

IMPORTANT NOTICE

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

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS.

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

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

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR

IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

The prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Together Asset Backed Securitisation 2018 – 1 plc, Together Financial Services Limited, Together Commercial Finance Limited, Together Personal Finance Limited, Blemain Finance Limited, HSBC Bank plc, Lloyds Bank Corporate Markets plc, Natixis, NatWest Markets Plc, Citigroup Global Markets Limited nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from HSBC Bank plc, Lloyds Bank Corporate Markets plc, Natixis, Citigroup Global Markets Limited or NatWest Markets Plc.

TOGETHER ASSET BACKED SECURITISATION 2018 – 1 PLC

(Incorporated in England and Wales with limited liability, registered number 11509498)

Class of Notes	Initial Principal Amount	Issue Price	Reference Rate/ Fixed Rate	Margin (payable up to and including the Optional Redemption Date)	Step-Up Margin (payable after the Optional Redemption Date)	Ratings (Moody's/ DBRS)	Final Maturity Date
Class A Notes	£225,200,000	100%	Three Month LIBOR	1.18% per annum	2.36% per annum	Aaa(sf)/ AAA(sf)	The Interest Payment Date falling in July 2050
Class B Notes	£12,200,000	100%	Three Month LIBOR	1.65% per annum	2.65% per annum	Aa1(sf)/ AA(high)(sf)	The Interest Payment Date falling in July 2050
Class C Notes	£12,200,000	100%	Three Month LIBOR	2.10% per annum	3.10% per annum	Aa3(sf)/ A(high)(sf)	The Interest Payment Date falling in July 2050
Class D Notes	£23,000,000	100%	Three Month LIBOR	2.75% per annum	3.75% per annum	Baa2(sf)/ BBB(high)(sf)	The Interest Payment Date falling in July 2050
Class R Notes	£7,211,000	100%	N/A	N/A	N/A	Not Rated	The Interest Payment Date falling in July 2050
Class Z Notes	£14,348,000	100%	N/A	N/A	N/A	Not Rated	The Interest Payment Date falling in July 2050
Residual Certificates	N/A	N/A	N/A	N/A	N/A	Not Rated	N/A

The Optional Redemption Date is the Interest Payment Date falling in November 2022.

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

ARRANGER

Lloyds Bank Corporate Markets

JOINT LEAD MANAGERS

HSBC

Lloyds Bank Corporate Markets

Citigroup

CO-MANAGERS

NatWest Markets

Natixis

The date of this Prospectus is 7 November 2018

Issue Date	The Issuer will issue the Notes in the classes set out above and the Residual Certificates on or about 8 November 2018 (the " Closing Date ").
Standalone/ programme issuance	Standalone issuance.
Listing	This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC (as amended) (the " Prospectus Directive "). This Prospectus has been approved by the Central Bank of Ireland (the " Central Bank ") as the competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (the " Markets in Financial Instruments Directive ") and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (the " Euronext Dublin ") for the Notes to be admitted to the official list (the " Official List ") and trading on its regulated market (the " Main Securities Market "). Euronext Dublin's Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive.
Underlying Assets	<p>The Issuer will make payments on the Notes from, <i>inter alia</i>, payments of principal and revenue received from a portfolio comprising mortgage loans and their related security originated by the Sellers and secured over residential properties located in England, Wales and Scotland and sold by the Sellers (each in their capacity as a seller) to the Issuer on the Closing Date.</p> <p>See the sections entitled "<i>Transaction Overview – Portfolio and Servicing</i>", "<i>The Mortgage Loans</i>" and "<i>Characteristics of the Provisional Portfolio</i>" for further details.</p>
Credit Enhancement	<p>Credit enhancement of the Notes is provided in the following manner:</p> <ul style="list-style-type: none"> • in relation to any Class of Notes (other than the Class Z Notes), the relevant overcollateralisation funded by Notes ranking junior to such Class of Notes in the Priority of Payments (if any); • in relation to each Class of Notes, the amount by which Available Revenue Receipts exceed the amounts required to pay interest and all other amounts ranking in priority thereto on the relevant Class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments; and • the General Reserve Fund Ledger and following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund, subject to application in accordance with the Post-Enforcement Priority of Payments. <p>See the sections entitled "<i>Transaction Overview – Credit Structure and Cashflow</i>" and "<i>Credit Structure</i>" for further details.</p>

Liquidity Support

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

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

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

Redemption Provisions

Information on any mandatory redemption of the Notes is summarised on page 71 ("*Transaction Overview – Summary of the Terms and Conditions of the Notes*") and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").

Credit Rating Agencies

Moody's Investors Service Limited ("**Moody's**") and DBRS Ratings Limited ("**DBRS**") (the "**Rating Agencies**"). As of the date of this prospectus (the "**Prospectus**"), each of the Rating Agencies is a credit rating agency established in the European Union (the "**EU**") and is registered under Regulation (EU) No 1060/2009 (as amended) (the "**CRA Regulation**").

Credit Ratings

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

Ratings are expected to be assigned to each class of Rated Notes on or before the Closing Date. The assignment of a rating to each class of Rated Notes by any Rating Agency is not a recommendation to invest in the Rated Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

The Class R Notes, the Class Z Notes and the Residual Certificates will not be rated.

Obligations	The Notes and the Residual Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in the Prospectus.
Risk Retention Undertaking	<p>On the Closing Date, the Sellers will, as originators for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation (each as defined below), retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405 of Regulation (EU) No 575/2013 (the "Capital Requirements Regulation" or "CRR"), Article 51 of Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Manager Regulation (the "AIFM Regulation") and Article 254 of Regulation (EU) 2015/35 (the "Solvency II Regulation"), in each case as such articles are interpreted and applied on the date hereof and not taking into account any relevant national measures. As at the Closing Date, such interest will be comprised of each Seller retaining an interest in the Class Z Notes in proportion to the total securitised exposures for which each Seller is the originator, as required by the text of each of paragraph (d) of Article 405(1) of the CRR, paragraph (d) of Article 51(1) of the AIFM Regulation and paragraph (d) of Article 254(2) of the Solvency II Regulation. See the section entitled "<i>EU Risk Retention Requirements</i>" for further information.</p> <p>The Sellers, as sponsors under the U.S. Risk Retention Rules, do not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "U.S. Risk Retention Rules"), but rather intend to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the section entitled "<i>Risk Factors – Certain Regulatory Risks in respect of the Notes – U.S. Risk Retention Requirements</i>".</p>
The Volcker Rule	The Issuer is of the view that it is not now, and immediately after giving effect to the offering and sale of the Notes and the application of the proceeds thereof on the Closing Date will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the " Volcker Rule "). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions may be available, the parties have relied on the determination that the Issuer may rely on the loan securitization exclusion provided for by section __.10(c)(8) of the Volcker Rule. However, the general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes or Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See the section entitled " <i>Risk Factors – Certain Regulatory Risks in respect of the Notes – Effects of the Volcker Rule on the Issuer</i> ".
ERISA Considerations	The Notes may not be purchased or held by any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (" ERISA "), which is subject thereto, or any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the " Code ") to which Section 4975 of the Code applies, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (" Similar Law "), and each purchaser of the Notes will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds the Notes will

not be, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law.

**Residual
Certificates**

In addition to the Notes, the Issuer will issue the Residual Certificates on the Closing Date. The Residual Certificates represent the right to receive deferred consideration for the purchase of the Portfolio (consisting of the Residual Payments). See the section entitled "*Terms and Conditions of the Residual Certificates*" for further details.

**Significant
Investor**

On the Closing Date, (a) TFSL will purchase 100 per cent. of the Class R Notes and (b) the Sellers will, collectively, purchase 100 per cent. of the Class Z Notes. TFSL has no obligation to retain the Class R Notes. The Issuer will issue the Residual Certificates to the Sellers.

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

IMPORTANT NOTICE

THE NOTES AND THE RESIDUAL CERTIFICATES WILL BE OBLIGATIONS OF THE ISSUER ONLY. NEITHER THE NOTES NOR THE RESIDUAL CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, NEITHER THE NOTES NOR THE RESIDUAL CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLERS, THE INTEREST RATE CAP PROVIDER, THE ARRANGER, THE JOINT LEAD MANAGERS, THE CO-MANAGERS, THE SERVICERS, THE CASH ADMINISTRATOR, THE STANDBY SERVICER, THE STANDBY CASH ADMINISTRATOR FACILITATOR, THE ISSUER ACCOUNT BANK, HOLDINGS, THE CORPORATE SERVICES PROVIDER, THE PRINCIPAL PAYING AGENT, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES OR THE RESIDUAL CERTIFICATES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

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

The Class R Notes and the Class Z Notes (together the "**Non-Rated Notes**") will be issued in dematerialised registered form. The Issuer will maintain a register, to be kept on the Issuer's behalf by the Registrar, in which the Non-Rated Notes will be registered in the name of the relevant Noteholders. The transfer of all or any portion of the interest in the Non-Rated Notes may be effected only through the register maintained by the Issuer.

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

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER OR ANY RELEVANT PARTY TO SUBSCRIBE FOR OR PURCHASE ANY OF THE RESIDUAL CERTIFICATES, AND NONE OF THE ISSUER OR ANY OF THE RELEVANT PARTIES MAKE ANY REPRESENTATION, WARRANTY OR OTHER ASSURANCE, EXPRESSED OR IMPLIED, TO ANY INVESTOR IN THE RESIDUAL CERTIFICATES (AND NOTHING CONTAINED HEREIN IS, OR SHALL BE RELIED UPON AS A REPRESENTATION, WHETHER AS TO THE PAST, THE PRESENT OR THE FUTURE).

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ISSUER OR BY ANY RELEVANT PARTY THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE CENTRAL

BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER OR BY ANY RELEVANT PARTY WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER, THE JOINT LEAD MANAGERS AND THE CO-MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) ("**U.S. PERSONS**") EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

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

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

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

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Amounts payable on the Rated Notes are calculated by reference to LIBOR. As at the date of this Prospectus, ICE Benchmark Administration Limited, the administrator of LIBOR, appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority in accordance with Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**").

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Sellers and the Servicers accept responsibility for the information set out in the sections headed "*The Cash Administrator, the Sellers and the Servicers*", "*The Mortgage Loans*", "*Characteristics of the Provisional Portfolio*", "*Characteristics of the United Kingdom Residential Mortgage Market*" and the initial paragraph in the section entitled "*EU Risk Retention Requirements*". To the best of the knowledge and belief of the Sellers and the Servicers (having taken all reasonable care to ensure that such is the case), the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sellers or the Servicers as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above and not specifically excluded therein) or any other information supplied in connection with the Notes or their distribution.

The Standby Servicer accepts responsibility for the information set out in the section headed "*The Standby Servicer*". To the best of the knowledge and belief of the Standby Servicer (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No

representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Standby Servicer as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Cash Administrator accepts responsibility for the information set out in the section headed "*The Cash Administrator, the Sellers and the Servicers*". To the best of the knowledge and belief of the Cash Administrator (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Cash Administrator as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Issuer Account Bank accepts responsibility for the information set out in the section headed "*Issuer Account Bank*". To the best of the knowledge and belief of the Issuer Account Bank (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer Account Bank as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

The Interest Rate Cap Provider accepts responsibility for the information set out in the section headed "*The Interest Rate Cap Provider*". To the best of the knowledge and belief of the Interest Rate Cap Provider (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Interest Rate Cap Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Each of the Note Trustee and the Security Trustee accepts responsibility for the information set out in the section headed "*The Note Trustee and Security Trustee*". To the best of the knowledge and belief of the Note Trustee and the Security Trustee (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Note Trustee or the Security Trustee as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

The Corporate Services Provider accepts responsibility for the information set out in the section headed "*The Corporate Services Provider*". To the best of the knowledge and belief of the Corporate Services Provider (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Corporate Services Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Sellers,

TFSL, the Note Trustee or the Security Trustee, the Arranger, the Joint Lead Managers, the Co-Managers, the Standby Servicer, the Interest Rate Cap Provider or any of their respective affiliates or advisers. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer, the Sellers or TFSL in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Note Trustee, the Security Trustee, the Sellers, TFSL, the Standby Servicer, the Joint Lead Managers, the Co-Managers, the Arranger or the Interest Rate Cap Provider as to the accuracy or completeness of such information. None of the Arranger, the Joint Lead Managers, the Co-Managers, the Sellers, TFSL, the Standby Servicer, the Note Trustee, the Security Trustee or the Interest Rate Cap Provider have separately verified the information contained herein. Accordingly, none of the Arranger, the Joint Lead Managers, the Co-Managers, the Sellers, TFSL, the Standby Servicer, the Note Trustee, the Security Trustee or the Interest Rate Cap Provider makes any representation, express or implied, or (other than as set out above) accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Sellers, TFSL, the Note Trustee, the Security Trustee, the Joint Lead Managers, the Co-Managers, the Arranger, the Interest Rate Cap Provider or any of them to subscribe for or purchase any of the Notes in any jurisdiction where such action would be unlawful and neither this Prospectus, nor any part thereof, may be used for or in connection with any offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Payments of interest and principal in respect of the Notes will be subject to any applicable withholding taxes without the Issuer or any other person being obliged to pay additional amounts to compensate Noteholders for the lesser amounts the Noteholders may receive as a result of such withholding.

In this Prospectus all references to "**pounds**", "**sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland. References in this Prospectus to "**€**", "**eur**" and "**euro**" are references to the single currency introduced at the third stage of European Economic and Monetary Union pursuant to the Treaty Establishing the European Communities as amended from time to time.

In this Prospectus all references to the "**FCA**" are to the United Kingdom Financial Conduct Authority and all references to the "**PRA**" are to the United Kingdom Prudential Regulation Authority, which together replaced the Financial Services Authority (the "**FSA**") pursuant to the provisions of the UK Financial Services Act 2012.

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

None of the Arranger, the Joint Lead Managers nor the Co-Managers has independently verified (i) the information contained herein (ii) any statement, representation, or warranty, or compliance with any covenant, of the Issuer contained in the Notes or any other agreement or document relating to the Notes or (iii) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Notes, the Transaction Documents or any other document relating to the Notes. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is

accepted by the Arranger, the Joint Lead Managers or the Co-Managers as to (a) the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with this Prospectus or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Notes, the Transaction Documents or any other document relating to the Notes.

Forward-Looking Statements

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

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RISK FACTORS

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and in the Issuer. Most of these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

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

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

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

CREDIT STRUCTURE

Liabilities under the Notes and the Residual Certificates

The Notes and the Residual Certificates will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes or the Residual Certificates shall be accepted by any of the Sellers, the Interest Rate Cap Provider, the Arranger, the Joint Lead Managers, the Co-Managers, each Servicer, the Standby Servicer, the Cash Administrator, the Standby Cash Administrator Facilitator, the Issuer Account Bank, the Corporate Services Provider, the Principal Paying Agent, any other Paying Agent, the Agent Bank, the Registrar, the Note Trustee, the Security Trustee, any company in the same group of companies as such entities, any other party to the Transaction Documents or by any person other than the Issuer.

Limited Source of Funds and Limited Recourse

The Notes will be limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent upon the receipt by it in full of (a) principal and interest from the Borrowers under the Mortgage Loans and their Collateral Security in the Portfolio, (b) interest income on the

Bank Accounts (other than amounts representing interest earned on any IRC Collateral) and any Authorised Investments (other than any amount of income received in respect of the IRC Collateral), (c) funds available in the General Reserve Fund and Class A Liquidity Reserve Fund (subject to application in accordance with the relevant Priority of Payments and the sections entitled "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*" and "*Credit Structure – Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Ledger*") and (d) the net receipts under the Interest Rate Cap Agreement. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments. As of the Optional Redemption Date, the margin applicable to the Rated Notes will be increased. There will, however, be no additional receipts or other sources of funds available to the Issuer as of the Optional Redemption Date, nor is it expected that any of the sources of income available to the Issuer prior to the Optional Redemption Date will be increased. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. Upon enforcement of the Security by the Security Trustee, if:

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

then the Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and interest in respect of the Notes). As such, amounts available to the Issuer in such circumstances may be insufficient to pay Noteholders in full and any unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Deed of Charge shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge. Following the occurrence of an Event of Default, service of an Enforcement Notice and enforcement of the Security, there is no assurance that the Issuer will have sufficient funds to redeem the Notes in full.

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

The yield to maturity of the Notes will depend on, inter alia, the amount and timing of payment of principal and interest on the Mortgage Loans and the price paid by the holders of the Notes. Prepayments on the Mortgage Loans may result from refinancing, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgages, as well as the receipt of proceeds under the insurance policies.

The yield to maturity of the Notes may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers are generally more

likely to prepay their mortgage loans. For instance, borrowers may prepay mortgage loans when they refinance their mortgage loans or sell their properties (either voluntarily or as a result of enforcement action taken). Subject to the terms and conditions of the Mortgage Loans, a Borrower may also "overpay" principal at any time. In addition, if the Sellers are required, per the terms of the Mortgage Sale Agreement, to repurchase a Mortgage Loan or Mortgage Loans under a Mortgage Account and their Collateral Security from the Issuer because, for example, one of the Mortgage Loans does not comply in all material respects with the Loan Warranties and the relevant Seller does not opt to sell a Substitute Mortgage Loan to the Issuer in lieu of repurchasing such Mortgage Loan, then the payment received by the Issuer for such repurchase will have the same effect as a prepayment of all the Mortgage Loans under that Mortgage Account. Further, if the conditions for the purchase of Further Mortgage Advances by the Issuer are not met, then the relevant Seller will be required to repurchase such Mortgage Loans which may result in Principal Receipts in the form of repurchase proceeds payable by the relevant Seller instead being used prematurely to repay the Notes. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience. Accelerated pre-payments will generally lead to a reduction in the weighted average life of the Notes.

Payments and prepayments of principal on the Mortgage Loans will be applied to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments (see "*Cashflows*") or used to fund a Senior Expenses Deficit.

At any time on or after the Optional Redemption Date, the Issuer may, subject to certain conditions, redeem all of the Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer (in the case of the Notes or the Interest Rate Cap Agreement) or the Interest Rate Cap Provider (in the case of the Interest Rate Cap Agreement) being required to make a deduction or withholding for or on account of tax. This may adversely affect the yield to maturity on the Notes.

Weighted average life of the Notes

The weighted average lives of the Notes refer to the average amount of time that elapses from the date of issuance of the Notes to the Noteholders to the date of distribution to such Noteholders of payments in net reduction of principal under the Notes (assuming no losses on the Mortgage Loans and weighted by the principal amortisation of the Notes on each Interest Payment Date).

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

In addition, the weighted average lives of the Notes, should they not be called on or after the Optional Redemption Date, will be influenced by, *inter alia*, the amount of Available Revenue Receipts used as Enhanced Amortisation Amounts in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments.

For other factors and assumptions which may affect the weighted average lives of the Notes, see "*Weighted Average Lives of the Notes*". For a discussion on prepayments affecting the weighted average lives of the Notes, see above risk factor "*Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*".

General legal investment considerations

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

Subordination

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

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

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

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

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

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

The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to Residual Payments at all times, and are subordinate to all rights of payment in respect of the Notes, as provided in the terms and conditions of the Residual Certificates (the "**Residual Certificates Conditions**") and the Transaction Documents.

In addition to the above, payments on the Notes and the Residual Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Note Trustee, the Security Trustee, the Issuer Account Bank, each Servicer, the Standby Servicer, the Cash Administrator, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*".

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

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

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

Limitations on enforcement

No Noteholder or Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Conditions, the Residual Certificate Conditions or the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer in any circumstances.

Deferral of Interest Payments on the Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable absent the deferral provisions applicable in respect of any Class of Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, or by means of the application of any Class A Liquidity Reserve Fund Release Amounts, General Reserve Fund Release Amounts or Principal Addition Amounts, then the Issuer will, unless such Class of Notes is the then Most Senior Class of Notes, be entitled under Condition 17 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date on which the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute a Potential Event of Default or an Event of Default.

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

Lack of liquidity in the secondary market may adversely affect the market value of the Notes

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

No assurance is provided that there is an active and liquid secondary market for the Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until the Final Maturity Date or, alternatively, such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities has experienced disruptions as a result of economic conditions in the Eurozone (please see further below under "*Certain Regulatory Risks in respect of the Notes – General market volatility and post-UK referendum uncertainty*"). This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been

structured to meet the requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur.

While central bank schemes such as the Bank of England's Discount Window Facility and the Sterling Monetary Framework and the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, recent restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities for the purpose of such facilities. No assurance is given that any Class of Notes will be eligible for any specific central bank liquidity schemes.

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

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

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment speeds and higher losses which could have an adverse effect on the Issuer's ability to make payments under the Notes.

Ratings of the Rated Notes and confirmation of ratings

The ratings assigned to the Rated Notes by each Rating Agency are based, amongst other things, on the terms of the Transaction Documents and other relevant structural features of this transaction, including (but not limited to) the short-term deposit rating, senior unsecured debt rating and/or long-term counterparty risk assessment of the Issuer Account Bank and the Collection Account Bank. The ratings address, *inter alia*, (a) the likelihood of full and timely payment to the holders of the Most Senior Class of Notes of all payments of interest on each Interest Payment Date and (b) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal and (in relation to the Class B Notes, the Class C Notes and the Class D Notes) of interest on or prior to the Final Maturity Date.

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

The expected ratings of the Rated Notes assigned on the Closing Date are set out under "*Ratings*". A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances (including without limitation, a reduction in the perceived creditworthiness of parties, include a reduction in the credit rating of the Issuer Account Bank) in the future so warrant. A Rating Agency may also change its criteria and/or methodology at any time and the application of its revised criteria and/or methodology may lead it to lower, withdraw or qualify its rating of the Rated Notes. See also "*Risks Related to the Mortgages – Non-Conforming Borrowers*" below.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Rated Notes.

Agencies other than the Rating Agencies could seek to rate the Rated Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any references to "**ratings**" or "**rating**" in this Prospectus are to ratings assigned by the specified Rating Agency only.

Rating Agencies' confirmations

The Conditions provide that if a Ratings Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Ratings Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Ratings Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Ratings Confirmation or response or (B) within 30 days of delivery of such request, no Ratings Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Ratings Confirmation or response could not be given; and (ii) one Rating Agency gives such Ratings Confirmation or response based on the same facts, then such condition to receive a Ratings Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Ratings Confirmation or response from the Non-Responsive Rating Agency if the Cash Administrator on behalf of the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in sub-paragraphs (i) (A) or (B) and (ii) above has occurred following the delivery by or on behalf of the Issuer of a written request to each Rating Agency. Where a Ratings Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Rated Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

The Note Trustee and the Security Trustee shall be entitled to rely without liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to Condition 18 (*Non-Responsive Rating Agency*). The Note Trustee and the Security Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Ratings Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Ratings Confirmation or response from the Non-Responsive Rating Agency.

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

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes or Residual Certificates, the merits and risks of investing in the Notes or Residual Certificates and the information contained in this Prospectus;

- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes or Residual Certificates and the impact the Notes or Residual Certificates will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or Residual Certificates, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understand thoroughly the terms of the Notes or Residual Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

RIGHTS OF NOTEHOLDERS, CERTIFICATEHOLDERS AND SECURED CREDITORS

Conflict between Noteholders

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

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

As a result, holders of the Notes other than the Most Senior Class of Notes may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee or the Security Trustee exercises discretion.

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

For certain purposes, including the determination as to whether Notes are deemed outstanding or Residual Certificates are deemed in issue for the purposes of convening a meeting of Noteholders or Certificateholders, those Notes or Residual Certificates (if any) which are for the time being held by or on behalf of or for the benefit of any member of the Together Group (each such entity a "**Relevant Person**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes of any Classes or all of the Residual Certificates are

held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes (the "**Relevant Class of Notes**") and such Residual Certificates shall be deemed to remain outstanding or in issue (as the case may be) except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Basic Terms Modification any Notes or the Residual Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

Conflict Between Noteholders, Certificateholders and other Secured Creditors

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed and Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and Residual Certificates Condition 12 (*Meetings of Certificateholders, Modification, Waiver and Substitution*).

In respect of the interests of the Certificateholders, the Trust Deed contains provisions requiring the Note Trustee and the Security Trustee not to have regard to the interests of the Certificateholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee, respectively, and requiring the Note Trustee and the Security Trustee except where expressly provided otherwise to have regard only to the interests of the Noteholders for so long as there are any Notes outstanding.

Certain material interests

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

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

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

Prospective investors should be aware that

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

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

Nothing in the Transaction Documents shall prevent any of the Transaction Parties from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

Meetings of Noteholders and Certificateholders, Modifications and Waivers

The Conditions and the Residual Certificates Conditions contain provisions for calling meetings of Noteholders and Certificateholders to consider matters affecting their interests generally. These provisions permit decisions of defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders and Certificateholders who voted in a manner contrary to the majority. Such binding decisions of defined majorities may also occur by way of a sufficient number of

Noteholders and Certificateholders providing their consent either in writing or, in the case of the holders of the Rated Notes, by way of electronic consents submitted through the electronic communications systems of the clearing system(s).

The Conditions and the Residual Certificates Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee (acting on the instructions of the Note Trustee), may agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), to (i) (other than in respect of a Basic Terms Modification) any modification of the Conditions, the Residual Certificates Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders or, if there are no Notes outstanding, the Certificateholders or (ii) any modification which, in the Note Trustee's or, as the case may be, the Security Trustee's opinion (acting on the directions of the Note Trustee), is of a formal, minor or technical nature or to correct a manifest error. The Note Trustee may also, without the consent of the Noteholders or the Certificateholders, if it is of the opinion that such determination, waiver or authorisation will not be materially prejudicial to the interests of the Most Senior Class of Notes or if no Notes are outstanding, the Certificateholders, or if there are no Notes then outstanding and no Residual Certificates then in issue, the Secured Creditors, determine that a Potential Event of Default or an Event of Default shall not, or shall not subject to any specified conditions, be treated as such or waive or authorise any breach or proposed breach of the Conditions, the Residual Certificates Conditions or any of the Transaction Documents. See Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and Residual Certificates Condition 12 (*Meetings of Certificateholders, Modification, Waiver and Substitution*).

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

Further, the Note Trustee and/or the Security Trustee (as the case may be) may also be obliged, in certain circumstances, to agree to amendments to the Conditions, the Residual Certificates Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iii) enabling the Notes to be (or to remain) listed on Euronext Dublin, (iv) enabling the Issuer or any of the other Transaction Parties to comply with sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA**"), (v) complying with any changes in the requirements of the CRA Regulation (including any requirements imposed by the STS Regulation) after the Closing Date, (vi) changing the base rate on the Notes from LIBOR to an Alternative Base Rate (and such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change) to the extent there has been or there is reasonably expected to be a material disruption or cessation to LIBOR in accordance with the detailed provisions of Condition 13.6(a)(vi)(A), or (vii) to comply with any requirements which apply to it under Regulation (EU) 648/2012, commonly known as the European Market Infrastructure Regulation ("**EMIR**") (each a "**Proposed Amendment**"), without the consent of Noteholders or Certificateholders, as applicable, pursuant to and in accordance with the detailed provisions of Condition 13.6 (*Additional Right of Modification*) and Residual Certificates Condition 12.6 (*Additional Right of Modification*).

In relation to any such Proposed Amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders

representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have contacted the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

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

The full requirements in relation to the modifications discussed above are set out in Condition 13.6 (*Additional Right of Modification*) and Residual Certificates Condition 12.6 (*Additional Right of Modification*).

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

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes (or if no Notes remain outstanding, the Residual Certificates then in issue) or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (or if no Notes remain outstanding, the Residual Certificates then in issue) shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), give an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with Accrued Interest or (in the case of Certificateholders) as Residual Payments pursuant to the Residual Certificates shall immediately become due and payable, as applicable, as provided in the Trust Deed.

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including the Conditions and the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) of the other Transaction Documents to which it is a party and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps, actions or proceedings as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice by the Note Trustee in accordance with Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*) unless:

- (a) it shall have been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding (or if there are no Notes outstanding, the Residual Certificates) or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, at least 25 per cent. of the number of the Residual Certificates then in issue); and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

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

See further Condition 12 (*Enforcement*) and Condition 11 (*Enforcement*).

In addition, each of the Note Trustee and the Security Trustee benefits from indemnities given to them by the Issuer pursuant to the Transaction Documents.

CERTAIN MARKET RISKS

Book-Entry Interests

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

A nominee for the common safekeeper for Clearstream, Luxembourg and Euroclear (the "**Common Safekeeper**") will be considered the registered holder of the Rated Notes as shown in the records of Euroclear and Clearstream, Luxembourg and will be the sole legal holder of the Global Note under the Trust Deed while the Rated Notes are represented by the Global Note. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Note in respect of the Rated Notes will be made by the Principal Paying Agent to a nominee of the Common Safekeeper. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent nor the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*". There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Registrar nor

any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

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

Interest Rate Risk

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Mortgage Loans and the rate of interest payable in respect of the Notes. 34.9% by Principal Balance of the Mortgage Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time (the "**Fixed Rate Loans**"). However, the Issuer's liabilities under the Rated Notes are based on LIBOR for the relevant period.

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) the rate of interest under the Rated Notes being calculated by reference to LIBOR,

the Issuer will enter into an interest rate cap transaction (the "**Interest Rate Cap Transaction**") with the Interest Rate Cap Provider under the Interest Rate Cap Agreement on the Closing Date in order to mitigate the risk (see "*Credit Structure – Interest Rate Risk for the Notes*").

Pursuant to the Interest Rate Cap Agreement, the Interest Rate Cap Provider, against payment by the Issuer of the Interest Rate Cap Fees on the Closing Date, shall make payments to the Issuer on each Interest Payment Date if and to the extent three-month LIBOR for the relevant Interest Period exceeds the Cap Strike Rate (see the section "*Credit Structure – Interest Rate Risk for the Notes*" for further details).

Under the Interest Rate Cap Agreement, the Issuer and the Interest Rate Cap Provider may agree to reduce (including to zero) the IRC Reduction Termination Payment Amount that would otherwise be payable by the Interest Rate Cap Provider upon an unwind of the Interest Rate Cap on account of certain back to back interest rate cap or other arrangements that the Interest Rate Cap Provider may have entered into in relation to the Interest Rate Cap and which are being unwound simultaneously to the unwind of the Interest Rate Cap (See "*Credit Structure – Interest Rate Risk for the Notes*"). Any such reduction to the IRC Reduction Termination Payment Amount will reduce the amount which would otherwise be available to be applied as Available Revenue Receipts.

The Issuer has not entered into any interest rate cap or other hedging transaction in relation to Loans other than Fixed Rate Loans, and as a result there is no hedge in respect of the risk of any variances in the Floating Mortgage Rate (as defined below), being referable to cost of funds, fixed on or around the same reset dates as payments under the Notes) charged on any Loans in the Portfolio and interest set by reference to the three month LIBOR (the "**Reference Rate**") on the Rated Notes. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of such Loans and the rate of interest payable in respect of the Notes which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders and Secured Creditors.

In the event that any payment made by the Interest Rate Cap Provider under the Interest Rate Cap Agreement is subject to any withholding or deduction for or on account of tax as a result of a change in law and consequently the Interest Rate Cap Agreement is terminated, this may adversely impact the ability of the Issuer to meet its obligations under the Notes in full.

"Floating Mortgage Rate" means a variable interest rate that is based on cost of funds.

Replacement premium under the Interest Rate Cap

Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Cap (including any extra costs incurred in entering into a replacement interest rate cap or interest rate caps that are not otherwise provided for) to the extent not satisfied by amounts applied in accordance with the IRC Collateral Account Priority of Payments will rank prior to payments in respect of the Notes. This may lead to a shortfall in amounts available to pay interest on the Notes and, following service of an Enforcement Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement interest rate cap transactions, or if one or more replacement interest rate cap transactions are entered into, as to the ultimate creditworthiness of the Interest Rate Cap Provider for the replacement interest rate cap transactions.

Interest Rate Cap Provider recourse to Available Revenue Receipts and other amounts

Amounts owing to the Interest Rate Cap Provider under the Interest Rate Cap Agreement shall be paid out of the IRC Collateral Account and applied in accordance with the IRC Collateral Account Priority of Payments. To the extent that such amounts cannot be satisfied out of amounts standing to the credit of the IRC Collateral Account, the Interest Rate Cap Provider will have recourse to Available Revenue Receipts under item (q) of the Pre-Enforcement Revenue Priority of Payments and following the service of an Enforcement Notice, all amounts available to the Issuer under item (g) of the Post-Enforcement Priority of Payments (as applicable). Such application may result in a shortfall in amounts available to the Issuer to pay interest and/or principal (as applicable) on the Class R Notes and the Class Z Notes which rank junior in the relevant Payment Priorities.

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of any termination payment due to the Interest Rate Cap Provider pursuant to the IRC Collateral Account Priority of Payments in circumstances where the Interest Rate Cap Agreement has been terminated as a result of, inter alia, an IRC Provider Default.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the US Bankruptcy Court has held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflict remain unresolved, particularly as several subsequent challenges to the US decision have been settled and certain other actions which raise similar issues are currently pending.

If a creditor of the Issuer (such as the Interest Rate Cap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the IRC Collateral Account Priority of Payments which subordinates a termination payment due to the Interest Rate Cap Provider in circumstances where the Interest Rate Cap Agreement has been terminated as a result of an IRC Provider Default). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld

under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to certain replacement Interest Rate Cap Providers.

In general, if a subordination provision included in Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

European Market Infrastructure Regulation

Impact of recent derivative reforms on the Interest Rate Cap Transaction

As noted above, the Notes will have the benefit of certain derivative instruments, namely the Interest Rate Cap. In this regard, it should be noted that the derivatives markets are subject to extensive and recently implemented regulation in a number of jurisdictions, including in Europe pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") and in the U.S. under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

It is possible that such regulation will increase the costs of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets. If applicable in the context of the interest rate cap agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability the Issuer to hedge certain risks may reduce amounts available to the Issuer to meet its obligations and may result in investors' receiving less interest or principal than expected.

With respect to the risks referred to above, see also "*Impact of EMIR on the Interest Rate Cap*" below for further details.

Impact of EMIR on the Interest Rate Cap

EMIR introduces a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing (the "**Risk Mitigation Requirements**"); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Interest Rate Cap Agreement will depend on the classification of the counterparties to such derivative transaction.

Pursuant to EMIR, counterparties can be classified as: (a) financial counterparties ("**FCs**"), and (b) non-financial counterparties ("**NFCs**"). The category of "NFC" is further split into: (i) non-financial counterparties whose trading exceeds the "clearing threshold" ("**NFC+s**"), and (ii) non-financial counterparties whose trading falls below the "clearing threshold" ("**NFC-s**"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant derivatives transactions are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

The Issuer is currently an NFC-, although a change in its position cannot be ruled out. Should the status of the Issuer change to NFC+, this may result in the application of the Clearing Obligation or the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, although it seems unlikely that the Interest Rate Cap Agreement would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the relevant implementing measures made to date. It should also be noted that the collateral exchange obligation should not apply in respect of the Interest Rate Cap Agreement entered into prior to the relevant application date (being 1 March 2017) unless such an interest rate cap is materially amended on or after that date.

Notwithstanding the qualifications on application noted above, the position of the interest rate cap agreements under each of the Clearing Obligation and collateral exchange obligation is not entirely clear. If the classification of the Issuer changes and, to the extent relevant, the Interest Rate Cap Agreement is regarded to be in-scope, then the Interest Rate Cap Agreement entered into or materially amended at a relevant time may become subject to the Clearing Obligation or (more likely) to the collateral exchange obligation. Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with these obligations if applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to the Interest Rate Cap Agreement (possibly resulting in a restructuring or termination of the Interest Rate Cap Agreement) or to enter into the Interest Rate Cap Agreements and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors' receiving less interest or principal than expected.

It should also be noted that further changes may be made to the EMIR framework in the context of the EMIR review process, including in respect of counterparty classification. In this regard, the European Commission has published legislative proposals providing for certain amendments to EMIR. If the proposals are adopted in their current form, the classification of certain counterparties under EMIR would change including with respect to certain securitisation vehicles such as the Issuer. It is not clear when, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted and will become applicable. In addition, the compliance position under any adopted amended framework of interest rate cap transactions entered into prior to application is uncertain. No assurances can be given that any changes made to EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above.

Investors should be aware that the reporting requirements and other Risk Mitigation Requirements of EMIR currently impose obligations on the Issuer (as an NFC-), to the extent it enters into derivative transactions.

Lastly, it should be noted that, as described above under "*Rights of Noteholders, Certificateholders and Secured Creditors – Meetings of Noteholders and Certificateholders, Modifications and Waivers*", EMIR-related amendments may be made to the Transaction Documents and/or to the terms and conditions applying to the Notes and the Residual Certificates, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Administrator on behalf of the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR and have been drafted solely to that effect and subject to the fulfilment of certain conditions set out in Condition 13.6 (*Additional Right of Modification*) and Residual Condition 12.6 (*Additional Right of Modification*).

Market Disruption

The Rates of Interest in respect of the Rated Notes for the relevant Interest Period shall be the aggregate of (I) (A) from and including the Closing Date to (but excluding) the Optional Redemption Date, the Relevant Margin or (B) from (and including) the Optional Redemption Date, the Relevant Step-Up Margin, and (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three month Sterling deposits (rounded upwards, if necessary, to five decimal places)).

Condition 6.3 (*Rate of Interest*) contains provisions for the calculation of such underlying rates, in respect of the Rated Notes, based on rates given by various market information sources and Condition 6.3 (*Rate of Interest*) contains an alternative method of calculating the underlying rate should any of those market information sources, including the Relevant Screen Rate, be unavailable. The market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

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

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

Under the Benchmarks Regulation, which will apply from 1 January 2018 in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including LIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

In addition, the sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. The FCA has further announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021.

These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Based on the foregoing, investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (b) if LIBOR is discontinued, then the rate of interest on the Rated Notes will be determined for a period by the fall-back provisions provided for under Condition 6 (*Interest*), although such provisions, being dependent in part upon the provision by reference banks of offered quotations for the LIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available; and
- (c) while an amendment may be made under Condition 13.6(a)(vi) (*Additional Right of Modification*) to change the LIBOR rate on the Notes to an alternative base rate under certain circumstances broadly related to LIBOR disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively

mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and

- (d) if LIBOR is discontinued, and whether or not an amendment is made under Condition 13.6(a)(vi) (*Additional Right of Modification*) to change the LIBOR rate on the Notes as described in paragraph (c) above, there can be no assurance that the applicable fall-back provisions under the Interest Rate Cap Agreement would operate to allow the transactions under the Interest Rate Cap Agreement to effectively mitigate interest rate risk in respect of the Rated Notes, or that any such amendment made under Condition 13.6(a)(vi) (*Additional Right of Modification*) would allow the transactions under the Interest Rate Cap Agreement to effectively mitigate interest rate risk on the Rated Notes.

Investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in sub-paragraphs (aa) to (ff) of Condition 13.6(a)(vi)(A)I (*Additional Right of Modification*). As noted above these events broadly relate to LIBOR's disruption or discontinuation, but also include, *inter alia*, any public statements by the LIBOR administrator or its supervisor to that effect, and a Base Rate Modification may also be made if the Cash Administrator reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. Investors should also note the various options permitted as an Alternative Base Rate as set out in sub-paragraphs (aa) to (ee) of Condition 13.6(a)(vi)(A)II (*Additional Right of Modification*), which include, *inter alia*, a base rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is an affiliate of any of the Sellers or such other base rate as the Cash Administrator reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which see "*Rights of Noteholders, Certificateholders and Secured Creditors – Meetings of Noteholders and Certificateholders, Modifications and Waivers*" above).

When implementing any Base Rate Modification, neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person and the Note Trustee and the Security Trustee shall act and rely solely and without further investigation on any certificate (including but not limited to a Base Rate Modification Certificate) or other evidence (including, but not limited to a Rating Confirmation) provided to them by the Issuer or Cash Administrator, as the case may be, pursuant to Condition 13.6(a)(vi) (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

More generally, any of the above matters (including an amendment to change the LIBOR rate as described in paragraph (c) above) or changes in the manner of administration of LIBOR could result in adjustment to the Conditions, early redemption, discretionary valuation by the Agent Bank, delisting or other consequence in relation to the Rated Notes. No assurance may be provided that relevant changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Rated Notes.

LIBOR and Reference Banks

If the Relevant Screen Rate is not available (as described in "*Market Disruption*" above) there can be no guarantee that the Agent Bank shall be able to appoint one or more Reference Banks to provide quotations, in order to determine the Reference Rate in respect of the Rated Notes. Certain financial institutions that have historically acted as Reference Banks have indicated that they will not currently provide LIBOR quotations and there can be no assurance that they will agree to do so in the future. No Reference Banks have been appointed at the date of this Prospectus.

If the Relevant Screen Rate is not available and the Issuer is unable to appoint any banks to provide quotations, the Rate of Interest in respect of the Rated Notes for such Interest Payment Date shall be determined, pursuant to Condition 6.3 (*Rate of Interest*), to be the Rates of Interest in effect for the last

preceding Interest Period but taking account of any change in the Relevant Margin and/or any change in the applicability of the Relevant Step-Up Margin.

To the extent interest amounts in respect of the Rated Notes are determined by reference to a previously calculated Reference Rate, holders of the Rated Notes may be adversely affected (including where the Bank of England base rate has risen since the date of calculation of such Reference Rate). In such circumstances, the Agent Bank will not have any obligation to determine the Rate of Interest on any other basis.

Definitive Notes and denominations in integral multiples

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

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

SERVICING AND THIRD PARTY RISKS

Issuer Reliance on Other Third Parties

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Issuer Account Bank has agreed to provide the Deposit Account and the IRC Sterling Cash Collateral Account to the Issuer pursuant to the Bank Account Agreement and the IRC Sterling Securities Collateral Account to the Issuer pursuant to the Custody Agreement, the Interest Rate Cap Provider has agreed to enter into the Interest Rate Cap Transaction pursuant to the terms of the Interest Rate Cap Agreement, the Servicers have agreed to service the Portfolio pursuant to the Servicing Deed, the Cash Administrator has agreed to provide cash management services pursuant to the Cash Administration Agreement, the Standby Cash Administrator Facilitator has agreed to provide standby cash administration facilitation services in relation to the transaction pursuant to the Cash Administration Agreement, the Standby Servicer has agreed to provide certain services pursuant to the Standby Servicing Agreement and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, Noteholders may be adversely affected.

The Servicers

Each of TPFL, TCFL and Blemain has been appointed by the Issuer as a Servicer to service the Mortgage Loans. If a Servicer breaches the terms of the Servicing Deed, subject to any relevant grace period thereunder, then (prior to the delivery of an Enforcement Notice and with the prior written consent of the Security Trustee (acting on the instructions of the Note Trustee)) the Issuer or (after delivery of an Enforcement Notice) the Security Trustee (acting on the instructions of the Note Trustee) will be entitled to terminate the appointment of each of the Servicers and, if an Invocation Notice is issued to the Standby Servicer, the Standby Servicer shall (to the extent it is still appointed) assume the role of each of the Servicers pursuant to the terms of the Replacement Servicing Agreement).

There can be no assurance that a substitute servicer with sufficient experience of servicing the Mortgage Loans would be found who would be willing and able to service the Mortgage Loans on the terms of the Servicing Deed. In addition, as described below, any substitute servicer will be required, inter alia, to be authorised under the Financial Services and Markets Act 2000 (the "FSMA") in order to service the Mortgage Loans. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect payments on the Mortgage Loans and hence the Issuer's ability to make payments when due on the Notes.

The Servicers have no obligation themselves to advance payments that Borrowers fail to make in a timely fashion.

The Servicers each have the ability under the Servicing Deed to delegate its obligations. Notwithstanding any such delegation to any party of its obligations under the Servicing Deed, each Servicer will remain ultimately responsible for the performance of such obligations under the Servicing Deed.

Change of Counterparties

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

These criteria include requirements imposed under the FSMA and requirements in relation to the counterparty risk assessment short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria set out in the relevant Transaction Documents and described in this Prospectus, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

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

Claims against third parties

The Sellers have assigned their causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement, to the extent they are assignable. The Sellers have, pursuant to the Mortgage Sale Agreement, undertaken, where appropriate, to participate or join in any action against such solicitor or valuer, provided that the Issuer first indemnifies the relevant Seller, as applicable, for the costs of taking such action, and subject to any limitations or conditions contained in the relevant documentation under which the relevant Seller acquired title to the related Mortgage Loan. Any failure by or inability of any Seller to take action against third parties may have an adverse effect on the Issuer's ability to make payments of interest and/or principal in respect of the Notes.

RISKS RELATED TO THE MORTGAGES

Decline in house prices may adversely affect the performance and market value of the Notes

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

The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Mortgage Loan. Downturns in the United Kingdom economy generally have a negative effect on the housing market. The London property market has been particularly affected by recent macro-political uncertainty, including the Brexit vote and, as a result, transaction levels in the London property market are below historical averages and average prices have been stagnant or decreasing. Approximately 32% of our loans are secured against properties located in London. A fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem the outstanding mortgage loan. If the value of the Collateral Security backing the Mortgage Loans is reduced this may ultimately result in losses to Noteholders if the Collateral Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Borrowers may have insufficient equity to refinance their Mortgage Loans with lenders other than the Sellers and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

Characteristics of the Provisional Portfolio

An initial portfolio of mortgage loans was initially selected on 24 July 2018 from a pool of the relevant Seller's Mortgage Loans using a system containing defined data on each of the qualifying loans (the "**Preliminary Portfolio**"). This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that each Seller will make in the Mortgage Sale Agreement in relation to the relevant Mortgage Loans. Once the criteria have been determined, the system identifies all loans owned by each Seller that are consistent with the criteria. The information in the section headed "*Characteristics of the Provisional Portfolio*" has been extracted from the systems of each of the Sellers as at 24 July 2018 (the "**Portfolio Reference Date**"), reflecting the Principal Balance of the Mortgage Loans on 20 July 2018 and comprises the Preliminary Portfolio less any mortgage loans that are no longer eligible or have been redeemed in full as at the Portfolio Reference Date (the "**Provisional Portfolio**"). As at the Portfolio Reference Date, the Provisional Portfolio comprised Mortgage Loans with an aggregate Principal Balance of £304,580,356. Having removed any mortgage loans that are no longer eligible or have been redeemed in full as at the Closing Date, each Seller will then randomly select a pool from the Provisional Portfolio that will comprise the Portfolio to be sold to the Issuer on the Closing Date. The characteristics of the Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus as a result of, amongst other things, repayments and redemptions of mortgage loans prior to the Closing Date. Neither the Sellers nor the Servicers have provided any assurance that there will be no material change in the characteristics of the Provisional Portfolio and the Portfolio, or the characteristics of the Provisional Portfolio between the Portfolio Reference Date and the Closing Date.

Geographic Concentration Risks

Mortgage Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of Great Britain. To the extent that specific geographic regions in Great Britain have experienced, or may

experience in the future, weaker regional economic conditions and housing markets than other regions in Great Britain, a concentration of the Mortgage Loans in such a region may exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions in Great Britain rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon sale of the Property. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Loans as at the Portfolio Reference Date, see "*Characteristics of the Provisional Portfolio – Geographical distribution*".

Limited Secondary Market for Loans

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default (as defined in the Conditions) in relation to the Notes while any of the Mortgage Loans are still outstanding, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Notes. There is not, at present, an active and liquid secondary market for mortgage loans of this type in the United Kingdom. There can be no assurance that a secondary market for the Mortgage Loans will develop or, if a secondary market does develop, that it will provide sufficient liquidity of investment for the Mortgage Loans to be realised or that if it does develop it will continue for the life of the Notes. The Issuer, and following the occurrence of an Event of Default, the Security Trustee, may not, therefore, be able to sell the Mortgage Loans for an amount sufficient to discharge amounts due to the Secured Creditors (including the Noteholders) in full should they be required to do so.

Bank of England funding scheme eligibility

The Class A Notes may potentially qualify as Level C eligible securities for the purposes of schemes such as the Bank of England's Discount Window Facility or Sterling Monetary Framework. Recognition of the Class A Notes as eligible securities for the purposes of these schemes will depend upon satisfaction of the eligibility criteria as specified by the Bank of England and at the discretion of the Bank of England. If the Class A Notes do not satisfy such criteria, there is a risk that the Class A Notes will not be eligible collateral under such schemes. It is unlikely that the other classes of Notes other than the Class A Notes would be considered as eligible securities under the above schemes.

None of the Issuer, the Arranger, the Joint Lead Managers, the Co-Managers or the Sellers gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any time during their life, satisfy all or any requirements for eligibility and be recognised as eligible collateral for such schemes. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute eligible collateral for such schemes. No assurance can be given that the Notes will be eligible securities for the purposes of these schemes and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

Searches, Investigations and Warranties in Relation to the Mortgage Loans

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

Neither the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers, the Co-Managers nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Mortgage Loan or its Collateral Security in the Portfolio and each relies instead on the warranties given in the Mortgage Sale Agreement by the Sellers. The primary remedy of the Issuer against the Sellers if any of the warranties made by the Sellers is materially breached or proves to be

materially untrue as at the Closing Date or, as the case may be, as at the Advance Date, Switch Date or Substitution Date and is not capable of being remedied or is not remedied by the relevant Seller within 45 days of receipt by the relevant Seller of a notice from the Issuer that such conditions are not satisfied in accordance with the Mortgage Sale Agreement, is that the relevant Seller shall be required to repurchase the relevant Mortgage Loan and its Collateral Security in accordance with the repurchase provisions in the Mortgage Sale Agreement. However, there can be no assurance that the relevant Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. Furthermore, although the Sellers and the Servicers have undertaken, pursuant to the Mortgage Sale Agreement and Servicing Deed, to notify the Issuer (and, if applicable, the Servicers) upon becoming aware of a material breach of any Loan Warranty, there shall be no obligation on the part of the Sellers or the Servicers to monitor compliance of the Mortgage Loans with the Loan Warranties following the Closing Date. This may affect the quality of the Mortgage Loans and their Collateral Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

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

The sale by the Sellers to the Issuer of the English Mortgage Loans and their Collateral Security (until legal title is conveyed) takes effect in equity only.

The sale by the Sellers to the Issuer of the Scottish Mortgage Loans and their Collateral Security is given effect to by a Scots law governed declaration of trust by the Sellers for the benefit of the Issuer (the "**Scottish Declaration of Trust**"). The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales. In each case, this means that legal title to the Mortgage Loans and their Collateral Security in the Portfolio will remain with the Sellers until certain trigger events occur under the terms of the Mortgage Sale Agreement (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*"). Until such time, the assignment by the Sellers to the Issuer of the English Mortgage Loans and their Collateral Security takes effect in equity only and the Scottish Mortgage Loans in the Portfolio and their Collateral Security are accordingly held on trust for the Issuer. The Issuer has not and will not apply to the Land Registry to register or record its equitable interest in the English Mortgages and will not apply to the General Register of Sasines or Land Register of Scotland (as appropriate) (together the "**Registers of Scotland**") to register or record its beneficial interest in the Scottish Mortgages pursuant to a Scottish Declaration of Trust.

As a consequence of the Issuer not obtaining legal title to the Mortgage Loans and their Collateral Security or the Properties secured thereby, a *bona fide* purchaser from the relevant Seller for value of any of such Mortgage Loans and their Collateral Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Mortgage Loan and its Collateral Security, and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer in this way would be likely to be limited to circumstances arising from a breach by the Sellers of their contractual obligations or fraud, negligence or mistake on the part of the Sellers or the Issuer or their respective personnel or agents.

Further, prior to the insolvency of the Sellers, unless (i) notice of the assignment was given to a Borrower who is a debtor of the relevant Seller in respect of an English Mortgage Loan and its Collateral Security, and (ii) an assignation of a Scottish Mortgage Loan and its Collateral Security is effected by the relevant Seller to the Issuer and notice thereof is then given to the relevant Borrower who is a debtor of the relevant Seller in respect of the Scottish Mortgage Loan and its Collateral Security, equitable or independent set-off rights may accrue in favour of the Borrower against his or her obligation to make payments to the relevant Seller under the relevant Mortgage Loan. These rights may result in the Issuer receiving reduced payments on the Mortgage Loans. The transfer of the benefit of any Mortgage Loans to the Issuer will continue to be subject to any prior rights the Borrower may become entitled to after the transfer. Where notice of the assignment or assignation is given to the Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Mortgage Loan) may not arise after the date notice is given. For the

purposes of this Prospectus, references herein to "set off" shall be construed to include analogous rights in Scotland.

