including in accordance with the terms of the Amendment and Restructuring (2014A) Agreement); and
- (b) a Class of Notes, the aggregate Principal Amount Outstanding of the Notes of that Class as determined in accordance with paragraph (a) above.

Effective as of 17:00 (London time) on the Interest Payment Date falling in September 2014, any reference to the Principal Amount Outstanding of the A2a Notes on the Closing Date shall be construed to mean £230,000,000; any reference to the Principal Amount Outstanding of the A3a Notes on the Closing Date shall be construed to mean £150,000,000; any reference to the Principal Amount Outstanding of the B1a Notes on the Closing Date shall be construed to mean £52,000,000; any reference to the Principal Amount Outstanding of the C1a Notes on the Closing Date shall be construed to mean £55,000,000; and any reference to the Principal Amount Outstanding of the D1a Notes on the Closing Date shall be construed to mean £36,000,000.

"Principal Deficiency" means the amounts recorded as a debit on each principal deficiency ledger established by or on behalf of the Issuer pursuant to the Cash/Bond Administration Agreement and/or the Amendment and Restructuring (2014A) Agreement.

"Principal Drawing" means, in respect of any Interest Payment Date, the amount (to be debited on the Determination Date immediately preceding such Interest Payment Date to the Principal Ledger and credited to the Available Revenue Ledger) equal to the lesser of:

- (a) the Revenue Shortfall (Principal Ledger) in respect of such Interest Payment Date; and
- (b) the credit balance of the Principal Ledger as at that Determination Date.

"Related Rights" means all ancillary rights, accretions and supplements to the Loans and Collateral Security.

"Reserve Fund Required Amount" means:

- (a) in respect of each Interest Payment Date falling before December 2017, the Initial Reserve Amount;
- (b) in respect of each Interest Payment Date falling in or after December 2017:
 - (i) if the Trigger Condition is satisfied on the Determination Date immediately preceding such Interest Payment Date, the lesser of:
 - (A) 2.0 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the immediately preceding Interest Payment Date after the application of the Available Revenue Fund and the Actual Redemption Funds on such Interest Payment Date; and
 - (B) the Initial Reserve Amount; and
 - (ii) if the Trigger Condition is not satisfied on the Determination Date immediately preceding such Interest Payment Date, the Reserve Fund Required Amount in respect of the immediately preceding Interest Payment Date,

provided that the Reserve Fund Required Amount shall be zero where (x) in respect of an Interest Payment Date, there are no Notes then outstanding on that Interest Payment Date (after taking into account any principal payments in respect of the Notes on such date) or (y) an Event of Default has occurred.

"Residual Revenue" means, as of any Interest Payment Date, an amount calculated by the Cash/Bond Administrator as being the aggregate of (a) the amount of the Available Revenue Fund available to make the payments at item (xxi) of the Pre-Enforcement Priority of Payments (or the amount of funds available to the Trustee to make the payments at item (x) of the Post-Enforcement Priority of Payments as applicable) and (b) the total amount standing to the credit of the Prepayment Charges Ledger as at the immediately preceding Determination Date, after application of Prepayment Charges Receipts to item (xx) of the Pre-Enforcement Priority of Payments (or item (ix) of the Post-Enforcement Priority of Payments as applicable).

"Restructuring Transaction Costs" has the meaning given to such term in the Amendment and Restructuring (2014A) Agreement.

"Revenue Shortfall (Liquidity Reserve)" means, for so long as there are any A Notes outstanding on the immediately succeeding Interest Payment Date, the amount (if any) by which the Available Revenue Fund on a Determination Date, together with the amounts, if any, expected to be credited to the Available Revenue Ledger on or before such immediately succeeding Interest Payment Date (but before the making of a Liquidity Reserve Drawing or a Principal Drawing) will be insufficient to pay or provide for payment of:

- (a) items (i) to (v) (inclusive) and item (vii) of the Pre-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date (taking into account amounts required to be applied to items of a higher priority) (provided that no Revenue Shortfall (Liquidity Reserve) will exist (and, where applicable, shall be recorded as zero) under this paragraph (a) unless the debit balance of the A3 Principal Deficiency

Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A3 Notes); or

- (b) where a Revenue Shortfall (Liquidity Reserve) is determined not to exist in accordance with paragraph (a) above, items (i) to (v) (inclusive) of the Pre-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date (provided that no Revenue Shortfall (Liquidity Reserve) will exist (and, where applicable, shall be recorded as zero) under this paragraph (b) unless the debit balance of the A2a Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A2 Notes).

"Revenue Shortfall (Principal Ledger)" means the amount, if any, by which the Available Revenue Fund on a Determination Date, together with the amounts, if any, expected to be credited to the Available Revenue Ledger on or before the immediately succeeding Interest Payment Date (after the making of a Liquidity Reserve Drawing but before the making of a Principal Drawing), will be insufficient to pay or provide for the payment of items (i) to (v) (inclusive) and item (vii) of the Pre-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date (taking into account amounts required to be applied to items of a higher priority); provided that the Revenue Shortfall (Principal Ledger) on a Determination Date shall be deemed not to exist and, where applicable, shall be recorded as zero unless:

- (a) for so long as there are A2a Notes outstanding on such immediately succeeding Interest Payment Date, in respect of any such insufficiency of funds as determined by the Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement on such Determination Date to pay or provide for payment of items (i) to (v) (inclusive) of the Pre-Enforcement Priority of Payments (being a Revenue Shortfall (Principal Ledger) on the A2a Notes):
 - (i) the credit balance of the Liquidity Reserve Ledger as at such immediately succeeding Interest Payment Date (after any Liquidity Reserve Drawing to be made on such Interest Payment Date has been made) will be zero; and
 - (ii) the debit balance of the A2a Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A2a Notes; and
- (b) for so long as there are A3 Notes outstanding on such immediately succeeding Interest Payment Date, in respect of any such insufficiency of funds as determined by the Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement on such Determination Date to pay or provide for payment of items (i) to (v) (inclusive) and item (vii) of the Pre-Enforcement Priority of Payments, after taking into account amounts to be applied to items of a higher priority (being a Revenue Shortfall (Principal Ledger) on the A3 Notes):
 - (i) the credit balance of the Liquidity Reserve Ledger as at such immediately succeeding Interest Payment Date (after any Liquidity Reserve Drawing to be made on such Interest Payment Date has been made) will be zero; and

- (ii) the debit balance of the A3 Principal Deficiency Ledger as at such Determination Date before the making of any Principal Drawing is less than 100% of the Principal Amount Outstanding of the A3 Notes.

