

TOWD POINT MORTGAGE FUNDING 2019 – AUBURN 13 PLC

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES EXCEPT TO QIBS IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT AND THE SECURITIES 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 REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD TO U.S. PERSONS WHO ARE QIBS IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT.

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 and you may not, nor are you authorised to, deliver the Prospectus to any other person. Defined terms used in this electronic disclaimer shall have the meaning given to them in the Prospectus.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

Confirmation of Your Representation: By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are either (i) not a U.S. Person (within the meaning of 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 e-mail 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 or (ii) a QIB acting for your own account or for the account of one or more QIBs, or (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (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 the Issuer nor the Transaction Parties or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in

electronic format and the hard copy version available to you on request from the Issuer, Merrill Lynch International and Wells Fargo Securities International Limited.

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

The Notes are offered subject to prior sale or withdrawal, cancellation or modification of this offering without notice. The Issuer, the Arranger, the Bookrunner, the Joint Lead Managers and Co-Sponsors also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Notes sought by such investor. You acknowledge that you have been afforded an opportunity to request from the Issuer, and have received and reviewed, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in the Prospectus. You also acknowledge that you have not relied on the Arranger, the Bookrunner, Joint Lead Managers and Co-Sponsors or any person affiliated with the Arranger, the Bookrunner and Joint Lead Managers in connection with the investigation of the accuracy of such information or your investment decision. The contents of the Prospectus are not to be construed as legal, business or tax advice. Each prospective purchaser should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes.

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

No representation or warranty is made by the Arranger, the Bookrunner, the Joint Lead Managers, the Co-Sponsors, the Issuer or any other person as to the legality of an investment in the Notes under any investment or similar laws or as to the classification or treatment of the Notes under any risk-weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of the National Association of Insurance Commissioners, any state insurance commissioner, any federal or state banking authority, or any other regulatory body. You should obtain your own legal, accounting, tax and financial advice as to the desirability of an investment in the Notes, and the consequences of such an investment.

We have not registered the Notes under the Securities Act or any state securities laws. We may not offer or sell the Notes within the United States to or for the account or benefit of any U.S. Person unless the offer or sale would qualify for an exemption from registration under the Securities Act and state securities laws. The Notes are being offered and sold only to QIBs in accordance with Rule 144A under the Securities Act and outside the United States to non-U.S. Persons in accordance with Regulation S under the Securities Act. Prospective purchasers are hereby notified that the seller of the Notes will be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes will be subject to restrictions on resale and transfer. See "*Subscription and Sale – Investor Representations and Restrictions on Resale*" and "*Description of the Notes in Global Form – Transfers and Transfer Restrictions*".

TOWD POINT MORTGAGE FUNDING 2019 – AUBURN 13 PLC
(incorporated with limited liability in England and Wales, registered under number 12186738)

Class (1)(2)	Initial Class Principal Amount	Issue Price	Reference Rate	FORD (3)	Margin (4) (per annum)	Step-Up Margin(5) (per annum)	Expected Ratings (S&P/Fitch)	Final Maturity Date (6)
A1	£1,245,168,000	99.556%	Compounded Daily SONIA	October 2022	0.90%	1.35%	AAAsf / AAAsf	20 July 2045
A2 (2)	£39,816,000	99.508%	Compounded Daily SONIA	October 2022	0.90%	1.35%	AAAsf / AAAsf	20 July 2045
B	£50,676,000	98.547%	Compounded Daily SONIA	October 2022	1.20%	1.80%	AAAsf / AAAsf	20 July 2045
C	£25,338,000	98.697%	Compounded Daily SONIA	October 2022	1.50%	2.25%	A+sf / Asf	20 July 2045
D	£21,718,000	98.991%	Compounded Daily SONIA	October 2022	1.85%	2.775%	Asf / BB+sf	20 July 2045
E	£14,479,000	98.995%	Compounded Daily SONIA	October 2022	2.10%	3.10%	BBBsf / Bsf	20 July 2045
Z	£50,676,000	73.630%	N/A	October 2022	N/A	N/A	NR / NR	20 July 2045
XA	£5,000,000	100.000%	Compounded Daily SONIA	October 2022	2.50%	2.50%	NR / NR	20 July 2045
XB	N/A (7)	N/A	N/A (7)	N/A	N/A	N/A	NR / NR	20 July 2045