Until notice of the assignment or assignation is given to Borrowers, the Issuer would not be able to enforce any Borrower's obligations under a Mortgage Loan or Collateral Security itself but would have to join the relevant Seller as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the relevant Mortgage Loan directly to the relevant Seller. However, the Sellers will undertake, pursuant to the Mortgage Sale Agreement, to hold any money repaid to it in respect of relevant Mortgage Loans to the order of the Issuer.

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

Once notice has been given to the Borrowers of the assignment or assignation of the Mortgage Loans and their Collateral Security to the Issuer, independent set-off rights which a Borrower has against the relevant Seller (such as set-off rights not associated with or connected to the relevant Mortgage Loan) will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Mortgage Loan) will not be affected by that notice and will continue to exist.

For so long as the Issuer does not have legal title, the Sellers will undertake for the benefit of the Issuer that they will lend their name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the relevant Mortgage Loans and their Collateral Security.

Further Mortgage Advances and Product Switches

A Borrower may request or, for so long as the relevant Mortgage Loan is serviced by a member of the Together Group, the relevant Servicer may offer a Borrower, a Product Switch or Further Mortgage Advance from time to time. Any Mortgage Loan which has been the subject of a Further Mortgage Advance or a Product Switch following an application by the Borrower will remain in the Portfolio provided that certain conditions are satisfied (see further "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Further Mortgage Advances, Product Switches and Substitute Mortgage Loans*"). If the Issuer subsequently determines that any Product Switch or Further Mortgage Advance does not satisfy any Loan Warranty in all material respects or any of the Asset Conditions had been breached as at such Advance Date or Switch Date (where applicable), and such default is not capable of being remedied or is not remedied by the relevant Seller within 45 days of receipt by the relevant Seller of a notice from the Issuer that such conditions are not satisfied in accordance with the Mortgage Sale Agreement, the relevant Seller will be required to repurchase or provide a Substitute Mortgage Loan for the relevant Mortgage Loan and its Collateral Security. See further "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Repurchase by each Seller*".

Where the relevant Seller is required to repurchase because the Loan Warranties are not true, there can be no assurance that the relevant Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. Either of these circumstances may affect the quality of the Mortgage Loans and their Collateral Security in the Portfolio and accordingly the ability of the Issuer to make payments on the Notes.

The number of Further Mortgage Advances requests received by the relevant Servicer (and the use of Principal Receipts by the Issuer to purchase such Further Mortgage Advances from the relevant Seller) will affect the timing of principal amounts received by the Issuer and hence payments of principal and (in the event of a shortfall) interest on the Notes.

Further, there may be circumstances in which a Borrower might seek to argue that any Mortgage Loan, Product Switch or Further Mortgage Advance is wholly or partly unenforceable by virtue of non-compliance with the FSMA or the Consumer Credit Act 1974 (as amended) (the "CCA") as further discussed below.

If this were to occur, then this could adversely affect the Issuer's ability to make payments due on the Notes or to redeem the Notes.

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

Borrowers may default on their obligations under the Mortgage Loans in the Portfolio. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. On August 2, 2018, the Bank of England raised its base rate by 0.25% (to 0.75%) with the profile of UK monetary policy expected to tighten in the near term. To the extent our customers have outstanding indebtedness at variable rates, their interest payments on such debts could go up and impact their ability to meet their obligations under their loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Mortgage Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

The Issuer is also subject to the risk of failure by a Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of a relevant Mortgage Loan and Collateral Security in order to discharge all amounts due and owing by the relevant Borrower under such Mortgage Loan.

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee or (in Scotland) heritable creditor must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations and to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee or heritable creditor in relation to obtaining possession of properties permitted by law, are restricted in the future.

In addition, the Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (where, for example, such funds relate to a preceding Collection Period but are received after the relevant Servicer has calculated the Collections relating to such Collection Period).

The above risks could adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain liquidity and credit enhancement features of the transaction, including those described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness or sufficiency of such liquidity and credit enhancement features, or that such features will protect the Noteholders from any or all risk of loss.

Non-Conforming Borrowers

16.0 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans made to Borrowers who have a county court judgment (or a Sheriff Court decree, being the Scottish equivalent of a county court judgment) entered or made against them within six years prior to origination of the relevant Mortgage Loan. 53.6 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans made to Borrowers who are self-employed. For the purposes of this risk factor, "**Non-Conforming Borrowers**" means Borrowers who have a county court judgment (or a Sheriff Court decree, being the Scottish equivalent of a county court judgment) entered or made against them within six years prior to origination of the relevant Mortgage Loan and/or Borrowers who are self-employed. See further the section entitled "*Characteristics of the Provisional Portfolio*". Mortgage Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs and enforcement than have historically been experienced by mortgage loans made to prime borrowers and therefore carry a higher degree of risk.

The Issuer has been informed by the Sellers that the Mortgage Loans have been underwritten in accordance with the underwriting standards described in the section entitled "*The Mortgage Loans*" subject to any variations as may be acceptable to a Prudent Mortgage Lender. Those underwriting standards consider, among other things, a borrower's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property. Those underwriting standards are used with a view, in part, to mitigating the risks in lending to Non-Conforming Borrowers. In addition, the Sellers have represented and warranted in the Mortgage Sale Agreement that prior to the granting of each Mortgage Loan, the Lending Criteria and all other conditions precedent to making the Mortgage Loan were satisfied in all material respects (subject to such exceptions as would be acceptable to a Prudent Mortgage Lender). For more information relating to the Lending Criteria, please see the section set out in this Prospectus headed "*The Mortgage Loans – Lending Criteria*".

Non-Conforming Borrowers are generally considered less likely than prime borrowers to make payments on a timely basis or in full under the relevant Mortgage Loans. Any failure by the Borrowers (whether as a result of their status as Non-Conforming Borrowers or otherwise) to make payments under their relevant Mortgage Loans could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal in respect of the Notes.

Interest-only Mortgage Loans

58.6 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans that are repayable on a capital and interest basis and 41.4 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans that are repayable on an interest-only basis (see "*The Mortgage Loans – Characteristics of the Mortgage Loans – Repayment Terms*"). Where the Borrower is only required to pay interest during the term of the Mortgage Loan, with the capital being repaid in a lump sum at the end of the term, it is generally recommended that borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. The Sellers do not have, and the Issuer shall not have the benefit of, any investment policies taken out by Borrowers.

The ability of such Borrower to repay an Interest-only Mortgage Loan at maturity will often depend on such Borrower's ability to refinance or sell the Property or to obtain funds from another source such as pension policies, personal equity plans ("**PEPs**"), new individual savings accounts ("**NISAs**") or endowment policies.

Borrowers of interest-only mortgage loans may not make payment of the premiums due on any relevant investment or life policy taken out in relation to repayment of the relevant interest-only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Mortgage Loan. Thus the ability of such a Borrower to repay an Interest-only Mortgage Loan (as defined in "*The Mortgage Loans –*

Characteristics of the Mortgage Loans – Repayment Terms") at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, PEPs, NISAs or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest-only Mortgage Loan and a loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured from Available Revenue Receipts being first applied for such purpose and thereafter from amounts standing to the credit of the General Reserve Fund being applied in respect of the Rated Notes, in each case in accordance with the Pre-Enforcement Revenue Priority of Payments.

Should a Borrower elect, subject to the consent of the relevant Seller and the relevant Servicer, to amend the terms of its Mortgage Loan from an Interest-only Mortgage Loan to a Repayment Mortgage Loan, the relevant Mortgage Loan would remain with the Issuer as part of the Portfolio, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Mortgage Loan and the relevant Notes respectively, earlier than would otherwise be the case. See further "*Credit Structure – Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*" above.

Refinancing capacity of Borrowers

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

Buy-To-Let Mortgage Loans

15.5 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans that are residential mortgage loans taken out by a Borrower in relation to the purchase or re-mortgage of a Property for letting purposes ("**Buy-To-Let Mortgage Loans**"), in relation to which the Borrower's ability to service such Buy-To-Let Mortgage Loans is likely to depend on the Borrower's ability to lease the relevant Properties on appropriate terms. There can be no assurance that each such Property will be the subject of an existing tenancy when the relevant Buy-To-Let Mortgage Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the relevant Buy-To-Let Mortgage Loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations or capital repayments in respect of the relevant Buy-To-Let Mortgage Loan. Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the relevant Servicer may not be able to obtain vacant possession of the Property, in which case the relevant Servicer will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which the relevant Servicer could realise upon enforcement of the Mortgage and the sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the Mortgage Loan. However, enforcement procedures in relation to such Mortgages (excluding any Scottish Mortgages) include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the relevant Buy-To-Let Mortgage Loan. Under Scots law, a receiver cannot be appointed under a standard security (the Scottish equivalent to a legal mortgage) and the only enforcement which may be carried out under a standard security is a full enforcement of the security (i.e. it cannot be enforced selectively by, for instance, attaching to rental income). Accordingly, in Scotland, any attempt to secure the rental flows will depend upon the enforcement of the standard security.

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

From 1 April 2016, a higher rate of stamp duty land tax ("**SDLT**") (and, from 1 April 2018, Welsh land transactions tax ("**WLTT**")) applied to the purchase of additional residential properties (such as buy-to-let properties). The Scottish Government has implemented a similar additional dwelling supplement tax with effect from the same date in respect of land and buildings transaction tax ("**LBTT**") (broadly speaking, the equivalent in Scotland to SDLT). The current additional rate is three per cent above the current SDLT, WLTT and LBTT rates.

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

Right to Buy Mortgage Loans

5.7 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans that are right to buy mortgage loans ("**Right to Buy Mortgage Loans**"). Properties sold under the Right to Buy scheme of the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), as applicable, are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if he or she disposes of the property within one year of acquiring it from the landlord, four-fifths if he or she does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years, unless the offeror's offer for the disposal of the house was accepted before 18 January 2005, in which case the purchaser must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one-third if within three years. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one third if within three years. The landlord obtains (in England and Wales) a statutory charge or (in Scotland) a standard security over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. Under the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), (as applicable), such statutory charge or standard security ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge or standard security shall automatically rank behind any charge on the related property in relation to (in England and Wales) monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise his or her right to buy and (in Scotland) monies advanced for the purchase or improvement of the property. In England and Wales, unless the offeror's offer for the disposal of the house was accepted before 18 January 2005, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

In relation to each Right to Buy Mortgage Loan, as far as the relevant Seller is aware, either (a) (i) the relevant Seller was, at the time of the origination of the Mortgage Loan, an approved lending institution or, in Scotland, a recognised lending institution under the relevant legislation or had adequate title insurance to protect against such risk (Right to Buy Insurance), (ii) the Right to Buy Mortgage Loan was made to the person exercising the right to buy, and (iii) the Right to Buy Mortgage Loan was made for the purposes of enabling the Borrower to purchase or refinance the relevant Property, or (b) the relevant Seller has the benefit of Right to Buy Insurance in respect of such Right to Buy Mortgage Loan.

The right to buy scheme in Scotland ended for all council and housing association tenants in Scotland on 1 August 2016. Tenants with a right to buy could submit their application up to 31 July 2016 with their

application then being considered in the normal way. Any applications made after 31 July 2016 will not be accepted.

Second Mortgage Loans

55.9 per cent. of the Provisional Portfolio by aggregate Principal Balance comprises Mortgage Loans that are secured by second-ranking legal mortgages or equitable charges (or, in Scotland, second-ranking standard securities).

The prior existing mortgage or standard security may secure all monies owed to the beneficiary of the first ranking mortgage or standard security, including in some instances further advances.

When originating a Second Mortgage Loan, the Sellers take into account amounts outstanding under any prior ranking mortgage or standard security and lending assessments are made at that time, including a combined loan to value assessment of the amounts outstanding under the prior ranking mortgage or standard security and monies to be advanced under the Second Mortgage Loan along with an affordability assessment including the payments to be made against the prior ranking mortgage. The Sellers also take into account the ability of the prior ranking lender to make further advances (in the Seller's experience borrowers will not seek a loan from the Seller if the prior ranking lender is willing to make a further advance on terms satisfactory to the borrower) and other terms of the prior ranking mortgage or standard security. The Sellers further take account of the requirement for consent under any restrictions protecting that prior ranking mortgage at the Land Registry.

Any proceeds from the enforcement of a Mortgage over the relevant Property securing a Second Mortgage Loan will (in all cases) be applied first in satisfying any prior existing mortgages or standard securities; only once these have been paid in full will proceeds be applied in discharging the Mortgage. If there are insufficient proceeds, following the satisfaction of prior existing mortgages or standard securities, this may reduce the funds available to the Issuer to meet its obligations under the Notes.

Accuracy of property valuations

Property valuations are conducted for all Mortgage Loans in the Portfolio as part of the underwriting process. Property valuations are only an estimate of the value of a property at the time the valuation is completed. The Sellers rely on property valuations in determining loan to value ratios, which inform their underwriting decisions. In the majority of cases, the Sellers conduct full interior and exterior valuations. In certain instances where the relevant properties have a relatively low value or lower loan to value ratio levels and are standardised within the Portfolio, the Sellers' valuations may consist, following internal risk analysis, of performing "drive by" exterior examinations or making use of automated valuation models provided by Hometrack Data Systems Limited. If such valuations overvalue the properties securing the Mortgage Loans in the Portfolio, the loan to value ratios of the Mortgage Loans in the Portfolio may actually be higher than what the relevant Seller's records reflect, which could materially adversely affect the amounts received by the Issuer which could, in turn, have an adverse effect on the Issuer's ability to make payments in respect of the Notes.

Accuracy and completeness of information about customers and their properties

In deciding whether to extend credit to mortgage loan applicants, the Sellers rely on information furnished to them by customers and other third parties, such as solicitors, valuers and accountants, including employment, income and other financial information. The Sellers also rely on representations of customers as to the accuracy and completeness of and explanations for that information. While the Sellers have a practice of independently verifying certain information about customers (such as income information) that they use in making lending decisions and upon agreeing to loan modifications, it is not possible to verify all the information. If any of the information provided to them is intentionally or negligently misrepresented and such misrepresentation is not detected prior to the funding or modification of a Mortgage Loan, the future

recoverability of the Mortgage Loan and its related Collateral Security may be adversely impacted, which could materially adversely affect the amounts received by the Issuer which could, in turn, have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

Additionally, financial crime in the financial services sector is a threat for lenders and borrowers that is increasing and becoming increasingly more sophisticated. In addition, regulators are increasingly focused on financial crime prevention. Although the Sellers have controls and processes designed to help them identify misrepresented information in their loan origination processes, including requiring all applicants to participate in a "Speak With," a conversation that the relevant Seller has with applicants before loans are funded which also incorporates additional know-your-customer ("KYC") checks, and the Sellers also utilise information supplied by third party fraud prevention agencies to support their fraud prevention activities, the Sellers' controls aimed at detecting and preventing financial crime (such as the use of our services for money laundering or terrorism-related activities) may not perform accurately or eliminate all instances where the Sellers' services could be used for financial crime by their customers or by their employees. While the Sellers have implemented their second line financial crime monitoring team and completed reviews of both the Personal Finance and Commercial Finance underwriting departments without identifying any significant weaknesses, there can be no assurance that the Sellers will not identify significant weaknesses in the future. In 2017, the Sellers introduced additional screening of new and existing customers against a wider range of watch lists. However, there can be no assurance that the Sellers' new framework will be able to prevent financial crime risk.

The Sellers also use a number of third party data providers to help them assess the credit quality of the customer (for instance, performance history) and the nature and value of the underlying property. Such data are used both in the Sellers' underwriting assessment and for the purposes of their portfolio analysis. The Sellers do not independently review the accuracy of the third party data, which if inaccurate, could affect their underwriting decisions or how they report their loan information.

Insurance Policies

The policies of the Sellers in relation to buildings insurance are described under "*The Mortgage Loans – Insurance Contracts*". No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts. This could adversely affect the Issuer's ability to redeem the Notes.

Projections, Forecasts and Estimates

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

Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, prospective losses experienced, market, financial or legal uncertainties and mismatches between the timing of accrual and receipt of interest and principal from the Mortgage Loans.

None of the Relevant Parties has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Financial Services Compensation Scheme not applicable

Any investment in the Notes does not have the status of a bank deposit in England and Wales and is not within the scope of the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme. As such, the Notes are obligations of the Issuer only and any potential investors should be aware that they will not be able to have recourse to the UK Financial Services Compensation Scheme in relation to an investment in the Notes.

CERTAIN REGULATORY CONSIDERATIONS

Regulated Mortgage Contracts

In the United Kingdom, regulation of residential mortgage business under the Financial Services and Markets Act 2000 ("**FSMA**") came into force on 31 October 2004 (the "**Regulation Effective Date**"). Residential mortgage lending under the FSMA is regulated by the FCA (and prior to 1 April 2013, was regulated by its predecessor the FSA). Subject to certain exemptions, each of the following are regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") requiring authorisation and permission from the FCA: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract (administering in this context broadly means notifying borrowers of changes in interest rates, mortgage payments or other matters which the contract requires the borrower to be notified of and/or collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity.

The original definition of a Regulated Mortgage Contract was such that if a mortgage contract was entered into on or after the Regulation Effective Date, it was a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage on land (other than timeshare accommodation) in the United Kingdom, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person. There have been incremental changes to the definition of Regulated Mortgage Contract over time, including, from 21 March 2016, the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK.

The current definition of a Regulated Mortgage Contract is such that if a mortgage contract is entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following conditions (read in conjunction with and subject to certain relevant exclusions such as the relevant exclusions for Buy-To-Let Mortgage Loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of which is used, or is intended to be used, (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) in the case of credit provided to a trustee which is not an individual, as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person. A related person (in relation to a Borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are 'consumer credit back book mortgage contracts' and are also therefore Regulated Mortgage Contracts (see "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*" below).

If requirements as to the authorisation of lenders and brokers involved in the origination of a Regulated Mortgage Contract are not complied with, a Regulated Mortgage Contract will be unenforceable against the

borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower.

Together Personal Finance Limited holds authorisation and permission to enter into and to administer Regulated Mortgage Contracts and Blemain Finance Limited holds authorisation and has permission to administer Regulated Mortgage Contracts (limited to second charge mortgages only). Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not, and does not propose to be, an authorised person under the FSMA. Under article 62 of the RAO, the Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered by Together Personal Finance Limited and Blemain Finance Limited (as applicable) which has the required FSMA authorisation and permission.

The Issuer will only hold beneficial title to the Mortgage Loans. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event the Issuer must arrange for a servicer to administer these Mortgage Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the Sellers) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court. Failure by the Sellers to comply with the financial promotion regime may render the Mortgage Loans unenforceable and adversely affect the Issuer's ability to make payments on the Notes.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook (MCOB), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, inter alia, certain pre-origination matters such as financial promotion and pre-application illustrations, pre contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of the FCA rules, and may set off the amount of the claim against the amount owing by the borrower under the mortgage loan or any other mortgage loan that the borrower has taken with the lender. Any such set-off may adversely affect the Issuer's ability to make payments on the Notes.

Regulation of residential secured lending (other than Regulated Mortgage Contracts)

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending fell. The UK government thought that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is a first or subsequent charge. The European Mortgage Credit

Directive (2014/17/EU) ("**Mortgage Credit Directive**") also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the regulated mortgage contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK government made legislation which meant that the administration of and other activities relating to those pre-October 2004 first charge mortgages which were regulated by the CCA became regulated mortgage activities from 21 March 2017. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 ("**Mortgage Credit Directive Order**"). The government has put in place transitional provisions for existing mortgage loans so that some of the CCA protections in place when the Mortgage Loans were originally taken out are not removed retrospectively.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of Section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with Section 77A of the CCA (duty to serve an annual statement) or Section 86B of the CCA (duty to serve a NOSIA), once the consumer credit back book mortgage contract is regulated by FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under Section 77A of the CCA and Section 86D of the CCA ceases to apply, but only for interest payable under those mortgage loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in CONC and the CCA that are not contained within MCOB.

Buy-to-let mortgages are excluded from the definition of "consumer credit back book mortgage contract". This means that if a buy-to-let mortgage was regulated by the CCA (because the amount of credit fell below the relevant financial limit in place at the time of origination and was not otherwise exempt), it will continue to be regulated by the CCA as it is not a "consumer credit back book mortgage contract".

Each Seller has given or, as applicable, will give, warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Mortgage Loan and its Collateral Security is enforceable (subject to exceptions). If a Mortgage Loan or its Collateral Security does not comply with these warranties, and if the default cannot be or is not cured within 45 days, then the relevant Seller will, upon receipt of notice from the Issuer, be required to repurchase all of the relevant Mortgage Loans secured on the same Property (together, forming one "**Mortgage Account**") and their Collateral Security from the Issuer.

This regulatory regime may result in adverse effects on the enforceability of certain Mortgage Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

Changes to mortgage regulation and to the regulatory structure in the United Kingdom may adversely affect payments on the Notes

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, inter alia, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a mortgage loan made to a borrower and to verify the income of a borrower.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (i) recently published a report following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (ii) it began a further thematic review on responsible lending in April 2015, on which it reported in May 2016. The thematic reviews informed a mortgage market study and an interim report into the mortgage market was published by the FCA on 4 May 2018, with the FCA due to publish their final findings, a summary of feedback received and next steps towards the end of 2018. This is in addition to regulatory reforms being made as a result of the implementation of the Mortgage Credit Directive from 21 March 2016 (see "*Mortgage Credit Directive*" below). It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and regulatory reforms.

To the extent that the new rules do apply to any of the Mortgage Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Mortgage Loan. Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes.

In December 2012, the Financial Services Act 2012 received royal assent. This Act contains provisions which (among other things) on 1 April 2013 replaced the FSA with the PRA, which is responsible for micro-prudential regulation of financial institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business. This Act also contains provisions enabling the transfer of regulatory authority (including consumer credit regulation) from the Office of Fair Trading (the "**OFT**") to the FCA. The relevant secondary legislation was enacted in 2013 and 2014 and the transfer was effected on 1 April 2014.

Under the Financial Services Act 2012: (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules.

Any further changes to the FCA's MCOB arising from the FCA's mortgage market review, or to MCOB or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure or the Financial Services Act 2012, may adversely affect the Mortgage Loans, the Sellers, the Issuer, the Servicers and their respective businesses and operations.

Regulation of buy-to-let mortgages

The Mortgage Credit Directive requires EU member states to develop a 'national framework' for buy-to-let lending if they choose to exercise discretion afforded by the Mortgage Credit Directive to not apply the Mortgage Credit Directive to their buy-to-let mortgage markets. The UK government announced that it would use the option to have a national framework for buy-to-let lending to consumers called 'Consumer buy-to-let' ("**CBTL**") in order to put in place the minimum requirements to meet the UK's legal obligations, as it has stated it is not persuaded of the case for full conduct regulation of buy-to-let mortgage lending. The CBTL framework was implemented on 21 March 2016 and is only applicable to consumer borrowers, the majority of buy-to-let lending in the UK being to non-consumers.

The legislative framework is set out in the Mortgage Credit Directive Order 2015. The Mortgage Credit Directive Order 2015 defines a CBTL mortgage contract as: "a buy-to-let mortgage contract which is not entered into by the borrower wholly or predominantly for the purposes of business carried on, or intended to be carried on, by the borrower". It provides that a firm that advises on, arranges, lends or administers CBTL mortgages must be registered to do so. In a HM Treasury consultation published in January 2015, the treasury gave a central estimate that CBTL would affect 11% of the buy-to-let mortgage market.

Certain buy-to-let mortgages will be regulated by the CCA because buy-to-let loans only became exempt from CCA regulation on 31 October 2008. Buy-to-let loans originated prior to 31 October 2008, could be regulated by the CCA if the amount of credit was less than the relevant financial limit in place at the time and no other relevant CCA exemption applied. The financial limit for CCA regulation was abolished on 6 April 2008 in respect of all loans except buy-to-let loans. The financial limit of £25,000 in place at the time for CCA regulated loans was not removed for buy-to-let loans until 31 October 2008. As described above (see *Regulation of residential secured lending (other than Regulated Mortgage Contracts)*), buy-to-let mortgages are not caught by the definition of a "consumer credit back book mortgage contract" and so any buy-to-let loans regulated by the CCA will continue to be regulated by the CCA notwithstanding the implementation of the Mortgage Credit Directive Order. Non-compliance with certain provisions of the CCA may render a regulated credit agreement totally unenforceable or unenforceable without a court order or an order of the appropriate regulator, or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance, which may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

If a buy-to-let mortgage is secured on a property occupied by a related person to the borrower (broadly the borrower's spouse, near relative or a person with whom the borrower has a relationship which is characteristic of a spouse) then it will be a Regulated Mortgage Contract. Otherwise, as described above, buy-to-let mortgages will either be regulated by the CBTL regime or the CCA or will be unregulated.

The Servicers do not have permission for the regulated activities of debt administration and debt collection which are necessary in respect of servicing unregulated loans, CBTL loans or CCA regulated loans, however as legal title holders of the relevant Mortgage Loans, the Servicers are excluded from the regulated activities of debt administration and debt collection in respect of any unregulated loans, CBTL loans or CCA regulated loans for which they each hold legal title, as these would be activities carried on by the lender (a person who exercises, or has the right to exercise, the rights and duties of a person who provided credit under the loan agreement). The Issuer is excluded as lender from the regulated activities of debt administration and debt collection in respect of any unregulated, CBTL loans or CCA regulated loans.

Together Personal Finance Limited is registered as a Consumer buy-to-let lender, a Consumer buy-to-let administrator, a Consumer buy-to-let arranger and a Consumer buy-to-let advisor.

Unfair relationships

Under the Consumer Credit Act, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated

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

Plevin v Paragon [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the Mortgage Loans and ordered that financial redress was made in respect of such Mortgage Loans or if redress was due in accordance with the FCA guidance on PPI complaints, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans, and the realisable value of the Portfolio and/or the ability of the Issuer to make payment in full on the Notes when due.

Mortgage Credit Directive

The Mortgage Credit Directive, which entered into force on 21 March 2014, aims to create an EU-wide mortgage credit market with a high level of consumer protection and it applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a Member State on residential immovable property, or secured by a right relating to residential immovable property; (b) credit agreements the purpose of which is to finance the purchase or retention of rights in land or in an existing or proposed residential building; and extends the Consumer Credit Directive (2008/48/EC) to (c) unsecured credit agreements the purpose of which is to renovate residential immovable property involving a total amount of credit above €75,000. The Mortgage Credit Directive does not apply to certain equity release credit agreements to be repaid from the sale proceeds of an immovable property, or to certain credit granted by an employer to its employees.

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

On 25 March 2015, the Mortgage Credit Directive Order was passed in order to make the necessary legislative changes to implement the Mortgage Credit Directive. Whilst certain provisions of the Mortgage Credit Directive Order came into force before 21 March 2016, the Mortgage Credit Directive Order took effect for most purposes on 21 March 2016. The FCA has also made amendments to its handbook in order to give effect to the Mortgage Credit Directive, including the amendment to make the consumer buy-to-let mortgage business subject to the FCA's dispute resolution rules and within the Financial Ombudsman Service's jurisdiction. As discussed above, although the Mortgage Credit Directive generally only applies to credit agreements entered into on or after 21 March 2016, as discussed above, the UK's implementation of

the Mortgage Credit Directive will also operate retrospectively to regulate consumer credit back book mortgage contracts.

The mortgage market review changes to MCOB and any future changes to MCOB that are necessitated by the Mortgage Credit Directive and the Mortgage Credit Directive Order, may adversely affect the Mortgage Loans, the Sellers, the Issuer and/or the Servicers and their respective businesses and operations.

Until the Mortgage Credit Directive has been fully implemented into UK law for some time, it is not possible to tell what effect the Mortgage Credit Directive and the implementation of the directive into UK law will have on the Mortgage Loans, the Sellers, the Issuer and/or the Servicers and their respective businesses and operations. However, the UK's approach to implementation has been to minimise the impact of the Mortgage Credit Directive on the UK mortgage market by building on the existing UK regulatory regime (rather than copy out the directive into UK legislation).

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). A regulated mortgage contract under the FSMA, if originated by a United Kingdom lender from an establishment in the United Kingdom, will not be cancellable under these regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information.

If the borrower cancels the credit agreement under these regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the lender receiving notice of cancellation; (b) the borrower is liable to pay interest or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security is to be treated as never having had effect for the cancelled agreement. If a significant portion of the Mortgage Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of the Mortgage Loans, affecting the Issuer's ability to make payments in full on the Notes when due.

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

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the "**UTCCR**"), apply to agreements made on or after 1 July 1995 and before 1 October 2015 and affect all of the Mortgage Loans originated during this period. The Consumer Rights Act 2015 (the "**CRA**") amended the UTCCR unfair contract terms regime by partly repealing the UTCCR and applies to all Mortgage Loans originated on or after 1 October 2015. The UTCCR continues to apply to contracts which were entered into before 1 October 2015.

As discussed in more detail below, the substantive amendments introduced by the CRA primarily concern the scope of the unfair contract terms protections, rather than their substance, and also codify certain case law developments concerning unfair contract terms.

The UTCCR and the CRA provide that:

- (a) a consumer may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered unfair; and
- (b) the lead enforcement body and any qualifying body for the UTCCR (such as the FCA) may seek to enjoin a business from relying on unfair terms.

Any assessment of fairness of a term under the UTCCR may not relate to the definition of the main subject matter of the contract, such as the borrower's obligation to repay the initial interest or principal or the adequacy of the price, (provided that these terms are written in plain and intelligible language). All other terms can be assessed for fairness including terms such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees.

For example, if a term permitting the lender to vary the interest rate (as the Sellers are permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the mortgage loan or any other mortgage loan that the borrower has taken with the lender. Any such non-recovery, claim or set-off in relation to a Mortgage Loan in the Portfolio may adversely affect the Issuer's ability to make payments on the Notes.

On 12 January 2016, the FCA and the Competition and Markets Authority (the "CMA") entered into a memorandum of understanding in relation to consumer protection (the "MoU") which stated that the CMA may consider fairness, but will not usually expect to do so, where the firm concerned is an authorised firm or an authorised representative under FSMA. Further, the MoU stated that the FCA will consider fairness within the meaning of the CRA and the UTCCR, or standard terms, and the CRA of negotiated terms, in financial services contracts issued by authorised firms or appointed representatives, when such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO), in the UK. In this MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission. This will include contracts for:

- (a) mortgages and the selling of mortgages;
- (b) insurance and the selling of insurance;
- (c) bank, building society and credit union accounts;
- (d) life assurance;
- (e) pensions;
- (f) investments;
- (g) consumer credit;
- (h) consumer hire; and
- (i) other credit-related regulated activities.

MCOB rules for Regulated Mortgage Contracts require that, (i) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (ii) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR, provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn- see below).

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

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

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

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

The guidance issued by the FSA (and, as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the 1999 Regulations, or reform of the 1999 Regulations, or the CRA, will not have a material adverse effect on the Sellers, the Servicers and the Issuer and their respective businesses and operations. This may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

On 17 May 2018, the FCA launched a consultation on new guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (GC18/2), outlining factors firms should consider under the CRA when drafting and reviewing variation terms in their consumer contracts. This follows developments in case law, including at the Court of Justice of the EU. The draft guidance relates to all financial services consumer contracts entered into since 1 July 1995. The consultation closed on 7 September 2018 with finalised guidance due to be published December 2018. The FCA have stated that the guidance when finalised should be read with the material already in the unfair contract terms

library on the FCA website and will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts they issue which contain variation terms.

Consumer Rights Act 2015

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

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

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

A term of a consumer contract which is not on the "grey list" may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it, provided it is transparent and prominent.

Where a term of a consumer contract (a contact between a trader and a consumer) is "unfair" under the CRA it will not bind the consumer (being an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). However, the remainder of the contract will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015 and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the "**CMA Guidance**"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs". In general, there is little reported case law on the UTCCR and/or the CRA and the interpretation of each is open to some doubt. The extremely broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to

Borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying mortgage loans (including in relation to early repayment charges). If any term of the Mortgage Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Sellers, the Issuer and/or the Servicers and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Mortgage Loans.

Decisions of the Ombudsman could lead to some terms of the Mortgage Loans being varied, which may adversely affect payments on the Notes

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on certain complaints relating to the activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account law and guidance. Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman.

As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to the borrower, it is not possible to predict how any future decision of the Financial Ombudsman Service would affect the ability of the Issuer to make payments to Noteholders.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and the Council adopted a Directive on unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally the Unfair Practices Directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Unfair Practices Directive is implemented in the UK by the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreement may result in irrecoverable losses on amounts to which such agreements apply. Breach of certain CPUTR provisions is a criminal offence. Further, the Consumer Protection (Amendment) Regulations 2014 amended the CPR with effect from 1 October 2014 so as to give consumers a right to redress for prohibited practices, including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for regulated mortgage contracts from 25 June 2010 (formerly these were matters of non-binding guidance) prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or a product switch, and (b) automatically capitalising a payment shortfall.

The Unfair Practices Directive provided for a transitional period until 12 June 2013 for the application of full harmonisation in the fields to which it applies. In March 2013, the European Commission published a report on the application of the Unfair Practices Directive, which indicated (among other things) that there is no case for further harmonisation in the fields of financial services and immovable property. No assurance can be given that the implementation of the Unfair Practices Directive into UK law and any further harmonisation will not have a material adverse effect on the Mortgage Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

Mortgage repossession

In June 2010, the FSA made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms (such as TPFL and Blemain) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under these rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA indicated that it did not expect each forbearance option referred to in these rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant mortgage loan may be subject to as a result, inter alia, of such mortgage loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Servicers to take certain forbearance-related actions (which may not have been contemplated as at the date of this Prospectus or the Transaction Documents) in respect of one or more Mortgage Loans and their Collateral Security. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Mortgage Loans that involve a Borrower which experiences payment difficulties.

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

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be the relevant Seller or, in the event of it taking legal title to the Scottish Mortgage Loans and their Collateral Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements.

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

The Renting Homes (Wales) Act 2016

The Renting Home (Wales) Act (the "**Renting Homes Act**") received royal assent on 18 January 2016 but has not yet been brought into force. This Act will convert the majority of residential tenancies in Wales into a "standard contract" with retrospective effect when it has been brought into force, however some tenancies will not be converted with retrospective effect (including those which have protection under the Rent Act 1977 and tenancies for more than 21 years).

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

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

Private Housing (Tenancies) (Scotland) Act 2016

In 2016, the Scottish Parliament passed the Private Housing (Tenancies) (Scotland) Act 2016 (the "**2016 Act**") which came into force on 1 December 2017. One of the changes made by this legislation is to introduce a new form of tenancy in Scotland known as a "private residential tenancy" which is intended (except in a very limited number of exceptions) to provide tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds.

Accordingly, a lender or security-holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the legislation applies. It should be noted though that one of the grounds on which an eviction order can be sought is that a lender or security-holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession. The effect of this legislative change will primarily be restricted to any buy-to-let loans secured over Scottish Property.

The 2016 Act may result in lower recoveries in relation to buy-to-let mortgages over Properties in Scotland and may affect the ability of the Issuer to make payments to Noteholders.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only be required to be moved to the Land Register of Scotland (a process known as "first registration") when that property was sold or if the owner decided voluntarily to commence first registration. However, the 2012 Act sets out in provisions which are being brought into effect in stages, additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which would extend to any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a Perfection Event (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which, in the latter case, would extend to any assignation granted by the relevant Seller in favour of the Issuer in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement following a Perfection Event (a "**Scottish Sasine Transfer**")).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016. As the transaction contemplated by the Transaction Documents involves the sale of a relatively static pool of mortgages and standard securities, these changes should not have any immediate effect in relation to the Scottish Mortgages contained in the Portfolio at the Closing Date. As of the date of this Prospectus, the General Register of Sasines is now closed to the recording of standard securities. Notwithstanding the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignments of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely (although the Registers of Scotland have reserved the right to consult further on this issue in the future).

If the General Register of Sasines becomes closed to assignments of standard securities at any time after the date of this Prospectus, then this would also have an impact on the registration of Scottish Sasine Transfers in addition to impacting on the registration of Scottish Sasine Sub-Security executed following a Perfection Event, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

As noted above, such events will only occur following a Perfection Event and given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (the Registers of Scotland estimate that, in April 2016 around 60 per cent. of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the Provisional Portfolio, where, as at the Portfolio Reference Date, 4.4 per cent. (by Principal Balance) of the Properties are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

Other changes to the regulatory regime

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the relevant Seller's particular sector in that market or specifically in relation to that Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Sellers, the Issuer, the Servicers and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

CERTAIN TAX CONSIDERATIONS

UK Taxation Position of the Issuer

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

EU financial transactions tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's proposal**") for a financial transaction tax ("**FTT**") to be adopted in certain participating Member States (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission's

proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

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

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Withholding Tax under the Notes

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

In the event that any withholding or deduction for or on account of any tax is imposed in respect of payments in respect of the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) of the Notes, use reasonable endeavours to prevent such an imposition.

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

CERTAIN REGULATORY RISKS IN RESPECT OF THE NOTES

Change of Law

The structure of the transaction and, inter alia, the issue of the Notes and the ratings which are to be assigned to the Rated Notes are based on the law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may

occur without a change in primary legislation), administrative practice or tax treatment after the date of this document or can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes

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

In particular, investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework which may result in increased regulatory capital requirements in respect of certain positions. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**"). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements. As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities, may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

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

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Sellers to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by each Servicer or the Cash Administrator on the Issuer's behalf), please see the

statements set out in the section of this Prospectus headed "*EU Risk Retention Requirements*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Sellers, the Arranger, the Joint Lead Managers, the Co-Managers or any other party to the transaction makes any representation that the information described above is sufficient in all circumstances for such purposes.

It should be noted that the European authorities have reached political agreement on two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the coming new requirements and the current requirements including with respect to the certain matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

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

The Portfolio will be comprised of mortgage loans and their related security, all of which are originated by the Sellers, companies incorporated in England. See the section entitled "*The Cash Administrator, the Sellers and the Servicers*".

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h)(i), which are different than comparable provisions from Regulation S.

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Sellers and the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of the Sellers in the form of a U.S. Risk Retention Consent. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Prospectus) means any of the following:

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

Each holder of a Note or a beneficial interest therein acquired on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Sellers, the Arranger, the Joint Lead Managers and the Co-Managers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the

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

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

requirements of the U.S. Risk Retention Rules (including acquiring such Notes through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

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

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

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

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

Effects of the Volcker Rule on the Issuer

The Issuer was structured so as not to constitute a "covered fund" for the purposes of the Volcker Rule. In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions may be available, the parties have relied on the determination that the Issuer may rely on the loan securitization exclusion provided for by section __.10(c)(8) of the Volcker Rule. The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 1 April 2014, but was subject to a conformance period for certain funds which concluded on 21 July 2015. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes or the Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

General market volatility and post-UK referendum uncertainty

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular with respect to current economic, monetary and political conditions in the Eurozone. If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any member state(s) from the European Union and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the transaction

documents (including the Sellers, each Servicer, the Standby Servicer, the Cash Administrator, the Issuer Account Bank, the Interest Rate Cap Provider and/or the Collection Account Bank) and/or any borrower in respect of the underlying mortgage loans.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances.

There are a number of areas of uncertainty in connection with the future of the UK and its relationship with the European Union and the negotiation of the UK's exit terms and related matters may take several years. Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the impact that these matters will have on the business of the Issuer (including the performance of the underlying mortgage loans), any other party to the transaction documents and/or any borrower in respect of the underlying mortgage loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under EU regulation or more generally.

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

CRA Regulations

Prospective investors are responsible for ensuring that an investment in the Notes or Certificates is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, "CRA") which became effective on 20 June 2013. CRA may require, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other. Additionally, CRA requires certain additional disclosure to be made in respect of structured finance transactions.

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

Legal considerations may restrict certain investments

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

Potential effects of any additional regulatory changes

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

CERTAIN INSOLVENCY RISKS

Company voluntary arrangement and small companies moratorium

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

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

During the period for which a moratorium is in force in relation to a company, inter alia, no winding up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court). In addition, if the holder of security (the "chargee") created by that company consents or if the court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee's consent or the leave of the court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security. Further, during the period for which a moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company, and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

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

Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

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

English law security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents – Deed of Charge*"). In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English and, if applicable, Scottish insolvency laws).

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

Fixed charges may take effect under English law as floating charges

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges in favour of the Security Trustee over, amongst other things, its interests in the Mortgages and their respective Collateral Security, the Issuer's interest in its bank accounts maintained with the Account Bank and the Issuer's interest in all Authorised Investments purchased from time to time.

The law in England and Wales relating to the characterisation of fixed charges is unsettled. There is a risk that a court could determine that the fixed charges purported to be granted by the Issuer take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the charged property for the security to be said to constitute fixed charges. If the charges take effect as floating charges instead of fixed charges (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law), then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. Monies paid into accounts or derived from those assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

Liquidation expenses

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

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

Banking Act 2009

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. The Interest Rate Cap Provider, the Issuer Account Bank and Collection Account Bank are relevant transaction parties for these purposes.

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

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

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

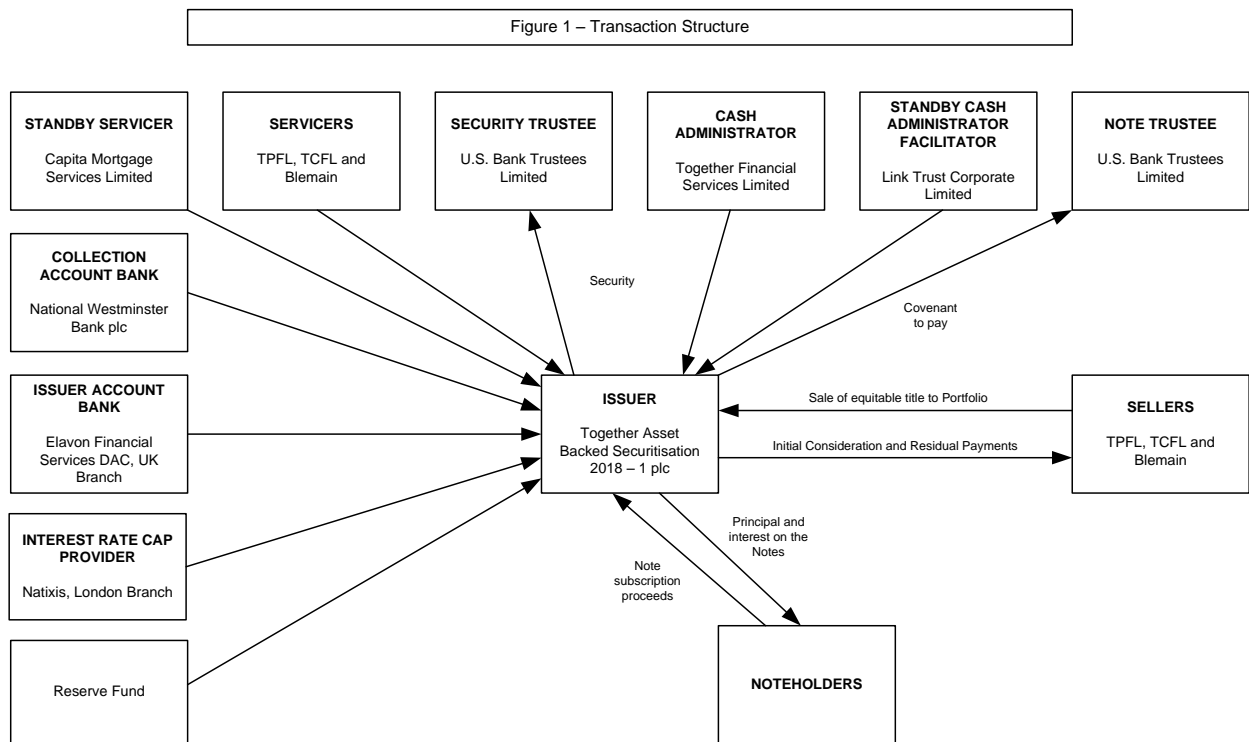
instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entity referred to above and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

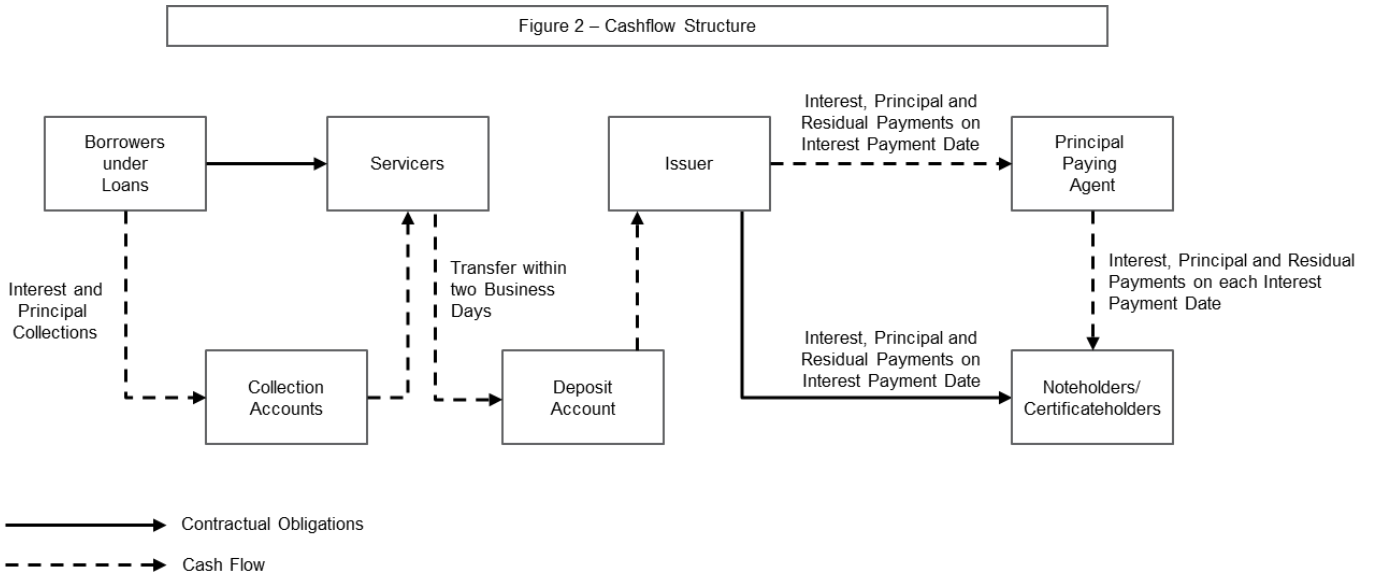
Lastly, as a result of the EU's Bank Recovery and Resolution Directive 2014/59/EU, which provides for the establishment of an EEA-wide framework for the recovery and resolution of credit institutions and investment firms and any other relevant national implementing measures, it is possible that an institution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

STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOWS



The Issuer will purchase the Portfolio on the Closing Date.

OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

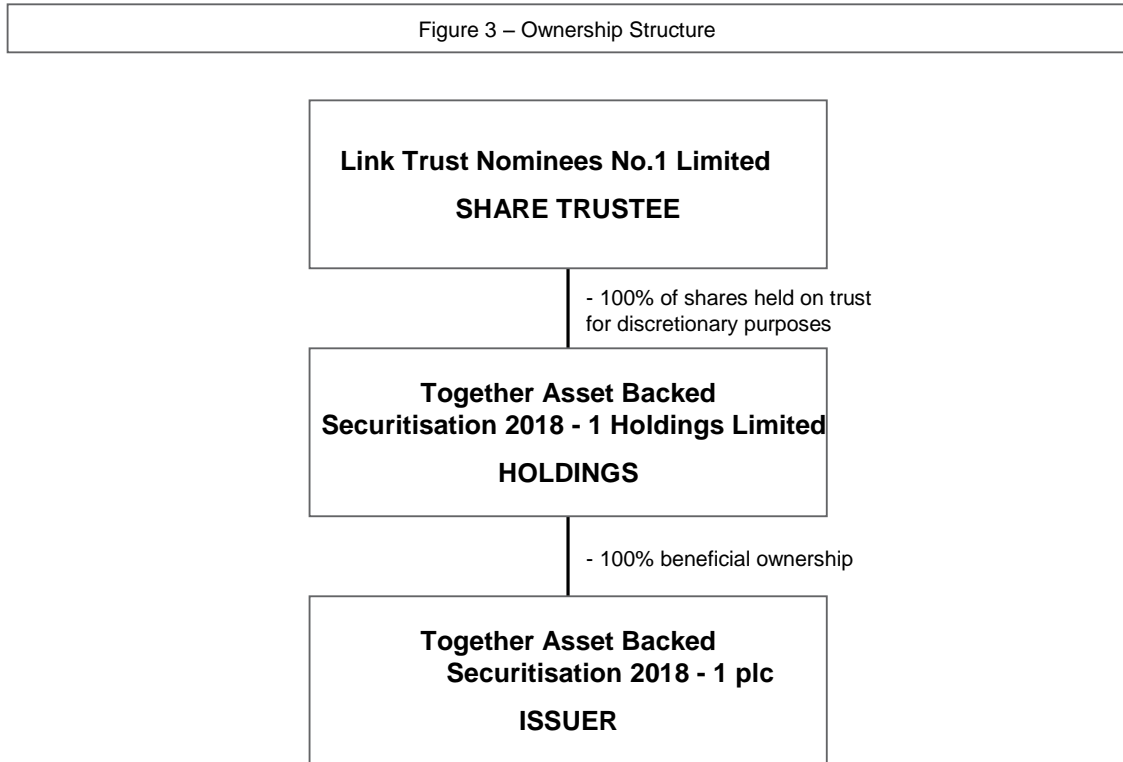


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

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

TRANSACTION OVERVIEW – TRANSACTION PARTIES

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

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

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

Party	Name	Address	Document under which appointed/Further Information
" Issuer "	Together Asset Backed Securitisation 2018 – 1 plc	6th Floor 65 Gresham Street, London, EC2V 7NQ	See the section entitled " <i>The Issuer</i> " for further information.
" Holdings "	Together Asset Backed Securitisation 2018 – 1 Holdings Limited	6th Floor 65 Gresham Street, London, EC2V 7NQ	See the section entitled " <i>Holdings</i> " for further information.
" Servicers "	Together Personal Finance Limited	Lake View, Lakeside, Cheadle, Cheshire SK8 3GW	Servicing Deed by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Deed</i> " and " <i>The Cash Administrator, the Sellers and the Servicers</i> " for further information.
	Together Commercial Finance Limited	Lake View, Lakeside, Cheadle, Cheshire SK8 3GW	
	Blemain Finance Limited	Lake View, Lakeside, Cheadle, Cheshire SK8 3GW	
" Sellers "	Together Personal Finance Limited (" TPFL ")	Lake View, Lakeside, Cheadle, Cheshire SK8 3GW	See the section entitled " <i>Summary of the Key Transaction Documents – Mortgage Sale Agreement</i> " and " <i>The Cash Administrator, the Sellers and the Servicers</i> " for further information.
	Together Commercial Finance Limited (" TCFL ")	Lake View, Lakeside, Cheadle, Cheshire SK8 3GW	
	Blemain Finance Limited (" Blemain ")	Lake View, Lakeside, Cheadle, Cheshire SK8 3GW	
" Cash Administrator "	Together Financial Services Limited	Lake View, Lakeside, Cheadle, Cheshire	Cash Administration Agreement by the Issuer. See

Party	Name	Address	Document under which appointed/Further Information
		SK8 3GW	the sections entitled " <i>Summary of the Key Transaction Documents – Cash Administration Agreement</i> " and " <i>The Cash Administrator, the Sellers and the Servicers</i> " for further information.
"Interest Rate Cap Provider"	Natixis, London Branch	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA	Interest Rate Cap Agreement by the Issuer. See the sections entitled " <i>Credit Structure – Interest Rate Risk for the Notes – Interest Rate Cap Agreement</i> " and " <i>The Interest Rate Cap Provider</i> " for further information.
"Standby Servicer"	Link Mortgage Services Limited	6th Floor 65 Gresham Street, London EC2V 7NQ	The Standby Servicing Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – Standby Servicing Agreement</i> " and " <i>The Standby Servicer</i> " for further information.
"Issuer Account Bank"	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Bank Account Agreement and the Custody Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – The Bank Account Agreement</i> ", " <i>Summary of the Key Transaction Documents – The Custody Agreement</i> ", and " <i>Issuer Account Bank</i> " for further information.
"Security Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Deed of Charge. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.
"Note Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Trust Deed. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.