"Total Number Outstanding" means 10,000.

"Transaction Documents" means the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Mortgage Administration Agreement, the Cash/Bond Administration Agreement, the Mortgage Sale Agreement, the Closing Arrangements Deed, the Collection Accounts Declarations of Trust, the GIC, the Master Securitisation Agreement, the Bank Agreement, the Corporate Services Agreement, the Master Definitions Schedule, the Scottish Declarations of Trust, any Supplemental Scottish Declarations of the Trust, the Subscription Agreement, the Amendment and Restructuring (2014A) Agreement and the Supplemental (2014A) Deed of Charge and each a **"Transaction Document"**.

"Trigger Condition" is satisfied on a Determination Date if:

- (a) the Reserve Fund was at the Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (b) the Liquidity Reserve Fund was at the Liquidity Reserve Fund Required Amount on the immediately preceding Interest Payment Date;
- (c) no A2a Notes are then outstanding;
- (d) the Available Revenue Fund (including the amount of the Reserve Fund (if any) transferred on such Determination Date to the Available Revenue Ledger from the Reserve Fund Ledger but excluding the Liquidity Reserve Drawing and the Principal Drawing (in each case, if any) transferred on such Determination Date to the Available Revenue Ledger from the Liquidity Reserve Ledger and/or the Principal Ledger, as applicable) is sufficient to satisfy items (i) to (xviii) (both inclusive) of the Pre-Enforcement Priority of Payments provided that, for the purpose only of the determination as to whether the Trigger Condition is or is not satisfied, the Reserve Fund Required Amount for item (xviii) of the Pre-Enforcement Priority of Payments shall be deemed to be equal to the Reserve Fund Required Amount as at the immediately preceding Interest Payment Date;
- (e) (i) the aggregate Principal Balance of all Loans in the Mortgage Pool at that Determination Date that have Delinquencies which are 90 days or more overdue (including Trigger Condition Modified Loans but excluding Repossession Loans) as a percentage of the aggregate Principal Balance of all Loans in the Mortgage Pool does not exceed 22.5 per cent., (ii) at that Determination Date, the aggregate Principal Balance of Repossession Loans in the Mortgage Pool since the Closing Date (which includes sold repossessions plus current repossessions) as a percentage of the aggregate Principal Balance of the Loans in the Mortgage Pool as at the Closing Date does not exceed 17.5 per cent (or, in each case, such greater percentage agreed between the Issuer (with the consent of the Noteholders of each Class of Notes, acting by Extraordinary Resolution) and the Rating Agencies from time to time upon the basis that such greater percentage will not adversely affect the then current ratings of the Notes), and (iii) at that Determination Date, the aggregate value of the realised principal losses of all Loans in the Mortgage Pool that have arisen since the

Determination Date immediately preceding the Calculation Date (whether or not such principal losses form part of the Principal Deficiency at such time) is not greater than £19,500,000; and

- (f) (only for so long as there are any A Notes outstanding) the Revenue Shortfall (Liquidity Reserve) is zero as at such Determination Date.

1. **Form, Denomination and Title**

- (a) The Residual Certificates are represented initially by a global certificate in registered form (the "**Global Residual Certificate**"). References herein to the "**Residual Certificates**" shall include (i) in relation to any Residual Certificates represented by the Global Residual Certificate, units thereof corresponding to the Residual Certificates, (ii) Definitive Residual Certificates issued in exchange for the Global Residual Certificate and (iii) the Global Residual Certificate.
- (b) If (i) the circumstances referred to in Condition 9(a) (*Events of Default*) of the Notes occurs or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or has in fact done so and no successor clearing system acceptable to the Trustee is available or (iii) as a result of any amendment to, or change in, (A) the laws or regulations of the United Kingdom (or of any political sub division thereof) or of any authority therein or thereof having power to tax or (B) the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer is or the Paying Agents are or will be required to make any deduction or withholding from any payment in respect of the Residual Certificates which would not be required were the Residual Certificates in definitive form, then the Issuer will, within 30 days of the occurrence of the relevant event, issue serially numbered Residual Certificates in definitive registered form in exchange for the whole outstanding interest in the Global Residual Certificate.
- (c) With respect to the Definitive Residual Certificates, title shall pass by and upon registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**"). Any holder of a Global Residual Certificate (a "**Global Residual Certificateholder**") or holder of a Definitive Residual Certificate (a "**Definitive Residual Certificateholder**") shall (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 Residual Certificate or Definitive Residual Certificate as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon other than a duly executed transfer of such Residual Certificate in the form endorsed thereon.
- (d) Transfers and exchanges of beneficial interests in the Global Residual Certificate will be made subject to any restrictions on transfers set forth on such Residual Certificate. In no event will a transfer of a beneficial interest in the Global Residual Certificate or a Definitive Residual Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations

referred to above may be changed by the Issuer with the prior written approval of the Trustee.

- (e) A Definitive Residual Certificate may be transferred upon the surrender of the relevant Definitive Residual Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Each new Definitive Residual Certificate to be issued upon a transfer will, within five business days (in the place of the specified office of the Registrar) of receipt of such request for transfer, be available for delivery at the specified office of the Registrar stipulated in the request for transfer, or be mailed at the risk of the holder of the Definitive Residual Certificate to such address as may be specified in such request.
- (f) Registration of Definitive Residual Certificates on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it. No holder of a Definitive Residual Certificate may require the transfer of such Residual Certificate to be registered during the period of 15 days ending on the due date for any payment of sums due on such Residual Certificate.