(1) The Class A1 Notes and the Class A2 Notes are collectively the Class A Notes. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are collectively the Subordinated Rated Notes, and together with the Class A Notes are the Rated Notes. The Class XA Notes are the NIM Notes. The Subordinated Rated Notes and the Class Z Notes are collectively the Subordinated Notes. The Rated Notes and the NIM Notes are collectively the Floating Rate Notes. The Class A Notes, the NIM Notes and the Subordinated Notes are collectively the Notes. The XB Certificates, the NIM Notes and the Class Z Notes will not be rated. The Notes and the Certificates are offered pursuant to Rule 144A or Regulation S.

(2) Prior to the service of an Enforcement Notice, interest due and payable on the Class A2 Notes will be paid *pro rata* and *pari passu* with the Class A1 Notes in accordance with the Pre-Enforcement Revenue Priority of Payments. Prior to the service of an Enforcement Notice and/or the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Notes will be paid *pro rata* and *pari passu* with the Class A1 Notes in accordance with the Pre-Enforcement Principal Priority of Payments (provided that at all times (x) PDL Principal Receipts and (y) Available Revenue Receipts utilised pursuant to the Pre-Enforcement Expenses Priority of Payments to pay principal on the Class A Notes will, in each case, be paid first to the Class A1 Notes and second to the Class A2 Notes). Following the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Notes will be paid sequentially to the Class A1 Notes in accordance with the Pre-Enforcement Principal Priority of Payments. Following the service of an Enforcement Notice, interest and principal due and payable on the Class A2 Notes will be paid sequentially to the Class A1 Notes in accordance with the Post-Enforcement Priority of Payments.

(3) The first optional redemption date (the "FORD") is the Interest Payment Date falling in October 2022 and applies in respect of all the Notes. The first Interest Payment Date will occur on 20 January 2020 and thereafter will occur on the 20th day or, if such day is not a Business Day, the immediately following Business Day in January, April, July and October with each corresponding to an Interest Payment Date ("IPD"). The twelfth IPD is the FORD.

(4) The Rate of Interest payable on the Floating Rate Notes and each accrual period up to and including the FORD will be based on a per annum rate equal to the Reference Rate plus the applicable Margin, subject to a minimum Rate of Interest of zero per cent. There will be no maximum Rate of Interest.

(5) The Rate of Interest payable on the Floating Rate Notes and each accrual period after the FORD will be based on a per annum rate equal to the Reference Rate plus the applicable Step-Up Margin, subject to a minimum Rate of Interest of zero per cent. There will be no maximum Rate of Interest.

(6) Determined by adding twenty-four months to the latest maturing Mortgage Loan and then determining the next month corresponding to a scheduled Interest Payment Date.

(7) The Class XB Certificates will not have a Principal Amount Outstanding. No Rate of Interest is earned on the Class XB Certificates. Payments on the Class XB Certificates will be payable in arrear on each Interest Payment Date.

SOLE ARRANGER AND BOOKRUNNER
BofA MERRILL LYNCH*¹

JOINT LEAD MANAGERS
BofA MERRILL LYNCH* **WELLS FARGO SECURITIES***

The date of this Prospectus is 16 October 2019

* Bank of America Merrill Lynch means in relation to the Regulation S Global Note, Merrill Lynch International and in relation to the Rule 144A Global Notes, Merrill Lynch, Pierce, Fenner & Smith Incorporated.

* Wells Fargo Securities means, in relation to the Regulation S Global Note, Wells Fargo Securities International Limited and in relation to the Rule 144A Global Notes, Wells Fargo Securities, LLC.