Party	Name	Address	Document under which appointed/Further Information
"Principal Paying Agent" and "Agent Bank"	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Agency Agreement by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
"Registrar"	Elavon Financial Services DAC	Block E, Cherrywood Science & Technology Park, Loughlinstown, Co. Dublin 16, Ireland	In respect of the Notes and Residual Certificates, the Agency Agreement, by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
"Corporate Services Provider"	Link Trust Corporate Limited	The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU	Corporate Services Agreement by the Issuer and Holdings. See the section entitled " <i>The Corporate Services Provider</i> " for further information.
"Standby Cash Administrator Facilitator"	Link Trust Corporate Limited	The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU	Cash Administration Agreement by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Cash Administration Agreement</i> " for further information.
"Share Trustee"	Link Trust Nominees No.1 Limited	The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU	Share Trust Deed by the Share Trustee.
"Arranger"	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Joint Lead Managers"	Citigroup Global Markets Limited	33 Canada Square, Canary Wharf, London E14 5LB	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
	HSBC Bank plc	8 Canada Square, London E14 5HQ	
	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	
"Co-Managers"	Natixis	30 avenue Pierre Mendès-France 75013 Paris, France	
	NatWest Markets Plc	250 Bishopsgate,	

Party

Name

Address

**Document under which
appointed/Further
Information**

London EC2M 4AA

TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

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

Sale of Portfolio:

The Portfolio will consist of the Mortgage Loans and their Collateral Security which will be sold by the Sellers to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement.

The English Mortgage Loans and their Collateral Security are governed by English law and the Scottish Mortgage Loans and their Collateral Security are governed by Scots law.

The Mortgage Loans have been originated by the Sellers. While Blemain no longer originates new mortgage loans, it will act as a Seller and a Servicer in the transaction.

The sale by the Sellers to the Issuer of each English Mortgage Loan and its Collateral Security in the Portfolio will be given effect by an equitable assignment.

The sale by each Seller to the Issuer of each Scottish Mortgage Loan and its Collateral Security in the Portfolio will be given effect by a declaration of trust by the relevant Seller in favour of the Issuer granted on the Closing Date (a "**Scottish Declaration of Trust**" which term shall also (where the context so permits) include any additional declaration of trust by the relevant Seller in favour of the Issuer granted after the Closing Date in respect of any Further Mortgage Advance or Substitute Mortgage Loan that is (or is in relation to) a Scottish Mortgage Loan under the terms of the Mortgage Sale Agreement).

The terms "**sale**", "**sell**" and "**sold**" when used in this Prospectus in connection with the Mortgage Loans and their Collateral Security shall be construed to mean each such creation of an equitable interest and such equitable assignment and the beneficial interest created under and pursuant to the Scottish Declaration of Trust, as applicable. The terms "**repurchase**" and "**repurchased**" when used in this Prospectus in connection with a Mortgage Loan and its Collateral Security shall be construed to include the repurchase of the equitable interest of the Issuer in respect of such Mortgage Loan and its Collateral Security (to the extent that it is an English Mortgage Loan) and the repurchase of the beneficial interest in respect of such Mortgage Loan and its Collateral Security (to the extent that it is a Scottish Mortgage Loan) under the Scottish Declaration of Trust and the release of such Mortgage Loan and its Collateral Security from the Scottish Declaration of Trust pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Mortgage Loans and their Collateral Security comprising the Portfolio will not be given to the relevant individual or individuals or UK

incorporated limited companies specified as borrowers in respect of a Mortgage Loan or the individual or individuals or UK incorporated limited companies (if any) from time to time assuming an obligation to repay (under a guarantee or otherwise) such Mortgage Loan or any part of it (collectively, the "**Borrowers**" and each a "**Borrower**") and the Issuer will not apply to the Land Registry or the Registers of Scotland to register or record its equitable or beneficial interest in the English Mortgages or take any steps to complete or perfect its title to the Scottish Mortgages. Prior to the occurrence of a Perfection Event, the legal title to each Mortgage Loan and its Collateral Security in the Portfolio will be held by the relevant Seller on bare trust for the Issuer (including, in respect of a Scottish Mortgage Loan, under the Scottish Declaration of Trust). Following a Perfection Event and notice of the transfer of the Mortgage Loans and their Collateral Security to the Issuer being sent to the relevant Borrowers, legal title to the Mortgage Loans and their Collateral Security (subject to appropriate registration or recording at the Land Registry or the Registers of Scotland (as appropriate)) will pass to the Issuer.

Features of the Mortgage Loans:

Except as otherwise indicated, the following is a summary of certain features of the Mortgage Loans comprising the Provisional Portfolio determined by reference to the features of each loan in the Provisional Portfolio as at the Portfolio Reference Date and investors should refer to, and carefully consider, further details in respect of the Mortgage Loans set out in the sections of this Prospectus entitled "*The Mortgage Loans*" and "*Characteristics of the Provisional Portfolio*". The Mortgage Loans are secured by first or second priority charges or (in Scotland) first or second ranking standard securities over freehold, heritable and leasehold properties in England, Wales and Scotland.

"Portfolio Reference Date" 24 July 2018

Type of mortgage loan	Repayment and Interest Only Loan
Type of mortgage	First and second ranking charges
Buy-To-Let Mortgage Loans (as % of Principal Balance)*	15.5%
Owner-occupied properties (as % of Principal Balance)*	84.5%
First ranking charges (as % of Principal Balance)*	44.1%
Second ranking charges (as % of Principal Balance)*	55.9%
Number of loans in the Provisional Portfolio*	4,093
Mortgage Loans with arrears greater than one month*	Nil-

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

	Average/Weighted Average	Minimum	Maximum
Principal Balance*	£74,415	£15,048	£1,350,000
Original LTV*	55.5%	2.8%	83.2%
Current LTV*	55.1%	2.8%	83.1%
Interest Rate*	7.2%	6.0%	16.0%
Seasoning (months)*	10.53	0.2	42.6
Remaining Term (years)*	16.61	1.7	30.0

Consideration:

The consideration from the Issuer to the Sellers in respect of the sale of the Portfolio shall comprise: (a) the Initial Purchase Price, which is due and payable on the Closing Date and (b) deferred consideration consisting of the Residual Payments in respect of the Portfolio payable pursuant to the applicable Priority of Payments, the right to such Residual Payments being represented by the Residual Certificates to be issued by the Issuer and delivered to, or at the direction of, each of the Sellers on the Closing Date.

"**Initial Purchase Price**" means the aggregate Principal Balance of the Mortgage Loans (excluding Collection Costs) as at the Cut-Off Date.

"**Cut-Off Date**" means 30 October 2018.

Any Residual Payment will be paid to the Certificateholders in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

Each Seller shall transfer to the Issuer within two Business Days of the Closing Date an amount equal to all collections received on the Mortgage Loans and their Collateral Security comprised in the Portfolio from (but excluding) the Cut-Off Date to (but excluding) the Closing Date.

Representations and Warranties:

Each Seller will make certain Loan Warranties regarding the Mortgage Loans and Collateral Security to the Issuer and the Security Trustee in relation to the Mortgage Loans and their Collateral Security comprised in the Portfolio on the Closing Date and in respect of a Further Mortgage Advance on the relevant Advance Date, or, in respect of a Product Switch on the relevant Switch Date, or, in respect of a Substitute Mortgage Loan on the relevant Substitution Date.

In addition to representations and warranties in respect of the legal nature

of the Mortgage Loans and their Collateral Security, there are also asset Loan Warranties which include the following:

- (a) Each Mortgage Loan and the related Collateral Security and Assigned Rights are originated in the name of the relevant Seller in its ordinary course of business who is the holder of legal and beneficial title to the same, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption and subject to registration or recording at the Land Registry or the Registers of Scotland (as the case may be) of the relevant Seller as proprietor or heritable creditor of the relevant Mortgage.
- (b) Each English Mortgage Loan is secured by either:
 - (i) (in the case of First Mortgage Loans) a valid and subsisting first legal mortgage; or
 - (ii) (in the case of Second Mortgage Loans) a valid and subsisting second legal mortgage,

subject to completion of any registration or recording with the Land Registry and there is nothing to prevent that registration or recording from being effected; or
 - (A) (in the case of Second Mortgage Loans for which any restriction to registration may exist) a second equitable charge with appropriate title insurance; or
 - (B) (in the case of second equitable charges for which title insurance does not exist) a second equitable charge only,

over the Property to which it relates.
- (c) Each Scottish Mortgage Loan is secured by a valid and subsisting first ranking Standard Security or a second ranking Standard Security over the Property to which it relates (subject to completion of any registration or recording with the Registers of Scotland and (in those cases) there is nothing to prevent that registration or recording from being effected);
- (d) Each Property is a residential property situated in England, Wales or Scotland.
- (e) The amount outstanding under each Mortgage Loan is a valid debt to the relevant Seller (as holder of the legal title to the Mortgage Loan) from the Borrower arising from advances of money to the Borrower and, except for any Mortgage Loan and its Collateral Security which is not binding by virtue of UTCCR or the Consumer Rights Act 2015, the terms of each Mortgage Loan and its Collateral Security constitute valid, binding and legally enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion

in relation to equitable remedies and (ii) this warranty only applies in relation to interest and principal payable by the Borrower.

- (f) No Borrower (if any) in relation to any Mortgage Loan is an employee of the relevant Seller or any Affiliate.
- (g) In the case of each Mortgage Loan secured over registered land in England or Wales:
 - (i) the Property is registered in the name of the Borrower with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title in the case of freehold or leasehold title where such possessory title has been taken into account by the value in the Valuation; or
 - (ii) is in the course of registration with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title in the case of freehold or leasehold title where such possessory title has been taken into account by the value in the Valuation; and
 - (iii) there is no caution, notice or other entry which would prevent the registration of each:
 - (A) First Mortgage Loan as a first legal mortgage; and
 - (B) Second Mortgage Loan as a second legal mortgage,and an application for registration has been delivered to the Land Registry within the priority period conferred by an official search against the relevant title at the Land Registry; or
 - (iv) (in relation to a second equitable charge and subject to paragraph (b)(B) above) any such caution, notice or other entry which may prevent registration of or enforceability as a second legal mortgage is off-set by appropriate title insurance.
- (h) In the case of each Mortgage Loan secured over any Property situated in Scotland:
 - (i) the Borrower has a valid and marketable heritable or long lease title to the relevant Property duly registered or recorded or in the course of registration or recording (as applicable) in the Registers of Scotland with absolute warrandice, free from any encumbrance, notice or adverse entry which would affect such title and (in the case of Properties registered or in the course of registration in the Land Register of Scotland) without exclusion or qualification of indemnity in terms of Section 12(2) of the

Land Registration (Scotland) Act 1979 and/or exclusion or qualification of warranty in terms of the Land Registration etc. (Scotland) Act 2012;

- (ii) there is no encumbrance, notice or other adverse entry which would prevent the registration or recording (as applicable) of the relevant Scottish Mortgage in the Registers of Scotland as a first (in relation to First Mortgage Loans) or second (in relation to Second Mortgage Loans) ranking standard security; and
 - (iii) all MH/CP Documentation evidencing that the Borrower has acquired title to the Property free of any occupancy rights of any "non-entitled spouse" or "non-entitled civil partner" and that the standard security by the relevant Borrower in favour of the relevant Seller is likewise unaffected by any such occupancy rights, all in terms of Section 8 of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or Section 101 of the Civil Partnership Act 2004 (as applicable), has been obtained and is held by or to the order of the relevant Seller.
- (i) Each Mortgage Loan originated by Blemain has a maximum term of no longer than 30 years and each Mortgage Loan originated by TCFL and TPFL has a maximum term of no longer than 40 years.
 - (j) So far as the relevant Seller is aware, no Bankruptcy Event or Insolvency Event is continuing in relation to a Borrower and no Borrower is subject to Bankruptcy Proceedings or Insolvency Proceedings.
 - (k) The relevant Seller has not supplied or brokered PPI in respect of any Borrower's payment obligations under any Mortgage Loan.

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

Repurchase of the Mortgage Loans and Collateral Security:

Each Seller is severally liable for the repurchase of the relevant Mortgage Loans and their Collateral Security in the following circumstances:

- upon a material breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period);
- if the Issuer is unable to fund the purchase of any Further Mortgage Advance from funds standing to the credit of the Principal Ledger; or
- in certain circumstances upon making a Product Switch or Further Mortgage Advance if the relevant Seller has notified the Issuer that certain conditions have not been met. See "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*".

Consideration for repurchase:

The consideration payable by a Seller in respect of the repurchase of an affected Mortgage Loan and its Collateral Security shall be a cash payment and/or the substitution of an equivalent Mortgage Loan(s) (the "**Substitute Mortgage Loans**") such that the aggregate Principal Balance of the Substitute Mortgage Loan(s) (if any) and the cash payment amount (if any) is equal to the Principal Balance of the relevant Mortgage Loans (excluding Collection Costs) as per the Determination Date immediately prior to the relevant repurchase date, but increased with accrued but unpaid interest from such Determination Date up to the repurchase date, together with an amount equal to all other non-interest amounts due and unpaid (but not capitalised) under such Mortgage Loans.

See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Repurchase price*" for further information.

Title and Perfection Events:

Prior to the completion of the transfer of legal title of the Mortgage Loans and their Collateral Security to the Issuer, legal title of the Mortgage Loans and their Collateral Security will remain with the relevant Seller and the Issuer will hold only the equitable title or, in relation to any Scottish Mortgage Loans and their Collateral Security, the beneficial interest in those Mortgage Loans and their Collateral Security pursuant to the Scottish Declaration of Trust and will therefore be subject to certain risks as set out in the risk factor entitled "*Each Seller to initially retain legal title to the Mortgage Loans and risks relating to set-off*" in the section entitled "*Risk Factors – Risks Related to the Mortgages*".

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

Servicing of the Portfolio:

Each Servicer agrees to service the Mortgage Loans to be sold to the Issuer and their Collateral Security on behalf of the Issuer and, where applicable, each Seller. Following the service of an Enforcement Notice, each Servicer shall act at the direction of the Security Trustee.

The appointment of the Servicers may be terminated by the Issuer and/or the Security Trustee if any Servicer Termination Event occurs and is continuing in relation to any of the Servicers (see "*Servicer Termination Events*" in the "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*").

A Servicer may also resign by giving not less than three months' notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed. See the section entitled "*Summary of the Key Transaction Documents – Servicing Deed*".

Option Holder may exercise the Call Option:

Pursuant to the Call Option, the Option Holder may, pursuant to and subject to the terms of the Mortgage Sale Agreement, require the Issuer to:

- (a) sell and transfer the beneficial title to all (but not some) of the Mortgage Loans and their Collateral Security comprising the Portfolio in consideration for the Optional Purchase Price to one or more Beneficial Title Transferee(s); and

- (b) (if applicable) transfer the legal title to all (but not some) of the Mortgage Loans and their Collateral Security comprising the Portfolio, or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that each Seller transfers legal title, to one or more Legal Title Transferee(s),

on any Interest Payment Date falling on or after (i) the Optional Redemption Date, (ii) any Collection Period Start Date on which the aggregate Principal Balance of the Mortgage Loans was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date or (iii) a change in tax law that results in the Issuer or the Interest Rate Cap Provider being required to make a deduction or withholding for or on account of tax, or the occurrence of certain illegality events.

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

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

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

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class R Notes	Class Z Notes	Residual Certificates
Principal Amount:	£225,200,000	£12,200,000	£12,200,000	£23,000,000	£7,211,000	£14,348,000	
Credit enhancement features:	Overcollateralisation funded by other Notes, Revenue Receipts and the General Reserve Fund Ledger prior to the service of an Enforcement Notice, and following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Ledger	Overcollateralisation funded by other Notes (other than the Class A Notes), Revenue Receipts and the General Reserve Fund Ledger prior to the service of an Enforcement Notice, and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Ledger	Overcollateralisation funded by the Class D Notes, the Class R Notes and the Class Z Notes, Revenue Receipts and the General Reserve Fund Ledger prior to the service of an Enforcement Notice, and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Ledger	Overcollateralisation funded by the Class R Notes and the Class Z Notes, Revenue Receipts and the General Reserve Fund Ledger prior to the service of an Enforcement Notice, and, following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund Ledger	Overcollateralisation funded by the Class Z Notes, Revenue Receipts and following service of an Enforcement Notice, all amounts credited to the General Reserve Fund Ledger and Class A Liquidity Reserve Fund Ledger	Revenue Receipts and following service of an Enforcement Notice, all amounts credited to the General Reserve Fund Ledger and Class A Liquidity Reserve Fund Ledger	N/A
Liquidity support features	Subordination in payment of the other Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the General Reserve Fund Ledger and Class A Liquidity Reserve Fund Ledger	Subordination in payment of the other Notes (other than the Class A Notes), Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit (if currently the Most Senior Class of Notes) and the amounts credited to the General Reserve Fund Ledger	Subordination in payment of the Class D Notes, the Class R Notes and the Class Z Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit (if currently the Most Senior Class of Notes) and the amounts credited to the General Reserve Fund Ledger	Subordination in payment of the Class R Notes and the Class Z Notes, Available Principal Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit (if currently the Most Senior Class of Notes) and the amounts credited to the General Reserve Fund Ledger	Subordination in payment of the Class Z Notes	None	N/A
Issue Price:	100%	100%	100%	100%	100%	100%	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class R Notes	Class Z Notes	Residual Certificates
Reference Rate/ Fixed Rate:	Three Month LIBOR	Three Month LIBOR	Three Month LIBOR	Three Month LIBOR	N/A	N/A	N/A
Margin (payable up to and including the Optional Redemption Date)	1.18% p.a.	1.65% p.a.	2.10% p.a.	2.75% p.a.	N/A	N/A	N/A
Interest Accrual Method:	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	30/360	30/360	N/A
Interest Payment Dates:	12th day of each calendar month	12th day of each calendar month	12th day of each calendar month	12th day of each calendar month	12th day of each calendar month	12th day of each calendar month	N/A
First Interest Payment Date:	December 2018	December 2018	December 2018	December 2018	December 2018	December 2018	N/A
Final Maturity Date:	The Interest Payment Date falling in July 2050	The Interest Payment Date falling in July 2050	The Interest Payment Date falling in July 2050	The Interest Payment Date falling in July 2050	The Interest Payment Date falling in July 2050	The Interest Payment Date falling in July 2050	N/A
Step-Up Margin (payable after the Optional Redemption Date)	2.36% p.a.	2.65% p.a.	3.10% p.a.	3.75% p.a.	N/A	N/A	N/A
Optional Redemption Date:	The Interest Payment Date falling in November 2022	The Interest Payment Date falling in November 2022	The Interest Payment Date falling in November 2022	The Interest Payment Date falling in November 2022	The Interest Payment Date falling in November 2022	The Interest Payment Date falling in November 2022	N/A
Application for Exchange Listing:	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A
ISIN:	XS1892256444	XS1892256790	XS1892256873	XS1892256956	GB00BZ06F076	GB00BZ06F183	GB00BZ06F290
Common Code:	189225644	189225679	189225687	189225695	N/A	N/A	N/A
Ratings (Moody's/ DBRS):	Aaa(sf)/ AAA(sf)	Aa1(sf)/ AA(high)(sf)	Aa3(sf)/ A(high)(sf)	Baa2(sf)/ BBB(high)(sf)	Not rated	Not rated	Not rated
Clearing/ Settlement	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	N/A	N/A	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class R Notes	Class Z Notes	Residual Certificates
Minimum Denomination	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	N/A
Governing law of the Notes	English	English	English	English	English	English	English

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

TRANSACTION OVERVIEW – OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND THE RESIDUAL CERTIFICATES

- Ranking and Form of the Notes:** On the Closing Date, the Issuer will issue the following classes of Notes under the Trust Deed:
- Class A Mortgage Backed Floating Rate Notes due July 2050 (the "**Class A Notes**");
 - Class B Mortgage Backed Floating Rate Notes due July 2050 (the "**Class B Notes**");
 - Class C Mortgage Backed Floating Rate Notes due July 2050 (the "**Class C Notes**");
 - Class D Mortgage Backed Floating Rate Notes due July 2050 (the "**Class D Notes**");
 - Class R Fixed Rate Notes due July 2050 (the "**Class R Notes**"); and
 - Class Z Mortgage Backed Fixed Rate Notes due July 2050 (the "**Class Z Notes**"),

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

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

- Residual Certificates:** On the Closing Date, the Issuer will also issue the residual certificates to the Sellers under the Trust Deed (the "**Residual Certificates**" and the holders thereof, the "**Certificateholders**") representing the right to receive the Residual Payments by way of deferred consideration for the Issuer's purchase of the Portfolio.

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

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

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

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

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

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

The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to Residual Payments at all times, and are subordinate to all payments due in respect of the Notes.

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

Security:

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

Pursuant to and as more fully described in the Deed of Charge on the Closing Date, the Notes and Residual Certificates will be secured by, among other things, the following security (the "**Security**"):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in and to the Transaction Documents (other than the Trust Deed, the Deed of Charge, any Scottish Trust Security and any Scottish Declaration of Trust) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Interest Rate Cap Agreement shall be subject to any rights of set-off or netting provided for thereunder);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in the English Mortgage Loans and their Collateral Security and other related rights comprised in the Portfolio (other than in respect of Scottish Mortgage Loans) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's beneficial interest in the Scottish Mortgage Loans and their Collateral Security (comprising the Issuer's beneficial interest under the trusts declared by the Sellers over such Scottish Mortgage Loans and their Collateral Security for the benefit of the Issuer pursuant to any Scottish Declaration of Trust);
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account and each IRC

Collateral Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;

- (f) an assignment by way of first fixed security of (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust);
- (g) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Administrator on its behalf; and
- (h) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security, including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of the charges referred to above as aforesaid).

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

Interest Provisions: Please refer to the "*Full Capital Structure of the Notes*" table in the section entitled "*Transaction Overview – Summary of the Terms and Conditions of the Notes*" and as fully set out in Condition 6 (*Interest*).

Deferral: Interest due and payable on the Most Senior Class of Notes may not be deferred. Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 17 (*Subordination by Deferral*).

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

Redemption: The Notes are subject to the following redemption events:

- mandatory redemption in whole on the Interest Payment Date falling in July 2050 (the "**Final Maturity Date**"), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date but prior to the service of an Enforcement Notice subject to availability of Available Principal Receipts (to the extent not applied to cover any Senior Expenses Deficit) which shall be applied:
 - (a) first, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full;
 - (b) second, on a *pari passu* and *pro rata* basis to repay the Class B Notes until they are repaid in full;
 - (c) third, on a *pari passu* and *pro rata* basis to repay the Class C Notes until they are repaid in full;

- (d) fourth, on a *pari passu* and *pro rata* basis to repay the Class D Notes until they are repaid in full;
 - (e) fifth, on a *pari passu* and *pro rata* basis to repay the Class R Notes until they are repaid in full; and
 - (f) sixth, on a *pari passu* and *pro rata* basis to repay the Class Z Notes until they are repaid in full.
- mandatory redemption of the Notes in full and the cancellation of the Residual Certificates following the exercise by the Option Holder of the Call Option, as fully set out in Condition 8.3 (*Mandatory Redemption of the Notes in Full*), or mandatory redemption of the Notes in full as set out in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*);

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

Expected Average Lives of the Notes:

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

Event of Default:

As fully set out in Condition 11 (*Events of Default*) and Residual Certificates Condition 10 (*Events of Default*), which includes, among other events (where relevant, subject to the applicable grace period):

- in respect of the Notes only, subject to the deferral provisions in Condition 17 (*Subordination by Deferral*), non-payment of interest and/or principal and such non-payment continues for a period of three Business Days in the case of interest and five Business Days in the case of principal;
- in respect of the Residual Certificates only, failure to pay any amount due and the default continues for more than 14 Business Days from the due date for payment (provided that all of the Notes have been redeemed in full);
- breach of any other contractual obligations by the Issuer under the Transaction Documents if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- in respect of the Notes only, any material representation or warranty made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- the Issuer ceasing or threatening to cease to carry on the whole or a substantial part of its business; and

- the occurrence of certain insolvency related events in relation to the Issuer.

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

Any condition, event, act or circumstance which would or could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Note Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*), become an Event of Default shall be a "**Potential Event of Default**".

Limited Recourse and Non-Petition:

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.4 (*Limited Recourse*). In accordance with Condition 12.3 (*Limitations on Enforcement*), no Noteholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

The Certificateholders are only entitled to funds which are available to the Issuer in accordance with the applicable Priority of Payments and therefore the Residual Certificates are limited recourse obligations of the Issuer.

Governing Law:

English law (other than any terms of the Transaction Documents which are particular to Scots law which will be construed in accordance with Scots law and each Scottish Declaration of Trust and each Scottish Trust Security which will be governed by Scots Law).

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

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

Prior to an Event of Default: Prior to the occurrence of an Event of Default, Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding or, as applicable, Certificateholders holding not less than 10 per cent. of the number of Residual Certificates then in issue, are entitled to convene a Noteholders' meeting or a Certificateholders' meeting respectively.

However, so long as no Event of Default has occurred and is continuing, neither the Noteholders nor the Certificateholders are entitled to instruct or direct the Issuer to take any actions, either directly or through the Note Trustee, without the consent of the Issuer and, if applicable, certain other transaction parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

Following an Event of Default: Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes, or if an Extraordinary Resolution of the holders of the Most Senior Class of Notes is passed (or, if the Notes have been redeemed in full, the Certificateholders may, if they hold not less than 25 per cent. of the number of Residual Certificates then in issue or if an Extraordinary Resolution of the Certificateholders is passed), direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest or that all Residual Payments pursuant to the Residual Certificates are immediately due and payable, as applicable. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

Noteholders and Certificateholders Meeting provisions:	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days	At least 10 clear days
Quorum:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. of the Residual Certificates then in issue, as applicable, for transaction of business	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 10 per cent. of the Residual Certificates then in issue, as applicable, for transaction of business

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

including the considering of an Ordinary Resolution. The quorum for considering an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. of the Residual Certificates then in issue, as applicable. The quorum for considering a Basic Terms Modification at a meeting of any affected Class or Classes of Notes or (if affected) of the Residual Certificates shall be one or more persons eligible to attend and vote at such meeting holding or representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and, in the case of the Residual Certificates, holding or representing not less than 50 per cent. of the Residual Certificates then in issue, as applicable.

Required majority for Ordinary Resolution:

A clear majority of persons eligible to attend and vote at such meeting and voting at that meeting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (an "**Ordinary Resolution**").

Required majority for Extraordinary Resolution:

Majority consisting of not less than three-quarters of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll (an "**Extraordinary Resolution**").

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

Matters requiring Extraordinary Resolution:

The following matters require an Extraordinary Resolution of the Noteholders (and, in the case of a Basic Terms Modification, an Extraordinary Resolution of the Certificateholders), as set out in the Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights arise under the Trust Deed, any other Transaction Document or otherwise;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes or the Residual Certificates other than in accordance with Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), Condition 13.10 (*Issuer Substitution Condition*) or Residual Certificates Condition 12.9 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to approve the appointment of a substitute servicer in circumstances where a Servicer has resigned and the appointment of the substitute servicer in the opinion of the Security Trustee could have an adverse effect on the rating of the Rated Notes or if it is not clear to the Security Trustee whether the rating for the Rated Notes will be maintained as the rating before the termination of that Servicer;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;

- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from all Liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution; and
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Residual Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash; or
- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

Relationship between Classes of Noteholders and Certificateholders:

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

The voting rights of the Certificateholders are limited to the extent that any Ordinary Resolution or Extraordinary Resolution of the Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Ordinary Resolution or Extraordinary Resolution, respectively, of the Most Senior Class of Notes and all other Classes of Notes then outstanding, or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and all other Classes of Notes then outstanding.

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

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

- (a) (i) any Class of Notes of one class only or (ii) the Residual Certificates shall be deemed to have been duly passed if passed at a meeting (or by a

resolution in writing or, in respect of the Rated Notes only, by a resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of (x) that Class of Notes so affected or (y) the Residual Certificates;;

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

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

Relationship between Noteholders and other Secured Creditors:

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

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

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders, the Certificateholders and the other Secured Creditors, the Security Trustee will take into account the interests of the Noteholders only in the exercise of its discretion. So long as the Notes have been redeemed in full but any Secured Obligations remain outstanding and there is a conflict between Certificateholders and the Secured Creditors (other than the Noteholders and the Certificateholders), the Security Trustee will take into account the interests of the Certificateholders (and not the other Secured Creditors) only in the exercise of its

discretion.

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

Relevant Person as Noteholder or Certificateholder:

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

Provision of Information to the Noteholders and Certificateholders:

The Cash Administrator on behalf of the Issuer will publish the monthly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio in respect of the relevant Collection Period, information in relation to the Notes including, but not limited to, the ratings of the Rated Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments, and confirmation of the Sellers' compliance with Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation (the "**Investor Report**"). Such Investor Reports will be published at www.usbank.com/abs on or around the Calculation Date. In addition, loan level information will be provided on a monthly basis and published at www.usbank.com/abs.

Communication with Noteholders:

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

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

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

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

Communication with Certificateholders:

The Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Residual Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

TRANSACTION OVERVIEW – CREDIT STRUCTURE AND CASHFLOW

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

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

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

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

Payments); and

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

Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date);

less:

(l) amounts (which would otherwise constitute Revenue Receipts) applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Sellers) such as (but not limited to):

- certain costs and expenses charged by the Servicers or the Replacement Servicer in respect of its servicing of the Mortgage Loans, other than the Servicing Fee and not otherwise covered by the items below;
- payments of certain insurance premiums in respect of the Insurance Policies (to the extent referable to the Mortgage Loans);
- amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and
- any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within this item (l) being collectively referred to herein as "**Third Party Amounts**");

less

(m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and

less

(n) for the avoidance of doubt, any Interest Rate Cap Fees.

"Revenue Receipts" means the net sum of all monies received in respect of any Mortgage Loan (excluding Principal Receipts), all interest on credit balances in the Issuer Accounts (other than the IRC Collateral Accounts), all insurance monies received or recovered in respect of the Mortgage Loans and/or their related Collateral Security to which the Issuer is beneficially entitled (but only to the extent that such amounts are paid by way of compensation for amounts which would otherwise have constituted a Revenue Receipt) and all other revenues

derived from the Issuer's business to which the Issuer is beneficially entitled (including, without limitation, the costs, fees and expenses payable by a Mortgagor to the extent the Issuer is reimbursed by such Borrower for and is beneficially entitled to the same), any Application Fees (excluding, for the avoidance of doubt, any Collection Costs) and all other amounts in the nature of fees deposited in the Deposit Account in respect of any Mortgage Loan.

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer during the immediately preceding Collection Period, minus an amount equal to the aggregate of all Further Mortgage Advance Purchase Prices to be paid by the Issuer on that Interest Payment Date);
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Principal Receipts in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments (the **"Enhanced Amortisation Amounts"**);
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);
- (e) (in respect of the first Interest Payment Date only) the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Rated Notes over the Initial Purchase Price.

"Principal Receipts" means all principal received or recovered in respect of the Mortgage Loans and their related Collateral Security principal recovered upon enforcement of the related Collateral Security and the principal element of the purchase price or repurchase price paid to the Issuer on the disposal by it of one or more Mortgage Loans, and all insurance monies received or recovered in respect of the Mortgage Loans and their related Collateral Security to which the Issuer is beneficially entitled (but only to the extent that such amounts are paid by way of compensation for amounts which would otherwise have constituted Principal Receipts), other than any principal repayments

comprising Optional Purchase Collections and the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option.

"**Collection Period**" means the period commencing on (and including) a Collection Period Start Date and ending on (but excluding) the immediately following Collection Period Start Date except that the first Collection Period will commence on (and exclude) the Cut-Off Date and end on (and exclude) the Collection Period Start Date falling in November 2018.

"**Collection Period Start Date**" means the first calendar day of each calendar month, and the first Collection Period Start Date will be 1 November 2018.

"**AV Negative Interest Amounts**" means, in respect of any negative Interest Amount (as defined in the Interest Rate Cap Agreement), the absolute value of such negative Interest Amount.

Summary of Payment Priorities:

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

<u>Pre-Enforcement Revenue</u>	<u>Pre-Enforcement Principal</u>	<u>Post-Enforcement Priority of Payments:</u>
<p><u>Priority of Payments:</u></p> <p>(a) <i>Pro rata and pari passu</i> to amounts due to the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses</p> <p>(b) <i>Pro rata and pari passu</i> to amounts due to the Agent Bank, the Registrar, the Paying Agents, the Cash Administrator, the Servicers, the Corporate Services Provider, the Standby Servicer, the Standby Cash Administrator Facilitator and the Issuer Account Bank, in each case including all fees and costs</p> <p>(c) <i>Pro rata and pari passu</i> to pay third party expenses (if any)</p> <p>(d) Any Replacement IRC</p>	<p><u>Priority of Payments:</u></p> <p>(a) Principal Addition to be applied to meet any Senior Expenses Deficit</p> <p>(b) <i>Pro rata and pari passu</i> to the principal amounts due on the Class A Notes until redeemed in full</p> <p>(c) <i>Pro rata and pari passu</i> to the principal amounts due on the Class B Notes until redeemed in full</p> <p>(d) <i>Pro rata and pari passu</i> to the principal amounts due on the Class C Notes until redeemed in full</p> <p>(e) <i>Pro rata and pari passu</i> to the principal amounts due on the Class D Notes until redeemed in full</p>	<p>(a) <i>Pro rata and pari passu</i> to amounts due in respect of the Receiver, the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses</p> <p>(b) <i>Pro rata and pari passu</i> to amounts due in respect of the fees and costs of the Agent Bank, the Registrar, the Paying Agents, the Cash Administrator, the Servicers, the Corporate Services Provider, the Standby Servicer, the Standby Cash Administrator Facilitator and the Issuer Account Bank, in each case including all fees and costs</p> <p>(c) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class A Notes until redeemed in full</p> <p>(d) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class B</p>

	Premium payable to a replacement interest rate cap provider to the extent that the available monies and securities standing to the credit of each IRC Collateral Account is insufficient to cover such Replacement IRC Premium in accordance with the IRC Collateral Account Priority of Payments	(f)	On or after the Optional Redemption Date, <i>pro rata</i> and <i>pari passu</i> to the interest due on the Class R Notes	(e)	Notes until redeemed in full <i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class C Notes until redeemed in full
(e)	Issuer Profit Amount	(g)	On or after the Optional Redemption Date, <i>pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class R Notes until redeemed in full	(f)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class D Notes until redeemed in full
(f)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class A Notes	(h)	On or after the Optional Redemption Date or on the Final Redemption Date, <i>pro rata</i> and <i>pari passu</i> to the interest due on the Class Z Notes	(g)	Any amount payable to the Interest Rate Cap Provider in accordance with the terms of the Interest Rate Cap Agreement to the extent that the available monies and securities standing to the credit of each IRC Collateral Account are insufficient to cover such amount in accordance with the IRC Collateral Account Priority of Payments
(g)	Amounts to be credited to the Class A Liquidity Reserve Fund Ledger up to the Class A Liquidity Reserve Fund Required Amount	(i)	<i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class Z Notes until redeemed in full	(h)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class R Notes until redeemed in full
(h)	Amounts to be credited to the Class A Principal Deficiency Sub-Ledger	(j)	All remaining amounts to be applied as Available Revenue Receipts	(i)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class Z Notes until redeemed in full
(i)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class B Notes			(j)	<i>Pro rata</i> and <i>pari passu</i> to the amounts due and payable to third parties (if any)
(j)	Amounts to be credited to the Class B Principal Deficiency Sub-Ledger			(k)	Issuer Profit Amount
(k)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class C Notes			(l)	All remaining amounts to be applied as Residual Payments to the Certificateholders on a <i>pari passu</i> basis
(l)	Amounts to be credited to the Class C Principal Deficiency Sub-Ledger				
(m)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class D Notes				
(n)	Amounts to be credited to the Class D Principal Deficiency Sub-Ledger				

- (o) Amounts to be credited to the General Reserve Fund Ledger up to the General Reserve Fund Required Amount
- (p) On the Final Redemption Date or on or after the Optional Redemption Date, an amount equal to the lesser of (i) all remaining amounts (if any) and (ii) the amount required by the Issuer to redeem the Notes in full less any other Available Principal Receipts otherwise available to the Issuer, to be applied as Available Principal Receipts
- (q) Any amount payable to the Interest Rate Cap Provider in accordance with the terms of the Interest Rate Cap Agreement to the extent that the available monies and securities standing to the credit of each IRC Collateral Account are insufficient to cover such amount in accordance with the IRC Collateral Account Priority of Payments
- (r) Prior to the Optional Redemption Date, *pro rata* and *pari passu* to the interest due on the Class R Notes
- (s) Prior to the Optional Redemption Date, *pro rata* and *pari passu* to the principal amounts due on the Class R Notes until redeemed in full
- (t) *Pro rata* and *pari passu* to the interest due on the Class Z Notes

- (u) Amounts to be credited to the Class Z Principal Deficiency Sub-Ledger
- (v) On any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts
- (w) All remaining amounts to be applied as Residual Payments to the Certificateholders on a *pari passu* basis

General Credit Structure:

The credit structure of the transaction includes the following elements:

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

See the section “*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*”;

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

See the section “*Credit Structure – Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Ledger*”;

- a Principal Deficiency Ledger will be established to record as a debit any Losses on the Portfolio and Principal Addition Amounts and record as a credit Available Revenue Receipts applied as Available Principal Receipts (including any amounts

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

See the section "*Credit Structure – Principal Deficiency Ledger*";

- on or after the Optional Redemption Date or on the Final Redemption Date, the availability of Enhanced Amortisation Amounts pursuant to item (p) of the Pre-Enforcement Revenue Priority of Payments, being any surplus Available Revenue Receipts having paid or provided for items of higher priority, which shall be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments until the Notes have been redeemed in full. Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio; and
- the availability of Available Principal Receipts pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments to cover any shortfall of Available Revenue Receipts, Class A Liquidity Reserve Fund Release Amounts or General Reserve Fund Release Amounts to pay senior expenses and interest on the Rated Notes. Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit to the Principal Deficiency Ledger.

See the section "*Credit Structure – Use of Available Principal Receipts to pay Senior Expenses Deficit*".

- the availability of interest provided by the Issuer Account Bank in respect of monies held in the Issuer Accounts and income from any Authorised Investments (other than any amount of interest and/or income received in respect of the IRC Collateral) (see the section "*Cashflows*" for further details); and
- availability of the interest rate cap provided by the Interest Rate Cap Provider to hedge against the possible variance between the rates of interest payable on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to three month LIBOR (see the section "*Credit Structure – Interest Rate Risk for the Notes*" for further details).

Bank Accounts and Cash Administration:

On the Closing Date the Issuer will enter into the Bank Account Agreement with the Issuer Account Bank in respect of the opening and maintenance of the Deposit Account and the IRC Cash Collateral

Account.

The Issuer will open a deposit account (the "**Deposit Account**") and a sterling cash cap collateral account (the "**IRC Sterling Cash Collateral Account**") pursuant to the Bank Account Agreement with the Issuer Account Bank on or prior to the Closing Date. The Issuer will open a sterling securities cap collateral account (the "**IRC Sterling Securities Collateral Account**") pursuant to the Custody Agreement with the Issuer Account Bank on or prior to the Closing Date. The Issuer may from time to time open additional or replacement accounts (including, if applicable, any securities accounts), pursuant to the Bank Account Agreement, the Custody Agreement and the Transaction Documents (such accounts, together with the Deposit Account and the IRC Collateral Accounts, the "**Issuer Accounts**").

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

Interest Rate Cap Agreement:

Payments received by the Issuer under certain of the Mortgage Loans will be subject to fixed rates of interest for an initial period of time. The interest amounts payable by the Issuer in respect of the Rated Notes will be calculated by reference to three-month LIBOR. To hedge against the potential variance between the fixed rates of interest received on certain of the Mortgage Loans in the Portfolio and the rate of interest payable on the Rated Notes, the Issuer will enter into the Interest Rate Cap Agreement with the Interest Rate Cap Provider. Pursuant to the Interest Rate Cap Agreement, the Interest Rate Cap Provider, against payment by the Issuer of the Interest Rate Cap Fees on the Closing Date, shall make payments to the Issuer on each Interest Payment Date if and to the extent three-month LIBOR for the relevant Interest Period exceeds the Cap Strike Rate (see the section "*Credit Structure – Interest Rate Risk for the Notes*" for further details).

TRANSACTION OVERVIEW – TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
Issuer Account Bank:	<p>(a) <i>Moody's</i>: a short-term deposit rating of at least "P1" by Moody's and a long-term deposit rating of at least "A2" by Moody's; and</p> <p>(b) <i>DBRS</i>: the higher of (a) a long term critical obligations rating of at least "A (high)" by DBRS or (b) a long-term unsecured, unguaranteed and unsubordinated debt rating of "A" by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS), provided that if the Issuer Account Bank is not rated by DBRS, a DBRS Equivalent Rating at least equal to "A" by DBRS,</p> <p>or, failing which, in each case such other ratings that are consistent with the then current rating methodology of the Rating Agencies as being the minimum ratings that are required to support the then current ratings of the Rated Notes (each, the "Account Bank Rating" and together, the "Account Bank Ratings").</p>	<p>If the Issuer Account Bank fails to maintain any of the Account Bank Ratings, then the Issuer (with the assistance of the Cash Administrator) shall, within 30 calendar days of such downgrade:</p> <p>(a) close the Issuer Accounts with such Issuer Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution (i) having the Account Bank Ratings and (ii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> <p>(b) use all reasonable endeavours to obtain a guarantee of the obligations of such Issuer Account Bank under the Bank Account Agreement and/or the Custody Agreement from a financial institution which has the Account Bank Ratings; or</p> <p>(c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes,</p> <p>in each case as prescribed in the Bank Account Agreement and the Custody Agreement, and transfer amounts standing to the credit of relevant Issuer Accounts and all Ledgers on the relevant Issuer Accounts to the replacement Issuer Accounts.</p>
Collection Account Bank:	<p>In respect of any Collection Accounts, any two of:</p>	<p>If the rating of the Collection Account Bank falls below the Collection Account Bank Rating and there exists</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
	<p>(a) Moody's: a long-term deposit rating of at least "Baa3" by Moody's; and</p> <p>(b) DBRS: the higher of (a) a long term critical obligations rating of at least "BBB" by DBRS or (b) a long-term unsecured, unguaranteed and unsubordinated debt rating of at least "BBB" (low) by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS), provided that if the Collection Account Bank is not rated by DBRS, a DBRS Equivalent Rating at least equal to "BBB" (low) by DBRS,</p>	<p>a financial institution having a rating of at least the Collection Account Bank Rating and which is a bank as defined in Section 991 of the Income Tax Act 2007, the Servicers shall assist the Sellers (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security), and the Sellers (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security) shall, as soon as reasonably practicable (such time period to be not less than 35 calendar days) following such occurrence:</p>
	<p>or, failing which, in each case such other ratings that are consistent with the then current rating methodology of the Rating Agencies as being the minimum ratings that are required to support the then current ratings of the Rated Notes (each, the "Collection Account Bank Rating" and together, the "Collection Account Bank Ratings").</p>	<p>(a) open a replacement collection account in the name of the Sellers with a financial institution:</p> <p>(i) having a rating of at least the Collection Account Bank Rating;</p> <p>(ii) approved in writing by the Issuer and the Security Trustee; and</p> <p>(iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> <p>(b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or</p> <p>(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes.</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
Interest Rate Cap Provider:	<p>(a) Moody's: (i) A counterparty risk assessment from Moody's of "Baa1(cr)" or above, or (ii) its long term unsecured unsubordinated debt or counterparty obligations are rated "Baa1" or above by Moody's (the "Qualifying Collateral Trigger Rating").</p> <p>(b) DBRS: A critical obligations rating by DBRS of at least "A" or, if the Interest Rate Cap Provider has not been assigned a critical obligations rating by DBRS, either a solicited public issuer rating by DBRS of at least "A" or a long-term senior unsecured debt rating by DBRS of at least "A" (the "Initial DBRS Required Ratings").</p>	<p>If the Interest Rate Cap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and either (a) has not had a Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time the Interest Rate Cap Provider (or its successor or relevant guarantor) had a Qualifying Collateral Trigger Rating, the Interest Rate Cap Provider must, if required, post collateral and may either (i) transfer its rights and obligations under the Interest Rate Cap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.</p> <p>A failure by the Interest Rate Cap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Cap Agreement.</p> <p>If the Interest Rate Cap Provider (or its successor, assignee or any relevant guarantor) does not have the Initial DBRS Required Ratings (an "Initial DBRS Rating Event"), the Interest Rate Cap Provider must, at its own cost, within 30 business days of the occurrence of such Initial DBRS Rating Event, either: (a) post collateral; or (b) either (i) transfer its rights and obligations under the Interest Rate Cap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor), (ii) procure a co-obligation or guarantee from an appropriately rated third party, or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated class of Rated Notes will be rated by DBRS at the same level as immediately prior to such</p>

Transaction Party Required Ratings/Triggers

Possible effects of Trigger being breached include the following:
Initial DBRS Rating Event.

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

Notwithstanding the above, for so long as the Rated Notes are downgraded by DBRS and/or rated at or below "A (high)" by DBRS, no Initial DBRS Rating Event shall be deemed to have occurred.

- (c) **Moody's:** (i) A counterparty risk assessment from Moody's of "Baa2(cr)" or above, or (ii) its long-term unsecured unsubordinated debt or counterparty obligations are rated "Baa2" or above by Moody's "**Qualifying Transfer Trigger Rating**").

If the Interest Rate Cap Provider (or its successor or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Interest Rate Cap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the Interest Rate Cap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.

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

- (d) **DBRS:** A critical obligations rating by DBRS of at least "BBB" or, if the Interest Rate Cap Provider has not been assigned a critical obligations rating by DBRS, either a solicited public issuer rating by DBRS of at least "BBB" or a long-term senior unsecured debt rating by DBRS of at least "BBB" (the "**Subsequent DBRS Required Ratings**").

If the Interest Rate Cap Provider (or its successor, assignee or any relevant guarantor) does not have the Subsequent DBRS Required Ratings (a "**Subsequent DBRS Rating Event**"), the Interest Rate Cap Provider must, within 30 business days of such Subsequent DBRS Rating Event on a reasonable efforts basis and at its own cost, either: (i) transfer its rights and obligations under the Interest Rate Cap Agreement to an appropriately rated replacement third party (or a

Transaction Party Required Ratings/Triggers

Possible effects of Trigger being breached include the following:

replacement third party with an eligible and appropriately rated guarantor), (ii) procure a co-obligation or guarantee from an appropriately rated third party, or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated class of Rated Notes will be rated by DBRS at the same level as immediately prior to such Subsequent DBRS Rating Event, **provided that** in accordance with the Interest Rate Cap Credit Support Annex, pending the taking of any of the actions in (i) to (iii) above, the Interest Rate Cap Provider posts additional collateral within 30 business days of the Subsequent DBRS Rating Event.

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

Non-Rating Triggers Table

Perfection Events:

Prior to the completion of the transfer of legal title of the Mortgage Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factor entitled "*Each Seller to initially retain legal title to the Mortgage Loans and risks relating to set-off*" in the section entitled "*Risk Factors – Risks Related to the Mortgages*". Completion of transfer of the legal title of the Mortgage Loans by each Seller to the Issuer will be completed after the earliest to occur of the following:

- (a) the occurrence of an Insolvency Event in relation to a Seller;
- (b) a Seller being required to perfect legal title to the Mortgage Loans (i) by law, (ii) by an order of a court of competent jurisdiction or (iii) by a regulatory authority which has jurisdiction over that Seller;
- (c) a Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (d) the occurrence of a Servicer Termination Event where:
 - (i) servicing has not been moved to another servicer within the Together Group following the expiry of all applicable grace periods; or
 - (ii) where no replacement servicer has been appointed in accordance with the Servicing Deed;
- (e) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee (acting reasonably), in jeopardy;
- (f) the delivery of an Enforcement Notice by the Note Trustee on the Issuer; or
- (g) it becoming unlawful in any applicable jurisdiction for a Seller to hold legal title in respect of any Mortgage Loan or its Collateral Security in the Portfolio.

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

Following a Perfection Event, legal title may be transferred to the Issuer (or as it may direct) and formal notice of a legal transfer, assignment, conveyance or assignation (as the case may require) of each Mortgage Loan and its Collateral Security will be given to each relevant Borrower.

Servicer Termination Events:

The Issuer (with the written consent of the Security Trustee) and/or (after the delivery of an Enforcement Notice) the Security Trustee itself may, at once or at any time thereafter while such event continues, by notice in writing to each of the Servicers (with a copy to the Standby Servicer and (if applicable) the Security Trustee), terminate each of the Servicers' appointments under the Servicing Deed if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) any Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Deed and such default continues unremedied:
 - (i) where the failure to pay has arisen other than as a result of a Disruption Event, for a period of 5 Business Days after the earlier of that Servicer becoming aware of such default or the receipt by that Servicer (with a copy to the Standby Servicer) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
 - (ii) where the failure to pay has arisen as a result of a Disruption Event, following the cessation of the Disruption Event or, if earlier, 30 Business Days following that Servicer becoming aware of such default and receipt by that Servicer (with a copy to the Standby Servicer) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (with a copy to the Standby Servicer) requiring the same to be remedied;
- (b) any Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Deed, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Note Trustee (after the delivery of an Enforcement Notice) as notified to the Security Trustee, is materially prejudicial to the interests of the Noteholders, and that Servicer does not remedy that failure within 30 Business Days after the earlier of that Servicer becoming aware of the failure or of receipt by that Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (with a copy to the Standby Servicer) requiring that Servicer's non-compliance to be remedied; or
- (c) an Insolvency Event occurs in relation to any Servicer;
- (d) any Servicer ceasing to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its residential mortgage servicing business; or
- (e) it becomes unlawful in any applicable jurisdiction for any Servicer to perform any of its obligations as contemplated by the

Servicing Deed provided that this does not result or arise from compliance by that Servicer with any instruction from the Issuer or the Security Trustee.

Any Servicer may also resign upon giving not less than three months' written notice to the Issuer, the Security Trustee and the Standby Servicer provided that, *inter alia* (i) (if the Rated Notes remain outstanding) the resignation having no adverse effect on the then current ratings of the Rated Notes unless the Security Trustee or the holders of the Rated Notes (the holders of the Rated Notes acting by way of Extraordinary Resolution) agree otherwise, (ii) each of the other Servicers resign at the same time and (iii) a substitute servicer has been appointed in respect of each Servicer by the Issuer, subject to the prior written consent of the Security Trustee and such appointment to be effective not later than the date of such termination.

The resignation of a Servicer is conditional on, *inter alia* a substitute servicer assuming and performing all the material duties and obligations of that Servicer.

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

TRANSACTION OVERVIEW – FEES

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

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees.	0.25 per cent. per annum (inclusive of VAT) on the aggregate Principal Balance of the relevant Mortgage Loans in the Portfolio as determined as at the close of business on the Calculation Date in respect of the immediately preceding Collection Period (the " Servicing Fee ").	Ahead of all outstanding Notes and Residual Certificates.	Monthly in arrear on each Interest Payment Date.
Standby Servicer fees.	<p>£27,500 per annum (exclusive of VAT) (the "Annual Standby Servicer Fee").</p> <p>In consideration of the Standby Servicer entering into the Standby Servicing Agreement, the Issuer shall pay to the Standby Servicer a set-up fee of £30,000 (exclusive of VAT), an initial due diligence fee of £2,500 plus properly incurred fees.</p> <p>If an Invocation Notice is served, the Issuer shall pay to the Standby Servicer a fee of £95,000 (exclusive of VAT) on the date of the Invocation Notice.</p>	Ahead of all outstanding Notes and Residual Certificates.	Monthly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer (including tax and audit costs).	Estimated at £47,000 each year (exclusive of VAT, where so provided in the relevant Transaction Document).	Ahead of all outstanding Notes and Residual Certificates.	Monthly in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes.	Estimated at €10,641.20 (exclusive of VAT).	Ahead of all outstanding Notes and Residual Certificates.	On or about the Closing Date.