2. **Status, Security and Administration**

Status

- (a) The Residual Certificates constitute direct, secured (as more particularly described in the Deed of Charge) and limited recourse obligations of the Issuer and rank *pari passu* without preference or priority amongst themselves.
- (b) The Residual Certificates have no voting rights under the Trust Deed or these Residual Certificate Conditions save in respect of themselves. The Trust Deed contains provisions to the effect that, so long as any of the Notes are outstanding, the Trustee shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of, or act at the direction of, any persons having the benefit of the Security, other than the Noteholders and the Residual Certificateholders in accordance with the Trust Deed, and, in relation to the exercise of such powers, authorities and discretions, the Trustee shall have no liability to such persons as a consequence of so acting.

Security

- (c) As security for the payment of all monies payable in respect of the Notes, the Residual Certificates and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee and any receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the Mortgage Administrator under the Mortgage Administration Agreement, the Cash/Bond Administrator under the Cash/Bond Administration Agreement, the Standby Mortgage Administrator under the Mortgage Administration Agreement, the Standby Cash/Bond Administrator under the Cash/Bond Administration Agreement, the Principal Paying Agent, any other Paying Agent, the Registrar, the Transfer Agent and the Agent Bank under the Paying Agency Agreement, the Account Bank and the Collection Account Bank under the Bank Agreement, the GIC Provider under the

GIC, the Corporate Services Provider under the Corporate Services Agreement and each Seller in respect of its entitlement to unpaid consideration under the Mortgage Sale Agreement, the Issuer has, pursuant to the Deed of Charge, created the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder (such parties, the "**Secured Creditors**"):

- (i) a first fixed charge in favour of the Trustee over the Issuer's interests in each Loan, each related Mortgage and all other collateral security given or obtained in connection with such Loan in the Mortgage Pool (such collateral security, together with the Mortgages, the "**Collateral Security**" and including, without limitation, (1) the benefit of all affidavits, declarations, consents, renunciations, waivers and deeds of postponement from occupiers and other persons having an interest in or rights in connection with the relevant Property, (2) the benefit of (including notations of interest on) insurance and assurance policies (including, without limitation, all returns of premium and proceeds in respect of such policies) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property, and (3) (to the extent assignable without the consent of the relevant counterparty) all courses and rights of action (whether assigned to the Issuer or otherwise) against valuers, solicitors, the Land Registry of England and Wales, the Registers of Northern Ireland and the Registers of Scotland or any other person in connection with any report (including a report on title), valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with the relevant Loan, Mortgage, other collateral security or Property) and, in relation to Loans which are Scottish Loans, such fixed charge is in the form of an assignment in security, governed by Scots law, of the Issuer's interests in each such Scottish Loan, its related Scottish Mortgage and other Collateral Security as comprised in the relevant Scottish Trust (together with the Issuer's whole reversionary right, title and interest therein and thereto);
- (ii) an assignment in favour of the Trustee of the Issuer's interests in the insurance contracts to the extent that they relate to the Loans and their related Collateral Security;
- (iii) an assignment in favour of the Trustee of the benefit of the Issuer in each of the Transaction Documents (other than the Trust Deed and the Deed of Charge);
- (iv) a first fixed charge in favour of the Trustee over the Issuer's interest in the Bank Accounts and any other bank accounts or Authorised Investments in which the Issuer has an interest; and
- (v) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (iv) above) over the whole of the undertaking, property, assets and rights of the Issuer,

(such property, assets, rights, accounts and undertaking being, together, the "**Charged Property**").

Priority of Payments prior to enforcement

- (d) The "**Available Revenue Fund**" at any time comprises the credit balance of the Available Revenue Ledger at that time. Prior to the Trustee giving notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) of the Notes declaring the Notes to be due and repayable or the Security otherwise being enforced pursuant to Condition 10 (*Enforcement of Notes*) of the Notes, on each Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall apply (x) the Available Revenue Fund calculated on the immediately preceding Determination Date (and taking into account any payments to be made or received from that date up to and including the immediately following Interest Payment Date) in or towards the satisfaction of items (i) to (xix) (inclusive) below; and (y) the Available Revenue Fund as so calculated on the immediately preceding Determination Date remaining after application of amounts under (i) to (xix) (inclusive) below together with any credit balance standing to the Prepayment Charges Ledger as at the immediately preceding Determination Date, in or towards the satisfaction of items (xx) and (xxi) (inclusive) below (the following order of priority being the "**Pre-Enforcement Priority of Payments**"), in each case making an appropriate debit to the Available Revenue Ledger or Prepayment Charges Ledger, where appropriate:
- (i) *first*, when due, the remuneration payable to the Trustee or any Appointee (plus value added tax, if any) and any costs, charges, liabilities and expenses incurred by the Trustee or any Appointee under the provisions of or in connection with the Trust Deed, the Deed of Charge or any other Transaction Document together with any applicable interest as provided in the Trust Deed or the Deed of Charge;
 - (ii) *second*, when due, *pro rata*:
 - (A) amounts, including audit fees, company secretarial expenses and costs and expenses incurred in connection with the appointment of any substitute administrator (plus value added tax, if any), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed, the Deed of Charge or the Cash/Bond Administration Agreement and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer during the Interest Period commencing on that Interest Payment Date and to provide for the Issuer's primary liability or possible primary liability for corporation tax, and
 - (B) an amount equal to any *premia* due in respect of insurance contracts held by the Issuer;
 - (iii) *third*, *pro rata*:
 - (A) except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date (1) the mortgage administration fee due and payable under the Mortgage Administration Agreement, such fee being up to a maximum of the product of 0.25 per cent. per annum and the aggregate Principal Balance of the Loans as at the Determination Date immediately preceding the immediately prior