Issue Date	17 October 2019
	The Issuer will issue the Notes and the Certificates in the Classes set out above on the Closing Date.
Stand alone/programme issuance	Stand alone issuance.
Underlying Assets	The Issuer will make payments on the Notes and Certificates from, <i>inter alia</i> , payments of principal and revenue on a portfolio comprising buy-to-let and owner-occupied mortgage loans originally originated by Capital Home Loans Limited ("CHL") and secured over residential properties located in England, Wales, Northern Ireland and Scotland which will be purchased by the Issuer on the Closing Date.
Credit Enhancement	<ul style="list-style-type: none"> • Subordination of junior ranking Notes; • Excess Available Revenue Receipts; • Following service of an Enforcement Notice, all amounts credited to the Class A Liquidity Reserve Fund, the Class B Liquidity Reserve Fund and the Class C Liquidity Reserve Fund (if any), subject to application in accordance with the Post-Enforcement Priority of Payments; and • Following service of an Enforcement Notice, all amounts credited to the Excess Cashflow Reserve Fund (if any), subject to application in accordance with the Post-Enforcement Priority of Payments.
Liquidity Support	<ul style="list-style-type: none"> • Subordination of junior ranking Notes and the Certificates; • In respect of the Rated Notes, the Principal Addition Amounts will be available to pay interest due on the Most Senior Class of Notes then outstanding; • In respect of the Class A Notes only, (i) prior to the LF Cancellation Date amounts available under the Liquidity Facility and (ii) on and from the Liquidity Facility Replacement Date, amounts which comprise the Class A Liquidity Reserve Fund Actual Amount; • In respect of the Class B Notes only, the amounts standing to the credit of the Class B Liquidity Reserve Fund; • In respect of the Class C Notes only, the amounts standing to the credit of the Class C Liquidity Reserve Fund; and • In respect of the Subordinated Rated Notes only, on and from the FORD the amounts standing to the credit of the Excess Cashflow Reserve Fund.
Rating Agencies	<p>Each of Fitch and S&P is established in the European Union and registered under the CRA Regulation.</p> <p>Each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) in accordance with the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not</p>

issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Credit Ratings

Ratings are expected to be assigned to the Rated Notes on or before the Closing Date.

The NIM Notes, the Class Z Notes and the Class XB Certificates will not be rated by any of the Rating Agencies.

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

The ratings assigned to the Rated Notes (including in respect of the Step-Up Margins) by S&P address, *inter alia*:

- the likelihood of full and timely payments to the holders of the Class A Notes of interest on each Interest Payment Date in accordance with the Conditions;
- the likelihood of full payment to the holders of the Subordinated Rated Notes of all payments of interest in relation to the Subordinated Rated Notes on or prior to the Final Maturity Date; and
- the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned to the Rated Notes (including in respect of the Step-Up Margins) by Fitch address, *inter alia*:

- the likelihood of full and timely payments to the holders of the Class A Notes and the Class B Notes of interest on each Interest Payment Date in accordance with the Conditions;
- the likelihood of full payment to the holders of the Subordinated Rated Notes (other than the Class B Notes) of all payments of interest in relation to the Subordinated Rated Notes on or prior to the Final Maturity Date and timely payment of interest when such Class of Subordinated Rated Notes is the Most Senior Class; and
- the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The assignment of ratings to the Rated Notes is not a recommendation to invest in the Rated Notes. Any credit ratings assigned to the Rated Notes may be revised, suspended or withdrawn at any time.

Listing

This document comprises a prospectus (the "**Prospectus**"), for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**").

This Prospectus has been approved by the Central Bank of Ireland, as competent authority under Prospectus Regulation.

The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of the Prospectus Regulation and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list of Euronext Dublin and to trading on its regulated market. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the official list of Euronext Dublin and to trading on its regulated market. The Certificates will not be listed or admitted to trading. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of, or rule under, the Securities Act.

The Notes and Certificates

The Notes and the Certificates have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and the Notes and the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States or other applicable jurisdiction. Accordingly, the Notes and the Certificates are being offered and sold only (A) to QIBs acting for their own account, or for the account or benefit of one or more QIBs, in reliance on Rule 144A and (B) outside the United States to persons other than U.S. Persons in reliance on Regulation S. The Notes and the Certificates may be resold or otherwise transferred, subject to other restrictions on transfer described herein, only (A) to QIBs acting for their own account, or for the account of one or more QIBs, in reliance on Rule 144A or another exemption from registration under the Securities Act or (B) outside the United States to persons other than U.S. Persons in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Notes and the Certificates may be relying on an exemption from the provisions of Section 5 of the Securities Act. For a description of certain further restrictions on offers, sales and transfers of Notes or Certificates in this Prospectus, see "*Subscription and Sale*" and "*Transfers and Transfer Restrictions*".