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

EU RISK RETENTION REQUIREMENTS

The Sellers, as originators for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation, will retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation, in each case as such articles are interpreted and applied on the date hereof and not taking into account any relevant national measures). As at the Closing Date, such interest will be comprised of each Seller retaining an interest in the Class Z Notes in proportion to the total securitised exposures for which each Seller is the originator, as required by the text of each of paragraph (d) of Article 405(1) of the CRR, paragraph (d) of Article 51(1) of the AIFM Regulation and paragraph (d) of Article 254(2) of the Solvency II Regulation. Any change to the manner in which such interest is held will be notified to Noteholders.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the Investor Reports provided to the Noteholders pursuant to the Cash Administration Agreement and published at www.usbank.com/abs on or around the Calculation Date.

The Sellers will provide an undertaking (i) to the Arranger, the Joint Lead Managers, the Co-Managers and the Issuer in the Subscription Agreement and (ii) to the Issuer and the Security Trustee in the Mortgage Sale Agreement that it will:

- (a) retain on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation (the "Retained Exposures") in accordance with the text of each of Article 405(1) of the CRR, Article 51(1) of the AIFM Regulation and Article 254(1) of the Solvency II Regulation (in each case, as such articles are interpreted and applied on the date of this Prospectus and not taking into account any corresponding national measures);
- (b) at all relevant times comply with the disclosure obligations described in Article 409 of the CRR by confirming its risk retention as contemplated by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation through the provision of information in this Prospectus, disclosure in the investor reports (as prepared by the Cash Administrator) and procuring provision to the Joint Lead Managers, the Co-Managers and the Issuer of access to any reasonable and relevant additional data and information referred to in Article 409 of the CRR (subject to all applicable laws), provided that the relevant Seller will not be in breach of such undertaking if such Seller fails to so comply due to events, actions or circumstances beyond such Seller's control; and
- (c) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Exposures, except to the extent permitted under the CRR, the AIFM Regulation or the Solvency II Regulation.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the Capital Requirements Regulation (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51), Chapter VIII of Title I of the Solvency II Regulation (including Article 254) and any national measures which may be relevant and none of the Issuer, the Sellers, the Servicers, TFSL, the Arranger, the Joint Lead Managers or the Co-Managers makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

For further information please refer to the Risk Factor entitled "*Certain Regulatory Risks in respect of the Notes – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*".

WEIGHTED AVERAGE LIVES OF THE NOTES

The term "**weighted average life**" refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the relevant investor of amounts sufficient to fully repay principal in respect of such security (assuming no losses on the Mortgage Loans and weighted by the principal amortisation of the Notes on each Interest Payment Date). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of repayment of the Mortgage Loans in the Portfolio. In addition, the weighted average lives of the Notes, should they not be called on or after the Optional Redemption Date, will be influenced by, *inter alia*, the amount of Available Revenue Receipts used as Enhanced Amortisation Amounts in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments.

The actual weighted average lives of the Notes cannot be stated, as the ultimate rate of prepayment of the Mortgage Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions.

The following tables were prepared based on the characteristics of the loans included in the Provisional Portfolio, the provisions of the Conditions and Residual Certificates Conditions (as applicable), and the following additional assumptions (the "Modelling Assumptions"). The Class R Notes and the Class Z Notes will be repaid only following repayment in full of the Rated Notes in accordance with the relevant Priority of Payments.

Modelling Assumptions:

- (a) the Issuer exercises its option to redeem the Notes on the Optional Redemption Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the Optional Redemption Date, in the second scenario;
- (b) the Mortgage Loans are assumed to amortise in accordance with the assumed prepayment rate of between 0 per cent. and 30 per cent. per annum (for the avoidance of doubt, excluding scheduled payments) indicated in the table below;
- (c) the Notes are issued on 8th November 2018 and all payments on the Notes are received on the 12th day of each calendar month in each year, with the first Interest Payment Date falling on 12th December 2018;
- (d) the Principal Amount Outstanding of the Notes as at the Closing Date is, in respect of the Class A Notes 78.5 per cent. and, in respect of the Class B Notes 4.25 per cent and, in respect of the Class C Notes 4.25 per cent and, in respect of the Class D Notes 8.0 per cent and, in respect of the Class Z Notes 5.0 per cent, of the aggregate Principal Balance of the Mortgage Loans assuming the aggregate Principal Balance of the Mortgage Loans on the Portfolio Reference Date is approximately £304,000,000.00;
- (e) the Call Option is exercised once the aggregate Principal Balance of the Mortgage Loans is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;
- (f) no interest accrues on the Deposit Account;
- (g) 3-month LIBOR is equal to 0.81288 per cent.;
- (h) the Cap Strike Rate is 2.5 per cent.;

- (i) amounts required to pay items (a) to (c) and (f) of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date are:
 - (i) £80,000, per annum; and
 - (ii) 0.60 per cent. of the aggregate Principal Balance of the Mortgage Loans (excluding any Mortgage Loans which are subject to enforcement procedures) as at the immediately preceding Collection Period Start Date, per annum, where each month consists of the actual number of days in the relevant month and 365 days in the relevant year;
- (j) the Interest Rate Cap Agreement is not terminated and the Interest Rate Cap Provider fully complies with its obligations under the Interest Rate Cap Agreement;
- (k) there are no arrears or enforcements the Mortgage Loans continue to be fully performing;
- (l) there is no debit balance on the Principal Deficiency Sub-Ledger on any Interest Payment Date;
- (m) the Sellers are not in breach of the terms of the Mortgage Sale Agreement;
- (n) no Mortgage Loan is repurchased by any Seller;
- (o) no Substitutions, Product Switches or Further Advances occur;
- (p) the Notes will be redeemed in accordance with the Conditions;
- (q) the assets of the Issuer are not sold by the Security Trustee or any Transaction Party except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes;
- (r) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (s) the interest on the Mortgage Loans is calculated on each monthly anniversary of the contractual instalment (expressed as days 30/360); for the weighted average life of the Notes calculation, the day count basis is act/365; and
- (t) the General Reserve Fund is credited up to the General Reserve Fund Required Amount at the Closing Date and the Class A Liquidity Reserve Fund is credited up to the Class A Liquidity Reserve Fund Required Amount at the Closing Date.

The actual characteristics and performance of the Mortgage Loans are likely to differ from the Modelling Assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under various prepayment scenarios. For example, the Issuer does not expect that the Mortgage Loans will prepay at a constant rate until maturity, or that there will be no defaults or delinquencies on the Mortgage Loans. Any difference between the Modelling Assumptions and, *inter alia*, the actual prepayment or loss experience on the Mortgage Loans will affect the redemption profile of the Notes and cause the weighted average lives of the Rated Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated CPR.

"**CPR**" means, on any Calculation Date, the annualised principal prepayment rate of all the Mortgage Loans during the previous Collection Period calculated as follows:

$$1 - ((1-R) ^ (12))$$

where R equals the result (expressed as a percentage) of the total principal prepayments received by the Issuer during the immediately preceding Collection Period divided by the aggregate outstanding principal balance of the Mortgage Loans as at the first day of that Collection Period.

Further, adjustments have been made to account for repayment of arrears, where applicable. WALs displayed below may therefore differ slightly from other public modelling conducted based solely on original contractual repayment.

CPR (Assuming Issuer Call on Optional Redemption Date)
Possible WAL (in years) of:

	Class A Notes	Class B Notes	Class C Notes	Class D Notes
0.0%	3.71	3.93	3.93	3.93
5.0%	3.28	3.93	3.93	3.93
10.0%	2.88	3.93	3.93	3.93
15.0%	2.51	3.93	3.93	3.93
17.5%	2.34	3.93	3.93	3.93
20.0%	2.17	3.93	3.93	3.93
25.0%	1.86	3.93	3.93	3.93
30%	1.58	3.93	3.93	3.93
5% then 20% after 30 months	3.13	3.93	3.93	3.93

CPR (Assuming no Issuer Call on or after Optional Redemption Date)
Possible WAL (in years) of:

	Class A Notes	Class B Notes	Class C Notes	Class D Notes
0.0%	7.70	13.51	13.87	14.32
5.0%	5.31	10.74	11.53	12.73
10.0%	3.89	8.84	9.49	10.74
15.0%	2.96	7.26	8.02	9.24
17.5%	2.62	6.60	7.32	8.60
20.0%	2.34	6.01	6.70	7.98
25.0%	1.90	5.03	5.66	6.77
30.0%	1.58	4.28	4.82	5.76
5% then 20% after 30 months	3.74	7.17	7.78	8.81

For more information in relation to the risks involved in the use of the average lives estimated above, see "*Risk Factors – Credit Structure – Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*".

EARLY REDEMPTION OF THE NOTES

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

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

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

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

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

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

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

Optional Purchase Price

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

- (a) the aggregate Principal Balance of the Mortgage Loans comprising the Portfolio determined as at the Collection Period Start Date immediately preceding the Optional Purchase Completion Date; and
- (b) without double counting, the greater of:
 - (i) zero; and
 - (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (o) (inclusive) of the Pre-Enforcement Revenue Priority of Payments and items (a) to (i) (inclusive) of the Pre-Enforcement Principal Priority of Payments, in each case on the immediately following Interest Payment Date, less any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer,

in each case, plus (A) the Issuer's costs and expenses associated with transferring its interests in any Mortgage Loan and its Collateral Security to the Option Holder or its nominee (if any) and (B) an amount agreed between the Issuer and the Option Holder in respect of costs anticipated to be incurred by the Issuer after the Optional Purchase Completion Date (the "**Optional Purchase Price**").

In connection with the exercise of the Call Option, the Beneficial Title Transferee(s) will agree with the Issuer to (i) deposit an amount equal to the Optional Purchase Price in either an escrow account in the name of the Beneficial Title Transferee(s) or in any other account as may be agreed between the Issuer and the Beneficial Title Transferee(s); or (ii) provide irrevocable payment instructions for an amount equal to the Optional Purchase Price for value on the Optional Purchase Completion Date to the Deposit Account or such other account as may be agreed between the Issuer and Beneficial Title Transferee(s), provided that such deposit shall be made or irrevocable payment instructions shall be given no later than (x) two Business Days prior to the Optional Purchase Completion Date or (y) such other date as the Issuer, at its sole discretion and the Beneficial Title Transferee(s) may agree, provided further that the Optional Purchase Price or irrevocable payment instructions (as applicable) must be received by the Issuer in sufficient time to enable the Issuer to provide notice of redemption of the Notes to the Noteholders pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or*

Other Reasons) (as applicable); and/or (iii) take any other action as may be agreed by the Beneficial Title Transferee(s), the Issuer and the Security Trustee in relation to the payment of the Optional Purchase Price.

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

Redemption of the Notes and the cancellation of the Residual Certificates

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

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

In this Prospectus:

"**Option Holder**" means, as at the Closing Date, Together Personal Finance Limited (registered number 02613335).

"**Optional Purchase Commencement Date**" means the earlier of:

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

"**Optional Redemption Date**" means the Interest Payment Date falling in November 2022.

"**Third Party Purchaser**" means a third party purchaser of the beneficial title to some or all of the Mortgage Loans and their Collateral Security as nominated by the Option Holder in the Exercise Notice.

USE OF PROCEEDS

On the Closing Date, the Issuer will use the gross proceeds of the Notes to:

- (a) pay the Initial Purchase Price payable by the Issuer for the Portfolio to be acquired from the Sellers on the Closing Date;
- (b) pay the Interest Rate Cap Fees to the Interest Rate Cap Provider on the Closing Date;
- (c) establish the General Reserve Fund;
- (d) establish the Class A Liquidity Reserve Fund; and
- (e) credit excess amounts (if any) to the Principal Ledger for application as Available Principal Receipts on the first Interest Payment Date.

RATINGS

The Rated Notes, on issue, are expected to be assigned the following ratings by Moody's and DBRS. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances so warrant.

Class of Notes	Moody's	DBRS
Class A Notes	Aaa(sf)	AAA(sf)
Class B Notes	Aa1(sf)	AA(high)(sf)
Class C Notes	Aa3(sf)	A(high)(sf)
Class D Notes	Baa2(sf)	BBB(high)(sf)

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

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

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

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

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 9 August 2018 (with registered number 11509498), as a public company with limited liability under the Companies Act 2006 (as amended). The registered office of the Issuer is at 6th Floor 65 Gresham Street, London, EC2V 7NQ. The telephone number of the Issuer is +44 (0) 20 3367 8200.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each (of which £12,500.75 is paid up), with 49,999 ordinary shares held by Holdings and one ordinary share held by the Share Trustee (as defined below) on trust for Holdings. The entire issued share capital of Holdings is held by Link Trust Nominees No.1 Limited (the "**Share Trustee**") on discretionary trust.

Principal activities

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

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

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

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

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issue of the Notes and Residual Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental and ancillary to the foregoing. The Issuer, as necessary, has made the information filing and fee payment under the Data Protection Legislation. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 30 June and the first statutory accounts of the Issuer will be drawn up to 30 June 2019.

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

The Issuer has entered into the Transaction Documents to which it is a party for the purpose of making a profit.

The Issuer has no subsidiaries, employees or non-executive directors.

Deloitte LLP, with its registered office at 2 Hardman Street, Manchester, M3 3HF, is the auditor of the Issuer. Deloitte LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practice in England and Wales.

Directors and secretary

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

Name	Business address	Principal activities
Link Corporate Services Limited	6th Floor 65 Gresham Street, London, EC2V 7NQ	Director of special purpose vehicles
Link Trust Corporate Limited	6th Floor 65 Gresham Street, London, EC2V 7NQ	Director of special purpose vehicles
Colin Benford	6th Floor 65 Gresham Street, London, EC2V 7NQ	Director of special purpose vehicles

The company secretary of the Issuer is Link Trust Corporate Limited, whose business address is 6th Floor 65 Gresham Street, London, EC2V 7NQ.

There are no potential conflicts of interest between any duties of the directors to the Issuer and their private interests and/or other duties.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 9 August 2018 (with registered number 11509390), as a private company with limited liability under the Companies Act 2006 (as amended). The registered office of Holdings is at 6th Floor 65 Gresham Street, London, EC2V 7NQ.

Holdings' issued share capital as at the date of this Prospectus comprises one ordinary share of £1 (which is fully paid up).

All of Holdings' issued share capital is held by Link Trust Nominees No. 1 Limited (in such capacity, the **Share Trustee**). The shares held by the Share Trustee are held under the terms of a discretionary trust established under English law pursuant to the terms of a declaration of trust dated 31 August 2018.

Principal activities

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

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

Holdings has not engaged in any other activities since its incorporation other than (i) subscribing for or otherwise acquiring the issued share capital of the Issuer; and (ii) those activities incidental to those activities incidental to the authorising of the Transaction Documents to which it is or will be a party and other matters which are incidental to those activities. Holdings has no employees.

Holdings holds all of the issued share capital of the Issuer (other than one ordinary share of the Issuer which is held by Holdings Share Trustee on trust for Holdings). Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

The current financial period of Holdings will end on 30 June 2019.

Directors and secretary

The directors of Holdings and their respective addresses and principal activities are:

Name	Business address	Principal activities
Link Corporate Services Limited	6th Floor 65 Gresham Street, London, EC2V 7NQ	Director of special purpose vehicles
Link Trust Corporate Limited	6th Floor 65 Gresham Street, London, EC2V 7NQ	Director of special purpose vehicles
Colin Benford	6th Floor 65 Gresham Street, London, EC2V 7NQ	Director of special purpose vehicles

The company secretary of Holdings is Link Trust Corporate Limited, whose business address is 6th Floor 65 Gresham Street, London, EC2V 7NQ.

THE CASH ADMINISTRATOR, THE SELLERS AND THE SERVICERS

Together Financial Services Limited

Together Financial Services Limited ("TFSL") was previously registered under the name Jerrold Holdings Limited. It was renamed on 9 January 2017. TFSL, registration number 02939389, is a private limited company formed under the laws of England and Wales on 15 June 1994. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

TPFL, TCFL and Blemain are wholly owned subsidiaries of TFSL. The Together Group is a specialist UK mortgage loan provider, established in 1974 and has operated successfully throughout its 44-year history. It is one of the few independent mortgage lenders to perform profitably throughout the economic downturn of 2008-2012. The profit before tax of the consolidated Together Group, as reported under IFRS was £90.3m for the financial year ending 30 June 2016, £94.1m for the financial year ending 30 June 2017 and £121.7m for the financial year ending 30 June 2018. Loans and advances to customers by the consolidated Together Group were £1,800.7m for the financial year ending 30 June 2016, £2,240.9m for the financial year ending 30 June 2017 and £2,958.2m for the financial year ending on 30 June 2018. The Together Group specialise in offering individually underwritten loans (using a non-automated decision model) to segments of the markets that are underserved. Some of the Together Group's customers automatically fall outside the formulaic and automated scorecard assessment methodologies, based upon probabilities and averages, used by other lenders, as a result of, for example, being self-employed or a freelancer, having some form of credit profile event, having seasonal income or where the loan maturity extends beyond the borrower's 65th birthday. The Together Group undertake a full affordability and credit assessment, individually underwriting loan applications based upon the merits and demerits of each individual case. With regard to buy-to-let loans, the Together Group offer flexibility in evaluating a landlord's income, considering rental income as well as personal income when assessing affordability, offering products to a range of customers, from first time landlords and accidental landlords (for example, those who may have inherited another property) to those with multiple property portfolios.

The annual report and consolidated financial statements for the Together Group are available at <https://www.togethermoney.com/about-us/investors/investor-news-and-announcements/> (which does not form part of this Prospectus).

Together Personal Finance Limited

Together Personal Finance Limited ("TPFL") was previously registered under the name Cheshire Mortgage Corporation Limited. It was renamed on 9 January 2017. TPFL, registration number 02613335, is a private limited company formed under the laws of England and Wales on 22 May 1991. The registered office of TPFL is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

TPFL is authorised and regulated by the Financial Conduct Authority under registration number 305253. TPFL has made the necessary notifications under the Data Protection Act 1998 or necessary information filing and fee payment (as applicable) under the Data Protection Legislation and it holds and maintains the relevant permissions on the FCA's financial services register to carry out relevant mortgage lending and administration activities required under the FSMA. TPFL has full FCA authorisation for the following regulated activities: (i) advising on, arranging and making arrangements with a view to transactions in, administering and entering into, as a lender, Regulated Mortgage Contracts; (ii) advising on, arranging and making arrangements with a view to transactions in, assisting in the administration of and dealing as agent in, non-investment insurance contracts; (iii) credit broking; and (iv) agreeing to carry on any of the above activities. TPFL is also registered with the FCA as a lender, administrator, arranger and advisor for CBTL contracts.

Together Commercial Finance Limited

Together Commercial Finance Limited ("**TCFL**") was previously registered under the name Lancashire Mortgage Corporation Limited. It was renamed on 9 January 2017. TCFL, registration number 02058813, is a private limited company formed under the laws of England and Wales on September 26, 1986. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

TCFL has made the necessary notifications under the Data Protection Act 1998 or necessary information filing and fee payment (as applicable) under the Data Protection Legislation. TCFL does not have any FCA permissions as it is not a regulated entity. TCFL does not sell, arrange or administer any regulated mortgage contracts. It provides and administers unregulated contracts only. TCFL is, however, registered with the FCA for money laundering purposes (as Lancashire Mortgage Corporation Limited).

Blemain Finance Limited

Blemain Finance Limited ("**Blemain**"), registration number 01185052, is a private limited company formed under the laws of England and Wales on 24 September 1974. Its registered office is located at Lake View, Lakeside, Cheadle, Cheshire SK8 3GW, United Kingdom.

Blemain is authorised and regulated by the Financial Conduct Authority under registration number 719121. Blemain has made the necessary notifications under the Data Protection Act 1998 or necessary information filing and fee payment (as applicable) under the Data Protection Legislation. Blemain holds a closed loan book and no longer sells or arranges any regulated mortgage contracts. As such, no permission is required from the FCA to enter into a mortgage contract. Blemain has FCA authorisation for the following regulated activities: (i) administering regulated mortgage contracts secured by second charge mortgages only; (ii) arranging (bringing about) regulated mortgage contracts secured by second charge mortgages only; (iii) making arrangements with a view to regulated mortgage contracts secured by second charge mortgages only; and (ii) agreeing to carry on regulated activities, limited to that which it is authorised.

THE STANDBY SERVICER

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

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

Link Mortgage Services Limited currently services in excess of 49,000 borrowers, 57,000 accounts totalling £5.1bn of mortgage assets. It has the experience of being the only appointed standby mortgage servicer in the UK to have been called upon to undertake mortgage administration in place of a primary mortgage servicer. Link Mortgage Services Limited is part of Link Asset Services, which acquired Link Mortgage Services Limited in May 2014. Across its regulated subsidiaries, Link Asset Services currently services over £25bn of mortgage assets in the UK, and a total of €93bn across its European operations.

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

ISSUER ACCOUNT BANK

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services D.A.C. (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U. S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services D.A.C. from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

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

U.S. Bank Global Corporate Trust Services in combination with U.S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp, with total assets exceeding \$450 billion as of 31 March 2017, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of 31 March 2017, U.S. Bancorp served approximately 18 million customers and operated over 3,000 branch offices in 25 states. A network of specialised U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions. Visit U.S. Bancorp on the web at usbank.com.

THE NOTE TRUSTEE AND SECURITY TRUSTEE

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services DAC (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U.S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the UK Branch of Elavon Financial Services DAC from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

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

U.S. Bank Global Corporate Trust Services in combination with U.S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with USD462 billion in assets as of December 31, 2017, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,067 banking offices in 25 states and 4,771 ATMs, and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at www.usbank.com.

THE INTEREST RATE CAP PROVIDER

NATIXIS is a French limited liability company (*société anonyme à conseil d'administration*) registered with the *Registre du Commerce et des Sociétés de Paris* under No. 542 044 524 ("NATIXIS"). NATIXIS has its registered office address at 30 avenue Pierre Mendès-France, 75013 Paris, France.

With effect as of 31 July 2009 (non-inclusive), NATIXIS is affiliated with BPCE, the central body of Groupe BPCE. This affiliation with BPCE replaces, with effect as of same date, the dual affiliation of NATIXIS with Caisse Nationale des Caisses d'Épargne et de Prévoyance (CNCE) and Banque Fédérale des Banques Populaires (BFBP), which was governed by a dual affiliation agreement terminated on the same date.

NATIXIS is the international corporate and investment banking, asset management, insurance and financial services arm of Groupe BPCE, the 2nd-largest banking group in France.

NATIXIS has a number of areas of expertise that are organized into four main business lines: Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services.

NATIXIS has its own client base of companies, financial institutions and institutional investors as well as the client base of individuals, professionals and small and medium-size businesses of Groupe BPCE's two retail banking networks, Banque Populaire and Caisse d'Épargne.

NATIXIS is listed on the Paris stock exchange (Nyse Euronext) SBF 120 index and is rated by Standard & Poor's, Fitch Ratings and Moody's.

As at 8 October 2018, the long-term rating unsecured and unsubordinated debt obligations of NATIXIS is "A" for Standard & Poor's, "A" for Fitch Ratings and "A1" for Moody's.

The information contained in the preceding paragraphs has been provided by NATIXIS for use in this Prospectus. Except for the foregoing paragraphs, NATIXIS and its respective affiliates have not been involved in the preparation of, and do not accept responsibility for, this Prospectus.

THE CORPORATE SERVICES PROVIDER

Link Trust Corporate Limited (registered number 05322525), having its principal address at The Registry, 34, Beckenham Road, Beckenham, Kent, BR3 4TU will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement. Link Trust Corporate Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loans.

THE MORTGAGE LOANS

The Portfolio

Introduction

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

An initial portfolio of mortgage loans was initially selected on 24 July 2018 from a pool of the relevant Seller's Mortgage Loans using a system containing defined data on each of the qualifying loans (the "**Preliminary Portfolio**"). This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that each Seller will make in the Mortgage Sale Agreement in relation to the relevant Mortgage Loans. Once the criteria have been determined, the system identifies all loans owned by each Seller that are consistent with the criteria. The information in the section headed "*Characteristics of the Provisional Portfolio*" has been extracted from the systems of each of the Sellers as at 24 July 2018 (the "**Portfolio Reference Date**"), reflecting the Principal Balance of the Mortgage Loans on 20 July 2018 and comprises the Preliminary Portfolio less any mortgage loans that are no longer eligible or have been redeemed in full as at the Portfolio Reference Date (the "**Provisional Portfolio**"). As at the Portfolio Reference Date, the Provisional Portfolio comprised 4,093 Mortgage Loans with an aggregate Principal Balance of £304,580,356. Having removed any mortgage loans that are no longer eligible or have been redeemed in full as at the Closing Date, each Seller will then randomly select a pool from the Provisional Portfolio that will comprise the Portfolio to be sold to the Issuer on the Closing Date.

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

The Portfolio

The Portfolio from time to time after the Closing Date will comprise Mortgage Loans advanced to the Borrowers upon the security of residential property situated in England, Wales or Scotland, such Mortgage Loans acquired pursuant to the Mortgage Sale Agreement, other than Mortgage Loans which have been repaid or which have been purchased from the Issuer pursuant to the Mortgage Sale Agreement.

The Portfolio includes first and second ranking owner occupied FCA regulated mortgage loans (including consumer credit back book mortgage contracts), which may include some right to buy and shared ownership loans. Additionally, the Portfolio includes unregulated Buy-To-Let Mortgage Loans and Consumer Buy-To-Let Mortgage Loans.

Origination of the Portfolio

The Portfolio comprises of Mortgage Loans originated by Blemain, TCFL and TPFL. The Sellers originate mortgage loans through a number of channels including an extensive broker network, packagers and direct to borrowers.

Security

All of the Mortgage Loans are secured by either a first ranking mortgage or standard security or a second ranking mortgage or standard security.

Interest Rate Types

The Portfolio consists of Mortgage Loans which have (currently or after an initial specific period) a variable interest rate set by the relevant Seller, including:

- (i) Mortgage Loans where the variable interest rate continues for the life of the mortgage; and
- (ii) Mortgage Loans where the interest rate applicable to that Mortgage Loan is a fixed rate of interest for a specific period that reverts to a variable interest rate (the "**Fixed Rate Loans**").

As at the date of this Prospectus, interest charged on the Mortgage Loans is calculated on a monthly basis. However, each of the Sellers and the Servicers may, in the future, change the basis on which interest is calculated from a monthly to daily basis. Such a change is not expected to have any material adverse effect on the Issuer's ability to make payments under the Notes.

Characteristics of the Mortgage Loans

Repayment Terms

Mortgage Loans may combine one or more of the features listed in this section. Overpayments are allowed on all products, within certain limits. See "*Overpayments and Early Repayment Charges*" below.

Mortgage Loans are typically repayable on one of the following bases:

- "**Repayment Mortgage Loan**": the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan matures, the full amount of the principal of the Mortgage Loan will have been repaid; or
- "**Interest-only Mortgage Loan**": the Borrower makes monthly payments of interest but not of principal so that, when the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still outstanding and is payable in one lump sum.

The required monthly payment in respect of the Mortgage Loans may alter from month to month as a result of, *inter alia*, a variation in interest rates and a rescheduling of the mortgage loan following the receipt of principal prepayment.

For Interest-only Mortgage Loans, because the principal is repaid in a lump sum at the maturity of the Mortgage Loan, the Borrower is required to demonstrate a repayment strategy. Acceptable repayment strategies, verified by the relevant Seller in a manner that would be acceptable to a Prudent Mortgage Lender, include, *inter alia*, the sale of an owner occupied property and/or the sale of a second UK property where there are sufficient funds from the proceeds of such sale to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a Mortgage Loan, subject in certain circumstances to the payment of any early repayment charges (as described in "*Overpayments and Early Repayment Charges*" below). A prepayment of the entire outstanding balance of a Mortgage Loan discharges the Mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid fees and charges and any applicable repayment fee(s).

Borrowers are required to complete a direct debit mandate at the beginning of the term of the Mortgage Loan but various payments methods are available to Borrowers during the term of a Mortgage Loan, including:

- standing order from a bank or building society account; or
- credit or debit card payments.

Product switches and further mortgage advances

A Borrower may request or, for so long as the relevant Mortgage Loan is serviced by a member of the Together Group, the relevant Servicer may offer a Borrower, a Product Switch or Further Mortgage Advance from time to time. Provided the conditions described in the section entitled "*Further Mortgage Advances, Product Switches and Substitute Mortgage Loans*" in the "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" are satisfied, the relevant Mortgage Loan subject to a Product Switch will remain in the Portfolio and any relevant Further Mortgage Advance shall be sold to the Issuer on the relevant Advance Date. The Mortgage Conditions and the Mortgage Loan Agreements in respect of the Mortgage Loans comprising the Portfolio contain no obligations on the part of the Sellers to make any further advances or grant a product switch.

Forbearance

In certain exceptional circumstances following the accrual of Arrears representing amounts other than principal repayments on a Mortgage Loan, the relevant Borrowers may be given the option of restructuring the mortgage loan, provided that such restructuring is in accordance with the FCA's rules and guidance. "**Forbearance**" is an arrangement to manage the satisfactory repayment, in respect of a Mortgage Loan, which may involve, *inter alia*, adding the balance of Arrears (other than Arrears of principal) in respect of such Mortgage Loan to the Principal Balance of such Mortgage Loan and allowing that amount to be repaid over the remaining term of such Mortgage Loan.

The relevant Servicer shall assess and provide any Forbearance in accordance with its Forbearance policy applying at such time. As at the date of this Prospectus, the Forbearance policy in respect of the regulated Mortgage Loans contains the following features:

- (a) Forbearance will only be considered when:
 - (i) the relevant Servicer understands the relevant Borrower's financial and personal circumstances;
 - (ii) long term affordability has been explored with the relevant Borrower;
 - (iii) all other options have been appropriately explored or exhausted with the relevant Borrower;
 - (iv) it is deemed by the relevant Borrower to be in its best interest; and
 - (v) the relevant Borrower has completed an income and expenditure assessment.
- (b) The risks and implications associated with Forbearance will be clearly articulated to the Borrower prior to any restructuring of the Mortgage Loan. The Borrower will be advised to seek independent advice before deciding if Forbearance is the right option for it.
- (c) Forbearance will not be applied automatically.

The relevant Servicer may update the forbearance policy from time to time in accordance with the standards of a Prudent Mortgage Lender. In so doing the relevant Servicer shall adhere to the then current regulatory requirements imposed by and/or guidance issued by, without limitation, the FCA and FSMA. See the section entitled "*Risk Factors – Certain Regulatory Considerations – Consumer Protection from Unfair Trading Regulations 2008*" for further details.

"**Arrears**" means as at any date in respect of any Mortgage Loan, all amounts currently due and payable on that Mortgage Loan which remain unpaid on that date, provided that such overdue amounts equal, in aggregate, to one or more full monthly payments.

Overpayments and Early Repayment Charges

"Overpayments" – Overpayments are allowed on all products, although an Early Repayment Charge is payable on Buy-to-Let Mortgage Loans which are either unregulated First Mortgage Loans or unregulated Second Mortgage Loans. Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time. There is no limit to the amount the Borrower can overpay by.

For the Mortgage Loans in the Portfolio, if Borrowers pay more than the scheduled monthly payment then such overpayment will be applied towards any monthly payment arrears first and then any balance will be applied as a capital reduction.

"Early repayment charges" – In respect of Buy-to-Let Mortgage Loans which are either unregulated First Mortgage Loans or unregulated Second Mortgage Loans, the Borrower will be required to pay an early repayment charge if certain events occur during the predetermined product period and the relevant Servicer has not waived or revised its policy with regards the payment of early repayment charges. These events include a full or partial unscheduled repayment of principal within any agreed product period. If all or part of the principal owed by the Borrower, other than the scheduled monthly payments, is repaid before the end of the product period, the Borrower will be liable to pay to the Sellers a repayment fee based on the amount prepaid.

Amounts of principal may be prepaid in full or in part on any Business Day.

Title to the Portfolio

Pursuant to and under the terms of the Mortgage Sale Agreement, the Sellers will transfer to the Issuer the equitable or (in respect of the Scottish Mortgage Loans) beneficial title to the Mortgage Loans and their Collateral Security. The Sellers have agreed to transfer legal title to the Mortgage Loans and their Collateral Security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only following the occurrence of a Perfection Event (as set out below).

None of the above mentioned transfers to the Issuer is to be completed by registration at the Land Registry or the Registers of Scotland (as the case may be) or notice given to the relevant Borrowers or (in relation to Scottish Mortgage Loans in the Portfolio and their Collateral Security) execution and delivery of assignments of such Mortgage Loans and Collateral Security until the occurrence of one of the events mentioned below. The English Mortgage Loans in the Portfolio and their Collateral Security are accordingly owned in equity only by the Issuer pending such registration and notification and the Scottish Mortgage Loans in the Portfolio and their Collateral Security are accordingly held on trust for the Issuer under the Scottish Declaration of Trust pending execution and delivery of such assignments and such registration and notification. Legal title in the Mortgage Loans and their Collateral Security will continue to be vested in the Sellers until the occurrence of a Perfection Event. In the case of the Mortgage Loans secured over registered land in England or Wales or registered or recorded land in Scotland which will be transferred to the Issuer on the Closing Date, the Sellers have agreed to remain on the Land Registry or the Registers of Scotland, as applicable, as the legal mortgagee or as heritable creditor. Following the occurrence of a Perfection Event, the Sellers have agreed, in the Mortgage Sale Agreement, to transfer legal title to the Issuer, which transfer will be perfected by steps including filing forms and assignments of standard securities at the Land Registry or the Registers of Scotland and notifying the Borrower of such transfer, as applicable, to the Issuer.

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

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the Land Registry or the Registers of Scotland (as the case may be) to protect the sale of the Mortgage Loans to the

Issuer or the granting of security over the Mortgage Loans by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of Title Deeds to the properties the subject of the Mortgage Loans.

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

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

- (a) the occurrence of an Insolvency Event occurring in relation to a Seller; or
- (b) a Seller being required to perfect legal title to the Mortgage Loans (i) by law, (ii) by an order of a court of competent jurisdiction or (iii) by a regulatory authority which has jurisdiction over a Seller; or
- (c) a Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (d) the occurrence of a Servicer Termination Event where:
 - (i) servicing has not been moved within the Together Group following the expiry of all applicable grace periods; or
 - (ii) no replacement servicer has been appointed in accordance with the provisions of the Servicing Deed; or
- (e) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee (acting reasonably), in jeopardy;
- (f) the delivery of an Enforcement Notice by the Note Trustee on the Issuer; or
- (g) it becoming unlawful in any applicable jurisdiction for a Seller to hold legal title in respect of any Mortgage Loan or its Collateral Security in the Portfolio.

Following the occurrence of a Perfection Event, the Issuer and the Security Trustee will each be entitled to take all necessary steps to perfect legal title to its interests in the Mortgage Loans and their Collateral Security, including the carrying out of any necessary registrations, recordings and notifications. In furtherance of these rights, each Seller has granted the Issuer and the Security Trustee an irrevocable power of attorney to take certain action in the name of the relevant Seller (including action required to perfect a legal transfer of the Mortgage Loans and their Collateral Security).

Warranties and Breach of Warranties in relation to the Mortgage Loans

The Mortgage Sale Agreement contains certain representations and warranties given by the Sellers in favour of the Issuer in relation to the Mortgage Loans and their Collateral Security sold to the Issuer pursuant to the Mortgage Sale Agreement.

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

If there is an unremedied material breach of any of the Loan Warranties given under the Mortgage Sale Agreement then the relevant Seller will be required to repurchase the relevant Mortgage Loan pursuant to the Mortgage Sale Agreement for consideration in either a cash payment and/or Substitute Mortgage Loans such that the aggregate Principal Balance of the Substitute Mortgage Loan(s) (if any) and the cost payment amount (if any) is equal to the Principal Balance of the relevant Mortgage Loans as per the last day of the calendar month immediately preceding the repurchase date, but increased with accrued but unpaid interest from the prior month and up to the repurchase date, together with an amount equal to all other non-interest amounts due and unpaid (but not capitalised) under such Mortgage Loans.

Lending Criteria

As at the date of this Prospectus, the Together Group offers a number of different products, including first ranking mortgage loans, second ranking mortgage loans, buy-to-let mortgage loans (both unregulated and consumer buy-to-let loans), shared ownership mortgage loans and right to buy mortgage loans.

The Mortgage Loans comprised in the Portfolio will all consist of Mortgage Loans secured by (in the case of English Mortgage Loans) a first or second charge or (in the case of Scottish Mortgage Loans) a first or second ranking standard security against residential properties located in England or Wales (in the case of English Mortgage Loans) or Scotland (in the case of Scottish Mortgage Loans). All relevant Borrowers are required to have (in respect of an English Mortgage Loan) good and marketable title or (in respect of a Scottish Mortgage Loan) valid and marketable heritable or long lease title to the relevant Property free from any encumbrance (except the relevant Mortgage or, in the case of Second Mortgage Loans, the relevant first ranking charge or security or, in the case of Right to Buy Loans, any statutory charge or standard security) which would adversely affect such title.

All types of property structures in England, Wales and Scotland are considered as security. Right-to-buy properties located in Scotland are accepted as security by referral only. Any leasehold property must have a leasehold term at least equal to the minimum term of the Mortgage Loan plus 50 years to be considered as acceptable security. For interest-only Mortgage Loans the minimum unexpired term on the lease is typically required to be 99 years.

Together lends to both individuals and to companies. It is a requirement to verify identification and residency for every customer (including company directors, shareholders, beneficial owners and authorised signatories of companies/trusts). Whilst Together does not lend internationally, customers may be nationals of non-UK countries and/or reside in other countries. Together undertakes a country based risk assessment which considers information from a variety of sources, *inter alia*, HM Treasury and Financial Action Task Force ("FATF") publications. Together does not conduct any business with persons or entities listed on international sanctions lists (unless by express permission of the relevant supervisory body such as the UK's HM Treasury). Such sanctions lists include, *inter alia*, HM Treasury, European Union, Office of Foreign Assets and Controls ("OFAC") and United Nations ("UN").

The maximum loan amount permitted by Together is £1,000,000 where the Mortgage Loan is a residential First Mortgage Loan, £2,000,000 where the Mortgage Loan is a buy-to-let First Mortgage Loan, £1,000,000 where the Mortgage Loan is a residential Second Mortgage Loan, £500,000 where the Mortgage Loan is a buy-to-let Second Mortgage Loan, and £250,000 where the Mortgage Loan is a shared ownership Mortgage Loan (in each case, higher amounts considered by referral). The maximum term is not more than 30 years in respect of Mortgage Loans originated by Blemain and not more than 40 years in respect of Mortgage Loans originated by TCFL and TPFL. The minimum age of borrowers at the time of application is 18.

For regulated Mortgage Loans, the "Lending into Retirement" policy applies if the term of the mortgage exceeds the applicant's intended retirement age or the age of 70, whichever is the earliest. The maximum age of borrowers at the maturity of the Mortgage Loan will not exceed 80. Together may lend beyond the applicant's retirement age where such applicant is greater than or ten years from the agreed retirement age provided that the applicant signs a declaration confirming that they are aware that the loan extends past their

retirement age and stating how post-retirement payments will be funded. Where pension income is intended to be used post-retirement then Together require evidence of contribution to the pension plan or a copy of the current pension statement. If the applicant is within 10 years of the agreed retirement age then Together will proceed on a referral basis only. In addition, a full assessment of affordability post retirement must be completed based on the expected income post retirement and expenditure may be adjusted to reflect known changes in income. For unregulated Mortgage Loans there is no maximum age restriction. Employed or self-employed income is not required to evidence affordability, where it has been demonstrated the loan repayments can be serviced by rental income. Conversely, rental income is not fundamental to evidencing affordability, where it has been demonstrated that the loan repayments can be serviced by employed or self-employed income.

The loan to value is calculated by dividing the current customer balance (plus any amounts standing under a prior charge) by the open market value, determined by the valuation of the property. The maximum loan to value is 75 per cent. for residential First Mortgage Loans and Buy-to-Let Mortgage Loans, 77.5 per cent. for residential Second Mortgage Loans (inclusive of any amounts added to the Mortgage Loan in respect of fees) (in each case, higher amounts considered by referral). Valuations are carried out in accordance with a valuation methodology as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender.

Underwriting

For regulated Mortgage Loans, the underwriting stage in relation to both Buy-to-Let Mortgage Loan and owner occupied Mortgage Loan applications consists of a detailed individualized credit, affordability and repayment assessment, which the Sellers believe provides them with a thorough understanding of each loan application. For unregulated Mortgage Loans, employed or self-employed income is not required to evidence affordability, where it has been demonstrated the loan repayments can be serviced by rental income. Conversely, rental income is not fundamental to evidencing affordability, where it has been demonstrated that the loan repayments can be serviced by employed or self-employed income. In the underwriting process, the Sellers primarily focus on affordability and sustainability, being the ability of the loan applicant to service and repay the requested loan through its term, the repayment strategy where the loan will not be repaid from instalments and security (being the adequacy of the property which will serve as security for the loan). In relation to interest only loans, an assessment is also made with respect to the customers' exit strategy.

To ensure strict compliance with the Sellers' underwriting guidelines, each Seller has in place mandate and authorisation controls, a staff training and competency program as well as comprehensive quality assurance sampling procedures. Traditionally, lenders have applied income multiples to determine the maximum amount a loan applicant can borrow. Rather than relying on income multiples, the Sellers calculate the loan amount that an applicant can afford on the basis of an assessment of the main components of income and expenditure, including a contingency for unexpected expenditure and a buffer for increases in interest rates. Proof of income, typically in the form of payslips, an employer reference or, in the case of self-employed applicants, an accountant's certificate or tax calculation, is required. Income and expected expenditure are assessed for both plausibility and sustainability. The relevant Seller's determination of the adequacy of proposed security is based on a valuation of the property. For additional information on the Sellers' approach to the valuation of properties, see the section entitled "*Valuations*" below.

Unlike many lenders who principally rely on scorecard or other automated processes in making their lending decisions, the Sellers primarily rely on a detailed and personalized underwriting process, which includes an in-depth assessment of a borrower's individual financial circumstances. Each loan application is individually reviewed by an underwriter, who is overseen by a team leader. Each underwriter is provided with comprehensive training, which is overseen by a dedicated training and competency Supervisor. The Sellers, as lender of record in respect of the Mortgage Loans and Collateral Security and the Servicers may vary the relevant Underwriting Policy in a manner as would be acceptable to a Prudent Mortgage Lender.

Valuations

In respect of regulated Mortgage Loans, valuers should typically be based within a 15 mile radius of the property and valuations should typically be dated within the last three months. All valuations must be original valuations and if amendments have been made to a valuation, then Together require such amendments to be subject to credit committee approval. All valuations of £1,000,000 or more are strictly subject to underwriter approval. Audit valuations may be required if the property value exceeds £500,000.

In respect of unregulated Mortgage Loans, all valuers should typically be based within a 25 mile radius of the property and valuations should typically be dated within the last three months otherwise additional due diligence is required. All valuations must be original valuations and if amendments have been made to a valuation, then Together require such amendments to be subject to credit committee approval. All valuations which exceed £1,000,000 are subject to underwriter approval and additional audit valuations may be required where properties have a value which exceeds £1,500,000.

Assessment of Rental Income

Proof of income is required for all applicants. Where applicants are using rental income (or agent assessed rental income), the total rental income must be equivalent to a minimum of 120 per cent. of the total secured lending repayments. Any calculation of rental income must be net of letting agency fees, ground rent and service charges. Where rental income is verified by an assured shorthold tenancy agreement, 100 per cent. of the rental income must cover 120 per cent. of the total secured lending repayments; where rental income has been verified by an estate or letting agent's rental projection, 90 per cent. of the rental income must cover 120 per cent. of the total secured lending repayments. If rental income is less than 120 per cent. of the total secured lending payments then use of additional income is acceptable. From 3 April 2017, where applicants are using rental income to service the secured lending repayments, the following tiered approach applies (i) basic rate tax payer: 125 per cent., (ii) higher rate tax payer: 145 per cent., (iii) additional rate tax payer: 165 per cent. and (iv) limited company applicants: 125 per cent.

Servicing of the Portfolio

The Servicers will be required from the Closing Date to service the Portfolio as an agent of the Issuer and the Security Trustee under and in accordance with the terms of the Servicing Deed. The duties of the Servicers will include, amongst other things:

- operating the Collection Accounts and ensuring that payments are made into and from the Collection Accounts in accordance with the Servicing Deed;
- notifying the Borrowers of any change in their monthly payments;
- arranging payments required to be made by the Servicers in accordance with the Transaction Documents;
- keeping records and books of account on behalf of the Issuer in relation to the Mortgage Loans and their related Mortgages and other Collateral Security;
- providing a redemption statement upon the request of a Borrower or the Borrower's solicitor or licensed or qualified conveyancer;
- taking all reasonable steps to recover all sums due to the Issuer, including by the institution of proceedings and/or the enforcement of any Mortgage or any Collateral Security; and
- taking all action and doing all things which it would be reasonable to expect a Prudent Mortgage Lender to do in administering its mortgages.

Enforcement Procedures

The Servicers have established procedures for managing Mortgage Loans which are in arrears, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. These procedures may vary, from time to time, in accordance with the practice of a Prudent Mortgage Lender or with the consent of, *inter alia*, the Issuer and the Security Trustee. The procedures are required to be used by the Servicers in respect of arrears arising on the Mortgage Loans. For information relating to the servicing of the loans contained in the Portfolio, and the enforcement procedures carried out in relation thereto, see further the section entitled "*Summary of the Key Transaction Documents – Servicing Deed*".

In order to realise its security in respect of a Property, the relevant mortgagee or, as applicable, heritable creditor (be it the legal owner (the Sellers), the equitable or, as the case may be, the beneficial owner (the Issuer), the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) will need to obtain possession. Possession is taken by following the applicable court proceedings and obtaining a court order.

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

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

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

In respect of Buy-to-Let Mortgage Loans which are unregulated or regulated, the servicer may elect to appoint an LPA receiver (except in respect of Scottish Mortgage Loans as it is not possible to appoint an LPA receiver in Scotland). An LPA receivership is typically used to exercise security over a property that is used for commercial purposes and enables the lender to sell the property or divert income streams (rental income) from properties directly to the lender, which may not lead to an eventual sale process if the borrower is able to recover their position.

A Servicer may vary the Collections and Arrears Policy and the basis on which consents or approvals are given to Borrowers from time to time in a manner as would be acceptable to a Prudent Mortgage Lender.

Insurance Contracts

Buildings Insurance

Buildings insurance at the date of completion of the relevant Mortgage Loan is confirmed by way of receipt of the policy. After the date of completion of the relevant Mortgage Loan, to the extent that a Borrower does not maintain buildings insurance, the Sellers maintain the following forms of contingency insurance cover:

- **"Properties in Possession Cover"**, being the block properties in possession insurance policy of the Sellers, written by Zurich Insurance PLC, for any repossessed Properties;
- **"Lender Interest Only Cover"**, being a policy of the Sellers written by Zurich Insurance PLC, whereby the Seller places the Borrowers on such Lender Interest Only Cover when the Servicer is made aware that the Borrower's own insurance in respect of the Property referable to its Mortgage Loan has expired or lapsed. The premium of the Lender Interest Only Cover is charged back to the Borrower on an annual basis (pro rated); and
- **"Failure to Insure Cover"**, being a policy of the Sellers, written by Zurich Insurance PLC, covering all Mortgage Loans originated by the Sellers. The Failure to Insure Cover would pay out if a Borrower's own policy has been cancelled but the relevant Servicer has not been notified of such an event and so Lender Interest Only Cover has not been put in place,

the Properties in Possession Cover, Lender Interest Only Cover and Failure to Insure Cover together being the **"Block Insurance Policies"**.

Credit Risk Mitigation

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

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

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, in relation to the Mortgage Loans, please see the information set out in this Prospectus headed *"The Mortgage Loans – Lending Criteria"* and *"Summary of the Key Transaction Documents – Servicing Deed"*);
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Portfolio will be serviced in line with the servicing procedures of the Sellers and the Servicers – please see further the section of this Prospectus headed *"Summary of the Key Transaction Documents – Servicing Deed"*);
- (c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy (as to which, in relation to the Portfolio, please see the section of this Prospectus headed *"Characteristics of the Provisional Portfolio"*); and
- (d) policies and procedures in relation to risk mitigation techniques (as to which, please see further the section of this Prospectus headed *"The Mortgage Loans – Lending Criteria"* and *"Summary of the Key Transaction Documents – Servicing Deed"*).

Governing Law

Each of the English Mortgage Loans and any non-contractual obligations arising out of or in connection with them are governed by English law. Each of the Scottish Mortgage Loans and any non-contractual obligations arising out of or in connection with them are governed by Scots law.

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus (including the tables below) has been compiled by reference to loans originated by each Seller in a provisional portfolio (the "**Provisional Portfolio**") and extracted from the systems of such Seller as at the Portfolio Reference Date and reflecting the Principal Balance of the Mortgage Loans on 20 July 2018.

As at the Portfolio Reference Date, the Provisional Portfolio comprised of 4,093 loans originated by the Sellers between January 2015 and July 2018 and secured over properties located in England, Wales and Scotland. The aggregate Principal Balance of the loans in the Provisional Portfolio as at the Portfolio Reference Date was £304,580,356. The Properties over which the loans in the Provisional Portfolio are secured have not been revalued for the purposes of the issue of the Notes.

The characteristics of the Portfolio will differ from those set out below as a result of, among other things, repayments and redemptions of loans in the Provisional Portfolio from the Portfolio Reference Date to the Closing Date and removal of any loans that do not comply with the Loan Warranties as at the Closing Date. If loans selected for the Portfolio are repaid in full or in part between the Cut-Off Date and the Closing Date, the principal recoveries from that loan will form part of Available Principal Receipts. Except as otherwise indicated, these tables have been prepared using the Principal Balance of each loan in the Provisional Portfolio as at the Portfolio Reference Date, which includes all principal and accrued interest arising thereafter for the loans in the Provisional Portfolio. Columns may not add up to 100 per cent. due to rounding.

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

Portfolio Reference Date:	24 July 2018
Current Principal Balance (£):	304,580,356
No. of accounts:	4,093
Average Current Principal Balance (£):	74,415
First legal mortgage / first ranking standard security (as % of Principal Balance):	44.1%
Second legal mortgage/ second ranking standard security (as % of Principal Balance):	55.9%
Weighted average Original Loan to Value Ratio %:	55.5%
Weighted average Current Loan to Value Ratio %:	55.1%
Weighted average interest rate %:	7.2%
Interest-only Mortgage Loans (as % of Principal Balance):	41.4%
Repayment Mortgage Loans (as % of Principal Balance):	58.6%
Weighted average seasoning (months):	10.5
Weighted average remaining term (years):	16.6
Mortgage Loans with arrears greater than one month (as % of Principal Balance):	-
Full property valuation (as % of Principal Balance):	86.2%
Self-employed borrowers (as % of Principal Balance):	53.6%
Owner-occupied properties (as % of Principal Balance):	84.5%
Buy-To-Let Mortgage Loans (as % of Principal Balance):	15.5%
Right to buy Mortgage Loans (as % of Principal Balance):	5.7%
First time buyer (as % of Principal Balance):	6.8%
Home purchase Mortgage Loans (as % of Principal Balance):	8.3%
Refinance Mortgage Loans (as % of Principal Balance):	12.9%

Principal Balances

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

Principal Balance		Aggregate Principal Balance (£)		Number of Mortgage Loans	
		% of total	% of total		
	<= 50,000	60,163,971	19.8%	1,872	45.7%
50,000	< x <= 100,000	96,812,604	31.8%	1,385	33.8%
100,000	< x <= 150,000	55,841,733	18.3%	465	11.4%
150,000	< x <= 200,000	27,058,689	8.9%	158	3.9%
200,000	< x <= 250,000	21,790,440	7.2%	98	2.4%
250,000	< x <= 300,000	12,972,102	4.3%	48	1.2%
300,000	< x <= 350,000	7,081,800	2.3%	22	0.5%
350,000	< x <= 400,000	5,195,352	1.7%	14	0.3%
400,000	< x <= 450,000	3,841,400	1.3%	9	0.2%
450,000	< x <= 500,000	3,247,307	1.1%	7	0.2%
500,000	< x <= 550,000	3,612,405	1.2%	7	0.2%
	> 550,000	6,962,552	2.3%	8	0.2%
Totals		304,580,356	100.0%	4,093	100.0%

The minimum, maximum and average Principal Balance of the Mortgage Loans as of the Portfolio Reference Date £15,048, £1,350,000 and £74,415, respectively

Original Loan to Value Ratios

The following table shows the range of Original Loan to Value Ratios.