- Interest Payment Date, multiplied by the Apportionment Factor and (2) any costs and expenses incurred by the Mortgage Administrator in accordance with the Mortgage Administration Agreement;
- (B) except to the extent already paid to the Cash/Bond Administrator since the preceding Interest Payment Date (1) the Cash/Bond Administration Fee due and payable under the Cash/Bond Administration Agreement to the Cash/Bond Administrator and (2) any costs and expenses incurred by the Cash/Bond Administrator due and payable in accordance with the Cash/Bond Administration Agreement;
 - (C) prior to the assumption by the Standby Mortgage Administrator of the duties and obligations of the Mortgage Administrator, (1) the Standby Mortgage Administrator Fixed Fee in an amount of no more than £6,000 per annum (plus value added tax chargeable on the fee up to a rate of 17.5 per cent.), due and payable pursuant to the Mortgage Administration Agreement to the Standby Mortgage Administrator divided by four and (2) costs and expenses incurred by the Standby Mortgage Administrator in accordance with the Mortgage Administration Agreement;
 - (D) prior to the assumption by the Standby Cash/Bond Administrator of the duties and obligations of the Cash/Bond Administrator, (1) the Standby Cash/Bond Administrator Fixed Fee in an amount of no more than £3,000 per annum (plus value added tax chargeable on the fee up to a rate of 17.5 per cent.), due and payable pursuant to the Cash/Bond Administration Agreement to the Standby Cash/Bond Administrator divided by four and (2) costs and expenses incurred by the Standby Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement;
 - (E) (1) the corporate services fee (inclusive of value added tax if any) due and payable pursuant to the Corporate Services Agreement to the Corporate Services Provider divided by four and (2) costs and expenses incurred by the Corporate Services Provider in accordance with the Corporate Services Agreement;
 - (F) amounts due to the Paying Agents, the Registrar, the Transfer Agent and the Agent Bank under the Paying Agency Agreement;
 - (G) amounts due to the GIC Provider under the GIC; and
 - (H) amounts due to the Account Bank and the Collection Account Bank under the Bank Agreement;
- (iv) *fourth*, to pay *pro rata* any Restructuring Transaction Costs to the extent not paid from amounts credited to the Restructuring Costs Ledger in accordance with clause 14.2 (*Payment of Restructuring Transaction Costs*) of the Amendment and Restructuring (2014A) Agreement or pursuant to items (i) to (iii) (inclusive) above;

- (v) *fifth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the A2a Notes;
- (vi) *sixth*, to apply amounts to reduce the A2a Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the A2a Principal Deficiency Ledger) such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) of the Notes provided that for the purpose of this item (vi), Available Revenue Funds shall not include the amount of any Principal Drawing credited to the Available Revenue Ledger on the Determination Date immediately preceding the relevant Interest Payment Date;
- (vii) *seventh*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the A3 Notes;
- (viii) *eighth*, only for so long as there are any A Notes outstanding:
 - (A) on any Interest Payment Date following a Determination Date on which any amount is to be debited from the Principal Ledger and credited to the Liquidity Reserve Ledger pursuant to Condition 5(b)(iv) of the Notes, by crediting the Liquidity Reserve Ledger with an amount equal to the aggregate of the Liquidity Reserve Drawings (if any) less any replenishment of the Liquidity Reserve Fund on any previous Interest Payment Date in accordance with this item (viii)(A) until the balance of the Liquidity Reserve Fund reaches the Liquidity Reserve Fund Required Amount; and
 - (B) on any other Interest Payment Date, by crediting the Liquidity Reserve Ledger to increase the balance of the Liquidity Reserve Fund until it reaches the Liquidity Reserve Fund Required Amount,provided that for the purpose of this item (viii), Available Revenue Funds shall not include the amount of any Principal Drawing credited to the Available Revenue Ledger on the Determination Date immediately preceding the relevant Interest Payment Date;
- (ix) *ninth*, to apply amounts to reduce the A3 Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the A3 Principal Deficiency Ledger) such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) of the Notes provided that for the purpose of this item (ix), Available Revenue Funds shall not include the amount of any Principal Drawing credited to the Available Revenue Ledger on the Determination Date immediately preceding the relevant Interest Payment Date;
- (x) *tenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the B1a Notes;
- (xi) *eleventh*, to apply amounts to reduce the B Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the B Principal Deficiency Ledger), such amounts to be applied in redemption of the

Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) of the Notes;

- (xii) *twelfth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the C1a Notes;
- (xiii) *thirteenth*, to apply amounts to reduce the C Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the C Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) of the Notes;
- (xiv) *fourteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the D1a Notes;
- (xv) *fifteenth*, to apply amounts to reduce the D Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the D Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) of the Notes;
- (xvi) *sixteenth*, to pay *pari passu* and *pro rata*, all amounts of interest due and payable on the E1c Notes;
- (xvii) *seventeenth*, to apply amounts to reduce the E Principal Deficiency to zero (by crediting the Principal Ledger and making a corresponding credit to the E Principal Deficiency Ledger), such amounts to be applied in redemption of the Notes in accordance with Condition 5(b) (*Mandatory redemption in part of the Notes*) of the Notes;
- (xviii) *eighteenth*, except upon the Interest Payment Date on which the Notes are redeemed in full, (by crediting the Reserve Ledger) to increase the balance of the Reserve Fund until it reaches the Reserve Fund Required Amount;
- (xix) *nineteenth*, (by crediting the Profit Ledger) to retain an amount equal to 0.0025 per cent. of the aggregate balance standing to the credit of the Revenue Ledger on the immediately preceding Determination Date;
- (xx) *twentieth*, *pari passu* and *pro rata*:
 - (A) to the Standby Mortgage Administrator of an amount, if any, equal to that portion of value added tax owing in respect of the Standby Mortgage Administrator's fee due and payable under item (iii)(C) above to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
 - (B) to the Standby Cash/Bond Administrator of an amount, if any, equal to that portion of value added tax owing in respect of the Standby Cash/Bond Administrator's fee due and payable under item (iii)(D) above to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and