Only the Class A Notes, the Subordinated Rated Notes and the NIM Notes are being offered pursuant to this Prospectus. The Class XB Certificates and the Class Z Notes are not offered hereby.

EU Retention Undertaking

On the Closing Date, the Retention Holder, in its capacity as an originator for the EU Securitisation Regulation will undertake to the Issuer and the Trustee, on behalf of the Noteholders, that it will retain (initially through the Sellers (each being a wholly-owned

subsidiary) and immediately thereafter on the Closing Date through a wholly-owned affiliate) on an ongoing basis, a material net economic interest of at least 5 per cent. in the securitisation as required by Article 6(1) of the EU Securitisation Regulation and in accordance with Article 6(3)(a) of the EU Securitisation Regulation together with any technical standards (which, in each case, does not take into account any corresponding national measures) (the "**EU Retention Requirement**"), to the extent the regulations above continue to apply. Such interest will be comprised of retention of no less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors as required by Article 6(3)(a) of the EU Securitisation Regulation. Such retention requirement will be satisfied by the Retention Holder holding the economic exposure to the EU Retention Notes through initially the Sellers (each being a wholly-owned subsidiary of the Retention Holder) holding a *pro rata* share of the EU Retention Notes on issue and immediately thereafter on the Closing Date the EU Retention Notes being held by a wholly-owned affiliate of the Retention Holder. The Retention Holder will undertake to retain an economic interest in the EU Retention Notes for the life of the transaction. The Retention Holder will undertake, for the life of the transaction, not to sell (and will procure that no entity within the corporate structure relating to the method of holding the retained interest will sell) its shareholding or change its ownership interest in any affiliate (or affiliates) which holds the economic interest in the EU Retention Notes if such sale or change in the manner in which such interest is held would result in non-compliance with Article 6 of the EU Securitisation Regulation. Any change to the manner in which such interest is held will be notified to investors. The Retention Holder confirms that its retained economic interest will not be sold or be subject to any credit risk mitigation or any short positions or any other credit risk changes except as permitted by the EU Securitisation Regulation.

For further information regarding the EU Retention Requirement and the Retention Holder's compliance with respect thereto, see "*Certain Regulatory Disclosures – EU Risk Retention Requirements*".

U.S. Risk Retention

CERH and FirstKey Mortgage, LLC ("**FirstKey**") (acting as Co-Sponsors) are required under Section 15G of the Exchange Act (the "**U.S. Credit Risk Retention Requirements**") to ensure that one of such Co-Sponsors (directly or through a majority-owned affiliate of such Co-Sponsor) acquires and retains the U.S. Required Risk Retention Interest. The Co-Sponsors intend to satisfy the U.S. Credit Risk Retention Requirements on the Closing Date by designating CERH (in its capacity as the "**Retention Holder**") as the sponsor that will acquire and retain, directly or through a majority-owned affiliate, the U.S. Required Risk Retention Interest in the form of an EVI. The U.S. Required Risk Retention Interest is described in "*Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements*".

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

The Volcker Rule

The Issuer has been structured not to be a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank

Holding Company Act of 1956, as amended (such statutory provisions, together with such implementing regulations, being the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act and under the Volcker Rule may be available, the Issuer has relied on an exemption from registration as an "investment company" under the Investment Company Act under Section (3)(c)(5)(C) thereof. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) thereof. Any prospective investor in the Notes or the Certificates, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

Benchmarks

Interest payable under the Notes may be calculated by reference to SONIA, provided by the Bank of England. Central bank-set benchmarks are subject to certain exemptions pursuant to Article 2 of the Benchmarks Regulation but the Bank of England has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissioners.

Certificates

In addition to the Notes, the Issuer will issue the Certificates to each of the Sellers (or the relevant Seller's nominee) on the Closing Date. The Certificates represent the right to receive the XB Payments. The Certificates will not be listed or rated.