Original LTV (%)		Aggregate Principal Balance (£)		Number of Mortgage Loans	
		% of total	% of total		
	<= 30.0%	26,429,912	8.7%	576	14.1%
30.0%	< x <= 35.0%	11,128,886	3.7%	196	4.8%
35.0%	< x <= 40.0%	13,470,467	4.4%	204	5.0%
40.0%	< x <= 45.0%	18,387,682	6.0%	267	6.5%
45.0%	< x <= 50.0%	25,444,795	8.4%	358	8.7%
50.0%	< x <= 55.0%	26,249,695	8.6%	354	8.6%
55.0%	< x <= 60.0%	33,070,555	10.9%	394	9.6%
60.0%	< x <= 65.0%	43,930,057	14.4%	491	12.0%
65.0%	< x <= 70.0%	56,631,053	18.6%	614	15.0%
70.0%	< x <= 75.0%	39,318,737	12.9%	450	11.0%
75.0%	< x <= 80.0%	9,505,366	3.1%	185	4.5%
80.0%	< x <= 85.0%	1,013,151	0.3%	4	0.1%
	> 85.0%	—	0.0%	—	0.0%
Totals		304,580,356	100.0%	4,093	100.0%

The minimum, maximum and weighted average Original Loan to Value Ratio as of the Portfolio Reference Date is 2.8%, 83.2% and 55.5%, respectively.

Current Loan to Value Ratios

The following table shows the range of Current Loan to Value Ratios.

Current LTV (%)		Aggregate Principal Balance (£)		Number of Mortgage Loans	
		% of total	% of total		
	<= 30.0%	27,990,561	9.2%	615	15.0%
30.0%	< x <= 35.0%	11,237,277	3.7%	198	4.8%
35.0%	< x <= 40.0%	14,299,517	4.7%	206	5.0%

Current LTV (%)	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
40.0% < x <= 45.0%	18,340,873	6.0%	272	6.6%
45.0% < x <= 50.0%	26,038,695	8.5%	364	8.9%
50.0% < x <= 55.0%	26,590,785	8.7%	363	8.9%
55.0% < x <= 60.0%	33,116,688	10.9%	384	9.4%
60.0% < x <= 65.0%	45,761,525	15.0%	498	12.2%
65.0% < x <= 70.0%	55,263,780	18.1%	604	14.8%
70.0% < x <= 75.0%	37,082,969	12.2%	433	10.6%
75.0% < x <= 80.0%	7,844,535	2.6%	152	3.7%
80.0% < x <= 85.0%	1,013,151	0.3%	4	0.1%
> 85.0%	–	0.0%	–	0.0%
Totals	304,580,356	100.0%	4,093	100.0%

The minimum, maximum and weighted average Current Loan to Value Ratio of the Mortgage Loans as of the Portfolio Reference Date is 2.8%, 83.1% and 55.1%, respectively.

Geographical distribution

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

Region	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
East Anglia	6,245,476	2.1%	107	2.6%
East Midlands	9,648,850	3.2%	157	3.8%
South East, London and South Central	199,157,347	65.4%	2,306	56.3%
North East	3,436,407	1.1%	64	1.6%
North West	17,429,046	5.7%	299	7.3%
Scotland	13,255,100	4.4%	243	5.9%
South West	17,469,129	5.7%	271	6.6%
Wales	6,634,147	2.2%	140	3.4%
West Midlands	14,289,410	4.7%	223	5.4%
Yorks and Humber	17,015,445	5.6%	283	6.9%
Totals	304,580,356	100.0%	4,093	100.0%

Month of origination

The following table shows the distribution of Mortgage Loans by month of origination.

Month of origination	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
January 2015	461,380	0.2%	8	0.2%
February 2015	380,365	0.1%	9	0.2%
March 2015	950,635	0.3%	19	0.5%
April 2015	688,348	0.2%	13	0.3%
May 2015	429,057	0.1%	8	0.2%
June 2015	713,000	0.2%	15	0.4%
July 2015	1,198,147	0.4%	20	0.5%
August 2015	740,287	0.2%	16	0.4%

Month of origination	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
September 2015	571,123	0.2%	15	0.4%
October 2015	645,121	0.2%	15	0.4%
November 2015	588,805	0.2%	18	0.4%
December 2015	787,667	0.3%	20	0.5%
January 2016	1,914,847	0.6%	35	0.9%
February 2016	2,096,635	0.7%	39	1.0%
March 2016	1,734,480	0.6%	37	0.9%
April 2016	1,041,523	0.3%	18	0.4%
May 2016	2,018,228	0.7%	33	0.8%
June 2016	1,534,336	0.5%	37	0.9%
July 2016	2,341,771	0.8%	42	1.0%
August 2016	1,801,389	0.6%	31	0.8%
September 2016	3,928,530	1.3%	53	1.3%
October 2016	4,178,170	1.4%	69	1.7%
November 2016	3,936,909	1.3%	58	1.4%
December 2016	5,185,220	1.7%	85	2.1%
January 2017	8,314,185	2.7%	127	3.1%
February 2017	8,998,794	3.0%	121	3.0%
March 2017	12,678,590	4.2%	170	4.2%
April 2017	11,967,748	3.9%	178	4.3%
May 2017	14,036,489	4.6%	196	4.8%
June 2017	13,177,712	4.3%	188	4.6%
July 2017	16,144,921	5.3%	214	5.2%
August 2017	12,387,464	4.1%	183	4.5%
September 2017	14,573,315	4.8%	191	4.7%
October 2017	16,463,178	5.4%	174	4.3%
November 2017	17,967,338	5.9%	217	5.3%
December 2017	12,380,794	4.1%	174	4.3%
January 2018	17,719,250	5.8%	222	5.4%
February 2018	16,316,256	5.4%	207	5.1%
March 2018	16,433,576	5.4%	204	5.0%
April 2018	17,736,657	5.8%	175	4.3%
May 2018	17,443,766	5.7%	205	5.0%
June 2018	13,217,724	4.3%	158	3.9%
July 2018	6,756,626	2.2%	76	1.9%
Totals	304,580,356	100.0%	4,093	100.0%

Years to maturity of Mortgage Loans

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

Years to maturity	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
<= 10	66,342,901	21.8%	963	23.5%
10 < x <= 12	17,601,624	5.8%	263	6.4%
12 < x <= 14	31,375,150	10.3%	425	10.4%
14 < x <= 16	46,644,116	15.3%	539	13.2%
16 < x <= 18	16,342,935	5.4%	248	6.1%
18 < x <= 20	24,673,256	8.1%	338	8.3%
20 < x <= 22	11,968,831	3.9%	176	4.3%

Years to maturity	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
22 < x <= 24	29,452,568	9.7%	442	10.8%
24 < x <= 26	40,082,290	13.2%	472	11.5%
26 < x <= 28	2,865,437	0.9%	40	1.0%
28 < x <= 30	17,231,250	5.7%	187	4.6%
> 30	-	0.0%	-	0.0%
Totals	304,580,356	100.0%	4,093	100.0%

The minimum, maximum and weighted average remaining term of the Mortgage Loans as of the Portfolio Reference Date is 1.7, 30.0 and 16.6 years, respectively.

Interest rate types

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

Interest type	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
Fixed rate Mortgage Loan	106,279,363	34.9%	1,781	43.5%
Floating rate Mortgage Loan	198,300,993	65.1%	2,312	56.5%
Totals	304,580,356	100.0%	4,093	100.0%

Current interest rate

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

Nominal rate (%)	Aggregate		Number of	
	Principal Balance (£)	% of total	Mortgage Loans	% of total
<= 3.0%	-	0.0%	-	0.0%
3.0% < x <= 3.5%	-	0.0%	-	0.0%
3.5% < x <= 4.0%	-	0.0%	-	0.0%
4.0% < x <= 4.5%	-	0.0%	-	0.0%
4.5% < x <= 5.0%	-	0.0%	-	0.0%
5.0% < x <= 5.5%	-	0.0%	-	0.0%
5.5% < x <= 6.0%	2,027,474	0.7%	22	0.5%
6.0% < x <= 6.5%	57,574,253	18.9%	604	14.8%
6.5% < x <= 7.0%	83,880,801	27.5%	877	21.4%
7.0% < x <= 7.5%	92,527,629	30.4%	1,337	32.7%
7.5% < x <= 8.0%	20,277,026	6.7%	345	8.4%
8.0% < x <= 8.5%	29,075,845	9.5%	497	12.1%
8.5% < x <= 9.0%	4,183,056	1.4%	80	2.0%
9.0% < x <= 9.5%	6,883,279	2.3%	149	3.6%
9.5% < x <= 10.0%	2,528,733	0.8%	51	1.2%
10.0% < x <= 10.5%	1,166,371	0.4%	24	0.6%
10.5% < x <= 11.0%	1,128,824	0.4%	22	0.5%
11.0% < x <= 11.5%	62,784	0.0%	2	0.0%
11.5% < x <= 12.0%	184,366	0.1%	4	0.1%
12.0% >	3,079,915	1.0%	79	1.9%

Nominal rate (%)	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
Totals	304,580,356	100.0%	4,093	100.0%

The minimum, maximum and weighted average current interest rate as of the Portfolio Reference Date is 6.0%, 16.0% and 7.2%, respectively.

Buy-to-let interest cover ratio

The following table shows the distribution of buy-to-let interest cover ratio (based only on rental income) in respect of Buy-to-Let Mortgage Loans as at the Portfolio Reference Date.

Buy-to-let interest cover ratio	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
Non rental income assessed	1,020,522	2.2%	11	2.2%
0.00x <x<= 1.00x	10,223,381	21.7%	56	11.1%
1.00x <x<= 1.25x	5,665,154	12.0%	54	10.7%
1.25x <x<= 1.50x	13,187,433	28.0%	137	27.2%
1.50x <x<= 1.75x	8,343,776	17.7%	106	21.0%
1.75x <x<= 2.00x	3,820,340	8.1%	53	10.5%
2.00x <x<= 2.25x	1,838,726	3.9%	31	6.2%
2.25x <x<= 2.50x	1,030,922	2.2%	18	3.6%
2.50x <x<= 2.75x	504,659	1.1%	10	2.0%
2.75x <x<= 3.00x	640,598	1.4%	12	2.4%
3.00x >	895,088	1.9%	16	3.2%
Totals	47,170,597	100.0%	504	100.0%

The minimum, maximum and weighted average buy-to-let interest cover ratio (based only on rental income) as of the Portfolio Reference Date is 0.00x, 7.97x and 1.43x, respectively.

Reversion Date

The following table shows the distribution of Mortgage Loans by reversion date.

Reversion Date	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
Non Reversion	198,300,993	65.1%	2,312	56.5%
Apr-19	44,810	0.0%	1	0.0%
May-19	118,907	0.0%	2	0.0%
Jun-19	44,799	0.0%	1	0.0%
Jul-19	-	0.0%	-	0.0%
Aug-19	-	0.0%	-	0.0%
Sep-19	-	0.0%	-	0.0%
Oct-19	-	0.0%	-	0.0%
Nov-19	-	0.0%	-	0.0%
Dec-19	-	0.0%	-	0.0%
Jan-20	127,950	0.0%	1	0.0%
Feb-20	90,764	0.0%	3	0.1%
Mar-20	86,195	0.0%	3	0.1%
Apr-20	165,100	0.1%	6	0.1%
May-20	422,004	0.1%	7	0.2%
Jun-20	408,276	0.1%	9	0.2%

Reversion Date	Aggregate Principal		Number of	
	Balance (£)	% of total	Mortgage Loans	% of total
Jul-20	170,776	0.1%	4	0.1%
Aug-20	179,114	0.1%	6	0.1%
Sep-20	167,598	0.1%	5	0.1%
Oct-20	359,566	0.1%	11	0.3%
Nov-20	346,161	0.1%	14	0.3%
Dec-20	381,693	0.1%	13	0.3%
Jan-21	930,422	0.3%	19	0.5%
Feb-21	919,983	0.3%	24	0.6%
Mar-21	881,385	0.3%	24	0.6%
Apr-21	505,377	0.2%	11	0.3%
May-21	619,972	0.2%	15	0.4%
Jun-21	1,098,021	0.4%	25	0.6%
Jul-21	1,117,035	0.4%	27	0.7%
Aug-21	1,053,737	0.3%	20	0.5%
Sep-21	2,165,931	0.7%	29	0.7%
Oct-21	2,125,330	0.7%	43	1.1%
Nov-21	2,448,626	0.8%	40	1.0%
Dec-21	2,115,544	0.7%	41	1.0%
Jan-22	3,099,560	1.0%	56	1.4%
Feb-22	2,715,891	0.9%	42	1.0%
Mar-22	4,248,257	1.4%	68	1.7%
Apr-22	3,502,184	1.1%	66	1.6%
May-22	5,441,457	1.8%	87	2.1%
Jun-22	5,003,791	1.6%	79	1.9%
Jul-22	5,717,097	1.9%	92	2.2%
Aug-22	4,749,633	1.6%	81	2.0%
Sep-22	4,959,266	1.6%	78	1.9%
Oct-22	3,655,236	1.2%	65	1.6%
Nov-22	5,420,678	1.8%	78	1.9%
Dec-22	4,778,899	1.6%	77	1.9%
Jan-23	5,920,511	1.9%	95	2.3%
Feb-23	5,796,203	1.9%	89	2.2%
Mar-23	5,362,841	1.8%	83	2.0%
Apr-23	5,168,704	1.7%	62	1.5%
May-23	4,568,080	1.5%	67	1.6%
Jun-23	3,503,033	1.2%	61	1.5%
Jul-23	3,572,968	1.2%	51	1.2%
Totals	304,580,356	100.0%	4093.00	100.0%

Previous county court judgments

The following table represents the distribution of Mortgage Loans, according to the number of previous county court judgments (including the Scottish equivalent) the Borrower under such Mortgage Loan had experienced in the six years prior to the origination of such Mortgage Loan.

No. of previous CCJs	Aggregate Principal		Number of	
	Balance (£)	% of total	Loans	% of total
0	255,896,507	84.0%	3,412	83.4%
1	30,028,745	9.9%	436	10.7%
2	12,515,932	4.1%	159	3.9%
3	3,645,292	1.2%	48	1.2%

4	1,576,551	0.5%	26	0.6%
5	156,164	0.1%	4	0.1%
6	345,146	0.1%	3	0.1%
> 6	416,019	0.1%	5	0.1%
Totals	304,580,356	100.0%	4,093	100.0%

Previous bankruptcy(ies)/Individual voluntary arrangements

The following table is based on data recorded at origination of the Mortgage Loan.

Bankruptcies/individual voluntary arrangements	Aggregate Principal Balance (£)	% of total	Number of Loans	% of total
None	304,580,356	100.0%	4,093	100.0%
Totals	304,580,356	100.0%	4,093	100.0%

First Mortgage Loans and Second Mortgage Loans

The following table shows the distribution of Mortgage Loans that are First Mortgage Loans or Second Mortgage Loans, as at the Portfolio Reference Date:

	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
First Mortgage Loans	134,440,781	44.1%	1,550	37.9%
- of which buy-to-let	22,462,121	16.7%	136	8.8%
- of which owner occupied	111,978,660	83.3%	1,414	91.2%
Second Mortgage Loans	170,139,575	55.9%	2,543	62.1%
- of which buy-to-let	24,708,476	14.5%	368	14.5%
- of which owner occupied	145,431,099	85.5%	2,175	85.5%

Owner-occupied mortgage loans and buy-to-let mortgage loans

The following table shows the distribution of Mortgage Loans that are owner occupied mortgage loans or buy-to-let mortgage loans, as at the Portfolio Reference Date:

Total portfolio	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
Owner occupied	257,409,759	84.5%	3,589	87.7%
- of which repayment	169,201,183	65.7%	2,837	79.0%
- of which interest only	88,208,576	34.3%	752	21.0%
Buy-to-let	47,170,597	15.5%	504	12.3%
- of which repayment	9,229,254	19.6%	182	36.1%
- of which interest only	37,941,343	80.4%	322	63.9%
Totals	304,580,356	100.0%	4,093	100.0%

Fixed Rate	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
Owner Occupied	100,745,003	94.8%	1,675	94.0%
- of which Repayment	69,148,806	68.6%	1,378	82.3%
- of which IO	31,596,197	31.4%	297	17.7%

Total portfolio	Aggregate Principal Balance (£)	% of total	Number of Mortgage Loans	% of total
BTL	5,534,359	5.2%	106	6.0%
- of which Repayment	2,220,484	40.1%	58	54.7%
- of which IO	3,313,875	59.9%	48	45.3%
Totals	106,279,363		1,781	

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. No assurance can be given that the Mortgage Loans in the Portfolio are or will be representative of the information set out in the tables or generally to the performance of the UK housing market. For information relating to the loans contained in the Provisional Portfolio, see further the section entitled "*Characteristics of the Provisional Portfolio*".

Industry CPR rates

In the following tables, quarterly industry constant repayment rate ("**industry CPR**") data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by banks and building societies in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)
Sep-2005	22.63%	
Dec-2005	22.78%	
Mar-2006	20.54%	
Jun-2006	22.20%	22.04%
Sep-2006	23.13%	22.16%
Dec-2006	22.84%	22.18%
March 2007	21.36%	22.38%
June 2007	22.51%	22.46%
September 2007	22.72%	22.36%
December 2007	20.63%	21.81%
March 2008	18.73%	21.15%
June 2008	19.21%	20.32%
September 2008	17.31%	18.97%
December 2008	13.82%	17.27%
March 2009	11.08%	15.36%
June 2009	10.34%	13.14%
September 2009	11.29%	11.63%
December 2009	11.21%	10.98%
March 2010	9.63%	10.62%
June 2010	10.63%	10.69%
September 2010	11.13%	10.65%
December 2010	10.79%	10.55%
March 2011	9.88%	10.61%
June 2011	10.49%	10.57%
September 2011	11.80%	10.74%
December 2011	11.26%	10.86%
March 2012	10.41%	10.99%
June 2012	10.66%	11.03%
September 2012	11.00%	10.83%
December 2012	11.25%	10.83%

Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)
March 2013	10.89%	10.95%
June 2013	12.50%	11.41%
September 2013	14.11%	12.19%
December 2013	14.50%	13.00%
March 2014	13.20%	13.58%
June 2014	13.92%	13.93%
September 2014	14.85%	14.12%
December 2014	14.52%	14.12%
March 2015	13.20%	14.12%
June 2015	14.27%	14.21%
September 2015	15.48%	14.37%
December 2015	15.71%	14.67%
March 2016	15.44%	15.23%
June 2016	15.13%	15.44%
September 2016	15.95%	15.56%
December 2016	15.47%	15.50%
March 2017	14.99%	15.39%
June 2017	14.90%	15.33%
September 2017	16.16%	15.38%
December 2017	16.43%	15.62%
March 2018	15.36%	15.71%
June 2018	15.55%	15.88%

Source of repayment and outstanding mortgage information: Council of Mortgage Lenders and Bank of England

Repossession Rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985	0.25%	1996	0.40%	2007	0.22%
1986	0.30%	1997	0.31%	2008	0.34%
1987	0.32%	1998	0.31%	2009	0.43%
1988	0.22%	1999	0.27%	2010	0.34%
1989	0.17%	2000	0.20%	2011	0.33%
1990	0.47%	2001	0.16%	2012	0.30%
1991	0.77%	2002	0.11%	2013	0.26%
1992	0.69%	2003	0.07%	2014	0.19%
1993	0.58%	2004	0.07%	2015	0.09%
1994	0.47%	2005	0.12%	2016	0.07%
1995	0.47%	2006	0.18%	2017	0.07%

Source: Council of Mortgage Lenders

House Price to Earnings Ratio

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the annual survey of hours and earnings figures published by the Office for National Statistics referring to weekly earnings in April of each year for those male employees whose earnings were not affected by their absence from work. While this is indicative of housing affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994	4.57	2006	8.09
1995	4.39	2007	8.47
1996	4.35	2008	7.81
1997	4.48	2009	7.13
1998	4.63	2010	7.37
1999	4.94	2011	7.09
2000	5.51	2012	7.03
2001	5.66	2013	7.13
2002	6.37	2014	7.61
2003	7.14	2015	7.87
2004	7.66	2016	8.22
2005	7.86	2017	8.39

Source: Council of Mortgage Lenders

House Price Index

UK residential property prices can be measured by, among other indexes, the non-seasonally adjusted Nationwide House Price Index (a national house price index that is derived from Nationwide lending data for properties at the post survey approval stage). Nationwide is a UK building society.

The UK housing market has been through various economic cycles in the recent past, with year-to-year increases in the Nationwide House Price Index occurring in the late 1990s to the late 2000s and decreases occurring in the early 1990s and from 2008 to 2012.

Quarter	Retail Price Index		Nationwide House Price Index	
	Index	% annual change	Index	% annual change
March 1989.....	111.7	7.71%	118.8	32.03%
June 1989.....	114.9	8.19%	124.2	27.20%
September 1989	116.0	7.71%	125.2	15.51%
December 1989.....	118.3	7.64%	122.7	7.42%
March 1990.....	120.4	7.79%	118.9	0.09%
June 1990.....	126.0	9.66%	117.7	-5.24%
September 1990	128.1	10.43%	114.2	-8.82%
December 1990.....	130.1	9.97%	109.6	-10.69%
March 1991.....	130.8	8.64%	108.8	-8.46%
June 1991.....	133.6	6.03%	110.6	-6.04%
September 1991	134.2	4.76%	109.5	-4.09%
December 1991.....	135.5	4.15%	107.0	-2.34%
March 1992.....	136.2	4.13%	104.1	-4.33%
June 1992.....	139.1	4.12%	105.1	-4.97%
September 1992	139.0	3.58%	104.2	-4.85%
December 1992.....	139.6	3.03%	100.1	-6.46%
March 1993.....	138.7	1.84%	100.0	-3.94%
June 1993.....	140.9	1.29%	103.6	-1.41%
September 1993	141.3	1.65%	103.2	-0.95%
December 1993.....	141.8	1.58%	101.8	1.76%
March 1994.....	142.0	2.38%	102.4	2.39%
June 1994.....	144.5	2.56%	102.5	-1.07%

Quarter	Retail Price Index		Nationwide House Price Index	
	Index	% annual change	Index	% annual change
September 1994.....	144.6	2.34%	103.2	-0.03%
December 1994.....	145.5	2.61%	104.0	2.08%
March 1995.....	146.8	3.38%	101.9	-0.47%
June 1995.....	149.5	3.46%	103.0	0.53%
September 1995.....	149.9	3.67%	102.4	-0.77%
December 1995.....	150.1	3.16%	101.6	-2.27%
March 1996.....	150.9	2.79%	102.5	0.55%
June 1996.....	152.8	2.21%	105.8	2.71%
September 1996.....	153.1	2.13%	107.7	5.21%
December 1996.....	154.0	2.60%	110.1	8.32%
March 1997.....	154.9	2.65%	111.3	8.65%
June 1997.....	156.9	2.68%	116.5	10.13%
September 1997.....	158.4	3.46%	121.2	12.49%
December 1997.....	159.7	3.70%	123.3	12.07%
March 1998.....	160.2	3.42%	125.5	12.71%
June 1998.....	163.2	4.02%	130.1	11.68%
September 1998.....	163.7	3.35%	132.4	9.24%
December 1998.....	164.4	2.94%	132.3	7.25%
March 1999.....	163.7	2.18%	134.6	7.27%
June 1999.....	165.5	1.41%	139.7	7.34%
September 1999.....	165.6	1.16%	144.4	9.03%
December 1999.....	166.8	1.46%	148.9	12.55%
March 2000.....	167.5	2.32%	155.0	15.15%
June 2000.....	170.6	3.08%	162.0	16.0%
September 2000.....	170.9	3.20%	161.5	11.85%
December 2000.....	172.0	3.12%	162.8	9.37%
March 2001.....	171.8	2.57%	167.5	8.08%
June 2001.....	173.9	1.93%	174.8	7.93%
September 2001.....	174.0	1.81%	181.6	12.50%
December 2001.....	173.8	1.05%	184.6	13.36%
March 2002.....	173.9	1.22%	190.2	13.55%
June 2002.....	176.0	1.21%	206.5	18.10%
September 2002.....	176.6	1.49%	221.1	21.73%
December 2002.....	178.2	2.53%	231.3	25.30%
March 2003.....	179.2	3.05%	239.3	25.78%
June 2003.....	181.3	3.01%	250.1	21.14%
September 2003.....	181.8	2.94%	258.9	17.08%
December 2003.....	182.9	2.64%	267.1	15.49%
March 2004.....	183.8	2.57%	277.3	15.92%
June 2004.....	186.3	2.76%	296.2	18.41%
September 2004.....	187.4	3.08%	306.2	18.28%
December 2004.....	189.2	3.44%	304.1	13.86%
March 2005.....	189.7	3.21%	304.8	9.90%
June 2005.....	191.9	3.01%	314.2	6.08%
September 2005.....	192.6	2.77%	314.4	2.70%
December 2005.....	193.7	2.38%	314.0	3.23%
March 2006.....	194.2	2.37%	319.8	4.93%
June 2006.....	197.6	2.97%	329.2	4.79%
September 2006.....	199.3	3.48%	336.1	6.87%
December 2006.....	201.4	3.98%	343.2	9.33%

Quarter	Retail Price Index		Nationwide House Price Index	
	Index	% annual change	Index	% annual change
March 2007.....	203.0	4.53%	350.2	9.50%
June 2007.....	206.3	4.40%	362.7	10.16%
September 2007.....	207.1	3.91%	367.3	9.30%
December 2007.....	209.8	4.17%	367.0	6.91%
March 2008.....	211.1	3.99%	357.8	2.17%
June 2008.....	215.3	4.36%	348.1	-4.01%
September 2008.....	217.4	4.97%	329.5	-10.29%
December 2008.....	215.5	2.72%	312.9	-14.75%
March 2009.....	210.9	-0.09%	298.7	-16.53%
June 2009.....	212.6	-1.25%	307.3	-11.72%
September 2009.....	214.4	-1.38%	319.5	-3.04%
December 2009.....	216.9	0.65%	323.4	3.37%
March 2010.....	219.3	3.98%	324.9	8.80%
June 2010.....	223.5	5.13%	336.6	9.51%
September 2010.....	224.5	4.71%	333.9	4.49%
December 2010.....	227.0	4.66%	325.1	0.53%
March 2011.....	230.9	5.29%	323.9	-0.31%
June 2011.....	234.9	5.10%	332.7	-1.16%
September 2011.....	236.2	5.21%	332.3	-0.45%
December 2011.....	238.6	5.11%	328.7	1.11%
March 2012.....	239.6	3.77%	324.6	0.21%
June 2012.....	242.2	3.11%	329.1	-1.08%
September 2012.....	243.1	2.92%	327.0	-1.61%
December 2012.....	246.0	3.10%	325.0	-1.13%
March 2013.....	247.4	3.26%	325.3	0.21%
June 2013.....	249.7	3.10%	333.7	1.42%
September 2013.....	250.9	3.21%	341.0	4.28%
December 2013.....	252.5	2.64%	348.0	7.07%
March 2014.....	253.9	2.63%	355.3	9.24%
June 2014.....	256.0	2.52%	372.1	11.51%
September 2014.....	256.9	2.39%	376.7	10.47%
December 2014.....	257.4	1.94%	377.0	8.34%
March 2015.....	256.4	0.98%	376.2	5.86%
June 2015.....	258.5	0.98%	387.5	4.14%
September 2015.....	259.3	0.93%	390.5	3.67%
December 2015.....	260.0	1.01%	393.1	4.26%
March 2016.....	260.0	1.40%	396.1	5.30%
June 2016.....	262.2	1.43%	407.4	5.14%
September 2016.....	264.2	1.89%	411.6	5.42%
December 2016.....	265.8	2.23%	410.8	4.51%
March 2017.....	267.7	2.96%	412.3	4.08%
June 2017.....	271.5	3.55%	418.9	2.81%
Sep-2017.....	274.2	3.79%	422.3	2.58%
Dec-2017.....	276.4	3.99%	421.8	2.67%
Mar-2018.....	277.5	3.66%	422.5	2.48%
Jun-2018.....	280.6	3.35%	428.1	2.19%

Source: Office for National Statistics and Nationwide Building Society, respectively

All information contained in this Prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society, which is available on their website,

<http://www.nationwide.co.uk/hpi/>, but which is not incorporated by reference into this Prospectus. The Issuer confirms that all information in this Prospectus in respect of the Nationwide House Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under a mortgage sale agreement entered into on or around the Closing Date between, amongst others, the Sellers, the Issuer, the Security Trustee and each Servicer (the "**Mortgage Sale Agreement**"), each of the Sellers shall (in consideration for payment of the Initial Purchase Price and the issuance and payment under the Residual Certificates as detailed below):

- (a) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh residential mortgage loans each secured by an English Mortgage and, where applicable, other Collateral Security (the "**English Mortgage Loans**"); and
- (b) sell to the Issuer pursuant to the Mortgage Sale Agreement and hold the portfolio of Scottish residential mortgage loans each secured by a Scottish Mortgage and, where applicable, other Collateral Security (the "**Scottish Mortgage Loans**") on trust under a Scottish Declaration of Trust for the benefit of the Issuer.

The English Mortgage Loans and their Collateral Security comprising the Portfolio will be assigned by way of equitable assignment to the Issuer, while the Scottish Mortgage Loans and their Collateral Security comprising the Portfolio will be held on trust for the Issuer under the Scottish Declaration of Trust dated the Closing Date. The Mortgage Loans and Collateral Security and all monies derived therefrom from time to time are referred to herein as the "**Portfolio**".

The consideration due to each of the Sellers in respect of the sale of the Portfolio shall be:

- (a) the Initial Purchase Price, which is due and payable on the Closing Date; and
- (b) the deferred consideration consisting of the Residual Payments payable pursuant to the applicable Payment Priorities, the right to such Residual Payments being represented by Residual Certificates to be issued by the Issuer and delivered to, or at the direction of, each of the Sellers on the Closing Date.

Any Residual Payments payable pursuant to the Residual Certificates will be paid in accordance with the priority of payments set out in the sections headed "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*".

Each Seller shall transfer to the Issuer within two Business Days of the Closing Date an amount equal to all collections received on the Mortgage Loans and their Collateral Security comprised in the Portfolio from (but excluding) the Cut-Off Date to (but excluding) the Closing Date.

Title to the Mortgages, Registration and Notifications

The completion of the transfer or, in the case of Scottish Mortgage Loans and their Collateral Security, assignment, of the Mortgage Loans and their Collateral Security (and, where appropriate, their registration or recording) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Mortgage Loans and their Collateral Security therefore remains with each relevant Seller until the occurrence of a Perfection Event. Notice of the sale of the Mortgage Loans and their Collateral Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer will be completed by or on behalf of the each relevant Seller after any of the following Perfection Events occurs:

- (a) the occurrence of an Insolvency Event occurring in relation to a Seller; or
- (b) a Seller being required to perfect legal title to the Mortgage Loans (i) by law, (ii) by an order of a court of competent jurisdiction or (iii) by a regulatory authority which has jurisdiction over a Seller; or
- (c) a Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (d) the occurrence of a Servicer Termination Event where:
 - (i) servicing has not been moved within the Together Group following the expiry of all applicable grace periods; or
 - (ii) no replacement servicer has been appointed in accordance with the provisions of the Servicing Deed; or
- (e) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee (acting reasonably), in jeopardy;
- (f) the delivery of an Enforcement Notice by the Note Trustee on the Issuer; or
- (g) it becoming unlawful in any applicable jurisdiction for a Seller to hold legal title in respect of any Mortgage Loan or its Collateral Security in the Portfolio,

(each of the events set out in paragraphs (a) to (g) above inclusive being a "**Perfection Event**").

Following a Perfection Event, notice of the legal assignments and assignments will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments and assignments at the Land Registry and Registers of Scotland (as applicable).

None of the Note Trustee, the Security Trustee or the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Sellers contained in the Mortgage Sale Agreement.

Conditions to Sale

The sale of Mortgage Loans and their Collateral Security to the Issuer will be subject to various conditions being satisfied on the Closing Date.

Representations and Warranties

On the Closing Date, the Loan Warranties (described below in this "*Representations and Warranties*" section) will be given by each Seller in respect of the Mortgage Loans and their Collateral Security originated by that Seller to the Issuer on that day.

The Loan Warranties (described below in this "*Representations and Warranties*" section) will also be given by the relevant Seller to the Issuer in respect of a Mortgage Loan which is the subject of a Further Mortgage Advance or Product Switch, or which constitutes a Substitute Mortgage Loan on the relevant Advance Date, Switch Date or Substitution Date, as applicable,

The warranties that will be given to the Issuer and the Security Trustee by each Seller pursuant to the Mortgage Sale Agreement (the "**Loan Warranties**") include:

1. Each Mortgage Loan and the related Collateral Security and Assigned Rights are originated in the name of the relevant Seller in its ordinary course of business who is the holder of legal and beneficial title to the same, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption and subject to registration or recording at the Land Registry or the Registers of Scotland (as the case may be) of the relevant Seller as proprietor or heritable creditor of the relevant Mortgage.
2. Each Scottish Mortgage Loan is secured by a valid and subsisting first ranking Standard Security or a second ranking Standard Security over the Property to which it relates (subject to completion of any registration or recording with the Registers of Scotland and (in those cases) there is nothing to prevent that registration or recording from being effected).
3. Each English Mortgage Loan is secured by either:
 - (a) (in the case of First Mortgage Loans) a valid and subsisting first legal mortgage; or
 - (b) (in the case of Second Mortgage Loans) a valid and subsisting second legal mortgage,
subject to completion of any registration or recording with the Land Registry and there is nothing to prevent that registration or recording from being effected; or
 - (i) (in the case of Second Mortgage Loans for which any restriction to registration may exist) a second equitable charge with appropriate title insurance; or
 - (ii) (in the case of second equitable charges for which title insurance does not exist) a second equitable charge only,
over the Property to which it relates.
4. Each Property is a residential property situated in England, Wales or Scotland.
5. The amount outstanding under each Mortgage Loan is a valid debt to the relevant Seller (as holder of the legal title to the Mortgage Loan) from the Borrower arising from advances of money to the Borrower and, except for any Mortgage Loan and its Collateral Security which is not binding by virtue of UTCCR or the Consumer Rights Act 2015, the terms of each Mortgage Loan and its Collateral Security constitute valid, binding and legally enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and (ii) this warranty only applies in relation to interest and principal payable by the Borrower.
6. The terms of the loan agreement or Collateral Security relating to each Mortgage Loan are not "unfair terms" within the meaning of the UTCCR or the Consumer Rights Act 2015 but this warranty shall only be construed as to apply in respect of principal and any interest due or charged on the principal of the Mortgage Loan and not in respect of any early repayment charges.
7. To the extent that any Mortgage Loan is wholly or partially regulated by the CCA or by the FSMA as a regulated credit agreement under article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) or treated as such, the relevant Seller has complied with all of the relevant legal requirements of, and procedures set out in the CCA or the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable.

8. In relation to each Mortgage Loan, the related Mortgage and Assigned Rights secured by way of first (in relation to First Mortgage Loans) or second (in relation to Second Mortgage Loans) priority security, all principal, interest, costs, liability and expenses from time to time are due to the relevant Seller under the relevant Mortgage Loan.
9. Subject to paragraphs 2 and 3 above, all acts necessary to perfect the vesting of the full legal title to each Mortgage Loan and the related Mortgage and Assigned Rights in the relevant Seller have been duly done or are in the process of being done with all due diligence (having regard to such acts as may be carried out by a Prudent Mortgage Lender).
10. Each Mortgage Loan (including any amendment or supplement thereto) was made in accordance with the applicable Underwriting Policy in place at the time of origination subject only to such exceptions and waivers as made on a case by case basis as would be acceptable to a Prudent Mortgage Lender.
11. The Mortgage Conditions for each (i) First Mortgage Loan require the Property over which the First Mortgage Loan is secured to be insured to an amount not less than the full reinstatement value determined at or around the time the related First Mortgage Loan was made and (ii) Second Mortgage Loan require the Property over which the Second Mortgage Loan is secured to be insured to an amount not less than the amount of the Second Mortgage Loan.
12. No Borrower (if any) in relation to any Mortgage Loan is an employee of the relevant Seller or any Affiliate.
13. All the Mortgage Loans in respect of Properties located in England and Wales are governed by English law and all the Mortgage Loans in respect of Properties located in Scotland are governed by Scots law.
14. In the case of each Mortgage Loan secured over unregistered land in England or Wales:
 - (a) it is either a fee simple absolute in possession (if freehold) or (if leasehold) a term of years absolute;
 - (b) the Borrower's title commences with a good root of title which was more than 15 years old at the date of the Mortgage Loan; and
 - (c) the Mortgage Loan was completed within the priority period conferred by an official search at the Land Charges Department.
15. In the case of each Mortgage Loan secured over registered land in England or Wales:
 - (a) the Property is registered in the name of the Borrower with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title in the case of freehold or leasehold title where such possessory title has been taken into account by the value in the Valuation; or
 - (b) is in the course of registration with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title in the case of freehold or leasehold title where such possessory title has been taken into account by the value in the Valuation; and
 - (c) there is no caution, notice or other entry which would prevent the registration of each:
 - (i) First Mortgage Loan as a first legal mortgage; and

(ii) Second Mortgage Loan as a second legal mortgage,

and an application for registration has been delivered to the Land Registry within the priority period conferred by an official search against the relevant title at the Land Registry; or

(d) (in relation to a second equitable charge and subject to paragraph 3(b)(ii) above) any such caution, notice or other entry which may prevent registration of or enforceability as a second legal mortgage is off-set by appropriate title insurance.

16. In the case of each Mortgage Loan secured over any Property situated in Scotland:

(a) the Borrower has a valid and marketable heritable or long lease title to the relevant Property duly registered or recorded or in the course of registration or recording (as applicable) in the Registers of Scotland with absolute warrandice, free from any encumbrance, notice or adverse entry which would affect such title and (in the case of Properties registered or in the course of registration in the Land Register of Scotland) without exclusion or qualification of indemnity in terms of Section 12(2) of the Land Registration (Scotland) Act 1979 and/or exclusion or qualification of warranty in terms of the Land Registration etc. (Scotland) Act 2012;

(b) there is no encumbrance, notice or other adverse entry which would prevent the registration or recording (as applicable) of the relevant Scottish Mortgage in the Registers of Scotland as a first (in relation to First Mortgage Loans) or second (in relation to Second Mortgage Loans) ranking standard security; and

(c) all MH/CP Documentation evidencing that the Borrower has acquired title to the Property free of any occupancy rights of any "non-entitled spouse" or "non-entitled civil partner" and that the standard security by the relevant Borrower in favour of the relevant Seller is likewise unaffected by any such occupancy rights, all in terms of Section 8 of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or Section 101 of the Civil Partnership Act 2004 (as applicable), has been obtained and is held by or to the order of the relevant Seller.

17. In relation to any leasehold Property, in any case where the relevant Seller has received written notice from the relevant landlord that it is or may be taking reasonable steps to forfeit or irritate the lease of that Property, the relevant Seller has taken such reasonable steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and the Mortgage Loan.

18. In relation to each Mortgage other than a Scottish Mortgage, secured over a leasehold Property:

(a) the lease cannot be forfeited on the bankruptcy of the tenant; and

(b) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Collateral Security has been obtained or given.

19. In relation to each Scottish Mortgage, secured over a long leasehold Property:

(a) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Collateral Security has been obtained or given; and

(b) the terms of the lease would, at the time of origination, have been acceptable to a Prudent Mortgage Lender.

20. So far as the relevant Seller is aware, no Property has been let or sub-let otherwise than by way of:
(i) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1998; (ii) an assured tenancy; (iii) a short assured tenancy which meets the requirements of Section 32 of the Housing (Scotland) Act 1988 or (iv) a private residential tenancy in terms of the Private Housing (Tenancies) (Scotland) Act 2016.
21. Since the creation of each Mortgage Loan, accounts, books and records showing all transactions, payments, receipts, proceedings and notices relating to arrears or arrangements relating to that Mortgage Loan have been kept and all such accounts, books and records are up to date and in the possession of the relevant Seller or held to its order.
22. Prior to making the initial advance (or, where required by the applicable Underwriting Policy, Further Mortgage Advance) under each Mortgage Loan, a Valuation of the relevant Property was undertaken on the relevant Seller's behalf by either:
 - (a) a Valuer approved by the relevant Seller and reasonably believed by the relevant Seller to have adequate professional indemnity insurance; or
 - (b) by way of the Automated Valuation Model.
23. In relation to any Mortgage Loan, all the Title Deeds, the deeds constituting the Mortgage and Assigned Rights and the correspondence file (such as it exists) and microfiche or electronically stored data relating to each of the Mortgage Loans are held by or to the order of the Issuer or have been lodged by, or on behalf of, the relevant Seller at the Land Registry or the Registers of Scotland as appropriate.
24. So far as the relevant Seller is aware, it has not received written notice of any litigation or claim calling into question the legal and beneficial title to any Mortgage Loan and the related Mortgage or Assigned Rights of the relevant Seller or its ability to fully, effectively and promptly enforce the same.
25. The relevant Seller has not knowingly waived or acquiesced in any breach of any of its rights under or in relation to a Mortgage Loan which would reduce the value of the Mortgage Loan or which would result in a Prudent Mortgage Lender enforcing the Mortgage Loan, and there are no outstanding claims by the relevant Seller in respect of any breaches (excluding any arrears) of the terms of any Mortgage Loan.
26. No Mortgage Loan or its Collateral Security is subject to any right of rescission, set-off, lien, counterclaim or defence.
27. No Mortgage Loan is repayable in a currency other than pounds sterling.
28. Interest on each Mortgage Loan has been charged in accordance with the Standard Documentation, subject to the terms of any offer letter in relation thereto.
29. Each Mortgage Loan and its Collateral Security was originated on the terms of the Standard Documentation and nothing has been done subsequently to add to, lessen or modify or otherwise vary the express provisions of any of the same (other than in accordance with the relevant Seller's policies and procedures).
30. Each Mortgage Loan originated by Blemain has a maximum term of no longer than 30 years and each Mortgage Loan originated by TCFL and TPFL has a maximum term of no longer than 40 years.
31. The first payment due from the relevant Borrower of each Mortgage Loan has been received in full.

32. No Mortgage Loan has been in arrears for a period of longer than three months.
33. So far as the relevant Seller is aware, where in relation to any Mortgage Loan a prior ranking mortgage or standard security is continuing in existence, there is no default in relation to the prior ranking mortgage or standard security.
34. Each Mortgage Loan is either:
 - (a) free and clear from any pledge or encumbrance (with the exception of prior mortgages, central or local government grants or right-to-buy mortgages or standard securities); or
 - (b) subject to appropriate title insurance.
35. At origination of each Mortgage Loan, variable direct debit instructions or standing orders in favour of the relevant Seller were completed in respect thereof to provide for monthly payments and such completed variable direct debit instructions or standing orders were held by or on behalf of the relevant Seller.
36. Each Mortgage Loan was originated on or after 1 January 2015.
37. Other than a Mortgage Loan advanced to a Borrower that is not an individual, none of the property which is assigned under the Mortgage Sale Agreement consists of or includes any "stock" or "marketable securities" within the meaning of Section 125 Finance Act 2003, "chargeable securities" for the purposes of Section 99 Finance Act 1986 or a "chargeable interest" for the purposes of Section 48 Finance Act 2003 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017, and no Mortgage Loan advanced to a Borrower that is not an individual which is assigned under the Mortgage Sale Agreement consists of or includes any "chargeable securities" for the purposes of Section 99 Finance Act 1986 or a "chargeable interest" for the purposes of Section 48 Finance Act 2003 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 and each such Mortgage Loan is one or both of:
 - (a) a "debenture" which is not a "marketable security" for the purposes of paragraph 25 of Schedule 13 Finance Act 1999; and
 - (b) "exempt loan capital" (that is, loan capital that is exempt from stamp duty on transfer under Section 79(4) Finance Act 1986).
38. In respect of a Mortgage Loan sold to the Issuer on the Closing Date, the particulars of each Mortgage Loan set out in the CD-ROM attached as Annex 2 (Details of the Portfolio) to the Mortgage Sale Agreement are true, complete and accurate as at the Cut-Off Date in respect of the data fields ascribed in such CD-ROM and in relation to each Mortgage Loan, the details of such loans as recorded on the computer system of the relevant Seller, to the extent they relate to data fields in such CD-ROM, are true, complete and accurate as at the Cut-Off Date.
39. So far as the relevant Seller is aware, no Bankruptcy Event or Insolvency Event is continuing in relation to a Borrower and no Borrower is subject to Bankruptcy Proceedings or Insolvency Proceedings.
40. Each Borrower has been instructed to make payments in respect of Mortgage Loans into a Collection Account.
41. Each Seller is and has been in compliance with all Authorisations required from the FCA insofar as they apply to any of the Mortgage Loans, any related Mortgages or the other Collateral Security in respect thereof at all relevant times, and such Seller has at all relevant times held all Authorisations

required by it under the FSMA or as required by the FCA, where relevant, in connection with the Mortgage Loans, any related Mortgages and the other Collateral Security in respect thereof and, to the extent that a Mortgage Loan is or has ever been a regulated mortgage contract under the FSMA, such Mortgage Loan would be binding on the Borrower and enforceable against it.

42. So far as the relevant Seller is aware, in relation to each Mortgage every person who, at the date upon which the relevant Mortgage Loan was made, had attained the age of 18 and who had been notified to the relevant Seller as residing or being about to reside in a Property subject to a Mortgage, is either (i) the relevant Borrower (being an individual borrower), (ii) in the case of a Buy-To-Let Mortgage Loan, a tenant (or a person related to a tenant), or (iii) has signed a deed of consent so as to ensure that the relevant Property is not subject to any right of occupancy and, in relation to each Scottish Mortgage, all necessary MH/CP Documentation has been obtained so as to ensure that the relevant Property and relevant Scottish Mortgage is not subject to any right of occupancy other than, in the case of a Buy-To-Let Mortgage Loan, under the relevant tenancy.
43. The relevant Seller has complied with all applicable requirements of law or of any person who has regulatory authority which has the force of law in respect of each Mortgage Loan and its Collateral Security, including in particular (but without limitation), the provisions of MCOB and CONC as amended from time to time.
44. The relevant Seller has not supplied or brokered PPI in respect of any Borrower's payment obligations under any Mortgage Loan.
45. All of the Borrowers are (i) individuals or (ii) UK incorporated registered limited companies.
46. No Mortgage Loan is a Self-Certified Mortgage Loan.

None of the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers or the Co-Managers have undertaken any additional due diligence in respect of the application of the Mortgage Loans and have relied entirely upon the representations and warranties referred to above which will be made by each Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

Repurchase by each Seller

Each Seller will agree to be liable for the repurchase of any Mortgage Loan and its Collateral Security sold by that Seller pursuant to the Mortgage Sale Agreement if any Loan Warranty made by the relevant Seller in relation to that Mortgage Loan and/or its Collateral Security proves to be materially untrue as at the Closing Date or, in respect of a Further Mortgage Advance as at the relevant Advance Date, or, in respect of a Product Switch as at the relevant Switch Date, or, in respect of a Substitute Mortgage Loan as at the relevant Substitution Date, and that default has not been remedied in accordance with the Mortgage Sale Agreement.

Any Mortgage Loans and their Collateral Security will be required to be repurchased following receipt by the relevant Seller of a loan repurchase notice substantially in the form set out in and delivered in accordance with the Mortgage Sale Agreement (a "**Mortgage Loan Repurchase Notice**") requiring the relevant Seller to repurchase the relevant Mortgage Loan and its Collateral Security in accordance with the terms of the Mortgage Sale Agreement.

A Mortgage Loan and its Collateral Security may also be repurchased or substituted in certain circumstances where a Further Mortgage Advance or Product Switch is made. See "*Further Mortgage Advances, Product Switches and Substitute Mortgage Loans*" below.

The relevant Seller must, pursuant to the terms of the Mortgage Sale Agreement, notify the Issuer and the Security Trustee of any breach of a Loan Warranty as soon as a Seller becomes aware of such breach.

Repurchase price

The consideration payable by a Seller in respect of the repurchase of an affected Mortgage Loan and its Collateral Security shall be a cash payment and/or the substitution of equivalent Mortgage Loan(s) (the "**Substitute Mortgage Loans**") such that the aggregate Principal Balance of the Substitute Mortgage Loan(s) (if any) and the cash payment amount (if any) is equal to the Principal Balance of the relevant Mortgage Loans (excluding Collection Costs) as per the Determination Date immediately prior to the relevant repurchase date, but increased with accrued but unpaid interest from the prior Determination Date up to the repurchase date, together with an amount equal to all other non-interest amounts due and unpaid (but not capitalised) under such Mortgage Loans.

Further Mortgage Advances, Product Switches and Substitute Mortgage Loans

(a) Further Mortgage Advances

Prior to the Optional Redemption Date and for so long as the relevant Mortgage Loan is serviced by a member of the Together Group, the Issuer shall purchase Further Mortgage Advances from the relevant Seller on the date that the relevant Further Mortgage Advance is advanced to the relevant Borrower by the relevant Seller (the "**Advance Date**"). The Issuer will pay the relevant Seller an amount equal to the principal amount of the relevant Further Mortgage Advance (the "**Further Mortgage Advance Purchase Price**") on the Interest Payment Date immediately following the Monthly Period in which the relevant Advance Date occurred by using amounts standing to the credit of the Principal Ledger.

The conditions (which may be varied or waived by the Issuer (subject to receipt of a Rating Agency Confirmation)) to be met in order for a Further Mortgage Advance to be purchased (or funded) (the "**Further Mortgage Advance Conditions**") are that as at the relevant Advance Date:

- (i) the relevant Seller delivers to the Issuer and the Security Trustee the following documents:
 - (A) a duly executed Assignment of Policies and Rights relating to the relevant Further Mortgage Advances to be sold to the Issuer on the Advance Date duly executed as a deed by each relevant Seller with the schedules thereto duly completed;
 - (B) (in relation to such of the Further Mortgage Advances to be sold on the relevant Advance Date as are Scottish Mortgage Loans) a Scottish Declaration of Trust duly executed by the relevant Seller in the form set out in the Mortgage Sale Agreement with the schedule thereto duly completed;
 - (C) an up to date, complete and accurate list of the Further Mortgage Advances and Collateral Security which are to be sold or assigned to the Issuer on the Advance Date which may be provided in a document stored upon electronic media (including, but not limited to, a CD ROM) in a form acceptable to the Issuer and the Security Trustee (acting reasonably); and
 - (D) a valid solvency certificate signed by an authorised signatory of the relevant Seller unless that Seller has already delivered a solvency certificate to the Issuer in the three months immediately preceding such Advance Date.
- (ii) the Advance Date falls before the Optional Redemption Date;
- (iii) the relevant Mortgage Loan is serviced by a member of the Together Group as at the relevant Advance Date; and

- (iv) no Potential Event of Default or Event of Default has occurred and is continuing;
- (v) the Loan Warranties are satisfied in all material respects in respect of the relevant Mortgage Loan on the relevant Advance Date;
- (vi) the Asset Conditions are satisfied and the sale of the relevant Further Mortgage Advance would not cause the Asset Conditions to be breached, in each case on the relevant Advance Date;
- (vii) the Borrower under the relevant Mortgage Loan has not been the subject of a CCJ prior to the relevant Advance Date;
- (viii) the aggregate of the amounts standing to the credit of the General Reserve Fund Ledger was not less than the General Reserve Fund Required Amount as at the Interest Payment Date immediately preceding the Advance Date;
- (ix) the aggregate of the amounts standing to the credit of the Class A Liquidity Reserve Fund Ledger was not less than the Class A Liquidity Reserve Fund Required Amount as at the Interest Payment Date immediately preceding the Advance Date; and
- (x) the relevant Seller is in compliance in all material respects with all of its obligations under the Transaction Documents.