- (xxi) *twenty-first*, in or towards payment *pari passu* and *pro rata*, of RC Distributions to the Residual Certificateholders.
- (d1) If, as of any Determination Date, prior to the Trustee giving notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) of the Notes declaring the Notes to be due and repayable or the Security otherwise being enforced pursuant to Condition 10 (*Enforcement of Notes*) of the Notes:
- (i) a Liquidity Reserve Fund Surplus has been determined for the immediately succeeding Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall, in accordance with clause 9.4 (*Determination Date – Ledger transfers*) of the Cash/Bond Administration Agreement, debit an amount equivalent to such Liquidity Reserve Fund Surplus from the Liquidity Reserve Ledger and credit a corresponding amount to the Principal Ledger;
 - (ii) a Revenue Shortfall (Liquidity Reserve) has been determined for the immediately succeeding Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall, in accordance with clause 9.4 (*Determination Date – Ledger transfers*) of the Cash/Bond Administration Agreement, make a Liquidity Reserve Drawing in respect of such Revenue Shortfall (Liquidity Reserve) on such Determination Date. The amount of such Liquidity Reserve Drawing shall be debited to the Liquidity Reserve Ledger and credited to the Available Revenue Ledger.
 - (iii) a Revenue Shortfall (Principal Ledger) has been determined for the immediately succeeding Interest Payment Date, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall, in accordance with clause 9.4 (*Determination Date – Ledger transfers*) of the Cash/Bond Administration Agreement, make a Principal Drawing in respect of such Revenue Shortfall (Principal Ledger) on such Determination Date. The amount of such Principal Drawing shall be debited to the Principal Ledger and to the Principal Deficiency Ledger and credited to the Available Revenue Ledger.

The amount credited to the Principal Ledger on a Determination Date in accordance with Residual Certificate Condition 2(d1)(i) above will form part of Actual Redemption Funds to be distributed on the immediately succeeding Interest Payment Date in accordance with the applicable Redemption Priority. The amounts credited to the Available Revenue Ledger on a Determination Date in accordance with Residual Certificate Condition 2(d1)(ii) and Residual Certificate Condition 2(d1)(iii) above will form part of Available Revenue Funds to be distributed on the immediately succeeding Interest Payment Date in accordance with the Pre-Enforcement Priority of Payments.

- (d2) In the event that any payment is to be made from the Available Revenue Fund by the Issuer and the relevant amount of the Available Revenue Fund is not denominated in the relevant currency in which such payment is to be made, the Issuer (or the Cash/Bond Administrator on behalf of the Issuer) shall convert the relevant amounts comprised in the Available Revenue Fund to make such payment into such currency at the then prevailing spot rate of exchange as may be required in order to be applied in or towards such payment.

Priority of Payments Post-Enforcement

- (e) After the Trustee has given notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) of the Notes declaring the Notes to be due and repayable, the Trustee shall, to the extent of the funds available to the Issuer and from the proceeds of enforcement of the Security (other than amounts standing to the credit of the Prepayment Charges Ledger) (x) make payments in or towards the satisfaction of items (i) to (viii) (inclusive) below; and (y) the balance of such funds remaining after the application of the funds under items (i) to (viii) (inclusive) below together with all amounts of the Prepayment Charges Receipts, make payments in or towards satisfaction of items (ix) and (x) below (the following order of priority being the "**Post-Enforcement Priority of Payments**" and, together with the Pre-Enforcement Priority of Payments, the "**Priority of Payments**") pursuant to, in accordance with and as set out more fully in the Deed of Charge:
- (i) *first*, to pay, *pro rata*, any remuneration then due to the Trustee, any receiver or administrator appointed by the Trustee or any other Appointee of the Trustee and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by the Trustee, such receiver or administrator or such Appointee together with interest thereon (plus value added tax, if any);
 - (ii) *second*, to pay, *pro rata*, the fees, costs, expenses and liabilities due to the Mortgage Administrator, the Cash/Bond Administrator, the Standby Mortgage Administrator, the Standby Cash/Bond Administrator (the fees of such Standby Mortgage Administrator and Standby Cash/Bond Administrator to be paid together with value added tax up to a rate of 17.5 per cent. only), the Corporate Services Provider, the Paying Agents, the Registrar, the Transfer Agent, the Agent Bank, the Account Bank, the Collection Account Bank and the GIC Provider, together with value added tax (if any) chargeable thereon;
 - (iii) *third*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the A2a Notes;
 - (iv) *fourth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the A3 Notes;
 - (v) *fifth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the B1a Notes;
 - (vi) *sixth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the C1a Notes;
 - (vii) *seventh*, to pay *pari passu* and *pro rata* all amounts of interest and principal then due and payable on the D1a Notes;
 - (viii) *eighth*, to pay *pari passu* and *pro rata*, all amounts of interest and principal then due and payable on the E1c Notes;
 - (ix) *ninth*, to pay, *pro rata*:

- (A) to the Standby Mortgage Administrator an amount, if any, equal to that portion of value added tax owing in respect of the Standby Mortgage Administrator's fee to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
- (B) to the Standby Cash/Bond Administrator an amount, if any, equal to that portion of value added tax owing in respect of the Standby Cash/Bond Administrator's fee to the extent that the rate of value added tax in respect of that fee exceeds 17.5 per cent.; and
- (x) *tenth*, in or towards payment, *pari passu* and *pro rata*, of RC Distributions to the Residual Certificateholders.

In such distribution, the manner of making payments to the Residual Certificateholders shall remain as specified prior to the Residual Certificates being declared due and payable. The Residual Certificateholders have limited recourse to the Issuer in respect of the payments prescribed above pursuant to the terms of the Trust Deed, the Deed of Charge and Residual Certificate Condition 16 (*Non Petition and Limited Recourse*)).

The Security will become enforceable upon the giving of an Enforcement Notice pursuant to Condition 9(a) (*Events of Default*) of the Notes or upon any failure by the Issuer to pay the full amount when due on the Notes pursuant to Condition 5(a) (*Final redemption*) of the Notes or following the giving of notice of redemption of the Notes pursuant to Condition 5(e) (*Early Redemption*) of the Notes or Condition 5(t) (*Redemption for tax reasons*) 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 Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either (A) the Trustee is satisfied that sufficient amounts would be realised to allow discharge in full of all amounts owing to the Noteholders and any other Secured Creditors ranking *pari passu* therewith or in priority thereto; or (B) the Trustee is of the sole opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, acting in its absolute discretion, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any other Secured Creditors ranking *pari passu* with or in priority thereto.

Control of Trustee

- (f) The Residual Certificates are subject to the Deed of Charge pursuant to which the claims and exercise of rights by the beneficiaries of the Security against the Issuer are regulated.

3. Covenants

Save with the prior written consent of the Trustee (but subject as provided in Residual Certificate Condition 10 (*Meetings of Residual Certificateholders; Modifications; Consents; Waiver*)) or as provided in or envisaged by the Conditions of the Notes or any of the

Transaction Documents, the Issuer shall not for so long as any Residual Certificate remains outstanding (as defined in the Master Definitions Schedule):

(a) *Negative pledge*

create or permit to subsist any mortgage, sub mortgage, assignment, assignment, standard security, charge, sub charge, pledge, lien (unless arising by operation of law), hypothecation, assignment or other security interest whatsoever upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) *Restrictions on activities*

(i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open nor have any interest in any account whatsoever with any bank or other financial institution other than the Bank Accounts and the Collection Accounts, save where such account is immediately charged in favour of the Trustee so as to form part of the assets subject to the Security described in Residual Certificate Condition 2 (*Status, Security and Administration*) and the Trustee receives from such other bank or financial institution an acknowledgement of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set off it might otherwise have against the account in question;

(iii) have any subsidiaries or employees or own, rent, lease or be in possession of any assets (including, without limitation, buildings, premises or equipment);

(iv) act as a director of or hold any office in any company or other organisation;

(v) amend, supplement or otherwise modify its Memorandum or Articles of Association or other constitutive documents; or

(vi) engage, or permit any of its affiliates to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under U.S. federal income tax principles, and hold, or permit any of its affiliates to hold, any mortgaged property that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under U.S. federal income tax principles;

(c) *Dividends or distributions*

pay any dividend or make any other distribution to its shareholders (other than amounts paid from the Profit Ledger) or issue any further shares;

(d) *Borrowings*

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or any obligation of any person;

(e) *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(f) *Disposal of assets*

transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(g) *Tax grouping*

apply to become part of any group for the purposes of Section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994;

(h) *Other*

permit any of the Transaction Documents, the insurance contracts relating to the Mortgages from time to time owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated, postponed or discharged, or consent to any variation thereof, or exercise any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed, the Conditions and these Residual Certificate Conditions, or permit any party to any of the Transaction Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any part of the Security save as envisaged in the Transaction Documents; and

(i) *Independent Director*

at any time have fewer than one Independent Director.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee, acting in its absolute discretion, may deem expedient in the interests of the Noteholders, provided that S&P and Fitch provide prior written confirmation to the Trustee that the then current ratings of the Notes will not be downgraded, withdrawn or qualified as a result of such modifications or additions and notice of such modification and/or addition is given to Moody's.

4. **RC Distributions**

(a) *Entitlement*

Each Residual Certificate bears an entitlement to receive a distribution (an "**RC Distribution**") on each Interest Payment Date equal to a *pro rata* share of the Residual Revenue in respect of such Interest Payment Date.

Each Residual Certificate shall cease to bear an entitlement to any RC Distributions from the date of the cancellation of the Residual Certificates (in accordance with Residual Certificate Condition 5 (*Cancellation*)).

(b) *Payment*

Subject to Residual Certificate Condition 6 (*Payments*), RC Distributions are payable in sterling on the 13th day of March, June, September and December in each year (or if such day is not a Business Day, the next succeeding Business Day) (each such date an "**Interest Payment Date**").

(c) *Determination and Calculation*

The Agent Bank shall, on each Interest Payment Date, determine and notify in writing to the Issuer, the Mortgage Administrator, the Trustee, the Paying Agents and the Irish Stock Exchange of the sterling amount of the RC Distributions payable on such Interest Payment Date in respect of each Residual Certificate.

(d) *Publication and other Notices*

As soon as practicable after receiving notification thereof, the Agent Bank (on behalf of the Issuer) will cause the RC Distributions amount payable on each Interest Payment Date to be notified to each stock exchange (if any) on which the Residual Certificates are then listed and will cause notice thereof to be given in accordance with Residual Certificate Condition 13 (*Notice to Residual Certificateholders*).

(e) *Determination or calculation by Trustee*

If the Agent Bank does not at any time for any reason determine and/or calculate the RC Distributions in accordance with paragraph (c), the Trustee shall (at the cost of the Issuer) determine and calculate or procure the determination and calculation of the RC Distributions amount, and any such determination and/or calculation by, or procured by, the Trustee shall be notified (at the cost of the Issuer) in accordance with paragraph (c) above and shall be deemed to have been made by the Agent Bank.

(f) *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Residual Certificate Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Cash/Bond Administrator, the Agent Bank, the Trustee and all Residual Certificateholders and (in the absence of wilful default or bad faith) no liability to the Trustee or the Residual Certificateholders shall attach to the Issuer,

to the Cash/Bond Administrator, the Agent Bank or the Trustee in connection with the exercise or non exercise by them or any of them of their powers, duties and discretions hereunder.

5. **Cancellation**

The entitlement of Residual Certificateholders to receive RC Distributions is contingent on the Notes remaining outstanding. Subject to the payment to Residual Certificateholders of RC Distributions then payable, the Residual Certificates shall be cancelled and will no longer constitute a claim against the Issuer following any redemption of all (but not some only) of the Notes. The Issuer shall not purchase any Residual Certificates.