If the Issuer (or the relevant Servicer on its behalf) determines that:

- (A) any of the Further Mortgage Advance Conditions are not met on the relevant Advance Date;
or
- (B) the Issuer has insufficient funds standing to the credit of the Principal Ledger to pay in full the relevant Further Mortgage Advance Purchase Price on the Interest Payment Date following the Monthly Period in which the relevant Advance Date occurred,

the Issuer shall not complete the purchase of the relevant Further Mortgage Advance and the relevant Seller must repurchase the relevant Mortgage Loan to which such Further Mortgage Advance relates and its Collateral Security in accordance with the terms of the Mortgage Sale Agreement. See "*Repurchase by each Seller*" above.

If, following the relevant Advance Date, it is subsequently discovered that, on the relevant Advance Date, (i) any of the Loan Warranties were breached in any material respect in respect of the Mortgage Loans subject to such Further Mortgage Advance or (ii) any of the Asset Conditions had been breached, then the relevant Seller will have an obligation to remedy such breach within 45 days after receiving written notice of such breach from the Issuer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 45 day period, the relevant Seller has an obligation to repurchase such Mortgage Loan and its Collateral Security in accordance with the provisions of the Mortgage Sale Agreement. See "*Repurchase by each Seller*" above.

(b) Product Switches

A Borrower may request or, for so long as the relevant Mortgage Loan is serviced by a member of the Together Group, the relevant Seller (or the relevant Servicer on behalf of the relevant Seller) may offer a Borrower (and the Borrower may accept), a Product Switch.

If, on the relevant Switch Date, the Issuer (or the relevant Servicer on its behalf) determines that such Product Switch is not a Permitted Product Switch, the Seller must repurchase the relevant

Mortgage Loan to which such Product Switch relates and its Collateral Security in accordance with the terms of the Mortgage Sale Agreement. See "*Repurchase by each Seller*" above.

If, following the relevant Switch Date, it is subsequently discovered that, on the relevant Switch Date, (i) any of the Loan Warranties were breached in any material respect in respect of the Mortgage Loans subject to such Product Switch or (ii) any of the Asset Conditions had been breached, then the relevant Seller will have an obligation to remedy such breach within 45 days after receiving written notice of such breach from the Issuer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 45 day period, the relevant Seller has an obligation to repurchase such Mortgage Loan and its Collateral Security in accordance with the provisions of the Mortgage Sale Agreement. See "*Repurchase by each Seller*" above.

A "**Permitted Product Switch**" means a Product Switch where:

- (i) the Product Switch occurs prior to the Optional Redemption Date;
- (ii) the relevant Mortgage Loan is serviced by a member of the Together Group as at the relevant Switch Date;
- (iii) the Loan Warranties are satisfied in all material respects in respect of the relevant Mortgage Loan on the relevant Switch Date;
- (iv) the Asset Conditions are satisfied and the Product Switch would not cause the Asset Conditions to be breached, in each case on the relevant Switch Date;
- (v) the relevant Seller is in compliance in all material respects with all of its obligations under the Transaction Documents;
- (vi) the aggregate of the amounts standing to the credit of the General Reserve Fund Ledger was not less than the General Reserve Fund Required Amount as at the Interest Payment Date immediately preceding the Switch Date; and
- (vii) the aggregate of the amounts standing to the credit of the Class A Liquidity Reserve Fund Ledger was not less than the Class A Liquidity Reserve Fund Required Amount as at the Interest Payment Date immediately preceding the Switch Date.

(c) **Substitute Mortgage Loans**

The relevant Seller may offer the Issuer (and the Issuer shall accept) a Substitute Mortgage Loan as consideration for the repurchase of a Mortgage Loan which had materially breached any Loan Warranty or had caused any of the Asset Conditions to be breached, provided that such Substitute Mortgage Loan is serviced by a member of the Together Group on the Substitution Date, would satisfy the Loan Warranties in all material respects and the Asset Conditions are satisfied and the sale of the relevant Substitute Mortgage Loan would not cause the Asset Conditions to be breached, in each case on the Substitution Date.

The conditions (which may be varied or waived by the Issuer (subject to receipt of a Rating Agency Confirmation)) to be met in order for the relevant Seller to deliver a Substitution Notice for the sale of Substitute Loans (the "Substitution Conditions") are that as at the relevant Substitution Date:

- (i) the relevant Seller delivers to the Issuer and the Security Trustee the following documents:
 - (A) a duly executed Assignment of Policies and Rights relating to the relevant Substitute Mortgage Loans to be sold to the Issuer on the Substitution Date duly executed as a deed by each Seller with the Schedules thereto duly completed;
 - (B) (in relation to such of the Mortgage Loans to be sold on the relevant Substitution Date as are Scottish Mortgage Loans) a Scottish Declaration of Trust duly executed by the relevant Seller substantially in the form set out in the Mortgage Sale Agreement with the schedule thereto duly completed;
 - (C) an up to date, complete and accurate list of the Substitute Mortgage Loans and Collateral Security which are to be sold or assigned to the Issuer on the Substitution Date which may be provided in a document stored upon electronic media (including, but not limited to, a CD ROM) in a form acceptable to the Issuer and the Security Trustee (acting reasonably); and
 - (D) a valid solvency certificate signed by an authorised signatory of the relevant Seller unless that Seller has already delivered a solvency certificate to the Issuer in the three months immediately preceding such Substitution Date;
- (ii) the Substitution Date falls before the Optional Redemption Date;
- (iii) the relevant Substitute Mortgage Loan is serviced by a member of the Together Group as at the relevant Substitution Date;
- (iv) any Substitution Mortgage Loans must (A) be of a similar product type, with First Mortgage Loans substituted for existing First Mortgage Loans within the Portfolio, and (B) be of a similar credit quality, with comparable Current Loan to Value Ratios;
- (v) no Potential Event of Default or Event of Default has occurred and is continuing;
- (vi) the Loan Warranties are satisfied in all material respects in respect of the relevant Substitute Mortgage Loan on the relevant Substitution Date;
- (vii) the Asset Conditions are satisfied and the sale of the relevant Substitute Mortgage Loan would not cause the Asset Conditions to be breached, in each case on the relevant Substitution Date;
- (viii) the Borrower under the Substitution Mortgage Loan has not been the subject of a CCJ; and
- (ix) the relevant Seller is in compliance in all material respects with all of its obligations under the Transaction Documents.

If it is subsequently discovered that any of the Loan Warranties were breached in any material respect or any of the Asset Conditions were not met on such Substitution Date in respect of the Mortgage Loans subject to such Substitute Mortgage Loan, then the relevant Seller will have an obligation to remedy such breach within 45 days after receiving written notice of such breach from the Issuer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 45 day period, the relevant Seller has an obligation to repurchase such Substitute Mortgage Loan

and its Collateral Security in accordance with the provisions of the Mortgage Sale Agreement. See "*Repurchase by each Seller*" above.

As used in this Prospectus:

"**Administrator**" means a qualified insolvency practitioner who is appointed as an administrative receiver or manager under Section 29(2) of the Insolvency Act 1986;

"**Affiliate**" means, in relation to any person, a subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Asset Conditions**" means:

- (a) not more than 7.5 per cent. of the Portfolio by Principal Balance has interest payments of 3 months or more in arrears;
- (b) the weighted average Original Loan to Value Ratio is not more than 65 per cent.;
- (c) Interest-only Mortgage Loans consist of not more than 55 per cent. of the Portfolio by Principal Balance;
- (d) the Current Loan to Value Ratio of each Mortgage Loan at the time of inclusion is not more than 83.5 per cent.;
- (e) total accumulated Further Mortgage Advances, Product Switches and Substitute Mortgage Loans in aggregate constitute not more than 5 per cent. of the Portfolio by Principal Balance;
- (f) Buy-to-Let Mortgage Loans constitute not more than 25 per cent. of the Portfolio by Principal Balance;
- (g) not more than 10 per cent. of the Portfolio by Principal Balance where the Borrower under the Mortgage Loan has been subject to a CCJ in the three years prior to the date of origination of such Mortgage Loan;
- (h) Second Mortgage Loans constitute not more than 65 per cent. of the Portfolio by Principal Balance; and
- (i) the weighted average interest rate of the Mortgage Loans in the Portfolio shall be no less than one-month LIBOR plus 3.5 per cent. at any time.

"**Assigned Rights**" means all rights, titles, interests and benefits of a Seller in and to the relevant Mortgage Loan (or any Insurance Policies) and any other Collateral Security (excluding Collection Costs) which were granted by the Borrower to that Seller and transferred by such Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Automated Valuation Model**" means "HomeTrack" or any other computer model, widely used for the valuation of homes, used to estimate the current market value of a home using property records and various analytic methodologies such as comparable sales prices, home characteristics and historical home price appreciation.

"Bankruptcy Event" means, in respect of a natural person:

- (a) the initiation of, or consent to, Bankruptcy Proceedings by such person;
- (b) the initiation of Bankruptcy Proceedings against such person;
- (c) the making of a bankruptcy order or award of sequestration against such person;
- (d) the enforcement of any security over the whole or part of the assets and revenues of such person;
- (e) any distress, execution, attachment, diligence or similar process being levied or enforced or imposed upon or against any part of the assets or revenues of such person;
- (f) the application to any court for an order under Section 253 of the Insolvency Act 1986 by such person;
- (g) the appointment of any insolvency practitioner by the court under Section 273 of the Insolvency Act 1986 in relation to such person;
- (h) the making of an arrangement or composition (including a deed of arrangement governed by the Deed of Arrangement Act 1914) with such person's creditors;
- (i) the making of a voluntary trust deed for creditors in relation to such person; or
- (j) any event, under the applicable laws of any jurisdiction, that has analogous effect to any of the events specified in paragraphs (a) to (i) above.

"Bankruptcy Proceedings" means the commencement of proceedings or any application made for the appointment of a liquidator, Administrator, Receiver, trustee in bankruptcy or trustee in sequestration in respect of any Person.

"Buildings Policy" means either the block policy or contingency policy of TFSL or the relevant Seller.

"CCJ" means a county court judgment or an order of the Enforcement of Judgments Office, or an equivalent judgment or order under applicable law, as the context requires;

"Collateral Security" means, in relation to each Mortgage Loan, all charges and securities by way of legal mortgage or Standard Security (and any other collateral security therefor, including, without limitation, any guarantee, any Insurance Policies in respect of which the interest of the Issuer may be given effect to by way of co-insurance or the notifying of the Issuer's interest and any other assignment, assignation, notification or deposit which may be effected in connection with the securing of the relevant Mortgage Loan together with any documentation incidental to the protection of the Issuer and any documents affecting the ability of the Issuer to realise the value of the property charged to it to which the Issuer is or shall become beneficially entitled).

"Collection Costs" means, in relation to a Mortgage Loan, any amounts representing fees or the right to charge fees (excluding any interest charges) which are additional to the prescribed Mortgage Loan repayments in the relevant Mortgage Loan Agreement and which were excluded in the calculation of the Initial Purchase Price in respect of such Mortgage Loan.

"CONC" means the FCA Handbook module known as the Consumer Credit sourcebook.

"Current Loan to Value Ratio" or **"Current LTV"** means the ratio, expressed as a percentage, which (a) the Principal Balance of a Mortgage Loan as at the immediately preceding Determination Date together with

the principal balance of any other indebtedness that is secured over the relevant Property as at the origination of the relevant Mortgage Loan bears to (b) the most recent valuation of the relevant Property.

"**Determination Date**" means the last calendar day of each month.

"**English Mortgage**" means a Mortgage over Property situated in England or Wales.

"**English Property**" means a freehold or leasehold residential property located in England or Wales.

"**First Mortgage Loans**" means all mortgage loans secured by first-ranking legal mortgages (or in Scotland first-ranking standard securities) and includes all capital and interest, fees, charges and other amounts from time to time owed (excluding Collection Costs) by Mortgagors under or in relation to such mortgage loans, and "**First Mortgage Loan**" means any one of them.

"**Further Mortgage Advance**" means a further advance made to a Borrower in relation to a Mortgage Loan.

"**Holding Company**" means a holding company as defined in Section 1159 of the Companies Act.

"**Insolvency Event**" means, in respect of a relevant entity:

- (a) an order is made or an effective resolution passed for the winding up of the relevant entity (or it proposes or makes any composition or arrangement with its creditors); or
- (b) the relevant entity ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts; or
- (c) is deemed unable to pay its debts within the meaning of Section 123(1)(a) (on the basis that the reference in such section to £750 is read as a reference to £10 million), (b), (c) (on the basis that the words "for a sum exceeding £10 million" is inserted after the words "extract registered bond" and "extract registered protest"), (d) or (e) of the Insolvency Act 1986 or becomes unable to pay its debts as and when they fall due or the value of its assets is less than the amount of its liabilities (taking into account its contingent); or
- (d) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the relevant entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws; an encumbrancer takes possession or an administrative or other receiver, administrator or other similar official is appointed in relation to the property, undertaking or assets of the relevant entity or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is levied or enforced upon or sued out against the property, chattels, undertaking or assets of the relevant entity and in any of the foregoing cases it is not discharged within fifteen (15) Business Days; or if the relevant entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or
- (e) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (d) above.

"**Insurance Policies**" means the Buildings Policies and the Title Insurance Policies.

"**Land Charges Department**" means the department operating under the authority of the Land Charges Act 1972 to maintain registers of land charges, pending actions, writs and orders affecting land and other Encumbrances registered against the names of owners of property in England and Wales that is not registered under the Land Registration Acts.

"**Lending Criteria**" means the lending criteria applied by the Sellers when originating the Mortgage Loans.

"**MCOB**" means the FCA Handbook module known as the Mortgages and Home Finance: Conduct of Business sourcebook.

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

"**Monthly Payment**" means, in relation to a Mortgage Loan, the amount determined pursuant to the relevant Mortgage Conditions as being payable on each Monthly Payment Date.

"**Monthly Payment Date**" means each date under which payments are due under the Mortgage Loans or as subsequently amended by the relevant Seller and the relevant Borrower to another date in the month provided that such date is within 30 calendar days of the contractual date for payment in the Mortgage Conditions.

"**Monthly Period**" means the monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month except that the first Monthly Period will commence on the Closing Date and end on the last calendar day of November 2018.

"**Mortgage**" means, in England or Wales, a charge or, in Scotland, a Standard Security over freehold or leasehold real or heritable property to secure a Mortgage Loan.

"**Mortgage Conditions**" means, in respect of a Mortgage Loan, the terms and conditions regulating the same.

"**Mortgage Loan Agreement**" means any agreement in relation to a Mortgage Loan between a Seller and an Obligor or Obligors under a Mortgage Loan (as borrower(s) or guarantor(s)) and "**Mortgage Loan Agreements**" means all or some of them, as the context may require.

"**Mortgage Loans**" means First Mortgage Loans and Second Mortgage Loans (as appropriate) which have been, are purported or are intended to be sold to the Issuer pursuant to the Mortgage Sale Agreement.

"**Mortgagor**" means the mortgagor or grantor of security in respect of a Mortgage Loan made to a Borrower.

"**Obligor**" means a borrower or a guarantor under a Mortgage Loan Agreement.

"**Original Loan to Value Ratio**" or "**Original LTV**" means the ratio, expressed as a percentage, which (a) the Principal Balance of each Mortgage Loan together with the principal balance of any other indebtedness that is secured over the relevant Property, each as at the origination of the relevant Mortgage Loan bears to (b) the valuation of the relevant Property at origination of the Mortgage Loan.

"**Payment Priorities**" means the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement Priority of Payments.

"**Person**" means any person, firm, company or body corporate, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing;

"**PPI**" means payment protection insurance (or any similar type of insurance or product).

"**Principal Balance**" means the principal amount from time to time outstanding under a Mortgage Loan (not comprising accrued interest, arrears of interest, fees, charges or other expenses added but not capitalised on completion of the Mortgage Loan) included in the total sum outstanding from a Mortgagor.

"**Product Switch**" means any variation in the financial terms and conditions applicable to a Mortgage Loan other than any variation:

- (a) agreed with a Borrower to control or manage actual or anticipated arrears on the Mortgage Loan;
- (b) in the maturity date of the Mortgage Loan (unless the maturity date would be extended to a date later than two years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);
- (c) imposed by statute;
- (d) in the rate of interest payable in respect of a Mortgage Loan (i) as a result of any variation in the floating mortgage rate or (ii) where the terms of the Mortgage Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Mortgage Loan otherwise change the interest rate payable;
- (e) which increases the frequency with which the interest payable in respect of the Loan is charged; or
- (f) agreed with a Borrower to change the Mortgage Loan from an Interest-only Mortgage Loan to a Repayment Mortgage Loan.

"**Properties**" or "**Property**" means an English Property or Scottish Property upon which the obligations of a Borrower are secured.

"**Scottish Mortgage**" means the Standard Security securing a Scottish Mortgage Loan.

"**Scottish Property**" means a heritable or leasehold residential property located in Scotland.

"**Second Mortgage Loans**" means all mortgage loans secured by second-ranking legal mortgages or equitable charges (or, in Scotland, second-ranking standard securities) and includes all capital and interest, fees, charges and other amounts from time to time owed (excluding Collection Costs) by Mortgagors under or in relation to mortgage loans, and "**Second Mortgage Loan**" means any one of them.

"**Self-Certified Mortgage Loan**" means a Mortgage Loan where the Borrower's income was accepted as stated by the prospective borrower without further verification once positive identification of the Borrower was provided and the Borrower had passed the relevant Seller's credit assessment.

"**Standard Security**" means a Standard Security in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970.

"**Substitution Date**" means the date on which a Substitute Mortgage Loan is assigned to the Issuer.

"**Switch Date**" means the date on which the Product Switch is made.

"**Title Insurance Policy**" means a title insurance policy (howsoever described) in respect of a Property, and "**Title Insurance Policies**" means all of those policies.

"**Valuation**" means, in relation to any Mortgage Loan, the most recent valuation obtained by the relevant Seller from a Valuer or pursuant to the Automated Valuation Model (as the case may be) in respect of the

Property which is the subject of such Mortgage Loan, provided that any Valuation obtained by the Automated Valuation Model for the purposes of auditing a RICS valuation shall be ignored for the purposes of this definition.

"**Valuer**" means an independent valuer approved by the relevant Seller in accordance with the Standard Documentation (being a fellow or associate of the Royal Institution of Chartered Surveyors ("**RICS**") or the Incorporated Society of Valuers and Auctioneers) for the Valuation of a Property.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law (other than those terms of the Mortgage Sale Agreement specific to the law of Scotland relating to the Scottish Mortgage Loans and their Collateral Security, which shall be construed in accordance with Scots law).

Servicing Deed

Introduction

The Issuer, the Security Trustee, the Sellers and the Servicers will enter into, on or around the Closing Date, an agreement pursuant to which the Servicers agree to service the Mortgage Loans and their Collateral Security (the "**Servicing Deed**"). The services to be provided by the Servicers are set out in the Servicing Deed, and may include any services incidental thereto as may be agreed to in writing by the Issuer, the Sellers, the Security Trustee and the Servicers (the "**Services**").

On or about the Closing Date, the Issuer and each Seller (in respect of that Seller's Mortgage Loans) will appoint (a) Blemain to be its agent to service the Mortgage Loans originated by Blemain and their Collateral Security; (b) TPFL to be its agent to service the Mortgage Loans originated by TPFL and their Collateral Security; and (c) TCFL to be its agent to service the Mortgage Loans originated by TCFL and their Collateral Security. Each Servicer must comply with any proper directions and instructions that the Issuer or, following the Security Trustee notifying the Servicers that an Enforcement Notice has been served, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Deed.

Each of the Servicer's actions in servicing the Mortgage Loans and their Collateral Security in accordance with the terms of the Servicing Deed (including the procedures of the Servicer set out therein) are binding on the Issuer.

Powers

Each Servicer has the power, among other things:

- (a) to exercise the rights, powers and discretions of the Issuer and the Seller in relation to the Mortgage Loans and their Collateral Security and to perform the obligations of the Issuer and the Seller in relation to the Mortgage Loans and their Collateral Security; and
- (b) to do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the administration of the Mortgage Loans and their Collateral Security or the exercise of such rights, powers and discretions.

Undertakings by the Servicers

Each Servicer has undertaken, among other things, to:

- (a) administer the Mortgage Loans and their Collateral Security sold by the Sellers to the Issuer with at least the same level of skill, care and diligence as if the same had been originated by the relevant Servicer;
- (b) provide the Services in such manner and with at least the same level of skill, care and diligence as would a Prudent Mortgage Lender;
- (c) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Deed;
- (d) keep in force (and procure, to the extent reasonably possible, that any delegate or subcontractor appointed by it pursuant to the Servicing Deed keeps in force) all licences, approvals, authorisations, permissions and consents which may be necessary in connection with the performance of the Services under the Servicing Deed, and to prepare and submit all necessary applications and requests for any further licence, approval, authorisation or consent in connection with the performance of the Services under the Servicing Deed and in particular any necessary notification under the Data Protection Act 1998 or necessary information filing and fee payment (as applicable) under the Data Protection Legislation and any authorisation and licences under the CCA and/or FSMA;
- (e) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services;
- (f) make all payments required to be made by it pursuant to the Servicing Deed (as to which see further below) on the due date for payment in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off or counterclaim;
- (g) not amend, vary or terminate (save as permitted by the Transaction Documents), any Mortgage Loan or the terms relating thereto, or allow any dispute, claim or credit note to be issued against such Mortgage Loan unless in accordance with the Procedures Manual; and
- (h) not amend, vary supplement or waive the terms of any Transaction Document without providing prior written notice thereof to the Rating Agencies; and
- (i) deliver to the Issuer, the Security Trustee and the Standby Servicer a notice of any Servicer Termination Event or any event which, with the giving of notice or lapse of time or certification, would constitute the same.

Portfolio information

On or before each Calculation Date, Together Personal Finance Limited will prepare and provide the Cash Administrator with all information as is reasonably required by the Cash Administrator to prepare the Investor Report (the "**Portfolio Information**").

Setting of Interest Rates on the Mortgage Loans

Subject to the terms of the Mortgage Sale Agreement, the Issuer grants each Servicer full right, liberty and authority from time to time, in accordance with the Mortgage Conditions, to determine and set the interest rate in relation to each Mortgage Loan sold by the Sellers to the Issuer which have not at the relevant date of determination been repurchased by any Seller, provided that the interest due on the Mortgage Loan is set by reference to the relevant Seller's cost of funds as determined in accordance with the Mortgage Conditions.

Appointment of a designated reporting entity

Together Personal Finance Limited will be appointed by the Issuer and each Seller to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of the CRA Regulation, the corresponding implementing measures from time to time and any replacement legislation in force and applicable to the Issuer and each Seller from time to time in respect of any relevant Notes issued by the Issuer.

Operation of Collection Accounts

The Servicers will operate the Collection Accounts, opened in the name of the Sellers with the National Westminster Bank plc or such other bank with which the Collection Accounts are held from time to time (the "**Collection Account Bank**") in accordance with the terms of the Servicing Deed and the Collection Accounts Declaration of Trust (as to which, see "*The Collection Accounts Declaration of Trust*" below). Revenue Receipts and Principal Receipts arising in relation to the Mortgage Loans will be paid directly into the relevant Collection Accounts. In respect of the Mortgage Loans comprising the Portfolio, the relevant Servicer shall transfer to the Deposit Account all collections received into a Collection Account arising in respect of payments received from Borrowers on or prior to the second Business Day immediately following receipt of such amounts into the Collection Account.

Replacement of Collection Account Bank

If the rating of the Collection Account Bank falls below the Collection Account Bank Rating and there exists a financial institution having a rating of at least the Collection Account Bank Rating and which is a bank as defined in Section 991 of the Income Tax Act 2007, the Servicers shall assist the Sellers (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security) to, and the Sellers (or any other entity which may then hold legal title to the Mortgage Loans and their Collateral Security) shall, as soon as reasonably practicable (such time period to be not more than 35 calendar days) following such occurrence:

- (a) open a replacement collection account in the name of the Sellers with a financial institution:
 - (i) having a rating of at least the Collection Account Bank Rating;
 - (ii) approved in writing by the Issuer and the Security Trustee; and
 - (iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or
- (b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or
- (c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes.

In the event a replacement collection account is opened, the Servicer will procure that (i) all payments made under the Direct Debiting Scheme are transferred to such replacement collection account, (ii) all monthly payments made by a Borrower under a payment arrangement other than the direct debiting scheme are made to such replacement collection account from the date on which the replacement collection account is opened, and (iii) all amounts standing to the credit of the Collection Accounts are transferred to the replacement collection account promptly after such replacement collection account is opened.

As used in this Prospectus:

"**Collection Accounts**" means the accounts in the name of the Sellers held with the Collection Account Bank or such additional or replacement bank accounts and each a "**Collection Account**".

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

Compensation of the Servicers

The Servicers receive fees under the terms of the Servicing Deed. The Issuer shall pay the Servicers a servicing fee of 0.25 per cent. (inclusive of VAT) per annum on the aggregate Principal Balance of the relevant Mortgage Loans in the Portfolio as determined as at the close of business on the Calculation Date in respect of the immediately preceding Collection Period.

Removal or Resignation of a Servicer

The Issuer (with the written consent of the Security Trustee) and/or (after the delivery of an Enforcement Notice) the Security Trustee itself may, at once or at any time thereafter while such event continues, by notice in writing to each of the Servicers (with a copy to the Standby Servicer and (if applicable) the Security Trustee), terminate each of the Servicers' appointments under the Servicing Deed if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) any Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Deed and such default continues unremedied:
 - (i) where the failure to pay has arisen other than as a result of a Disruption Event, for a period of 5 Business Days after the earlier of that Servicer becoming aware of such default or the receipt by that Servicer (with a copy to the Standby Servicer) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
 - (ii) where the failure to pay has arisen as a result of a Disruption Event, following the cessation of the Disruption Event or, if earlier, 30 Business Days following that Servicer becoming aware of such default and receipt by that Servicer (with a copy to the Standby Servicer) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (with a copy to the Standby Servicer) requiring the same to be remedied;
- (b) any Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Deed, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Note Trustee (after the delivery of an Enforcement Notice) as notified to the Security Trustee, is materially prejudicial to the interests of the Noteholders, and that Servicer does not remedy that failure within 30 Business Days after the earlier of that Servicer becoming aware of the failure or of receipt by that Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (with a copy to the Standby Servicer) requiring that Servicer's non-compliance to be remedied;
- (c) an Insolvency Event occurs in relation to any Servicer;
- (d) any Servicer ceasing to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its residential mortgage servicing business; or
- (e) it becomes unlawful in any applicable jurisdiction for any Servicer to perform any of its obligations as contemplated by the Servicing Deed provided that this does not result or arise from compliance by that Servicer with any instruction from the Issuer or the Security Trustee.

"**Disruption Event**" means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for the payments to be made in connection with a Transaction Document (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, the relevant party seeking to rely on such disruption; or
- (b) the occurrence of any other event which results in the disruption (of a technical or systems related nature) to the treasury or payments operations of the party seeking to rely on such disruption which prevents that party, or any other party to the Transaction Documents, from:
 - (i) performing its payment obligations under the Transaction Documents; or
 - (ii) communicating with any other party to a Transaction Document in accordance with the terms of the relevant Transaction Documents.

Voluntary Resignation

Any Servicer (such Servicer being the "**Resigning Servicer**") may voluntarily resign by giving not less than three months' written notice to the Security Trustee, the Issuer and the Standby Servicer (or such shorter time as may be agreed between the relevant Servicer, the Issuer, the Security Trustee and the Standby Servicer), provided that: (i) (if the Rated Notes remain outstanding) the resignation has no adverse effect on the then current ratings of the Rated Notes (as confirmed to the Security Trustee in writing by the Rating Agencies) unless the Security Trustee or the holders of the Rated Notes (acting by way of Extraordinary Resolution) agree otherwise; (ii) each of the other Servicers resign simultaneously with the Resigning Servicer; (iii) the Issuer and the Security Trustee consent in writing to such termination and the appointment of the substitute servicer in respect of each of the Servicers; (iv) a substitute servicer in respect of each of the Servicers shall be appointed, such appointment to be effective not later than the date of such termination; (v) such substitute servicer entered into a servicing agreement on the same terms as the Servicing Deed or on such terms as are commercially acceptable within the market, and the relevant Servicer is not released from its obligations under the Servicing Deed until such substitute servicer has entered into such new agreement; (vi) such substitute servicer has all licences, approvals, authorisations, permissions and consents which may be necessary in connection with the performance of the Services, and is duly authorised under; and (vii) such substitute servicer has experience with and systems capable of administering portfolios of residential mortgage loans in the United Kingdom and is approved by the Issuer.

Delivery of documents and records

If the appointment of a Servicer is terminated or a Servicer resigns, that Servicer must deliver to the Issuer or as it shall direct (which shall, for the avoidance of doubt, include the Standby Servicer), *inter alia*, the Title Deeds and Loan Files relating to the Mortgage Loans and their Collateral Security in its possession.

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

Enforcement Procedures

Each Servicer will, in relation to any default by a Borrower under or in connection with a Mortgage Loan and their related Mortgages and other Collateral Security, comply with the Collections and Arrears Policy or, to the extent that the Collections and Arrears Policy is not applicable having regard to the nature of the default in question, take such action as is not materially prejudicial to the interests of the Issuer, provided that:

- (a) a Servicer shall only become obliged to comply with the Collections and Arrears Policy (to the extent applicable) or to take action as aforesaid after it has become aware of the default;
- (b) it is acknowledged by the Issuer that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the relevant Servicer may exercise such discretion as would be exercised by a Prudent Mortgage Lender in applying the Collections and Arrears Policy to the defaulting Borrower or taking action as referred to above, provided that in exercising such discretion the interests of the Issuer in the Mortgage Loans and their related Mortgages and other Collateral Security is not materially prejudicial;
- (c) in any case where any of the Insurance Policies requires exact compliance with certain enforcement procedures, the relevant Servicer shall provide the prior written consent of the relevant insurance company for any deviation by it from such enforcement procedures; and
- (d) the Servicer may exercise forbearance or take such other action in accordance with the practice of a Prudent Mortgage Lender in relation to the recovery of amounts from Borrower(s) and/or the relevant Property.

Limit to Servicers' liability

The Servicers' liability in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise in respect of the Servicing Deed shall: (a) be limited to £1,500,000 (one million five hundred thousand Pounds) in aggregate for so long as the Servicers are appointed under the Servicing Deed; and (b) not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever.

However, a Servicer's limitation of liability pursuant to the Servicing Deed shall not apply in respect of any liability arising as a result of a breach by the Servicers of the Standby Servicing Agreement or the fraud, wilful default or gross negligence of a Servicer.

As used in this Prospectus:

"Collections and Arrears Policy" means the policy of the relevant member of the Together Group acting in accordance with the standard of a Prudent Mortgage Lender in respect of the collection and enforcement of amounts due under the Mortgage Loans as contained in the collection and arrears policies, as such policies may be amended from time to time.

"Invocation Notice" means a written notice from the Security Trustee to the Standby Servicer requiring the Standby Servicer to transition to performance of the obligations of the Servicers pursuant to the Servicing Deed.

"Loan Files" means, in relation to each Mortgage Loan, the file or files (including files kept in microfiche format or similar electronic data retrieval system) containing correspondence between the Borrower and the relevant Seller and including the relevant Standard Documentation applicable to that Mortgage Loan, each letter of offer in respect of a Mortgage Loan and other relevant documents (excluding Title Deeds).

"Prudent Mortgage Lender", when used to refer to any person acting as or in accordance with the standards of a "Prudent Mortgage Lender", means the standards of lending and underwriting that would be expected of a reasonable and prudent mortgage lender underwriting loans similar to the Mortgage Loans.

"Standard Documentation" means the standard documentation in connection with their activities as originators of Mortgage Loans, or any update or replacement therefor as each Seller may from time to time introduce acting in accordance with the standards of a Prudent Mortgage Lender including, without

limitation, any amendments or variations thereto relating to changing the basis on which interest is calculated on the Mortgage Loans from a monthly to daily basis.

"Title Deeds" means the conveyancing deeds and documents of title relating to Mortgages and any Collateral Security connected with the Mortgages.

"Together Group" means TFSL and any company which is a subsidiary (as defined in the Companies Act 2006) of TFSL.

"Underwriting Policy" means the personal finance policy and commercial finance policy of the Together Group acting in accordance with the standards of a Prudent Mortgage Lender from time to time setting out the Together Group's appetite for underwriting risk as may be amended from time to time.

Governing Law

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

Standby Servicing Agreement

The Issuer will appoint the Standby Servicer to perform standby servicer services pursuant to the standby servicing agreement entered into between the Issuer, the Servicers, the Security Trustee, the Standby Servicer and the Cash Administrator dated on or about the Closing Date (the **"Standby Servicing Agreement"**).

The Standby Servicer will conduct periodic onsite servicer operational reviews on an annual basis or as they deem necessary.

Upon the termination of the appointment of a Servicer, the Standby Servicer will (i) within 60 days of receipt of an Invocation Notice, operationally take over servicing of all of the Servicer's obligations as set out in the Servicing Deed and (ii) enter into a replacement servicing agreement substantially in the form scheduled to the Standby Servicing Agreement with, among others, the Issuer and the Security Trustee (the **"Replacement Servicing Agreement"**), documenting the terms of the services to be carried out by the Standby Servicer on its appointment replacing the servicing obligations of the relevant Servicer as set out in the Servicing Deed.

Should the Standby Servicer assume servicing responsibilities, the aggregate liability of the Standby Servicer for breach, losses or any other claims arising under or in connection with the Standby Servicing Agreement or any Replacement Servicing Agreement (whether arising from contract, breach of warranty, tort including negligence, breach of statutory duty, non fraudulent misrepresentation, under any indemnity or otherwise howsoever) in any twelve (12) month period shall not exceed the aggregate amount of fees paid and payable to the Standby Servicer during that twelve (12) month period. This limitation of liability will apply in the aggregate with respect to any and all events or circumstances occurring during the relevant twelve (12) month period, irrespective of when a claim, action or proceeding may be brought or initiated against the Standby Servicer with respect to such events or circumstances. The relevant twelve (12) month period shall be calculated as follows:

- (a) in the event of a single claim, action or proceeding, the relevant twelve (12) month period shall be the twelve (12) months preceding the events or circumstances giving rise to such claim, action or proceeding; and
- (b) in the event of two or more claims, actions or proceedings arising with respect to any events or circumstances occurring within the same twelve (12) month period, the relevant twelve (12) month

period shall be the twelve (12) months preceding the last of the events or circumstances give rise to such claims, actions or proceedings.

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

Deed of Charge

On the Closing Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the "**Security**") as trustee for itself and for the benefit of the Secured Creditors (including the Noteholders and the Certificateholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed, the Deed of Charge, any Scottish Trust Security and any Scottish Declaration of Trust) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Interest Rate Cap Agreement shall be subject to any rights of set-off or netting provided for thereunder);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the English Mortgage Loans and their Collateral Security and other related rights comprised in the Portfolio (other than in respect of Scottish Mortgage Loans) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's beneficial interest in the Scottish Mortgage Loans and their Collateral Security (comprising the Issuer's beneficial interest under the trusts declared by the Sellers over such Scottish Mortgage Loans and their Collateral Security for the benefit of the Issuer pursuant to any Scottish Declaration of Trust) (a "**Scottish Trust Security**");
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account and each IRC Collateral Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;
- (f) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Administrator on its behalf;
- (g) an assignment by way of first fixed security of (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust); and
- (h) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security, including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not such assets are the subject of the charges referred to above).

"**Authorised Investments**" means:

- (a) Sterling gilt-edged securities; and
- (b) Sterling demand or time deposits and certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases such investments will, in each case, be a "Permitted security" under Section __.10(c)(8)(iii) of the Volcker Rule and will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments: (i) have a maturity date of 30 days or less and mature on or before the next Interest Payment Date or within 30 days, whichever is the sooner, (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) before the next following Interest Payment Date or within 30 days, whichever is sooner and (iii) are rated at least P-1 (short-term) or Aaa (long-term) by Moody's and AAA (long-term) or R-1 (high) (short-term) by DBRS.

"**Secured Creditors**" means the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, any Appointee, the Noteholders, the Certificateholders, each Seller, the Servicers, the Standby Servicer, the Cash Administrator, the Interest Rate Cap Provider, the Issuer Account Bank, the Corporate Services Provider, the Standby Cash Administrator Facilitator, the Paying Agents, the Registrar, the Agent Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

"**Receiver**" means a manager, a receiver and manager and an administrative receiver appointed under the relevant Deed of Charge, pursuant to statutory powers or otherwise, and includes more than one such Receiver and any substituted Receiver.

"**Transaction Documents**" means the Servicing Deed, the Standby Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Custody Agreement, the Collection Accounts Declaration of Trust, the Cash Administration Agreement, the Corporate Services Agreement, the Deed of Charge, each Scottish Trust Security, the Interest Rate Cap Agreement, a share trust deed dated 31 August 2018 (the "**Share Trust Deed**"), the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge (the "**Issuer Power of Attorney**"), a master definitions and construction schedule dated on or about the Closing Date (the "**Master Definitions and Construction Schedule**"), the Mortgage Sale Agreement, each Scottish Declaration of Trust, the power of attorney granted by each Seller in favour of the Issuer and the Security Trustee on the Closing Date (the "**Seller Powers of Attorney**"), the Trust Deed and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Residual Certificates.

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice, except in relation to the Issuer's Scottish assets, where crystallisation will occur on the appointment of an administrative receiver or receiver or upon commencement of the winding-up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes or Residual Certificates Condition 10 (*Events of Default*), declaring the Notes to be immediately due and payable or any Residual Payments pursuant to the Residual Certificates to be immediately due and payable, as the case may be, the Cash Administrator (on behalf of the Issuer) shall

apply monies standing to the credit of the Deposit Account as described in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows – Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer*" and apply monies and securities standing to the credit of each IRC Collateral Account as described in "*Cashflows – IRC Collateral*".

Post-Enforcement Priority of Payments

After the Note Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable or if no Notes remain outstanding, pursuant to Residual Certificates Condition 10 (*Events of Default*) declaring that any Residual Payments pursuant to the Residual Certificates are immediately due and payable, the Security Trustee (or the Cash Administrator on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*" and apply the monies and securities standing to the credit of each IRC Collateral Account in accordance with the IRC Collateral Account Priority of Payments defined in "*Cashflows – IRC Collateral*".

The Security will become enforceable after an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes or if no Notes remain outstanding, pursuant to Residual Certificates Condition 10 (*Events of Default*) declaring that any Residual Payments pursuant to the Residual Certificates are immediately due and payable provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes and/or the Residual Certificates, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless the Security Trustee has received certification from (i) the Cash Administrator and/or (ii) any financial adviser or other professional adviser that the Security Trustee may appoint for the giving of such certification (or shall appoint if so directed by the holders of at least 25 per cent in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or, if no Notes remain outstanding at that time, holders of at least 25 per cent. in aggregate of the number of Residual Certificates then in issue) that either (a) either a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or (b) Principal Receipts and Revenue Receipts to be received by the Issuer will be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders (and all persons ranking in priority to the Noteholders in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (and all such prior ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments; and (iii) once all the Noteholders and the Secured Creditors (other than the Certificateholders) have been repaid, to the Certificateholders, which certification shall be binding on the Secured Creditors.

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law, aspects relating to Scottish Mortgage Loans and their Collateral Security shall be construed in accordance with Scots Law and each Scottish Trust Security entered into pursuant thereto will be governed by Scots law.

Trust Deed

On or about the Closing Date, the Issuer will enter into the Trust Deed with, *inter alios*, the Security Trustee and the Note Trustee pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Residual Certificates are subject to the provisions in the Trust Deed. The Conditions and the Residual Certificates Conditions and the forms of each class of Notes and the Residual Certificates are each constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes and the Residual Certificates on trust for the Noteholders and the Certificateholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee (exclusive of VAT) together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without giving any reason therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class of Notes or (if no Notes remain outstanding) the Residual Certificates may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement or removal of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a "**Trust Corporation**") in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, upon the expiry of such notice or after 60 days from the date the Note Trustee gives its notice of retirement or the applicable Extraordinary Resolution of the holders of the Most Senior Class of Notes, the Issuer is not able to find such replacement, the Note Trustee will be entitled to appoint a new Trust Corporation as trustee under the Trust Deed.

Governing Law

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

Agency Agreement

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

Governing Law

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

Cash Administration Agreement

On the Closing Date, the Cash Administrator, the Issuer, the Servicers, the Interest Rate Cap Provider, the Security Trustee and the Standby Cash Administrator Facilitator will enter into a cash administration agreement (the "**Cash Administration Agreement**").

Cash Administration Services to be provided to the Issuer

Pursuant to the Cash Administration Agreement, the Cash Administrator will agree to provide certain cash administration and other services to the Issuer or, upon the Security Trustee notifying the Cash Administrator that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Administrator's principal function will be effecting payments to and from the Deposit Account and the IRC Collateral Accounts. In addition, the Cash Administrator will, among other things:

- (a) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments, any Class A Liquidity Reserve Fund Release Amount to meet any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments and any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments;
- (b) on the fifth Business Day of each calendar month (the "**Calculation Date**") determine if there would be a Class A Liquidity Deficit following the application of Available Revenue Receipts on the immediately following Interest Payment Date;
- (c) on each Calculation Date determine if there would be a Revenue Deficit following the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amounts on the immediately following Interest Payment Date;
- (d) on each Calculation Date determine if there would be a Senior Expenses Deficit following the application of Available Revenue Receipts, any Class A Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts on the immediately following Interest Payment Date;
- (e) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Final Redemption Date;
- (f) record credits to, and debits from, the Ledgers, as and when required; and
- (g) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts; and (ii) following any Determination Period, upon receipt by the Cash Administrator of the Portfolio Information in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Portfolio Information by allocating the Reconciliation Amounts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*) and the Cash Administration Agreement.

In addition, the Cash Administrator will also:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer:

- (i) the "**Principal Ledger**" on the Deposit Account, which will record all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
 - (ii) the "**Revenue Ledger**" on the Deposit Account, which will record all Revenue Receipts, any IRC Collateral Account Surplus, amounts credited to the Deposit Account in accordance with item (v) of the Pre-Enforcement Revenue Priority of Payments and the distribution of Available Revenue Receipts and any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Third Party Amounts;
 - (iii) the "**Class A Liquidity Reserve Fund Ledger**" on the Deposit Account, which will record amounts credited to, and debited from, the Class A Liquidity Reserve Fund (see "*Credit Structure – Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Ledger*");
 - (iv) the "**General Reserve Fund Ledger**", which will record amounts credited to, and debited from, the General Reserve Fund (see "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*");
 - (v) the "**Principal Deficiency Ledger**" on the Deposit Account, which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (on the date the Cash Administrator is informed of such Losses by the relevant Servicer) and Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Administrator) and record as a credit Available Revenue Receipts applied as Available Principal Receipts (including any amounts in respect of Enhanced Amortisation Amounts) pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Credit Structure – Principal Deficiency Ledger*");
 - (vi) the "**Issuer Profit Ledger**" on the Deposit Account, which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer; and
 - (vii) the "**IRC Collateral Ledger**" on the IRC Collateral Accounts which shall record as a credit (A) any IRC Collateral, other than any AV Negative Interest Amounts, received from the Interest Rate Cap Provider, (B) any Replacement IRC Premium received by the Issuer from a replacement interest rate cap provider, (C) any termination payment received by the Issuer from an outgoing Interest Rate Cap Provider and (D) IRC Tax Credits. Monies and securities standing to the credit of each IRC Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the IRC Collateral Ledger will be applied by the Cash Administrator in accordance with the IRC Collateral Account Priority of Payments. The IRC Collateral Ledger shall record as a debit any amounts applied in accordance with the IRC Collateral Priority of Payments;
- (b) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments (as applicable);
 - (c) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Class A Redemption Date (prior to the service of an Enforcement Notice) the amount of any Class A Liquidity Reserve Fund Release Amount to be applied on the immediately following

Interest Payment Date (such amount to be determined after calculation of any Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date (including any Class A Liquidity Reserve Fund Excess Amount to be applied *firstly*, to replenish (if required) the General Reserve Fund up to the General Reserve Fund Required Amount and *secondly*, as Available Revenue Receipts on such Interest Payment Date));

- (d) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice) the amount of any General Reserve Fund Release Amount to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Available Revenue Receipts and Class A Liquidity Reserve Fund Release Amount to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments);
- (e) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice) the amount of any Principal Addition Amounts to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Class A Liquidity Reserve Fund Release Amounts to be applied to meet any Class A Liquidity Deficit, any General Reserve Fund Release Amounts to be applied to meet any Revenue Deficit and the Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date) and drawn from Available Principal Receipts on such Interest Payment Date;
- (f) make payments (on behalf of the Issuer) of the consideration for a Further Mortgage Advance to the relevant Seller;
- (g) prepare the Investor Report in accordance with the Cash Administration Agreement, which will be published on the Cash Administrator's website at www.usbank.com/abs on or around the Calculation Date; and
- (h) as soon as reasonably practicable upon receiving a request from the Issuer and/or the Security Trustee and provided that it has all information necessary to enable it to do so, calculate and provide to the Issuer and the Security Trustee:
 - (i) the Optional Purchase Price (or where such calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date, an estimate of the Optional Purchase Price); and/or
 - (ii) (where the initial calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date) the definitive Optional Purchase Price.

The Cash Administrator, on behalf of and in the name of the Issuer, may invest monies standing from time to time to the credit of the Deposit Account in Authorised Investments as determined by the Cash Administrator, subject to the following provisions:

- (a) any investment in any Authorised Investments shall be made in the name of the Issuer;
- (b) any costs properly and reasonably incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Administrator by the Issuer; and
- (c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Deposit Account.

The Cash Administrator shall not be responsible (save where any loss results from the Cash Administrator's own fraud, wilful default or gross negligence or that of its directors, officers or employees) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, provided that any such investment in any Authorised Investments was made in accordance with the terms of the Cash Administration Agreement.

Cash Administrator and Directions from the Security Trustee

The Cash Administrator will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Cash Administration Agreement and Deed of Charge) following receipt by the Cash Administrator of a copy of an Enforcement Notice served by the Note Trustee on the Issuer.

Remuneration of Cash Administrator

The Cash Administrator will be paid a cash administration fee for its cash administration services under the Cash Administration Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Administrator. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Administrator in respect of that fee shall be deemed to be exclusive of VAT, if any, chargeable on any supply for which the cash administration fee is the consideration (in whole or in part) for VAT purposes. The cash administration fee is payable monthly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Termination of Appointment and Replacement of Cash Administrator

If any of the following events (the "**Cash Administrator Termination Events**") shall occur:

- (a) default is made by the Cash Administrator in the payment, on the due date, of any payment due and payable by it under the Cash Administration Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Administrator becoming aware of such default and receipt by the Cash Administrator of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Standby Cash Administrator Facilitator), requiring the same to be remedied; or
- (b) default is made by the Cash Administrator in the performance or observance of any of its other covenants and obligations under the Cash Administration Agreement, which in the opinion of the Note Trustee as notified to the Security Trustee is materially prejudicial to the interests of the Noteholders, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Administrator becoming aware of such default and receipt by the Cash Administrator of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Standby Cash Administrator Facilitator), requiring the same to be remedied; or
- (c) any material representation or warranty made by the Cash Administrator is incorrect when given and is unremedied for a period of 30 Business Days after the earlier of the Cash Administrator becoming aware of such breach and receipt by the Cash Administrator of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be (with a copy to the Standby Cash Administrator Facilitator), requiring the same to be remedied; or
- (d) an Insolvency Event occurs in respect of the Cash Administrator; or
- (e) it becomes unlawful for the Cash Administrator to perform its obligations under the Cash Administration Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Administrator (with a copy to the Standby Cash Administrator Facilitator and (if such notice is delivered by the Issuer) the Security Trustee), terminate its appointment as Cash Administrator under the Cash Administration Agreement with effect from a date (not earlier than the date of the notice) specified in such notice. In determining whether to give or withhold consent to the termination of the Cash Administrator by the Issuer, the Security Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash administrator. Upon termination of the appointment of the Cash Administrator, the Issuer shall use reasonable endeavours to appoint a substitute cash administrator that satisfies the conditions set out below.

Any substitute cash administrator:

- (a) must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash administrator agrees to assume and perform all material duties and obligations of the Cash Administrator under the Cash Administration Agreement;
- (b) must be a party that the Rating Agencies have previously confirmed to the Issuer in writing (provided that the Issuer confirms in writing (including by email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Rated Notes to be adversely affected; and
- (c) will be subject to the prior written approval of the Security Trustee (acting reasonably).

For the avoidance of doubt, upon termination of the appointment of the Cash Administrator, if the Issuer is unable to find a suitable third party willing to act as a substitute cash administrator, this shall not constitute any breach of the provisions of the Cash Administration Agreement.

Resignation of the Cash Administrator

The Cash Administrator may resign on giving not less than 45 days' written notice (or such shorter time as may be agreed between the Cash Administrator, the Issuer, the Servicers and the Security Trustee) of its resignation to the Issuer, the Servicers, the Standby Cash Administrator Facilitator and the Security Trustee without providing any reason therefor and without being responsible for any Liability incurred by reason thereof unless such liability arises as a result of its own gross negligence, wilful default or fraud or that of its officers, directors, employees or any of its sub-contractors or delegates, provided that:

- (a) a substitute cash administrator shall be appointed, such appointment to be effective not later than the date of such termination;
- (b) such substitute cash administrator has the requisite cash administration experience to perform the functions to be given to it under the Cash Administration Agreement and is approved in writing by the Security Trustee in consultation with the Issuer as is appropriate in the circumstances;
- (c) such substitute cash administrator enters into a cash administration agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash administrator agrees to assume and perform all material duties and obligations of the Cash Administrator under the Cash Administration Agreement; and
- (d) such substitute cash administrator must be a party that the Rating Agencies have previously confirmed to the Issuer in writing (provided that the Issuer confirms in writing (including by email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Rated Notes to be adversely affected.

Standby Cash Administrator Facilitator

The Issuer will appoint the Standby Cash Administrator Facilitator in accordance with the Cash Administration Agreement. If the Cash Administrator appointment is terminated, the Standby Cash Administrator Facilitator shall use reasonable efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable successor cash administrator within 15 calendar days of receiving such written notice, in accordance with the Cash Administration Agreement.

Governing Law

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

The Bank Account Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Administrator and the Security Trustee (the "**Bank Account Agreement**"), the Issuer will maintain with the Issuer Account Bank the Deposit Account and the IRC Sterling Cash Collateral Account which will be operated in accordance with the Bank Account Agreement, Cash Administration Agreement, the Deed of Charge and, in relation to the IRC Sterling Cash Collateral Account, the Interest Rate Cap Agreement. The Issuer Account Bank is required to have the Account Bank Rating.

Interest

The interest rate payable on balances standing to the credit of the Deposit Account and the IRC Sterling Cash Collateral Account is not subject to a minimum floor of zero per cent. A negative interest rate would result in a charge payable by the Issuer to the Issuer Account Bank and will be paid using Available Revenue Receipts subject to and in accordance with the applicable Priority of Payments.

Governing Law

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

The Custody Agreement

Pursuant to the terms of a custody agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank and the Security Trustee (the "**Custody Agreement**"), the Issuer will maintain with the Issuer Account Bank the IRC Sterling Securities Collateral Account which will be operated in accordance with the Custody Agreement, Cash Administration Agreement, the Deed of Charge and the Interest Rate Cap Agreement. The Issuer Account Bank is required to have the Account Bank Rating.

Governing Law

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

The Corporate Services Agreement

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the

performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings, and the arrangement for the convening of shareholders' and directors' meetings.

Governing Law

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

The Collection Accounts Declaration of Trust

The Sellers have, pursuant to the terms of a collection accounts declaration of trust (the "**Collection Accounts Declaration of Trust**"), agreed to hold all amounts standing to the credit of the Collection Accounts on trust for, amongst others, the Issuer and itself absolutely (the "**Collection Accounts Trust**"). The Issuer's share of the Collection Accounts Trust at any relevant time shall equal all amounts credited to the Collection Accounts at such time in respect of the Mortgage Loans and their Collateral Security taking into account any amounts previously paid to the Issuer in respect of the Mortgage Loans and their Collateral Security.

Governing Law

The Collection Accounts Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Other Agreements

For a description of the Interest Rate Cap Agreement, see "*Credit Structure*".