6. **Payments**

- (a) Payments of RC Distributions in respect of the Global Residual Certificate will be made to the persons in whose names the Global Residual Certificate is registered on the Register at the close of business on the tenth Business Day before the relevant due date (the "**Record Date**"). Payments in respect of the Global Residual Certificate will be made by transfer to a sterling account maintained by the payee with a bank in London.
- (b) The holder of the Global Residual Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Residual Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Residual Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the beneficial owner of a particular principal amount of Residual Certificates represented by such Global Residual Certificate must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment made by the Issuer to, or to the order of, the holder of the Global Residual Certificate. Such persons shall have no claim directly against the Issuer in respect of payment due on the Residual Certificates for so long as such Global Residual Certificate is outstanding.
- (c) Payments of RC Distributions in respect of Definitive Residual Certificates will be made by sterling cheque drawn on a bank in London, mailed to the holder (or to the first-named joint holders) of such Definitive Residual Certificates at the address shown on the Register not later than the due date for such payment. For the purposes of this Residual Certificate Condition 6(c) (*Payments*), the holder of a Definitive Residual Certificate will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the Record Date.
- (d) Upon application by the holder of a Definitive Residual Certificate to the specified office of the Registrar not later than the Record Date for any payment in respect of such Definitive Residual Certificate, such payment will be made by transfer to a sterling account maintained by the payee with a bank in London. Any such application for transfer to such an account shall be deemed to relate to all future payments in respect of the Definitive Residual Certificates which become payable to the Residual Certificateholder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such Residual Certificateholder.

- (e) Payments of RC Distributions in respect of the Residual Certificates are subject in all cases to any fiscal or other laws and regulations applicable thereto. No commission or expenses shall be charged to the Residual Certificateholders in respect of such payments.
- (f) The initial Principal Paying Agent, the initial Registrar and their initial specified offices are set out at the end of these Residual Certificate Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and appoint an additional or other Paying Agent; provided that such Paying Agent's officer administering payments in respect of the Residual Certificates is located outside the United States and its possessions. The Issuer undertakes that it will ensure that it maintains a Principal Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive and (so long as the Residual Certificates are listed on the Irish Stock Exchange) a Paying Agent with a specified office in Ireland (which may be the Principal Paying Agent). The Issuer will cause at least 14 days notice of any change in or addition to any Paying Agent or its specified office to be given in accordance with Residual Certificate Condition 13 (*Notice to Residual Certificateholders*).
- (g) If the due date for any payment of an RC Distribution is on a Saturday, a Sunday or a day on which commercial banks and foreign exchange markets do not settle payments and are not open for general business in London, payment will not be made until the next succeeding business day in that location and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Residual Certificate.

7. **Prescription**

The Global Residual Certificate shall become void unless presented for payment within a period of five years from the date on which the final RC Distributions first became due. Claims for RC Distributions in respect of Definitive Residual Certificates shall become void unless made within a period of five years from the date on which the final RC Distributions first became due. After the date on which a Residual Certificate becomes void in its entirety, no claim may be made in respect thereof.

8. **Taxation**

- (a) All payments in respect of the Residual Certificates will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the relevant Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Residual Certificates subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event the Issuer or any Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Residual Certificates in respect of such withholding or deduction.

- (b) Without limiting the generality of Residual Certificate Condition 8(a) above, and notwithstanding any other provision in these Residual Certificate Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder or any other person for any FATCA withholding deducted or withheld by the Issuer, the Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.
- (c) Notwithstanding that the Trustee, the Issuer or the Paying Agents are required to make a withholding or deduction or that the Issuer is required to make a FATCA withholding, making such deduction or withholding or FATCA withholding shall not constitute an Event of Default.

9. **Events of Default**

Upon the service of a notice by the Trustee on the Issuer in accordance with Condition 9(a) (*Events of Default*) of the Notes that the Notes are due and repayable, RC Distributions in respect of the Residual Revenue (if any) received by the Issuer as at the date of such declaration shall become immediately due and payable.

10. **Meetings of Residual Certificateholders; Modifications; Consents; Waiver**

- (a) The Trust Deed contains provisions for convening meetings of Residual Certificateholders, to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of the Residual Certificateholders of any modification of the Residual Certificates (including these Residual Certificate Conditions). Any resolution to alter the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities shall be by Extraordinary Resolution. For the purposes of, *inter alia*, any Extraordinary Resolution to alter the definition of Permitted Activities any Residual Certificates held by or on behalf of a Seller or any of its Affiliates have no voting rights and are deemed not to be outstanding for the purposes of any vote on such Extraordinary Resolution.
- (b) The quorum at any meeting of the Residual Certificateholders for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50 per cent. of the Residual Certificates, or, at any adjourned meeting, one or more persons being or representing any Residual Certificates whatever the Residual Certificates so held except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., of the Residual Certificates. The quorum at any meeting of the Residual Certificateholders for all business other than voting on an Extraordinary Resolution shall be one or more persons holding or representing in the aggregate not less than 5 per cent. of the Residual Certificates or, at any adjourned meeting, one or more

persons being or representing any Residual Certificates whatever the Residual Certificates so held.

- (c) An Extraordinary Resolution of the Residual Certificateholders shall only be effective when the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Noteholders or any of them, or it is sanctioned by an Extraordinary Resolution of the A Noteholders, the B Noteholders, the C Noteholders, the D Noteholders and the E Noteholders.
- (d) An Extraordinary Resolution passed at any meeting of the Residual Certificateholders shall be binding on all Residual Certificateholders, whether or not they are present at the meeting.
- (e) The Trustee may agree without the consent of the Residual Certificateholders:
 - (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Residual Certificates or any of the Transaction Documents without having regard to the interests of the relevant Residual Certificateholders provided that, in the case of a breach of Residual Certificate Condition 4 (*RC Distributions*) or Residual Certificate Condition 6 (*Payments*) or in the case of modification of the Residual Certificate Conditions, the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Residual Certificateholder, and would not constitute a change in any Permitted Activities that the Issuer may undertake; or
 - (ii) to any modification of the Residual Certificates (including these Residual Certificate Conditions) or any of the Transaction Documents, which in the Trustee's sole opinion is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the sole opinion of the Trustee, proven.