CREDIT STRUCTURE

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

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

1. **Liquidity Support for the Notes provided by Available Revenue Receipts**

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Mortgage Loans will, assuming that all of the Mortgage Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (v) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the Certificateholders under item (w) of the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Mortgage Loans in the Portfolio relative to the interest rates on the Notes (taking into account in respect of the Fixed Rate Loans amounts due to the Issuer, if any, pursuant to the terms of the Interest Rate Cap Agreement) (as to which, see "*Interest Rate Risk for the Notes*" below) and the performance of the Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio and from the application of Available Principal Receipts as Principal Addition Amounts to cure any Senior Expenses Deficit in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date up to but excluding the Class A Redemption Date exceeds the aggregate of the payments required to be met under items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the Class A Liquidity Reserve Fund up to an amount equal to the Class A Liquidity Reserve Fund Required Amount.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments required to be met under items (a) to (n) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the General Reserve Fund up to an amount equal to the General Reserve Fund Required Amount.

On the Final Redemption Date or on each Interest Payment Date from and including the Optional Redemption Date, to the extent that the amount of Available Revenue Receipts exceeds the aggregate of the payments required to be met under items (a) to (o) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, an amount equal to the lesser of (i) all remaining amounts (if any); and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (i) (inclusive) of the Pre-Enforcement Principal Priority of Payments, less any Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, is available as Enhanced Amortisation Amounts to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

"Final Redemption Date" means the Interest Payment Date in respect of which the Cash Administrator determines on the immediately preceding Calculation Date that, following the

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

2. **General Reserve Fund and General Reserve Fund Ledger**

On the Closing Date, the Cash Administrator on behalf of the Issuer will establish a fund which will be credited with the General Reserve Fund Required Amount from part of the proceeds of the Class R Noteholder's subscription for the Class R Notes on the Closing Date (the "**General Reserve Fund**") to provide liquidity support and credit enhancement for the Rated Notes. The General Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the General Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the General Reserve Fund from time to time in Authorised Investments.

The Cash Administrator will maintain the General Reserve Fund Ledger pursuant to the Cash Administration Agreement to record the balance from time to time of the General Reserve Fund.

After the Closing Date, on each Interest Payment Date up to but excluding the Final Redemption Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount from *firstly*, the Class A Liquidity Reserve Fund Excess Amount and *secondly*, Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments.

On any Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice), if the Cash Administrator determines that there would be a Revenue Deficit on the immediately following Interest Payment Date, the Cash Administrator will apply (after the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amounts but prior to the application of any Principal Addition Amounts) on such Interest Payment Date an amount from the General Reserve Fund equal to the lesser of:

- (a) the amount standing to the credit of the General Reserve Fund Ledger on such Interest Payment Date; and
- (b) the amount of such Revenue Deficit,

(such amount being the "**General Reserve Fund Release Amount**") in meeting such Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that such items appear in the Pre-Enforcement Revenue Priority of Payments (any such amount to be debited from the General Reserve Fund Ledger immediately after the application of Available

Revenue Receipts and any Class A Liquidity Reserve Fund Release Amounts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date).

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any Class A Liquidity Reserve Fund Release Amounts to meet any Class A Liquidity Deficit and then any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the Class A Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

As used in this Prospectus:

“General Reserve Fund Ledger” means the ledger on the Deposit Account maintained by the Cash Administrator on behalf of the Issuer which records amounts credited to, and debited from, the General Reserve Fund;

“General Reserve Fund Required Amount” means (a) on the Closing Date and on any Interest Payment Date up to and excluding the Final Redemption Date, an amount equal to 2.5 per cent. of the aggregate current Principal Amount Outstanding of the Rated Notes on the Closing Date minus the Class A Liquidity Reserve Fund Required Amount and (b) on each Interest Payment Date on and from the Final Redemption Date, zero; and

“Revenue Deficit” means, on any Interest Payment Date, a shortfall in the amounts available to pay items (a) to (n) of the Pre-Enforcement Revenue Priority of Payments after the application of Available Revenue Receipts and any Class A Liquidity Reserve Fund Release Amount (towards any Class A Liquidity Deficit), but prior to the application of any Principal Addition Amounts.

3. Class A Liquidity Reserve Fund and Class A Liquidity Reserve Fund Ledger

On the Closing Date, the Cash Administrator on behalf of the Issuer will establish a fund which will be credited with the Class A Liquidity Reserve Fund Required Amount from part of the proceeds of the Class R Noteholder's subscription for the Class R Notes on the Closing Date (the **“Class A Liquidity Reserve Fund”**) to provide liquidity support (and ultimately, credit enhancement) for the Class A Notes. The Class A Liquidity Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the Class A Liquidity Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the Class A Liquidity Reserve Fund from time to time in Authorised Investments.

The Cash Administrator will maintain the Class A Liquidity Reserve Fund Ledger pursuant to the Cash Administration Agreement to record the balance from time to time of the Class A Liquidity Reserve Fund.

After the Closing Date, on each Interest Payment Date up to but excluding the Final Redemption Date, the Class A Liquidity Reserve Fund will be replenished up to the Class A Liquidity Reserve Fund Required Amount from Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments.

Following the determination by the Cash Administrator on each Calculation Date up to and including the Calculation Date immediately preceding the Class A Redemption Date of the Class A Liquidity Reserve Fund Required Amount in respect of the immediately following Interest Payment Date, the Cash Administrator shall determine the Class A Liquidity Reserve Fund Excess Amount

for application as Available Revenue Receipts on the immediately following Interest Payment Date (if any) after first having applied such Class A Liquidity Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Ledger up to the General Reserve Fund Required Amount. On each Interest Payment Date up to and including the Class A Redemption Date, the Cash Administrator will apply as Available Revenue Receipts the Class A Liquidity Reserve Fund Excess Amount (as determined on the immediately preceding Calculation Date) after first having applied such Class A Liquidity Reserve Fund Excess Amount to replenish (if required) the General Reserve Fund Ledger up to the General Reserve Fund Required Amount.

On any Calculation Date up to but excluding the Calculation Date immediately preceding the Class A Redemption Date (prior to the service of an Enforcement Notice), if the Cash Administrator determines that on the immediately following Interest Payment Date, there would be a Class A Liquidity Deficit (after the application of Available Revenue Receipts but prior to the application of any amounts from the General Reserve Fund and any Principal Addition Amounts), the Cash Administrator will apply on such Interest Payment Date an amount from the Class A Liquidity Reserve Fund equal to the lesser of:

- (a) the amount standing to the credit of the Class A Liquidity Reserve Fund Ledger on such Interest Payment Date; and
- (b) the amount of such Class A Liquidity Deficit,

(such amount being the “**Class A Liquidity Reserve Fund Release Amount**”), in meeting such Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments (any such amount to be debited from the Class A Liquidity Reserve Fund Ledger immediately after the application of any Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date).

On the Class A Redemption Date, all amounts standing to the credit of the Class A Liquidity Reserve Fund (after first having applied any Available Revenue Receipts and then any Class A Liquidity Reserve Fund Release Amount in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Revenue Ledger and the Class A Liquidity Reserve Fund Ledger) will be applied *firstly*, to replenish (if required) the General Reserve Fund up to the General Reserve Fund Required Amount and *secondly*, as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

As used in this Prospectus:

“**Class A Liquidity Deficit**” means, on any Interest Payment Date, an amount equal to any shortfall in Available Revenue Receipts to pay items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, as determined by the Cash Administrator on the immediately preceding Calculation Date;

“**Class A Liquidity Reserve Fund Excess Amount**” means on any Interest Payment Date an amount equal to the greater of:

- (a) zero; and
- (b) the amount standing to the credit of the Class A Liquidity Reserve Fund Ledger on such Interest Payment Date, less the Class A Liquidity Reserve Fund Required Amount on such Interest Payment Date;

“Class A Liquidity Reserve Fund Ledger” means the ledger on the Deposit Account maintained by the Cash Administrator on behalf of the Issuer which records amounts credited to, and debited from, the Class A Liquidity Reserve Fund;

“Class A Liquidity Reserve Fund Required Amount” means:

- (a) on the Closing Date, an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date;
- (b) on any Interest Payment Date, subject to a minimum floor of one per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date:
 - (i) if a Class A Liquidity Reserve Fund Amortising Trigger Event has not occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Class A Notes prior to the application of Available Principal Receipts on such Interest Payment Date; or
 - (ii) if a Class A Liquidity Reserve Fund Amortising Trigger Event has occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Class A Notes on the Interest Payment Date immediately preceding the date on which the Class A Liquidity Reserve Fund Amortising Trigger Event occurred (following the application of Available Principal Receipts on such Interest Payment Date); and
- (c) on each Interest Payment Date on and from the Class A Redemption Date, zero;

A **“Class A Liquidity Reserve Fund Amortising Trigger Event”** occurs if:

- (a) the Class A Notes are not redeemed in full on the Optional Redemption Date; or
- (b) Cumulative Defaults in respect of the Mortgage Loans comprising the Portfolio are greater than 5 per cent. of the aggregate Principal Balance of the Mortgage Loans comprised in the Portfolio as at the Cut-Off Date;

“Class A Redemption Date” means the Interest Payment Date in respect of which the Cash Administrator determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (ii) any Class A Liquidity Reserve Fund Release Amounts in meeting any Class A Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, (iii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, the sum of the Available Principal Receipts would be sufficient to redeem in full the Class A Notes on such Interest Payment Date; and

“Cumulative Defaults” means, at any time, the Principal Balance of all Mortgage Loans in respect of which the underlying Property has been repossessed calculated at the point when the relevant Property was repossessed.

4. Use of Available Principal Receipts to pay Senior Expenses Deficit

On each Calculation Date prior to the service of an Enforcement Notice, and with reference to the immediately following Interest Payment Date, the Cash Administrator will calculate whether there will be a shortfall of Available Revenue Receipts, Class A Liquidity Reserve Fund Release Amounts and General Reserve Fund Release Amounts to pay:

- (a) items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments;
- (b) item (i) of the Pre-Enforcement Revenue Priority of Payments (if the Class B Notes are the Most Senior Class of Notes);
- (c) item (k) of the Pre-Enforcement Revenue Priority of Payments (if the Class C Notes are the Most Senior Class of Notes); and
- (d) item (m) of the Pre-Enforcement Revenue Priority of Payments (if the Class D Notes are the Most Senior Class of Notes),

on such Interest Payment Date. If the Cash Administrator determines that there will be a shortfall (such shortfall being a "**Senior Expenses Deficit**"), then pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments, the Cash Administrator on behalf of the Issuer shall apply (after the application of Available Revenue Receipts, any Class A Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts) an amount of Available Principal Receipts equal to the lesser of:

- (i) the amount of Available Principal Receipts available for application pursuant to the Pre-Enforcement Principal Priority of Payments on such Interest Payment Date; and
- (ii) the amount of such Senior Expenses Deficit,

(such amount being the "**Principal Addition Amount**"), in meeting such Senior Expenses Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

5. Principal Deficiency Ledger

A Principal Deficiency Ledger will be established to record any Losses affecting the Mortgage Loans in the Portfolio and/or any Principal Addition Amounts. The Principal Deficiency Ledger will comprise the following sub-ledgers:

- (a) the Principal Deficiency Ledger relating to the Class A Notes (the "**Class A Principal Deficiency Sub-Ledger**");
- (b) the Principal Deficiency Ledger relating to the Class B Notes (the "**Class B Principal Deficiency Sub-Ledger**");
- (c) the Principal Deficiency Ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**");
- (d) the Principal Deficiency Ledger relating to the Class D Notes (the "**Class D Principal Deficiency Sub-Ledger**"); and

- (e) the Principal Deficiency Ledger relating to the Class Z Notes (the "**Class Z Principal Deficiency Sub-Ledger**"),

(each a "**Principal Deficiency Sub-Ledger**").

Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Administrator is informed of such Losses by the relevant Servicer or such Principal Addition Amounts are determined by the Cash Administrator (as applicable)):

- (i) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes;
- (ii) second, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes;
- (iii) third, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes;
- (iv) fourth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and
- (v) fifth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes.

Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Mortgage Loan to outstanding fees and interest amounts due and payable on the relevant Mortgage Loan.

The Cash Administrator will record as a credit to the Principal Deficiency Ledger (i) Available Revenue Receipts applied pursuant to items (h), (j), (l), (n) and (u) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts) and (ii) Enhanced Amortisation Amounts applied in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio.

"**Losses**" means the aggregate of (a) all realised losses on the Mortgage Loans comprising the Portfolio which are not recovered from the proceeds following the sale of the Property to which such Mortgage Loan relates or any losses realised by the Issuer on the Mortgage Loans comprised in the Portfolio as a result of the failure of the Collection Account Bank to remit funds to the Issuer and (b) any loss to the Issuer as a result of an exercise of any set off by any Borrower in respect of a Mortgage Loan comprising the Portfolio.

6. Available Revenue Receipts and Available Principal Receipts

Available Revenue Receipts and Available Principal Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, respectively. Other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer, amounts standing to the credit of the Issuer Profit Ledger, the General Reserve Fund Ledger (other than any amounts representing General Reserve Fund Release Amounts) or the Class A Liquidity Reserve Fund Ledger (other than any amounts representing Class A Liquidity Reserve Fund Release

Amounts or Class A Liquidity Reserve Fund Excess Amounts) and the IRC Collateral Ledger (if any), it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date while there are Rated Notes outstanding, the Issuer has insufficient Available Revenue Receipts, Class A Liquidity Reserve Fund Release Amounts, General Reserve Fund Release Amounts and Principal Addition Amounts to pay the interest that would otherwise be payable absent the deferral provisions in respect of the Notes other than in respect of the Most Senior Class of Notes, then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute a Potential Event of Default or an Event of Default. However, failure to pay interest on the Most Senior Class of Notes within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

7. Interest Rate Risk for the Notes

Interest Rate Cap Agreement

On or before the Closing Date, the Issuer will enter an ISDA 2002 Master Agreement (together with the Schedule and Credit Support Annex thereto and Confirmation thereunder) with the Interest Rate Cap Provider (the "**Interest Rate Cap Agreement**") to provide hedging against interest rate fluctuations (the "**Interest Rate Cap**"). The Interest Rate Cap Agreement is effective from and including the Closing Date up to and including the Interest Payment Date falling in August 2023. Pursuant to the Interest Rate Cap Agreement, the Interest Rate Cap Provider, against payment by the Issuer of the Interest Rate Cap Fees on the Closing Date, shall make payments to the Issuer on each Interest Payment Date if and to the extent three-month LIBOR for the relevant Interest Period exceeds the Cap Strike Rate.

The notional balance of the Interest Rate Cap will be equal to the aggregate Principal Balance of Mortgage Loans in the Portfolio that pay a fixed rate of interest at the Closing Date, subject to any reduction thereof (a) in accordance with a notional amount payment schedule as set out in the Interest Rate Cap Agreement and (b) pursuant to any IRC Reductions as described below.

At any time after the Closing Date, the Issuer has the ability (but not the obligation) to unwind or sell part of the Interest Rate Cap at the prevailing mark-to-market position (subject to the paragraph below regarding cashflows) in the event that the notional amount of the Interest Rate Cap is greater than the then aggregate Principal Balance of Mortgage Loans in the Portfolio that pay a fixed rate of interest (an **IRC Reduction**), provided that any such IRC Reduction must not reduce the notional balance of the Interest Rate Cap below the then aggregate Principal Balance of Mortgage Loans in the Portfolio that pay a fixed rate of interest.

Any amount received by the Issuer as a result of an IRC Reduction during the prior Calculation Period (an **IRC Reduction Termination Payment Amount**) shall be applied as Available Revenue Receipts. As detailed in the previous paragraph, an IRC Reduction Termination Payment Amount is intended to reflect the prevailing mark-to-market position of the portion of the notional amount of the Interest Rate Cap being unwound or sold in connection with an IRC Reduction. However, in the context of an unwind of the Interest Rate Cap, such IRC Reduction Termination Payment Amount may be reduced by agreement between the Issuer and the Interest Rate Cap Provider, including to zero, on account of certain back to back interest rate cap or other arrangements that the Interest Rate Cap Provider may have entered into in relation to the Interest Rate Cap and which are simultaneously being unwound. Accordingly, this will reduce the total amount of IRC Reduction Termination Payment Amounts (or mean that there are no IRC Reduction Termination Payment Amounts) which would otherwise be available to be applied as Available Revenue Receipts.

In the event that the relevant rating(s) of the Interest Rate Cap Provider is or are, as applicable, downgraded by a Rating Agency below the Cap Required Ratings, the Interest Rate Cap Provider will, in accordance with the Interest Rate Cap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Interest Rate Cap Agreement and at its own cost which may include (i) the provision of collateral for its obligations under the Interest Rate Cap Agreement in accordance with the terms of the Credit Support Annex thereto, or (ii) arranging for its obligations under the Interest Rate Cap Agreement to be transferred to an entity with the Cap Required Ratings, or (iii) procuring another entity with at least the Cap Required Ratings to become a guarantor in respect of its obligations under the Interest Rate Cap Agreement, or (iv) taking such other action as it may agree with the relevant Rating Agency as will result in the ratings of the then outstanding Class of Notes with the highest rating by the relevant Rating Agency being restored to or maintained at the level they were at immediately prior to the downgrade. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Interest Rate Cap Agreement.

The Interest Rate Cap Agreement may also be terminated in certain other circumstances that may include, without limitation, the following: (i) with the exception of any mandatory redemption in whole or in part pursuant to Condition 8.1 (*Redemption at Maturity*) or Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*), if the Notes are redeemed pursuant to Condition 8 (*Redemption*) or otherwise cancelled, redeemed or repaid in whole (but not in part) for any reason; (ii) if the Note Trustee serves an Enforcement Notice on the Issuer; (iii) if certain insolvency events occur; (iv) if a change in law results in the obligations of one of the parties becoming illegal; or (v) as a result of a force majeure event or act of state the Issuer or the Interest Rate Cap Provider is prevented from performing any payment or delivery obligation, prevented from receiving any payment or delivery, prevented from complying with any other material obligation or any such performance, receipt or compliance becomes impossible.

The Interest Rate Cap Agreement may also be terminated by the Interest Rate Cap Provider in the event that a modification, supplement, waiver or consent is made to any of the Transaction Documents that relates to or affects:

- (A) the IRC Collateral Account Priority of Payments and/or the operation of the IRC Collateral Account (other than in relation to any replacement of the Account Bank, provided such replacement has the required ratings); or
- (B) (i) the timing or amount of any payments due to be made pursuant to the IRC Collateral Account Priority of Payments or to or from the IRC Collateral Account or (ii) the timing or amount of any payments or deliveries due to be made by or to the Interest Rate Cap Provider under the Interest Rate Cap Agreement; or
- (C) the Interest Rate Cap Provider's status as a Secured Creditor or its rights in respect of the Security in any adverse manner.

and such modification, supplement, waiver or consent (i) is made without the prior written consent of the Interest Rate Cap Provider, and (ii) has (in the reasonable opinion of the Interest Rate Cap Provider) a material adverse affect on the rights and/or obligations of the Interest Rate Cap Provider under, or in respect of, the Interest Rate Cap Agreement. For the avoidance of doubt, such an event will not give rise to an event of default under the Interest Rate Cap Agreement, the Conditions or a breach under any other Transaction Document.

The Interest Rate Cap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by it under the Interest Rate Cap Agreement. However, if the Interest Rate Cap Provider is required to

gross up a payment under the Interest Rate Cap Agreement due to a change in law, the Interest Rate Cap Provider may terminate the Interest Rate Cap Agreement.

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

"Cap Strike Rate" means 2.5 per cent.

"Cap Required Ratings" means, with respect to the Interest Rate Cap Provider or a replacement or guarantor in respect thereof, the minimum relevant rating(s) required by each Rating Agency as more particularly described in the "*The Interest Rate Cap Provider*" section.

"Interest Rate Cap Fees" means £396,000.00, payable from the proceeds of the Notes on the Closing Date.

"Relevant Redemption Date" means the date as of which all amounts due under the Rated Notes have been repaid and/or redeemed in full or no amounts remain to be paid under the Rated Notes pursuant to Condition 12.4 (*Limited Recourse*).

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Definition of Revenue Receipts

"**Revenue Receipts**" means the net sum of all monies received in respect of any Mortgage Loan (excluding Principal Receipts), all interest on credit balances in the Issuer Accounts (other than the IRC Collateral Accounts), all insurance monies received or recovered in respect of the Mortgage Loans and/or their related Collateral Security to which the Issuer is beneficially entitled (but only to the extent that such amounts are paid by way of compensation for amounts which would otherwise have constituted a Revenue Receipt) and all other revenues derived from the Issuer's business to which the Issuer is beneficially entitled (including, without limitation, the costs, fees and expenses payable by a Mortgagor to the extent the Issuer is reimbursed by such Borrower for and is beneficially entitled to the same), any Application Fees (excluding, for the avoidance of doubt, any Collection Costs), all other amounts in the nature of fees deposited in the Deposit Account in respect of any Mortgage Loan.

Definition of Available Revenue Receipts

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

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

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

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

less:

- (l) amounts (which would otherwise constitute Revenue Receipts) applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Sellers) such as (but not limited to):
 - certain costs and expenses charged by the Servicers or the Replacement Servicer in respect of its servicing of the Mortgage Loans, other than the Servicing Fee and not otherwise covered by the items below;
 - payments of certain insurance premiums in respect of the Insurance Policies (to the extent referable to the Mortgage Loans);
 - amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and

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

(items within this item (l) being collectively referred to herein as "**Third Party Amounts**");

less

- (m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and

less

- (n) for the avoidance of doubt, any Interest Rate Cap Fees.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer

On each relevant Interest Payment Date prior to the service of an Enforcement Notice by the Note Trustee on the Issuer, the Cash Administrator, on behalf of the Issuer, shall apply or provide for the application of the Available Revenue Receipts (before the application of any Class A Liquidity Reserve Fund Release Amounts, General Reserve Fund Release Amounts and any Principal Addition Amounts) in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof (in each case without double counting) of:
 - (i) any amounts then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, Liabilities and expenses then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Administrator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the Standby Cash Administrator Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts then due and payable to the Servicers and any fees (including the Servicing Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Deed, together with (if payable) VAT thereon as provided therein;

- (v) any amounts then due and payable to the Standby Servicer and any fees (including the Annual Standby Servicer Fee), costs, charges, Liabilities and expenses then due under the provisions of the Standby Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein; and
 - (vii) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Bank Account Agreement and the Custody Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (e) below);
 - (d) *fourth*, any Replacement IRC Premium payable to a replacement interest rate cap provider to the extent the available monies and securities standing to the credit of each IRC Collateral Account are insufficient to cover such Replacement IRC Premium in accordance with the IRC Collateral Account Priority of Payments;
 - (e) *fifth*, to pay the Issuer an amount equal to £100 to be retained by the Issuer as profit in respect of the business of the Issuer (the "**Issuer Profit Amount**");
 - (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
 - (g) *seventh*, to credit the Class A Liquidity Reserve Fund Ledger up to the Class A Liquidity Reserve Fund Required Amount;
 - (h) *eighth*, (so long as the Class A Notes remain outstanding following such Interest Payment Date), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (i) *ninth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
 - (j) *tenth*, (so long as the Class B Notes remain outstanding following such Interest Payment Date), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
 - (l) *twelfth*, (so long as the Class C Notes remain outstanding following such Interest Payment Date), to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class D Notes;

- (n) *fourteenth*, (so long as the Class D Notes remain outstanding following such Interest Payment Date), to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (o) *fifteenth*, to credit the General Reserve Fund Ledger up to the General Reserve Fund Required Amount;
- (p) *sixteenth*, on the Final Redemption Date or on any Interest Payment Date occurring on or after the Optional Redemption Date an amount equal to the lesser of:
 - (i) all remaining amounts (if any); and
 - (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (i) (inclusive) of the Pre-Enforcement Principal Priority of Payments, less any Available Principal Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer,
 to be applied as Available Principal Receipts;
- (q) *seventeenth*, any amount payable to the Interest Rate Cap Provider in accordance with the terms of the Interest Rate Cap Agreement to the extent that the available monies and securities standing to the credit of each IRC Collateral Account are insufficient to cover such amount in accordance with the IRC Collateral Account Priority of Payments;
- (r) *eighteenth*, on any Interest Payment Date prior to the Optional Redemption Date, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class R Notes;
- (s) *nineteenth*, on any Interest Payment Date prior to the Optional Redemption Date, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class R Notes until the Principal Amount Outstanding on the Class R Notes has been reduced to zero;
- (t) *twentieth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class Z Notes;
- (u) *twenty-first*, (so long as the Class Z Notes remain outstanding following such Interest Payment Date), to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (v) *twenty-second*, on any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts; and
- (w) *twenty-third*, any excess amounts *pro rata* and *pari passu* as Residual Payments to the holders of the Residual Certificates.

As used in this Prospectus:

"Application Fees" means the fees chargeable to a Borrower for processing an application for a Mortgage Loan and any fees chargeable to the Borrower for a valuation.

"Appointee" means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

"**AV Negative Interest Amounts**" means, in respect of any negative Interest Amount (as defined in the Interest Rate Cap Agreement), the absolute value of such negative Interest Amount.

"**Custody Agreement**" means the custody agreement dated on or about the Closing Date between, amongst others, the Issuer, the Security Trustee and the Issuer Account Bank.

"**Irrecoverable VAT**" means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition only, a "**Relevant Party**") as part of a payment in respect of which it is entitled to be reimbursed or indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit, deduction or repayment of such VAT as input tax (as that expression is defined in Section 24(1) of the Value Added Tax Act 1994 or under Article 168 of the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) or any provision of a similar nature, under the law of a member state of the European Union or elsewhere).

"**Liability**" means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability including legal costs and expenses properly incurred (including, in each case, Irrecoverable VAT in respect thereof).

Definition of Principal Receipts

"**Principal Receipts**" means all principal received or recovered in respect of the Mortgage Loans and their related Collateral Security principal recovered upon enforcement of the related Collateral Security and the principal element of the purchase price or repurchase price paid to the Issuer on the disposal by it of one or more Mortgage Loans, and all insurance monies received or recovered in respect of the Mortgage Loans and their related Collateral Security to which the Issuer is beneficially entitled (but only to the extent that such amounts are paid by way of compensation for amounts which would otherwise have constituted Principal Receipts), other than any principal repayments comprising Optional Purchase Collections and the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option.

Definition of Available Principal Receipts

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer during the immediately preceding Collection Period, minus an amount equal to the aggregate of all Further Mortgage Advance Purchase Prices to be paid by the Issuer on that Interest Payment Date);
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Principal Receipts in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments (the "**Enhanced Amortisation Amounts**");
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);

- (e) (in respect of the first Interest Payment Date only) the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Rated Notes over the Initial Purchase Price.

Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Administrator on behalf of the Issuer is required pursuant to the terms of the Cash Administration Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, any Principal Addition Amounts to be applied to meet any Senior Expenses Deficit;
- (b) *second*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (d) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (f) *sixth*, on any Interest Payment Date on or after the Optional Redemption Date, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class R Notes;
- (g) *seventh*, on any Interest Payment Date on or after the Optional Redemption Date, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class R Notes until the Principal Amount Outstanding on the Class R Notes has been reduced to zero;
- (h) *eighth*, on any date on or after the Optional Redemption Date or on the Final Redemption Date, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, the interest due and payable on the Class Z Notes;
- (i) *ninth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero; and
- (j) *tenth*, any excess amounts as Available Revenue Receipts.

Distributions following the service of an Enforcement Notice on the Issuer

After an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Administrator on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all amounts received or recovered other than:

- (a) monies and securities standing to the credit of each IRC Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) which will be applied in accordance with the IRC Collateral Account Priority of Payments (other than any amount to be applied as IRC Collateral Account Surplus in accordance with the IRC Collateral Account Priority of Payments); and
- (b) any amount standing to the credit of the Issuer Profit Ledger, which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer,

in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**" and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the "**Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Note Trustee, Receiver and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Security Trustee, Receiver and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any amounts then due and payable to the Agent Bank, the Registrar and the Paying Agents and any costs, charges, Liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Administrator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the Standby Cash Administrator Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts then due and payable to the Servicers and any fees (including the Servicing Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Deed, together with (if payable) VAT thereon as provided therein;
 - (v) any amounts then due and payable to the Standby Servicer and any fees (including the Annual Standby Servicer Fee), costs, charges, Liabilities and expenses then due under the provisions of the Standby Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due and payable to the Corporate Services Provider

under the provisions of the Corporate Services Agreement together with (if payable) VAT thereon as provided therein; and

- (vii) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, Liabilities and expenses then due and payable to the Issuer Account Bank under the provisions of the Bank Account Agreement and the Custody Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof interest and principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (d) *fourth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (e) *fifth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (f) *sixth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (g) *seventh*, any amount payable to the Interest Rate Cap Provider in accordance with the terms of the Interest Rate Cap Agreement to the extent that the available monies and securities standing to the credit of each IRC Collateral Account are insufficient to cover such amount in accordance with the IRC Collateral Account Priority of Payments;
- (h) *eighth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class R Notes until the Principal Amount Outstanding on the Class R Notes has been reduced to zero;
- (i) *ninth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero;
- (j) *tenth*, to pay, *pro rata* and *pari passu*, amounts due and payable to third parties (if any);
- (k) *eleventh*, to pay the Issuer Profit Amount; and
- (l) *twelfth*, any excess amounts *pro rata* and *pari passu* as Residual Payments to the holders of the Residual Certificates.

IRC Collateral

In the event that the Interest Rate Cap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Interest Rate Cap Agreement in accordance with the terms of the Credit Support Annex of the Interest Rate Cap Agreement (the "**IRC Credit Support Annex**"), including collateral posted following an IRC Provider Downgrade Event or as a result of complying with any OTC derivative clearing organisation rules regulatory requirement or other such regulation, rule or requirement, that collateral (and any interest and/or distributions earned thereon) (together, "**IRC Collateral**") will be credited to a sterling cash cap collateral account (the "**IRC Sterling Cash Collateral Account**") or a sterling securities cap collateral account (the "**IRC Sterling Securities Collateral Account**", and together with the IRC Sterling

Cash Collateral Account, the "**IRC Collateral Accounts**") and credited to the ledger maintained by the Cash Administrator to record the balance from time to time of IRC Collateral (the "**IRC Collateral Ledger**").

In addition, (i) upon any early termination in whole of the Interest Rate Cap Agreement as a result of the default or termination by the IRC Cap Provider or otherwise, (A) any Replacement IRC Premium received by the Issuer from a replacement interest rate cap provider, or (B) any termination payment received by the Issuer from the outgoing Interest Rate Cap Provider or (ii) any IRC Tax Credits, in each case, will be credited to the IRC Collateral Accounts and recorded on the IRC Collateral Ledger. Any IRC Reduction Termination Payment Amounts actually received by the Issuer, if any, will not be credited to the IRC Collateral Account nor recorded on the IRC Collateral Ledger but instead will be applied as Available Revenue Receipts.

Monies and securities standing to the credit of each IRC Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the IRC Collateral Ledger may only be applied by the Cash Administrator in accordance with the instructions of the Interest Rate Cap Provider or the Servicer or by the Security Trustee after an Enforcement Notice has been served on the Issuer in accordance with the following provisions (the "**IRC Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any IRC Tax Credits received by the Issuer to the relevant Interest Rate Cap Provider;
- (b) prior to the designation of an Early Termination Date (as defined in the Interest Rate Cap Agreement, the "**Early Termination Date**") in respect of the Interest Rate Cap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the IRC Credit Support Annex), Interest Amounts and Distributions (as defined in the IRC Credit Support Annex), on any day, directly to the Interest Rate Cap Provider;
- (c) following the designation of an Early Termination Date in respect of the Interest Rate Cap Agreement where (A) such Early Termination Date has been designated following a IRC Provider Default or IRC Provider Downgrade Event and (B) the Issuer enters into a Replacement IRC Agreement on or around the Early Termination Date of the Interest Rate Cap Agreement, on the later of the day on which such Replacement IRC Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement IRC Premium (if any) payable to the Issuer has been received, in the following order of priority:
 - (i) *first*, in or towards payment of a Replacement IRC Premium (if any) payable by the Issuer to a replacement interest rate cap provider in order to enter into a Replacement IRC Agreement with the Issuer with respect to the Interest Rate Cap Agreement being terminated;
 - (ii) *second*, in or towards payment of any termination payment due to the outgoing Interest Rate Cap Provider; and
 - (iii) *third*, the surplus (if any) on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts or (following the service of an Enforcement Notice) in accordance with clause 7.2 (Post-Enforcement Priority of Payments) of the Deed of Charge;
- (d) following the designation of an Early Termination Date in respect of the Interest Rate Cap Agreement where (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c)(A) above, and (B) the Issuer enters into a Replacement IRC Agreement on or around the Early Termination Date of the Interest Rate Cap Agreement, on the later of the day on which such Replacement IRC Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a

Replacement IRC Premium (if any) payable to the Issuer has been received, in the following order of priority:

- (i) *first*, in or towards payment of any termination payment due to the outgoing Interest Rate Cap Provider;
 - (ii) *second*, in or towards payment of a Replacement IRC Premium (if any) payable by the Issuer to a replacement interest rate cap provider in order to enter into a Replacement IRC Agreement with the Issuer with respect to the Interest Rate Cap Agreement being terminated; and
 - (iii) *third*, any surplus on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts or (following the service of an Enforcement Notice) in accordance with clause 7.2 (Post-Enforcement Priority of Payments) of the Deed of Charge;
- (e) following the designation of an Early Termination Date in respect of the Interest Rate Cap Agreement for any reason where the Issuer does not enter into a Replacement IRC Agreement in respect of the Interest Rate Cap Agreement on or around the Early Termination Date of the Interest Rate Cap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment due to the outgoing Interest Rate Cap Provider; and
- (f) following payments of amounts due pursuant to item (e) above, if monies and/or securities (as applicable) remain standing to the credit of an IRC Collateral Account, such monies and/or securities may be applied only in accordance with the following provisions:
- (i) *first*, in or towards payment of a Replacement IRC Premium (if any) payable by the Issuer to a replacement interest rate cap provider in order to enter into a Replacement IRC Agreement with the Issuer with respect to the Interest Rate Cap Agreement; and
 - (ii) *second*, any surplus remaining after payment of such Replacement IRC Premium to be transferred to the Deposit Account to be applied as Available Revenue Receipts or (following the service of an Enforcement Notice) in accordance with clause 7.2 (Post-Enforcement Priority of Payments) of the Deed of Charge,

provided that for so long as the Issuer does not enter into a Replacement IRC Agreement, on each payment date under the Interest Rate Cap Agreement, the Issuer (or the Cash Administrator on its behalf) will be permitted to withdraw an amount from the IRC Collateral Accounts (which shall be debited to the IRC Collateral Ledger), equal to any amount due from the Interest Rate Cap Provider pursuant to the terms of the Interest Rate Cap Agreement on such payment date which would have been paid by the Interest Rate Cap Provider to the Issuer on such payment date but for the designation of an Early Termination Date under the Interest Rate Cap Agreement, such surplus to be transferred to the Deposit Account to be applied as Available Revenue Receipts; and

provided further that for so long as the Issuer does not enter into a Replacement IRC Agreement on or prior to the earlier of:

- (A) the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Rated Notes would be reduced to zero (taking into account any IRC Collateral Account Surplus to be applied as Available Revenue Receipts on such Interest Payment Date); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 11 (*Events of Default*); or

(C) the date on which the Principal Balance of the Fixed Rate Loans (excluding any Mortgage Loans in respect of which enforcement procedures have been completed) is reduced to zero,

then the amount standing to the credit of such IRC Collateral Account on such day shall be transferred to the Deposit Account to be applied as Available Revenue Receipts as soon as reasonably practicable thereafter.

"IRC Collateral Account Surplus" means the amounts applied as Available Revenue Receipts pursuant to the IRC Collateral Account Priority of Payments.

"IRC Provider Default" means the occurrence of an Event of Default (as defined in the Interest Rate Cap Agreement) where the Interest Rate Cap Provider is the Defaulting Party (as defined in the Interest Rate Cap Agreement).

"IRC Provider Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the Interest Rate Cap Agreement) following the failure by the Interest Rate Cap Provider to comply with the requirements of the ratings downgrade provisions set out in the Interest Rate Cap Agreement.

"IRC Tax Credits" means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Interest Rate Cap Provider to the Issuer under the terms of the Interest Rate Cap Agreement.

"Replacement IRC Agreement" means an agreement between the Issuer and a replacement interest rate cap provider to replace the Interest Rate Cap Agreement.

"Replacement IRC Premium" means an amount (if any) received by the Issuer from a replacement interest rate cap provider, or an amount paid by the Issuer to a replacement interest rate cap provider, upon entry by the Issuer into a Replacement IRC Agreement.

The IRC Collateral Accounts will be opened in the name of the Issuer and will be held at a financial institution which satisfies the Account Bank Rating. The IRC Collateral Accounts and IRC Collateral Ledger will be established and maintained in respect of the Interest Rate Cap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in the IRC Collateral Accounts and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

DESCRIPTION OF THE GLOBAL NOTES AND THE NON-RATED NOTES

General

Each Class of Rated Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes representing the Rated Notes will be registered in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note.

The Non-Rated Notes will be in dematerialised registered form and will not be cleared. The Registrar will maintain a register in which it will register the names of the holders of the Non-Rated Notes.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants or through other Indirect Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated (in respect of the Rated Notes) by the Joint Lead Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Notes representing the Rated Notes for all purposes under the Trust Deed. Except as set out under "*Issuance of Registered Definitive Notes*" below, Participants or Indirect Participants will not be entitled to have Rated Notes registered in their names, will not receive or be entitled to receive physical delivery of Rated Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Rated Notes under the Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*", below.

Unlike legal owners or holders of the Rated Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from holders of the Rated Notes. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that

procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under "*Transfers and Transfer Restrictions*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Joint Lead Managers, the Co-Managers, the Note Trustee, the Security Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Elavon Financial Services DAC, UK Branch (the "**Principal Paying Agent**"), on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each Record Date Euroclear and Clearstream, Luxembourg will determine the identity of the holders of the Rated Notes for the purposes of making payments to the holders of the Rated Notes. The "**Record Date**" in respect of the Rated Notes (i) where the Rated Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Rated Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing

customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers, the Co-Managers, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the Common Safekeeper and, upon final payment, the Common Safekeeper will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or

Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Rated Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Issuance of Registered Definitive Notes

Holders of Book-Entry Interests in the Global Note will be entitled to receive Rated Notes in definitive registered form (such exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Rated Notes in definitive registered form. Any Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Rated Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See "*Risk Factors – Certain Market Risks – Market Disruption*".

Action in respect of the Global Notes and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as

applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

Whilst the Rated Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, such notices regarding the Rated Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of Euronext Dublin allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Rated Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

New Safekeeping Structure and Eurosystem Eligibility

The Rated Notes are intended to be held in a new safekeeping structure ("**NSS**") and in a manner which would allow Eurosystem eligibility and will be deposited with one of the International Central Securities Depositories (an "**ICSD**") as common safekeeper. However, the deposit of the Rated Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Rated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Issuer-ICSDs Agreement

Prior to the issuance of the Notes, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Rated Notes. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Rated Notes (while being held in the NSS), maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

Non-Rated Notes

The Non-Rated Notes will be issued in dematerialised registered form and no certificate evidencing entitlement to the Non-Rated Notes will be issued. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Registrar, in which the Non-Rated Notes will each be registered in the name of the relevant Noteholders. Transfers of the Non-Rated Notes may be made only through the register maintained by the Issuer and are subject to the transfer restrictions set out in Condition 3.2 (*Title*).

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The £225,200,000 Class A mortgage backed floating rate notes due July 2050 (the "**Class A Notes**"), the £12,200,000 Class B mortgage backed floating rate notes due July 2050 (the "**Class B Notes**"), the £12,200,000 Class C mortgage backed floating rate notes due July 2050 (the "**Class C Notes**"), the £23,000,000 Class D mortgage backed floating rate notes due July 2050 (the "**Class D Notes**") and together with the Class A Notes, the Class B Notes and the Class C Notes, the "**Rated Notes**"), the £7,211,000 Class R fixed rate notes due July 2050 (the "**Class R Notes**"), the £14,348,000 Class Z mortgage backed fixed rate notes due July 2050 (the "**Class Z Notes**", together with the Class R Notes and the Rated Notes, the "**Notes**"), in each case of Together Asset Backed Securitisation 2018 – 1 plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 8 November 2018 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Noteholders (in such capacity, the "**Note Trustee**"). Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class R Notes or the Class Z Notes, as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by and pursuant to a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, the Security Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agents**"), Elavon Financial Services DAC as registrar (in such capacity, the "**Registrar**") and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") dated the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

On the Closing Date, certain certificates (the "**Residual Certificates**") will also be issued by the Issuer and constituted by the Trust Deed. The Residual Certificates constitute direct, secured and (subject to the limited recourse provision in Residual Certificates Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer, and represent the Issuer's obligation to pay deferred consideration for its purchase of the Portfolio, consisting of the Residual Payments. The

Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to the Residual Payments and are fully subordinate to the interests of the Notes.

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, not to have regard to the interests of the Certificateholders equally with the rights of the Noteholders as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) and instead requiring the Note Trustee and the Security Trustee in any such case to have regard (except as expressly provided otherwise) to the interests of the Noteholders for so long as there are any Notes outstanding.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Rated Notes will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Rated Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

For so long as the Rated Notes are represented by Global Notes, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Rated Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. A Global Note will be exchanged for the relevant Rated Note in definitive registered form (such exchanged Global Notes in definitive registered form, the "**Registered Definitive Notes**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available;
or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Rated Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Rated Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Rated Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Rated Notes in global and (if issued and printed) definitive form will be £100,000.

The Class Z Notes and the Class R Notes (together the "**Non-Rated Notes**") will be issued in dematerialised registered form and will not be cleared. Each Class of Non-Rated Notes has a minimum denomination of £100,000 and higher integral multiples of £1,000. No certificates evidencing entitlement to the Non-Rated Notes will be issued. The holders of Non-Rated Notes recorded in the Register shall be entitled to payments in respect thereof.

References to "**Notes**" in these Conditions shall include the Global Notes and the Registered Definitive Notes.

3.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Non-Rated Note and a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register, provided that no transferee shall be registered as a new holder of Non-Rated Notes unless that new Noteholder has acceded to the terms of the Trust Deed as if that new Noteholder had been an original party thereto. Any such transfer shall be in an amount equal to or greater than the minimum denominations specified in Condition 3.1 (*Form and Denomination*). All transfers of Non-Rated Notes are subject to the detailed regulations concerning transfers in the Agency Agreement.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations

specified in Condition 3.1 (*Form and Denomination*). All transfers of Registered Definitive Notes are subject to any restrictions on transfer set out on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Non-Rated Note or a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the "**Class C Noteholders**") will be subordinated to the interests of each of the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the "**Class D Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).

- (e) The Class R Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class R Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Rated Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class R Notes (the "**Class R Noteholders**") will be subordinated to the interests of each of the holders of the Rated Notes (so long as any Rated Notes remain outstanding).
- (f) The Class Z Notes constitute direct, secured and (subject as provided in Condition 17 (*Subordination by Deferral*) and the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class Z Notes rank subordinate to all payments due in respect of the Rated Notes and the Class R Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class Z Notes (the "**Class Z Noteholders**") will be subordinated to the interests of the holders of the Rated Notes and the Class R Notes (so long as any Rated Notes and any Class R Notes remain outstanding).
- (g) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of the Notes as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes ranking in priority to the other relevant Classes of Notes in the Post-Enforcement Priority of Payments or if there are no Notes then outstanding to the Certificateholders.
- (h) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to (i) request or direct the Note Trustee to take any action or (ii) pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class of Notes. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class of Notes, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and the Certificateholders in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.5 (*Modification to the Transaction Documents*), the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 Security

- (a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under these Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes; or

- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. INTEREST

6.1 Accrual of interest

Interest Accrual

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

6.2 Interest Payment Dates

Interest will be payable in arrear on each Interest Payment Date, for all classes of Notes.

"**Interest Payment Date**" means the 12th day of each calendar month or, if such day is not a Business Day, the immediately following Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day with the first Interest Payment Date falling in December 2018.

Interest shall accrue:

- (a) in the case of a Class of the Rated Notes, from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date; and
- (b) in the case of the Class R Notes and the Class Z Notes, from (and including) a Fixed Rate Accrual Date (except in the case of the first Interest Period, which shall commence on (and including) the Closing Date) to (but excluding) the next following Fixed Rate Accrual Date

(each such period above, an "**Interest Period**").

"**Fixed Rate Accrual Date**" means the 12th day of each calendar month.

6.3 Rate of Interest

Rate of Interest

- (a) The rate of interest payable from time to time in respect of each class or sub-class of the Notes (each a "**Rate of Interest**" and together the "**Rates of Interest**") will be:
 - (i) in respect of the Rated Notes and any Interest Period, determined on the basis of the following provisions:
 - (A) the Agent Bank will determine the Relevant Screen Rate as at or about 11.00 a.m. (London time) on the Interest Determination Date (as defined below) in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its

offered quotation to leading banks for three month Sterling deposits of £10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. The Rates of Interest for the relevant Interest Period shall be the aggregate of (I) (A) from and including the Closing Date to (but excluding) the Optional Redemption Date, the Relevant Margin or (B) from (and including) the Optional Redemption Date, the Relevant Step-Up Margin, and (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three month Sterling deposits (rounded upwards, if necessary, to five decimal places)); and

- (B) if, on any Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of Condition 6.3(a)(i)(A) on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall as soon as reasonably practicable consult with the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank and the Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rates of Interest for the relevant Interest Period shall be the Rates of Interest in effect for the last preceding Interest Period to which Condition 6.3(a)(i)(A) shall have applied but taking account any change in the Relevant Margin and/or any change in the applicability of the Relevant Step-Up Margin,

provided that, on the occurrence of the events described in Condition 13.6(a)(vi)(A)I(cc) to (ee) (the **Relevant Time**), the Issuer (acting on the advice of the Cash Administrator) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Base Rate in accordance with Condition 13.6(a)(vi) (*Additional Right of Modification*) (the **Relevant Condition**). For the avoidance of doubt, if an Alternative Base Rate proposed by or on behalf of the Issuer (including any Alternative Base Rate which was proposed prior to the Relevant Time pursuant to the Relevant Condition) has failed to be implemented in accordance with the Relevant Condition as a result of Noteholder objections to the modification, the Issuer shall not be obliged to propose an Alternative Base Rate under this Condition 6.3(a)(i).

- (ii) in respect of the Class R Notes and any Interest Period, 0 per cent. per annum; and
- (iii) in respect of the Class Z Notes and any Interest Period, 0 per cent. per annum.

In the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent.

There will be no maximum Rate of Interest.

- (b) In these Conditions (except where otherwise defined), the expression:

- (i) "**Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;

- (ii) "**Interest Determination Date**" means the first day of the Interest Period for which the rate will apply;
- (iii) "**Interest Determination Ratio**" means, on any Interest Payment Date, (A) the aggregate Revenue Receipts calculated on the basis of the Portfolio Information received for the three most recent Collection Periods in which Portfolio Information was received (or, where there are not at least three previous Collection Periods in which Portfolio Information had been received, any previous Portfolio Information) divided by (B) the aggregate of all Revenue Receipts and all Principal Receipts calculated on the basis of such Portfolio Information;
- (iv) "**LIBOR**" means the London Interbank Offered Rate for Sterling deposits;
- (v) "**Reconciliation Amount**" means in respect of any Collection Period (A) the actual Principal Receipts as determined on the basis of the available Portfolio Information, less (B) the Calculated Principal Receipts in respect of such Collection Period, plus (C) any Reconciliation Amount not applied in previous Collection Periods;
- (vi) "**Reference Banks**" means the principal London office of each of the five major banks engaged in the London interbank market selected by the Agent Bank in consultation with the Issuer, provided that, once a Reference Bank has been selected by the Agent Bank (in consultation with the Issuer), that Reference Bank shall not be changed unless and until it ceases to be capable of acting or declines to act as such;
- (vii) "**Relevant Margin**" means:
 - (A) in respect of the Class A Notes, 1.18 per cent. per annum;
 - (B) in respect of the Class B Notes, 1.65 per cent. per annum;
 - (C) in respect of the Class C Notes, 2.10 per cent. per annum; and
 - (D) in respect of the Class D Notes, 2.75 per cent. per annum;
- (viii) "**Relevant Screen Rate**" means, in respect of the Rated Notes, the arithmetic mean of offered quotations for three-month Sterling deposits in the London interbank market displayed on the Reuters Screen page LIBOR01; and
- (ix) "**Relevant Step-Up Margin**" means:
 - (A) in respect of the Class A Notes, 2.36 per cent. per annum;
 - (B) in respect of the Class B Notes, 2.65 per cent. per annum;
 - (C) in respect of the Class C Notes, 3.10 per cent. per annum; and
 - (D) in respect of the Class D Notes, 3.75 per cent. per annum.

6.4 Determination of Rates of Interest and Interest Amounts

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of a Class of Rated Notes, be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of Rated Notes and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

The Interest Amounts shall, in the case of the Class R Notes and the Class Z Notes, be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Notes on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

If the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and the Interest Amounts in accordance with this Condition 6.4, the Issuer may, at the expense of the Issuer, engage an expert to make such determination and any such determination shall be deemed to be determinations made by the Agent Bank.

6.5 Publication of Rates of Interest and Interest Amounts

The Agent Bank shall as soon as reasonably practicable after determining the Rate of Interest and the Interest Amounts for each Interest Period and each Interest Payment Date (as applicable) pursuant to these Conditions (and in any event, no later than two Business Days prior to the immediately succeeding Interest Payment Date), cause the relevant Rate of Interest and Interest Amount to be notified to the Issuer, the Cash Administrator, the Note Trustee, the Paying Agents and the Registrar and to be published in accordance with Condition 16 (*Notice to Noteholders*), and the Issuer shall notify any stock exchange or other relevant authority on which the Notes are at the relevant time listed as soon as reasonably practicable after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

6.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Reference Banks (or any of them), the Agent Bank or the Cash Administrator, will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Cash Administrator, the Note Trustee, the Agent Bank, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Cash Administrator or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

6.7 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the Rate of Interest or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed on terms commercially acceptable in the market and such successor having acquired and become subject to such rights and obligations as if it had entered into an agency agreement in a form commercially acceptable in the market.

6.8 Determinations and Reconciliation

- (a) In the event that the Cash Administrator does not receive Portfolio Information with respect to a Collection Period (each such period, a "**Determination Period**"), then the Cash Administrator shall be required to estimate the amount of Principal Receipts and Revenue Receipts for such Determination Period based on the Portfolio Information received for the three most recent Collection Periods in which Portfolio Information was received or, where there are not at least three previous Collection Periods in which Portfolio Information had been received, any previous Portfolio Information for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.8(b). When the Cash Administrator receives the Portfolio Information relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.8(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.8(b) and/or 6.8(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Conditions 6.8(b) and/or 6.8(c), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to a Potential Event of Default or an Event of Default and no liability will attach to the Cash Administrator in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) In respect of any Determination Period the Cash Administrator shall on the Calculation Date immediately following the Determination Period:
- (i) determine the Interest Determination Ratio (as defined above) by reference to the Portfolio Information received for the three most recent Collection Periods in which Portfolio Information was received (or, where there are not at least three previous Collection Periods in which Portfolio Information had been received, any previous Portfolio Information) received in the preceding Collection Periods;
 - (ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Receipts**"); and
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Principal Receipts**").
- (c) Following the end of any Determination Period, upon receipt by the Cash Administrator of the Portfolio Information in respect of such Determination Period, the Cash Administrator shall reconcile the calculations made in accordance with Condition 6.8(b) to the actual collections set out in the Portfolio Information by allocating the Reconciliation Amount (as defined above) as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Administrator shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
 - (ii) if the Reconciliation Amount is a negative number, the Cash Administrator shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

provided that the Cash Administrator shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period in accordance with the terms of the Cash Administration Agreement and the Cash Administrator shall promptly notify the Issuer, the Note Trustee and the Security Trustee of such Reconciliation Amount.

7. PAYMENTS

7.1 Payment of Interest and Principal

Payments in respect of principal and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) for such purpose. Each payment of principal or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers and reflect such customers' interest in the Rated Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Rated Note shall have any claim directly against the Issuer in respect of payments due on such Rated Note whilst such Rated Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered pro rata in the records of the relevant Clearing System but any failure to make such entries shall not affect the discharge referred to above.