11. **Indemnification and Exoneration of the Trustee**

- (a) The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured to its satisfaction and, for the avoidance of doubt, whenever the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Residual Certificateholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or secured to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, among others, the Issuer, the Mortgage Administrator, the Cash/Bond Administrator and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator, the Cash/Bond Administrator or any agent or related company of the Mortgage Administrator, the Cash/Bond Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

- (b) The Trust Deed provides that the Trustee shall be under no obligation to monitor or supervise compliance by the Issuer, the Mortgage Administrator or the Cash/Bond Administrator with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the Properties secured by the Mortgages.
- (c) The Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties, or (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Residual Certificateholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Security and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

12. **Replacement of Definitive Residual Certificates**

If any Residual Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Residual Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Residual Certificates must be surrendered before new ones will be issued.

13. **Notice to Residual Certificateholders**

Any notice to the Residual Certificateholders shall be validly given by any of:

- (a) the information contained in such notice appearing on a page of the Reuters Screen, or any other medium for electronic display of data as may be previously approved in writing by the Trustee (in each case a "**Relevant Screen**");
- (b) by publication in a leading newspaper published in Ireland (which is expected to be The Irish Times) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Dublin;
- (c) whilst the Residual Certificates are in global form, if delivered to Euroclear and/or Clearstream, Luxembourg (as applicable) for communicating them to the Residual Certificateholders; or
- (d) whilst the Residual Certificates are in definitive form, if mailed to the Residual Certificateholders at their respective addresses in the Register.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Residual Certificates are for the time being listed or any other relevant authority.

Any notice under paragraph (a) or (b) shall be deemed to have been given to the Residual Certificateholders 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 in all newspapers in which (or on the Relevant Screen on which) publication is required. Any notice under paragraph (c) shall be deemed to have been given to the Residual Certificateholders on the third day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg. Any notice under paragraph (d) shall be deemed to have been given on the third day after being mailed to the address of the relevant Residual Certificateholder at its address stated in the Register.

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

14. **Third Party Rights**

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Residual Certificates.

15. **Governing Law and Jurisdiction**

- (a) The Trust Deed and the Residual Certificates are governed by, and shall be construed in accordance with, English law.
- (b) The Issuer has agreed in the Trust Deed that the courts of England shall have non exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Residual Certificates (respectively, the "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (c) In the Trust Deed, the Issuer has waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agreed not to claim that any such court is not a convenient or appropriate forum.

16. **Non Petition and Limited Recourse**

- (a) Each of the Residual Certificateholders, by purchasing or subscribing for the Residual Certificates, agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Residual Certificateholders, including, without limitation, its obligations under the Residual Certificates and the Transaction Documents, are limited in recourse as set out below:
 - (i) each Residual Certificateholder agrees that it will have a claim only in respect of, and will be limited to, the property, assets and rights of the Issuer which are subject to the Security and the amounts received, realised or otherwise recovered therefrom and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital;

- (ii) sums payable to each Residual Certificateholder on any date in respect of the Issuer's obligations to such Residual Certificateholder on such date shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Residual Certificateholder on such date and (b) the aggregate amount of funds received, realised or otherwise recovered by or for the account of the Issuer and/or the Trustee and the other Secured Creditors in respect of the assets which are the subject of the Security whether pursuant to the enforcement of the Security or otherwise including amounts received, realised or otherwise recovered prior to enforcement of the Security, net of any sums which are payable by the Issuer to parties other than such Residual Certificateholder on such date in accordance with the applicable Priority of Payments and/or the Redemption Priority, as applicable, and the terms of the Deed of Charge in priority to or *pari passu* with sums payable to such Residual Certificateholder; and
- (iii) on the Final Maturity Date or following final distribution of net proceeds of enforcement of the Security if the Trustee certifies, in its sole discretion, that the Issuer has insufficient funds to pay in full all of the Issuer's outstanding payment obligations to that Residual Certificateholder under the Transaction Documents and that there is no reasonable likelihood of there being any further realisations in respect of the Charged Property (whether arising from the enforcement of the Security or otherwise), then that Residual Certificateholder shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall cease to be due and payable.

Nothing in this Residual Certificate Condition 16 shall affect, limit or prevent an amount (or any part thereof) from falling due and/or payable on any Class of Notes for the purposes of Condition 9 (*Events of Default*) of the Notes.

- (b) Subject to Condition 10 (*Enforcement of Notes*) of the Notes, none of the Instrumentholders or the parties to the Transaction Documents shall be entitled to petition or commence any Insolvency Proceedings in respect of the Issuer for so long as the Instruments are outstanding, provided that the Trustee may prove or lodge a claim in any Insolvency Proceedings in respect of the Issuer initiated by another party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Trust Deed.
- (c) None of the parties to the Transaction Documents shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Trust Deed or any other Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

Amendment and Restructuring (2014A) Agreement, First Amended and Restated (2014) Trust Deed and Supplemental (2014A) Deed of Charge and Restated Transaction Documents

Copies of the Amendment and Restructuring (2014A) Agreement, the First Amended and Restated (2014) Trust Deed, the Supplemental (2014A) Deed of Charge and the Restated Transaction Documents are available for inspection at the registered office of the Issuer during normal business hours.

Queries may be addressed to the Issuer as follows:

Eurosail -UK 2007-4BL PLC
c/o Wilmington Trust SP Services (London) Limited
Third Floor
1 King's Arms Yard
London, EC2R 7AF

Attention: The Directors
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