Payments in respect of the Non-Rated Notes shall be made by transfer to the account specified by the holders of the Non-Rated Notes to the Registrar in accordance with the terms of the Agency Agreement.

7.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

7.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

7.7 Payment of Interest

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in July 2050 (the "**Final Maturity Date**").

8.2 Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date

(a) On each Interest Payment Date prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed in an amount equal to the Available Principal Receipts available for such purpose in accordance with the Pre-Enforcement Principal Priority of Payments which shall be applied in the following order of priority:

- (i) to repay the Class A Notes until they are each repaid in full; and thereafter to be applied
- (ii) to repay the Class B Notes until they are each repaid in full; and thereafter to be applied
- (iii) to repay the Class C Notes until they are each repaid in full; and thereafter to be applied
- (iv) to repay the Class D Notes until they are each repaid in full; and thereafter to be applied
- (v) to repay the Class R Notes until they are each repaid in full; and thereafter to be applied

- (vi) to repay the Class Z Notes until they are each repaid in full.
- (b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Note of a particular Class (the "**Note Principal Payment**") on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Principal Receipts available for such purpose on such Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date multiplied by the relevant Pool Factor. With respect to each Note of a particular Class on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Administrator to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in paragraph (b)(ii) above) and the denominator is the Principal Amount Outstanding of the relevant Class of Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, gross negligence, fraud or manifest error) be final and binding on all persons.
- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank, the Interest Rate Cap Provider and (for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on its Main Securities Market) the Euronext Dublin, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Mandatory Redemption of the Notes in Full

(a) **On or after the Optional Redemption Date**

On giving not more than 60 days' nor fewer than two Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date on or after the Optional Redemption Date upon the occurrence of a sale of the Mortgage Loans and their Collateral Security comprising the Portfolio in accordance with the provisions of the Mortgage Sale Agreement, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) together with any accrued (and unpaid) interest up to (but excluding) the date of redemption, and any other amounts due to the Noteholders.

(b) **Ten per cent. clean-up call**

On giving not more than 60 days' nor fewer than 14 Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date upon the occurrence of a sale of the Mortgage Loans and their Collateral Security comprising the Portfolio in accordance with the provisions of the Mortgage Sale Agreement where the aggregate Principal Balance of the Mortgage Loans was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-

Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full on such Interest Payment Date in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) together with any accrued (and unpaid) interest up to (but excluding) the date of redemption, and any other amounts due to the Noteholders.

8.4 Mandatory Redemption of the Notes for Taxation or Other Reasons

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes; or
- (c) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Interest Rate Cap Provider would be required to deduct or withhold from any payment under the Interest Rate Cap Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature,

then the Issuer shall, if the same would avoid the effect of such relevant event described in Condition 8.4(a), 8.4(b) or 8.4(c), appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed, provided that:

- (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Rated Notes (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on (A) any confirmation made orally to the Issuer (in which case the Cash Administrator on behalf of the Issuer shall confirm the same in writing to the Note Trustee) or in writing from each of the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming and the Cash Administrator on behalf of the Issuer has certified the same in writing to the Cash Administrator and the Note Trustee (an "**Issuer Certificate**"), a written certification from the Cash Administrator to the Note Trustee and the Security Trustee (a "**Cash Administrator Certificate**") that such proposed action (i) (while any Rated Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (iv) (while any of the Rated Notes remain outstanding) would not have an adverse effect on the rating of the Rated Notes) (upon which confirmation or certificate the

Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing); and

- (ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

A "**Redemption Event**" shall occur if the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in Condition 8.4(a), 8.4(b) or 8.4(c) is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution.

On any Interest Payment Date on which the Mortgage Loans and their Collateral Security comprising the Portfolio are sold pursuant to the Mortgage Sale Agreement following the occurrence of a Redemption Event, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) together with any accrued (and unpaid) interest up to (but excluding) the date of redemption, and any other amounts due to the Noteholders. The Issuer shall give not more than 60 days' nor fewer than 30 Business Days' notice of any such redemption of the Notes to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee.

8.5 Principal Amount Outstanding

The "**Principal Amount Outstanding**" of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £225,200,000, in respect of the Class B Notes of £12,200,000, in respect of the Class C Notes of £12,200,000, in respect of the Class D Notes of £23,000,000, in respect of the Class R Notes of £7,211,000, and in respect of the Class Z Notes of £14,348,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

8.6 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to the Mortgage Sale Agreement in connection with the exercise of the Call Option may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

8.7 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.8 Cancellation on redemption in full

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 10, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

11. EVENTS OF DEFAULT

11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer (with a copy to the Interest Rate Cap Provider, the Cash Administrator, the Security Trustee, the Servicers, the Sellers and the Issuer Account Bank) that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed, if any of the following events (each, an "**Event of Default**") occur:

- (a) subject to Condition 17 (*Subordination by Deferral*), if default is made in the payment of any principal or interest due in respect of the Notes and the default continues for: (i) a period of five Business Days in the case of principal, or (ii) three Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party and the failure continues for a period of 15 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required); or

- (c) if (in the opinion of the Note Trustee) any material representation or warranty made by the Issuer under any Transaction Document is incorrect when made and the matters giving rise to such misrepresentation are not remedied within a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Noteholders; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Noteholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

12. ENFORCEMENT

12.1 General

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including these Conditions or the

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

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

12.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Residual Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless the Security Trustee has received certification from (i) the Cash Administrator and/or (ii) any financial adviser or other professional adviser that the Security Trustee may appoint for the giving of such certification (or shall appoint if so directed by the holders of at least 25 per cent in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or, if no Notes remain outstanding at that time, holders of at least 25 per cent. in aggregate of the number of Residual Certificates then in issue), which shall be binding on the Secured Creditors, that either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes (and all persons ranking in priority to the holders of the Notes), or (b) Principal Receipts and Revenue Receipts to be received by the Issuer will be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments; and (iii) once all the Noteholders and the Secured Creditors (other than the Certificateholders) have been repaid, to the Certificateholders. The fees and expenses of the aforementioned financial adviser or other professional adviser appointed by the Security Trustee shall be paid by the Issuer in accordance with the Post-Enforcement Priority of Payments. The Security Trustee shall be entitled to rely upon any certification referred to in this Condition 12.2 without further enquiry and shall incur no liability to any person for so doing.

12.3 Limitations on Enforcement

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of these Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

12.4 Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the

Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

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

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

13.2 For the purposes of these Conditions, "**Most Senior Class of Notes**" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Rated Notes then outstanding, the Class R Notes or, if there are no Rated Notes or Class R Notes then outstanding, the Class Z Notes.

13.3 Most Senior Class of Notes and Limitations on other Noteholders

- (a) Other than in relation to a Basic Terms Modification, which additionally require an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or Residual Certificates then in issue, as applicable:
 - (i) subject to Conditions 13.3(a)(ii) and (iii), an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class of Notes shall be binding on such Noteholders and all other Classes of Noteholders and the Certificateholders irrespective of the effect upon them;
 - (ii) subject to Condition 13.3(a)(iii), an Extraordinary Resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (A) such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case and (B) the Certificateholders, irrespective of the effect it has upon them;
 - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding (or in the case of the Residual Certificates, any of the Notes remain outstanding) unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior

Class of Notes or in the case of the Residual Certificates all Notes then outstanding or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and in the case of the Residual Certificates, the holders of all Notes then outstanding; and

- (iv) no Ordinary Resolution that is passed by the holders of any Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding or (in the case of the Residual Certificates, any of the Notes remain outstanding) unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class of Notes or, in the case of the Residual Certificates, the holders of all Notes then outstanding, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes or, in the case of the Residual Certificates, the holders of all Notes then outstanding.
- (b) Other than in relation to Basic Terms Modifications and subject as provided in Conditions 13.3(a) and 13.4 (*Quorum*), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:
- (i) (A) any Class of Notes of one class only or (B) the Residual Certificates shall be deemed to have been duly passed if passed at a meeting (or by a resolution in writing or, in respect of the Rated Notes only, by a resolution passed by way of consents received through the relevant Clearing System (s)) of the holders of (x) that Class of Notes so affected or (y) the Residual Certificates;
 - (ii) any two or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, in respect of the Rated Notes, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes; and
 - (iii) one or more Classes of Notes and/or the Residual Certificates, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes and/or the Residual Certificates, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, in respect of the Rated Notes only, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of such Classes of Notes so affected and/or the Residual Certificates. Where such a resolution gives, or may give rise to, an actual or potential conflict of interest between the holders of such Classes of Notes and/or the Residual Certificates, it shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or, in respect of the Rated Notes only, by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected and/or Residual Certificates.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of the Residual Certificates then in issue which are affected by such Basic Terms Modification.
- (d) No Ordinary Resolution that is passed by the holders of any Class of Noteholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class or the Note

Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes.

- (e) No Ordinary Resolution that is passed by the holders of any Residual Certificates shall take effect for any purpose unless it shall have been sanctioned by an Ordinary Resolution of all Classes of Notes then outstanding or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of any Class of Notes then outstanding.

13.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes or holders of any Residual Certificates passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or, where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes, or of the method of calculating the date of payment in respect of the Residual Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes (other than pursuant to Condition 13.6(a)(vi) (*Additional Right of Modification*)), or, where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (other than pursuant to Condition 13.6(a)(vi) (*Additional Right of Modification*)), or of the method of calculating the amounts payable in respect of the Residual Certificates (including, in relation to any Class of Notes or the Residual Certificates, if any such modification is proposed for any Class of Notes ranking senior to such Class or the Residual Certificates in the Post-Enforcement Priority of Payments), (iv) alter the currency in which payments under any Class of Notes or the Residual Certificates are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or the Residual Certificates, (vii) any change to the definition of a **Basic Terms Modification**, or (viii) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**") shall be one or more persons holding or representing in aggregate not less than (A) three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (B) three-quarters of the Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or, in respect of the Rated Notes only, by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and (if affected) the Certificateholders in accordance with the Residual Certificates Conditions.
- (d) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (e) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing

not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.

- (f) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any adjourned meeting of any holders of any Class or Classes of Notes or holders of any Residual Certificates passing an Extraordinary Resolution to sanction a Basic Terms Modification shall be one or more persons holding or representing in aggregate not less than (i) 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (ii) 50 per cent. of the number of Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or, in respect of the Rated Notes only, by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and (if affected) the Certificateholders in accordance with the Residual Certificates Conditions.

The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Note Trustee and the Security Trustee upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

13.5 Modification to the Transaction Documents

The Note Trustee or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee) may at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) other than in respect of a Basic Terms Modification, to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee), will not be materially prejudicial to the interests of the Noteholders (or, if there are no Notes outstanding, the interests of the Certificateholders), or the interests of the Note Trustee or the Security Trustee and, for the avoidance of doubt, any modification of the Collection Accounts Declaration of Trust which does not affect the manner in which the Issuer's Trust Share (as defined in the Collection Accounts Declaration of Trust) is calculated will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders) or the interests of the Note Trustee or the Security Trustee; or
- (b) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee), such modification is of a formal, minor or technical nature or to correct a manifest error.

13.6 Additional Right of Modification

- (a) Notwithstanding the provisions of Condition 13.5 (*Modification to the Transaction Documents*), the Note Trustee or, as the case may be, the Security Trustee, shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditor, subject to written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or

document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:

- (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
 - (A) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
 - (B) in the case of any modification to a Transaction Document proposed by any of the Sellers, the Servicers, the Interest Rate Cap Provider, the Cash Administrator, the Agent Bank, the Principal Paying Agent and the Issuer Account Bank (for the purpose of this Condition 13.6 only, each a "**Relevant Party**"), in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - I. the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in sub-paragraphs (B)(x) and/or (B)(y) above; and
 - II. either:
 - (aa) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Cash Administrator), the Note Trustee and the Security Trustee; or
 - (bb) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated within 30 days that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if requested by the Note Trustee or the Security Trustee, procures that an Issuer Certificate and/or a Cash Administrator Certificate are provided to the Note Trustee and the Security Trustee in accordance with Condition 18 (*Non-Responsive Rating Agency*); and

- III. the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee in connection with such modification;
- (ii) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 51 of the AIFMR or Article 254 of the Solvency II Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRR or the AIFMR or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (iii) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (iv) for the purposes of enabling the Issuer or any of the other Parties to the Transaction Documents to comply with FATCA, provided that the Issuer or the Relevant Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (v) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation and the Commission Delegated Regulation 2015/3 (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**CRA3 Requirements**"), any requirements imposed by Chapter 2 of Regulation (EU) 2017/2402 (the "**STS Regulation**"), including as a result of the adoption of regulatory technical standards in relation to the STS Regulation or any other obligation which applies under the CRA3 Requirements, the STS Regulation and/or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer, the Cash Administrator (on behalf of the Issuer), any of the Servicers and/or the Relevant Party and/or Party, as the case may be, pursuant to Conditions 13.6(a)(i) to 13.6(a)(v) or Condition 13.6(a)(vii) being a "**Modification Certificate**"); or

- (vi) for the purpose of changing the base rate in respect of the Notes from LIBOR to an alternative base rate (any such rate, an **Alternative Base Rate**) and make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a **Base Rate Modification**), provided that:
- (A) the Cash Administrator, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing (such certificate, a **Base Rate Modification Certificate**) that:
- I. such Base Rate Modification is being undertaken due to:
- (aa) a material disruption to LIBOR, an adverse change in the methodology of calculating LIBOR or LIBOR ceasing to exist or be published;

- (bb) the insolvency or cessation of business of the LIBOR administrator (in circumstances where no successor LIBOR administrator has been appointed);
- (cc) a public statement by the LIBOR administrator that it will cease publishing LIBOR permanently or indefinitely (in circumstances where no successor LIBOR administrator has been appointed that will continue publication of LIBOR);
- (dd) a public statement by the supervisor of the LIBOR administrator that LIBOR has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- (ee) a public statement by the supervisor of the LIBOR administrator that means LIBOR may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (ff) the reasonable expectation of the Cash Administrator that any of the events specified in sub-paragraphs (aa), (bb), (cc), (dd) or (ee) will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

II. such Alternative Base Rate is:

- (aa) a base rate published, endorsed, approved or recognised by the Bank or England, any regulator in the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
 - (bb) the Sterling Over Night Index Average or the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing);
 - (cc) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;
 - (dd) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is an affiliate of any of the Sellers; or
 - (ee) such other base rate as the Cash Administrator reasonably determines,
- (vii) for the purposes of enabling the Issuer to comply with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**EMIR**"), irrespective of whether such modifications are (i) materially prejudicial to the interests of the holders of any Class of Notes or Residual Certificates or any other Secured Creditor or (ii) in respect of a Basic Terms Modification (any such modification, an "**EMIR Amendment**") and subject to receipt by the Note Trustee and the Security Trustee of a Modification Certificate of (A) the Issuer signed by two directors or (B) the Cash Administrator on behalf of the Issuer certifying to the Note Trustee and the Security Trustee that the amendments (which may be requested by the Issuer) are to

be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this sub-paragraph which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:

- (A) exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
- (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Conditions of the Notes and/or the Residual Certificates Conditions,

provided that:

- I. at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- II. the Modification Certificate or Base Rate Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- III. the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,

and provided further that:

- (x) other than in the case of a modification pursuant to Condition 13.6(a)(i)(B), either:
 - (aa) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) obtains from each of the Rating Agencies a Rating Agency Confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) and delivers each such confirmation to the Issuer (in the case of the Relevant Party or the Cash Administrator), the Note Trustee and the Security Trustee; or
 - (bb) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) certifies in the Modification Certificate or the Base Rate Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated within 30 days that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if requested by the Note Trustee or the Security Trustee, procures that an Issuer Certificate and/or a Cash Administrator Certificate are provided to the Note Trustee and the Security Trustee in accordance with Condition 18 (*Non-Responsive Rating Agency*); and
- (y) the Issuer certifies in writing to the Note Trustee and the Security Trustee that (X) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each

Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and (Y) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which any Rated Notes may be held) within such notification period notifying the Issuer and the Note Trustee that such Noteholders do not consent to the modification.

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

Objections made in writing other than, in respect of the Rated Notes, through the applicable clearing system must be accompanied by evidence to the Issuer's and the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (b) Other than where specifically provided in this Condition 13.6 or any Transaction Document:
- (i) when implementing any modification pursuant to this Condition 13.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person but may act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or any of the Servicers (as the case may be), the Cash Administrator or the Relevant Party or Party, as the case may be, pursuant to this Condition 13.6 and shall not be liable to the Noteholders, the Certificateholders or any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (ii) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the opinion of the Note Trustee and/or the Security Trustee would have the effect of (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or these Conditions and/or the Residual Certificates Conditions.
- (c) Any such modification shall be binding on all Noteholders and Certificateholders and shall be notified by the Issuer as soon as reasonably practicable to:
- (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
 - (ii) the Secured Creditors; and
 - (iii) the Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

13.7 Authorisation or Waiver of Breach

The Note Trustee and/or the Security Trustee (acting on the direction of the Note Trustee), as applicable, may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, on such terms and conditions (if any) as shall seem expedient to it determine that a Potential Event of Default or an Event of Default shall not, or shall not subject to any specified conditions, be treated as such or authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to these Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto but only if (x) in the Note Trustee's sole opinion the interests of the holders of the Most Senior Class of Notes or, if no Notes are outstanding, the Certificateholders will not be materially prejudiced thereby or (y) if there are no Notes then outstanding and no Residual Certificates then in issue, in the sole opinion of the Security Trustee, the interests of all the Secured Creditors will not be materially prejudiced thereby, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.7 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes or by a direction under Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

13.8 Notification of modifications, waivers, authorisations or determinations

Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions, the Residual Certificates Conditions or the Transaction Documents shall be binding on the Noteholders, the Certificateholders and the Secured Creditors and shall be notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*), the Rating Agencies (while any Rated Notes remain outstanding) and the Secured Creditors as soon as practicable thereafter.

13.9 Additional modifications; rating agency confirmations; and regard to Noteholder interests

- (a) In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders or the other Secured Creditors.
- (b) In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Rated Notes. It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person, whether by way of contract or otherwise.

- (c) Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall (i) have regard to the general interests of the Noteholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders and (ii) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes.
- (d) Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.
- (e) "**Ordinary Resolution**" means,
- (i) in respect of the holders of any Class of Rated Notes:
- (A) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;
- (B) a resolution in writing signed by or on behalf of the Rated Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Rated Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Rated Noteholders of the relevant Class; or
- (C) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Rated Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Rated Notes;
- (ii) in respect of the holders of any Class of Non-Rated Notes:
- (A) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Conditions by a clear majority of the holders of the Non-Rated Notes voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll; or
- (B) a resolution in writing signed by or on behalf of the holders of the Non-Rated Notes of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Non-Rated Notes, which resolution may be contained in one

document or in several documents in like form each signed by or on behalf of one or more of the holders of the Non-Rated Notes of the relevant Class.

- (f) **"Extraordinary Resolution"** means:
- (i) in respect of the holders of any Class of Rated Notes:
 - (A) a resolution passed at a meeting of Rated Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three quarters of the votes cast on such poll;
 - (B) a resolution in writing signed by or on behalf of the Rated Noteholders of not less than three quarters in aggregate Principal Amount Outstanding of the relevant Class of Rated Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Rated Noteholders of the relevant Class; or
 - (C) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Rated Noteholders of not less than three quarters in aggregate Principal Amount Outstanding of the relevant Class of Rated Notes;
 - (ii) in respect of the holders of any Class of Non-Rated Notes:
 - (A) a resolution passed at a meeting of holders of the Non-Rated Notes duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters of the holders of the Non-Rated Notes voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three quarters of the votes cast on such poll; or
 - (B) a resolution in writing signed by or on behalf of the holders of the Non-Rated Notes of not less than three quarters in aggregate Principal Amount Outstanding of the relevant Class of Non-Rated Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the holders of the Non-Rated Notes of the relevant Class.
- (g) **"Eligible Person"** means, in respect of the Rated Notes, any one of the following persons who shall be entitled to attend and vote at a meeting:
- (i) a bearer of any Voting Certificate; and
 - (ii) a proxy specified in any Block Voting Instruction.
- (h) **"Voting Certificate"** means an English language certificate issued in respect of the Rated Notes by a Paying Agent in which it is stated:
- (i) that on the date thereof the Rated Notes (not being the Rated Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Rated Notes will cease to be so blocked until the first to occur of:
 - (A) the conclusion of the meeting specified in such Voting Certificate; and

- (B) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
 - (ii) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Rated Notes represented by such Voting Certificate.
- (i) **"Block Voting Instruction"** means an English language document issued in respect of Rated Notes by a Paying Agent in which:
- (i) it is certified that on the date thereof Rated Notes (not being Rated Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Rated Notes will cease to be so blocked until the first to occur of:
 - (A) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (B) the Rated Notes ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
 - (ii) it is certified that each holder of such Rated Notes has instructed such Paying Agent that the vote(s) attributable to the Rated Notes so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
 - (iii) the aggregate principal amount or aggregate total amount of the Rated Notes so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
 - (iv) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Rated Notes so listed in accordance with the instructions referred to in Condition 13.9(i)(iii) as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
 - (A) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (B) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.
- (j) Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

13.10 Issuer Substitution Condition

The Note Trustee and Security Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee and Security Trustee may require and subject to the terms of the Trust Deed, but without the consent of

the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.10, the Note Trustee and Security Trustee may in their absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee and Security Trustee, be materially prejudicial to the interests of the Noteholders.

14. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking any steps, actions or proceedings or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

- (a) Subject to Condition 16.1(d), any notice to Noteholders shall be validly given if published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a "**Relevant Screen**"), or (ii) Condition 16.1(c) applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or,

if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.

- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Rated Notes are represented by Global Note, notices to holders of the Rated Notes will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.
- (e) The Note Trustee shall be at liberty to sanction any method of giving notice to the holders of the Non-Rated Notes, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the holders of the Non-Rated Notes in such manner as the Note Trustee shall deem appropriate.

16.2 Note Trustee's Discretion to Select Alternative Method

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

17. SUBORDINATION BY DEFERRAL

17.1 Interest

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 17, include any interest previously deferred under this Condition 17.1 and accrued interest thereon) payable in respect of the Notes other than the Most Senior Class of Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the Notes other than the Most Senior Class of Notes to the extent only of any insufficiency of funds.

17.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the

extent that Condition 17.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions.

17.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 17, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 17 will not constitute a Potential Event of Default or an Event of Default. The provisions of this Condition 17 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or, are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

18. NON-RESPONSIVE RATING AGENCY

18.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").

18.2 If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:

- (a) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
- (b) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in Condition 18.2(a)(A) or 18.2(a)(B) and 18.2(b) has occurred. If no such Rating Agency Confirmation is forthcoming and two directors of the Issuer have certified the same in writing to the Note Trustee and the Security Trustee (an "**Issuer Certificate**"), the Note Trustee and Security Trustee shall be entitled (but not obliged) to assume from a written certificate of the Cash Administrator to the Note Trustee and Security Trustee (a "**Cash Administrator Certificate**") that such proposed action:

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

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

upon which confirmation from the Rating Agencies, Issuer Certificate and/or Cash Administrator Certificate, the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing. In being entitled to take into account any such confirmation from the Rating Agencies, it is agreed and acknowledged by the Note Trustee and the Security Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

19. JURISDICTION AND GOVERNING LAW

- 19.1 The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Transaction Documents may be brought in such Courts.
- 19.2 The Transaction Documents, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law except that, to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any security documents supplemental thereto relate to the Scottish Mortgage Loans, such provisions and documents shall be construed in accordance with and (in certain cases) governed by Scots law.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE RESIDUAL CERTIFICATES

The following are the terms and conditions of the Residual Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below)

1. GENERAL

The 286,882,809 residual certificates (the "**Residual Certificates**") of Together Asset Backed Securitisation 2018 – 1 plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 8 November 2018 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the registered holders for the time being of the Residual Certificates (the "**Certificateholders**") (in such capacity, the "**Note Trustee**"). Any reference in these residual certificates terms and conditions (the "**Residual Certificates Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class R Notes or the Class Z Notes, as the case may be, or to the respective holders thereof. The security for the Residual Certificates is constituted by and pursuant to a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, the Security Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agents**"), Elavon Financial Services DAC as registrar (in such capacity, the "**Registrar**") and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of amounts in respect of the Residual Certificates.

The statements in these Residual Certificates Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") dated the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, not to have regard to the interests of the Certificateholders equally with the rights of the Noteholders as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) and instead requiring the Note Trustee and the Security Trustee in any such case to have regard (except as expressly provided otherwise) to the interests of the Noteholders for so long as there are any Notes outstanding.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Residual Certificates Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Residual Certificates Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM AND TITLE

3.1 Form and Denomination

The Residual Certificates will be issued in dematerialised registered form and will not be cleared. No certificates evidencing entitlement to the Residual Certificates will be issued. The Certificateholders recorded in the Register shall be entitled to payments in respect thereof.

3.2 Title

Title to the Residual Certificates shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar, provided that no transferee shall be registered as a new Certificateholder unless that new Certificateholder has acceded to the terms of the Trust Deed as if that new Noteholder had been an original party thereto. All transfers of Non-Rated Notes are subject to the detailed regulations concerning transfers in the Agency Agreement. The registered holders of the Residual Certificates may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Residual Certificates regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

4. STATUS AND SECURITY

4.1 Status of the Residual Certificates

These Residual Certificates constitute direct, secured and (subject to the limited recourse provision in Residual Certificates Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer, and represent the Issuer's obligation to pay deferred consideration for its purchase of the Portfolio, consisting of the Residual Payments. The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to the Residual Payments. Residual Payments will be made subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the Certificateholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee in any such case to have regard (except as expressly provided otherwise) to the interests of the Noteholders for so long as there are any Notes outstanding.

4.2 Security

The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

The Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. ISSUER COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Residual Certificates Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Residual Certificate remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released

from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;

- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Residual Certificates:** purchase or otherwise acquire any Residual Certificates; or
- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. RESIDUAL PAYMENTS

6.1 Right to Residual Payments

Each Residual Certificate represents a *pro rata* entitlement to receive Residual Payments by way of deferred consideration for the purchase by the Issuer of the Portfolio.

6.2 Payment

A Residual Payment may be payable in respect of the Residual Certificates on each Interest Payment Date, other than an Interest Payment Date falling within a Determination Period (in accordance with the Pre-Enforcement Priority of Payments), and each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments.

- (a) "**Determination Period**" has the meaning set out in Condition 6.8 (*Determinations and Reconciliation*).
- (b) "**Interest Payment Date**" means each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.
- (c) "**Residual Payment**" means payment, by way of deferred consideration for the Issuer's purchase of the Portfolio, of an amount equal to:
 - (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date, the sum of the amount (if any) by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (v) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
 - (ii) following the delivery of an Enforcement Notice, in respect of each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (k) of the Post-Enforcement Priority of Payments on that date.
- (d) "**Residual Payment Amount**" means, for a Residual Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Residual Payment for that date, divided by the number of Residual Certificates then in issue.

6.3 Determination of Residual Payment

The Cash Administrator shall on each Calculation Date determine the Residual Payment payable on the immediately following Interest Payment Date and the Residual Payment Amount payable in respect of each Residual Certificate on such Interest Payment Date.

6.4 Publication of Residual Payment and Residual Payment Amount

The Cash Administrator shall cause the Residual Payment and Residual Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Cash Administrator, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Residual Certificates Condition 14 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

6.5 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Residual Certificates Condition 6 by the Cash Administrator will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Cash Administrator, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Administrator in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Residual Certificates Condition 6.

6.6 Termination of Payments

- (a) Following the redemption in full of the Notes, the realisation of the Charged Assets and payment of the proceeds of realisation in accordance with the applicable Priority of Payments, no more Residual Payments will be made by the Issuer and the Residual Certificates shall be cancelled.
- (b) Following the exercise of the Call Option, the application of the Optional Purchase Price as Available Revenue Receipts and payment of the Optional Purchase Collections to the Beneficial Title Transferee(s) pursuant to the Mortgage Sale Agreement, no more Residual Payments will be made by the Issuer and the Residual Certificates shall be cancelled.

7. PAYMENTS

7.1 Payment of Residual Payment Amounts

Payments in respect of the Residual Certificates shall be made by transfer to the account specified by the Certificateholders to the Registrar in accordance with the terms of the Agency Agreement.

7.2 Laws and Regulations

Payments of any Residual Payment Amounts are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Certificateholders will not be charged commissions or expenses on payments.

7.3 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Residual Certificates Condition 14 (*Notice to Certificateholders*) and will notify the Rating Agencies of such change or addition.

7.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Residual Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Residual Certificates Condition 7.4, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. TAXATION

All payments of Residual Payment Amounts by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of Residual Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Residual Certificates Condition 9, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Residual Certificates Condition 14 (*Notice to Certificateholders*).

10. EVENTS OF DEFAULT

10.1 Residual Certificates

The Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if so directed in writing by the holders of at least 25 per cent. of the Residual Certificates in number or if so directed by an Extraordinary Resolution of the Certificateholders shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an "**Enforcement Notice**") to the Issuer (with a copy to the Cash Administrator, the Security Trustee, the Servicers, the Sellers and the Issuer Account Bank) that any Residual Payments pursuant to the Residual Certificates are immediately due and payable, if any of the following events (each, an "**Event of Default**") occur:

- (a) if default is made in the payment of any amount due in respect of the Residual Certificates and the default continues for a period of 14 Business Days from the due date for payment (provided that all of the Notes have been redeemed in full); or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Residual Certificates Conditions or any Transaction Document to which it is a party and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied (except in any case where the Note Trustee considers the failure to be incapable of remedy, in which case no continuation or notice as is aforementioned will be required); or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders; or
- (d) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (e) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged or within 30 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Residual Certificates Condition 10.1 (*Residual Certificates*), any Residual Payments pursuant to the Residual Certificates shall thereby immediately become due and payable.

11. ENFORCEMENT

11.1 General

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Residual Certificates or the Trust Deed (including these Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless, if no Notes remain outstanding at that time:

- (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Certificateholders or directed in writing by the holders of at least 25 per cent. of the number of Residual Certificates then in issue; and
- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

11.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Residual Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless the Security Trustee has received certification from (i) the Cash Administrator and/or (ii) any financial adviser or other professional adviser that the Security Trustee may appoint for the giving of such certification (or shall appoint if so directed by the holders of at least 25 per cent in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or, if no Notes remain outstanding at that time, holders of at least 25 per cent. in aggregate of the number of Residual Certificates then in issue), which shall be binding on the Secured Creditors, that either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes (and all persons ranking in priority to the holders of the Notes), or (b) Principal Receipts and Revenue Receipts to be received by the Issuer will be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments; and (iii) once all the Noteholders and the Secured Creditors (other than the Certificateholders) have been repaid, to the Certificateholders. The fees and expenses of the aforementioned financial adviser or other professional adviser appointed by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any certification referred to in this Residual Certificates Condition 11.2 without further enquiry and shall incur no liability to any person for so doing.

11.3 Limitations on Enforcement

No Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of these Residual Certificates Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Certificateholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

11.4 Limited Recourse

Notwithstanding any other Residual Certificates Condition or any provision of any Transaction Document, all obligations of the Issuer to the Certificateholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

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

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Residual Certificates (including, for the avoidance of doubt, payments of Residual Payment Amounts in respect of the Residual Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Residual Certificates and any further payment rights shall be extinguished.

12. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- 12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class and the Certificateholders, to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Residual Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.
- 12.2 For the purposes of these Residual Certificates Conditions, "**Most Senior Class of Notes**" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Rated Notes then outstanding, the Class R Notes or, if there are no Rated Notes or Class R Notes then outstanding, the Class Z Notes.

12.3 Most Senior Class of Notes and Limitations on other Noteholders and Certificateholders

- (a) Other than in relation to a Basic Terms Modification, which additionally require an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or Residual Certificates then in issue, as applicable:
- (i) subject to Residual Certificates Conditions 12.3(a)(ii) and 12.3(a)(iii), an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class of Notes shall be binding on all other Classes of Noteholders and the Certificateholders irrespective of the effect it has upon them;
 - (ii) subject to Residual Certificates Condition 12.3(a)(iii), an Extraordinary Resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (A) all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case and (B) the Certificateholders, irrespective of the effect it has upon them;
 - (iii) no Extraordinary Resolution of any Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding (or in the case of the Residual Certificates, any of the Notes remain outstanding) unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or, in the case of an Extraordinary Resolution of the Certificateholders, all Notes then outstanding or the Note Trustee of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes or, in the case an Extraordinary Resolution of the Certificateholders, the holders of all Notes then outstanding; and
 - (iv) no Ordinary Resolution that is passed by the holders of any Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding or (in the case of the Residual Certificates, any of the Notes remain outstanding) unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class of Notes or, in the case of an Ordinary Resolution of the Certificateholders, the holders of all Notes then outstanding, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes or, in the case of an Ordinary Resolution of the Certificateholders, the holders of all Notes then outstanding.
- (b) Other than in relation to Basic Terms Modifications and subject as provided in Residual Certificates Conditions 12.3(a) and 12.4 (*Quorum*), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:
- (i) (A) any Class of Notes of one class only or (B) the Residual Certificates shall be deemed to have been duly passed if passed at a meeting (or by a resolution in writing or, in respect of the Rated Notes only, by a resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of (x) that Class of Notes so affected or (y) the Residual Certificates;
 - (ii) any two or more Classes of Notes, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, in respect of the Rated Notes, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes; and

- (iii) one or more Classes of Notes and/or the Residual Certificates, but does not give rise to an actual or potential conflict of interest between the holders of such Classes of Notes and/or the Residual Certificates, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or, in respect of the Rated Notes only, by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of such Classes of Notes so affected and/or the Residual Certificates. Where such a resolution gives, or may give rise to an actual or potential conflict of interest between the holders of such Classes of Notes and/or the Residual Certificates, it shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or, in respect of the Rated Notes only, by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes so affected and/or Residual Certificates.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes and/or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of the Residual Certificates then in issue which are affected by such Basic Terms Modification.
- (d) No Ordinary Resolution that is passed by the holders of the Residual Certificates shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class of Notes and all other Classes of Notes then outstanding, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes or any other Classes of Notes then outstanding.

12.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Certificateholders for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the number of Residual Certificates then in issue.
- (b) Subject as provided below, the quorum at any meeting of Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the number of Residual Certificates then in issue.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Residual Certificates passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of the Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes or of the method of calculating the date of payment in respect of the Residual Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes (other than pursuant to Condition 13.6(a)(vi) (*Additional Right of Modification*)), or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (other than pursuant to Condition 13.6(a)(vi) (*Additional Right of Modification*)) or of the method of calculating the amounts payable in respect of the Residual Certificates, (iv) alter the currency in which payments under any Class of Notes or the Residual Certificates are to be made, (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or the Residual Certificates, (vii) any change to the definition of Basic Terms Modification, or (viii) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**"), shall be one or more persons holding or representing in aggregate not less than (A) three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes

then outstanding or (B) three-quarters of the Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or, in respect of the Rated Notes only, by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and (if affected) by a meeting of the Certificateholders.

- (d) Subject as provided below, the quorum at any adjourned meeting of Certificateholders for passing an Ordinary Resolution will be one or more persons holding or representing not less than 10 per cent. of the number of Residual Certificates then in issue.
- (e) Subject as provided below, the quorum at any adjourned meeting of Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the Residual Certificates then in issue.
- (f) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any adjourned meeting of any holders of any Residual Certificates passing an Extraordinary Resolution to sanction a Basic Terms Modification, shall be one or more persons holding or representing in aggregate not less than 50 per cent. of the number of Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or, in respect of the Rated Notes only, by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and (if affected) by a meeting of the Certificateholders.

12.5 Modification to the Transaction Documents

The Note Trustee or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee) may at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) other than in respect of a Basic Terms Modification, to the Conditions, these Residual Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee) will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders) or the interests of the Note Trustee or the Security Trustee and, for the avoidance of doubt, any modification of the Collection Accounts Declaration of Trust which does not affect the manner in which the Issuer's Trust Share (as defined in the Collection Accounts Declaration of Trust) is calculated will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders) or the interests of the Note Trustee or the Security Trustee; or
- (b) to the Conditions, these Residual Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee) such modification is of a formal, minor or technical nature or to correct a manifest error.

12.6 Additional Right of Modification

- (a) Notwithstanding the provisions of Residual Certificates Condition 12.5 (*Modification to the Transaction Documents*), the Note Trustee or, as the case may be, the Security Trustee, shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditor, subject to written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Residual Certificates Conditions, the Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:
- (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
- (A) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
- (B) in the case of any modification to a Transaction Document proposed by any of the Sellers, the Servicers, the Interest Rate Cap Provider, the Cash Administrator, the Agent Bank, the Principal Paying Agent and the Issuer Account Bank (for the purpose of this Residual Certificates Condition 12.6 only, each a "**Relevant Party**", in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds)):
- I. the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in sub-paragraphs (B)(x) and/or (B)(y) above; and
- II. either:
- (aa) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Cash Administrator), the Note Trustee and the Security Trustee; or
- (bb) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated within 30 days that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or

equivalent) and, if requested by the Note Trustee or the Security Trustee, procures that an Issuer Certificate and/or a Cash Administrator Certificate are provided to the Note Trustee and the Security Trustee in accordance with Condition 18 (*Non-Responsive Rating Agency*); and

- III. the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee in connection with such modification;
- (ii) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 51 of the AIFMR or Article 254 of the Solvency II Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRR or the AIFMR or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (iii) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (iv) for the purposes of enabling the Issuer or any of the other Parties to the Transaction Documents to comply with FATCA, provided that the Issuer or the relevant Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (v) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation and the Commission Delegated Regulation 2015/3 (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**CRA3 Requirements**"), any requirements imposed by Chapter 2 of Regulation (EU) 2017/2402 (the "**STS Regulation**") including as a result of the adoption of regulatory technical standards in relation to the STS Regulation or any other obligation which applies under the CRA3 Requirements, the STS Regulation and/or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer, the Cash Administrator (on behalf of the Issuer) and/or the Relevant Party and/or Party, as the case may be, pursuant to Residual Certificates Conditions 12.6(a)(i) to 12.6(a)(vi) being a "**Modification Certificate**"); or

- (vi) for the purposes of enabling the Issuer to comply with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**EMIR**"), irrespective of whether such modifications are (i) materially prejudicial to the interests of the holders of any Class of Notes or Residual Certificates or any other Secured Creditor or (ii) in respect of a Basic Terms Modification (any such modification, an "**EMIR Amendment**") and subject to receipt by the Note Trustee and the Security Trustee of a Modification Certificate of (A) the Issuer signed by two directors or (B) the Cash Administrator on behalf of the Issuer, certifying to the Note Trustee and the Security Trustee that the amendments (which may be requested by the Issuer) are to

be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this sub-paragraph which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:

- (A) exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre funded to its satisfaction; or
- (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Residual Certificates Conditions,

provided that:

- I. at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- II. the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- III. the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,

and provided further that:

- (x) other than in the case of a modification pursuant to Residual Certificates Condition 12.6(a)(i)(B), either:
 - (aa) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) obtains from each of the Rating Agencies a Rating Agency Confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Cash Administrator), the Note Trustee and the Security Trustee; or
 - (bb) the Issuer, the Relevant Party or the Cash Administrator (on behalf of the Issuer) certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated within 30 days that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if requested by the Note Trustee or the Security Trustee, procures that an Issuer Certificate and/or a Cash Administrator Certificate are provided to the Note Trustee and the Security Trustee in accordance with Condition 18 (*Non-Responsive Rating Agency*); and
- (y) the Issuer certifies in writing to the Note Trustee and the Security Trustee that (X) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each

Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and (Y) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer and the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which any Rated Notes may be held) within such notification period notifying the Issuer and the Note Trustee that such Noteholders do not consent to the modification.

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

Objections made in writing other than, in respect of the Rated Notes, through the applicable clearing system must be accompanied by evidence to the Issuer's and the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (b) Other than where specifically provided in this Residual Certificates Condition 12.6 or any Transaction Document:
 - (i) when implementing any modification pursuant to this Residual Certificates Condition 12.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person but may act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or any of the Servicers (as the case may be), the Cash Administrator or the Relevant Party or Party, as the case may be, pursuant to this Residual Certificates Condition 12.6 and shall not be liable to the Noteholders, or the Certificateholders or any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (ii) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the opinion of the Note Trustee and/or the Security Trustee would have the effect of (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Transaction Documents, the Conditions and/or these Residual Certificates Conditions.
- (c) Any such modification shall be binding on all Certificateholders and shall be notified by the Issuer as soon as reasonably practicable to:
 - (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;

- (ii) the Secured Creditors; and
- (iii) the Certificateholders in accordance with Residual Certificates Condition 14 (*Notice to Certificateholders*).

12.7 Authorisation or Waiver of Breach

The Note Trustee and/or the Security Trustee (acting on the direction of the Note Trustee),, as applicable, may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, on such terms and conditions (if any) as shall seem expedient to it, determine that a Potential Event of Default or an Event of Default shall not, or shall not subject to any specified conditions, be treated as such or authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, these Residual Certificates Conditions or any of the Transaction Documents by any party thereto but only if (x) in the Note Trustee's sole opinion the interests of the holders of the Most Senior Class of Notes or, if no Notes are outstanding, the Certificateholders will not be materially prejudiced thereby or (y) if there are no Notes then outstanding and no Residual Certificates then in issue, in the sole opinion of the Security Trustee, the interests of all the Secured Creditors will not be materially prejudiced thereby. The Note Trustee shall not exercise any powers conferred on it by this Residual Certificates Condition 12.7 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes or by a direction under Residual Certificates Condition 10 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

12.8 Notification of modifications, waivers, authorisations or determinations

Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Residual Certificates Conditions or the Transaction Documents shall be binding on the Certificateholders and the Secured Creditors shall be notified by the Issuer to the Certificateholders in accordance with Residual Certificates Condition 14 (*Notice to Certificateholders*), the Rating Agencies (while any Rated Notes remain outstanding) and the Secured Creditors as soon as practicable thereafter.

- (a) In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Residual Certificates, these Residual Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee be materially prejudicial to the interests of the Certificateholders or the other Secured Creditors.
- (b) Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Residual Certificates Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Certificateholders, it shall have regard to the general interests of the Certificateholders but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any

particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders.

- (c) Other than in respect of any matter requiring an Extraordinary Resolution, Certificateholders are required to vote by way of an Ordinary Resolution.
- (d) "**Ordinary Resolution**" means, in respect of the holders of the Residual Certificates:
 - (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Residual Certificates Conditions by a clear majority of the Certificateholders voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll; or
 - (ii) a resolution in writing signed by or on behalf of the Certificateholders of not less than a clear majority in number of the Residual Certificates then in issue which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders.
- (e) "**Extraordinary Resolution**" means, in respect of the holders of the Residual Certificates:
 - (i) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and these Residual Certificates Conditions by a majority consisting of not less than three-quarters of the Certificateholders voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three quarters of the votes cast on such poll; or
 - (ii) a resolution in writing signed by or on behalf of the Certificateholders of not less than three quarters in number of the Residual Certificates then in issue which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders.
- (f) Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

12.9 Issuer Substitution Condition

The Note Trustee and Security Trustee may agree, subject to such amendment of these Residual Certificates Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee and Security Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Residual Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Residual Certificates Condition 5 (*Issuer Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Residual Certificates Condition 12.9, the Note Trustee and Security Trustee may in their absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Residual Certificates and/or any of the Transaction Documents unless such change would, in the opinion of

the Note Trustee and Security Trustee, be materially prejudicial to the interests of the Certificateholders.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking steps, proceedings or actions or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. NOTICE TO CERTIFICATEHOLDERS

14.1 Publication of Notice

Any notice to a Certificateholder shall be validly given if sent to the email address of such Certificateholder as notified in writing to the Issuer from time to time.

15. JURISDICTION AND GOVERNING LAW

15.1 The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Residual Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Residual Certificates and/or the Transaction Documents may be brought in such Courts.

15.2 The Transaction Documents, the Residual Certificates and these Residual Certificates Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English Law except that, to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any security documents supplemental thereto relate to the Scottish Mortgage Loans, such provisions and documents shall be construed in accordance with and (in certain cases) governed by Scots law.

16. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Residual Certificates or these Residual Certificates Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TAXATION

United Kingdom Taxation

The following two paragraphs apply only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek professional advice. The Residual Certificates are not considered in the following two paragraphs.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the European Economic Area and are admitted to trading on the Main Securities Market of Euronext Dublin. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without withholding of or deduction on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless any such Note is materially modified after such date (including by reason of a substitution of the Issuer) or is treated as equity for U.S. federal income tax purposes. Prospective Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any

withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Lloyds Bank Corporate Markets plc (the "**Arranger**") and HSBC Bank plc and Citigroup Global Markets Limited (together with the Arranger, the "**Joint Lead Managers**" in respect of the Rated Notes), Natixis and NatWest Markets Plc (as "**Co-Managers**") and each Seller have, pursuant to a subscription agreement dated on or around 7 November 2018 between the Arranger, the Joint Lead Managers, the Co-Managers, the Sellers and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (a) in the case of the Joint Lead Managers and the Co-Managers:
 - (i) £225,200,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
 - (ii) £12,200,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
 - (iii) £12,200,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes;
 - (iv) £23,000,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes;
- (b) in the case of TFSL, £7,211,000 of the Class R Notes at the issue price of 100.00 per cent. of the aggregate principal amount of the Class R Notes;
- (c) in the case of TPFL, £12,019,484.44 of the Class Z Notes at the issue price of 100.00 per cent. of the aggregate principal amount of the Class Z Notes;
- (d) in the case of TCFL, £1,769,083.84 of the Class Z Notes at the issue price of 100.00 per cent. of the aggregate principal amount of the Class Z Notes; and
- (e) in the case of Blemain, £559,431.72 of the Class Z Notes at the issue price of 100.00 per cent. of the aggregate principal amount of the Class Z Notes,

respectively as at the Closing Date.

The Issuer has agreed to indemnify the Sellers, the Arranger, the Joint Lead Managers and the Co-Managers, and the Sellers have agreed to indemnify the Arranger, the Joint Lead Managers and the Co-Managers, against certain liabilities in connection with the issue of the Notes and the Residual Certificates.

Except with the prior written consent of the Sellers in the form of a U.S. Risk Retention Consent and as permitted by the exemption provided under Section 20 of the U.S. Risk Retention Rules, the Notes sold on the Closing Date may not be purchased by, or for the account or benefit of Risk Retention U.S. Persons. Prospective investors should note that, although the definition of "U.S. persons" in the U.S. Risk Retention Rules is very similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. Each purchaser of Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made, and in certain circumstances will be required to make, certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent from the Sellers, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S.

Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein). Any Risk Retention U.S. Person wishing to purchase Notes must inform the Sellers and the Joint Lead Managers that it is a Risk Retention U.S. Person.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Notes have not been and will not be registered under the Securities Act or the state securities laws or "blue sky" laws of any state or any other relevant jurisdiction of the United States and therefore may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

Each of the Joint Lead Managers and the Co-Managers (in respect of the Rated Notes only), TFSL (in respect of the Class R Notes only) and the Sellers (in respect of the Class Z Notes only) has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. See the section entitled "*Transfer Restrictions and Investor Representations*".

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Joint Lead Managers and the Co-Managers (in respect of the Rated Notes only), TFSL (in respect of the Class R Notes only) and the Sellers (in respect of the Class Z Notes only) has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

Each of the Joint Lead Managers and the Co-Managers (in respect of the Rated Notes only), TFSL (in respect of the Class R Notes only) and the Sellers (in respect of the Class Z Notes only) has represented, warranted and undertaken to the Issuer that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulation 2007 (Nos. 1 to 3) of Ireland, including Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 1963 to 2013 (as amended), the Irish Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland with respect to the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations, 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, by the Central Bank of Ireland; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland with respect to the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations, 2005 (as amended) and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act, 2005 by the Central Bank of Ireland.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Joint Lead Managers, the Co-Managers and the Arranger has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes will require the Issuer, the Joint Lead Managers, the Co-Managers and the Arranger to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression of "**an offer of Notes to the public**" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Prohibition of Sales to EEA Retail Investors

Each of the Arranger, the Joint Lead Managers and Co-Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General

Each of the Issuer, the Arranger, the Joint Lead Managers, the Co-Managers and the Sellers has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with the Prospectus Directive, applying for the admission of the Notes to the Official List of Euronext Dublin and applying for the admission of the Notes to trading on its Main Securities Market, no action has been taken by the Issuer, the Arranger, the Joint Lead Managers, the Co-Managers or the Sellers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Arranger, the Joint Lead Managers and the Co-Managers (in respect of the Rated Notes only), TFSL (in respect of the Class R Notes only) and the Sellers (in respect of the Class Z Notes only) has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms. Notwithstanding the foregoing, none of the Joint Lead Managers or the Co-Managers will have any liability to the Issuer or the Sellers for compliance by the Issuer or the Sellers or any other person with the U.S. Risk Retention Rules.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (b) unless the relevant legend set out below has been removed from the Notes, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (c) the Issuer, the Registrar, the Arranger, the Joint Lead Managers, the Co-Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interest in the Notes, including, in respect of the Notes, Book-Entry Interests) during the initial syndication will be deemed to have represented and agreed as follows: it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent from the Sellers, (2) is acquiring such Note, Residual Certificate or a beneficial interest therein for its own account and not with a view to distribute such Notes or Residual Certificates and (3) is not acquiring such Note, Residual Certificate or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

The Rated Notes bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY

SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

EACH PURCHASER OR HOLDER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT AND IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR AND (II) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "**BENEFIT PLAN INVESTOR**" SHALL MEAN (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510-101) AS MODIFIED BY ERISA."

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. It is expected that the admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on Euronext Dublin's Main Securities Market will be granted on or around 8 November 2018.
2. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware) since 9 August 2018 (being the date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
3. No statutory or non-statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 30 June and the first statutory accounts of the Issuer will be drawn up to 30 June 2019. So long as the Notes are admitted to trading on Euronext Dublin's Main Securities Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts. Since the date of its incorporation the Issuer has not commenced operations and no financial statements have been made up as at the date of the Prospectus.
4. For so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on Euronext Dublin's Main Securities Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
5. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
6. Since 9 August 2018 (being the date of incorporation of each of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.
7. The issue of the Notes and the Residual Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on 5 November 2018.
8. The Rated Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

<u>Class of Notes</u>	<u>ISIN</u>	<u>Common Code</u>
Class A Notes	XS1892256444	189225644
Class B Notes	XS1892256790	189225679
Class C Notes	XS1892256873	189225687
Class D Notes	XS1892256956	189225695

9. The Non-Rated Notes and the Residual Certificates have been granted the following ISIN and Common Code in connection with their listing:

<u>Class of Security</u>	<u>ISIN</u>	<u>Common Code</u>
Class R Notes	GB00BZ06F076	N/A
Class Z Notes	GB00BZ06F183	N/A
Residual Certificates	GB00BZ06F290	N/A

10. From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin and admitted to trading on its Main Securities Market, physical copies of the following documents may be inspected at the registered office of the Issuer (and, with the exception of paragraph (a) below, at the specified office of the Paying Agents) during usual business hours, on any weekday (public holidays excepted):
- (a) the memorandum and articles of association of each of the Issuer and Holdings;
 - (b) physical copies of the following documents:
 - (i) the Agency Agreement;
 - (ii) the Deed of Charge;
 - (iii) the Cash Administration Agreement;
 - (iv) the Master Definitions and Construction Schedule;
 - (v) the Mortgage Sale Agreement;
 - (vi) the Corporate Services Agreement;
 - (vii) the Bank Account Agreement;
 - (viii) the Custody Agreement;
 - (ix) the Collection Accounts Declaration of Trust;
 - (x) the Servicing Deed;
 - (xi) the Standby Servicing Agreement;
 - (xii) the Share Trust Deed;
 - (xiii) the Trust Deed; and
 - (xiv) the Interest Rate Cap Agreement.
11. The Cash Administrator on behalf of the Issuer will publish the Investor Report detailing, among other things, certain aggregated loan file data in relation to the Portfolio in respect of the relevant Collection Period, information in relation to the Notes including, but not limited to, the ratings of the Rated Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments, and confirmation of the Sellers' compliance with Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation. Such Investor Reports will be published at www.usbank.com/abs on or around the Calculation Date. In addition, loan level information will be provided on a monthly basis and published at www.usbank.com/abs. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.
12. The Issuer confirms that the Mortgage Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.

13. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Main Securities Market of Euronext Dublin.
14. Any website referred to in this document does not form part of the Prospectus.

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