Significant Investor

Subject to the EU Retention Requirement and the U.S. Credit Risk Retention Requirement, CERH will, either directly or through one or more of its affiliates, acquire 100 per cent. of the Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and the Class XB Certificates and, subject to EU Retention Requirement and the U.S. Credit Risk Retention Requirement may subsequently sell these on to third party investors. In addition, CERH will, either directly or through a wholly-owned affiliate, on the Closing Date, hold the economic exposure to the EU Retention Notes and the U.S. Required Risk Retention Interest. It being noted that any investor in the Notes or the Certificates may sell their investments in such Notes or Certificates either in whole or in part to one or more other third party investors at any time on, before or after the Closing Date in negotiated transactions and at varying prices to be determined at the relevant time of sale (other than the 5 per. cent of each Class held as EU Retention Notes or U.S. Required Risk Retention Interest).

In addition, it is expected that on the Closing Date 95 per cent. of the Class A1 Notes will be placed with a consortium of related third party investors.

IMPORTANT NOTICES***Responsibility Statements***

The Notes will be obligations of the Issuer only. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, 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.

Cerberus European Residential Holdings B.V. accepts responsibility for the information set out in the sections headed "*CERH – A Co-Sponsor and the Retention Holder and FirstKey – A Co-Sponsor – CERH*", "*The Mortgage Portfolio*", "*Annex A – Statistical Information on the Provisional Mortgage Portfolio*" and "*Certain Regulatory Disclosures*". To the best of the knowledge and belief of Cerberus European Residential Holdings B.V., the information contained in such sections 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 Cerberus European Residential Holdings B.V. 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.

Capital Home Loans Limited accepts responsibility for the information set out in the sections headed "*CHL – A Seller, the Legal Title Holder, the Servicer and the Originator*", "*The Mortgage Portfolio*", "*Annex A – Statistical Information on the Provisional Mortgage Portfolio*" and "*Certain Regulatory Disclosures*". To the best of the knowledge and belief of Capital Home Loans Limited, the information contained in such sections 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 Capital Home Loans Limited 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.

Homeloan Management Limited accepts responsibility for the information set out in the section headed "*HML – The Back-Up Servicer*". To the best of the knowledge and belief of Homeloan Management Limited, the information contained in such section 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 Homeloan Management Limited 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.

Barclays Bank PLC accepts responsibility for the information set out in the section headed "*Barclays Bank PLC – The Collection Account Bank*". To the best of the knowledge and belief of Barclays Bank PLC, the information contained in such section 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 Barclays Bank PLC 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.

Wells Fargo Bank, N.A., London Branch accepts responsibility for the information set out in the section headed "*Wells Fargo Bank, N.A., London Branch – The Liquidity Facility Provider*". To the best of the knowledge and belief of Wells Fargo Bank, N.A., London Branch, the information contained in such section 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 Wells Fargo Bank, N.A., London Branch 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.

HSBC Bank PLC accepts responsibility for the information set out in the section headed "*HSBC – The Issuer Account Bank*". To the best of the knowledge and belief of HSBC Bank PLC, the information contained in such section 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 HSBC Bank PLC 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 U.S. Bank Trustees Limited, Elavon Financial Services D.A.C., UK Branch and U.S. Bank Global Corporate Trust Limited accepts responsibility for the information set out in the sections headed "*U.S. Bank, Elavon and U.S. Bank Global Corporate Trust Limited – The Trustee, the Principal Paying Agent, the Agent Bank, the Back-Up Cash Manager and the Registrar*", respectively. To the best of the knowledge and belief of each of U.S. Bank Trustees Limited, Elavon Financial Services D.A.C., UK Branch and U.S. Bank Global Corporate Trust Limited, the information contained in such section is (insofar as it relates to it) 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 either U.S. Bank Trustees Limited, Elavon Financial Services D.A.C, UK Branch or U.S. Bank Global Corporate Trust Limited 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 Responsibility or Liability

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this Prospectus since the date of this Prospectus.

None of the Arranger, the Bookrunner, the Joint Lead Managers, the Co-Sponsors, the Agents, the Issuer Account Bank, the Trustee (other than in the sections headed "*U.S. Bank, Elavon and U.S. Bank Global Corporate Trust Limited – The Trustee, the Principal Paying Agent, the Agent Bank, the Back-Up Cash Manager and the Registrar*", "*HSBC – The Issuer Account Bank*" and "*Barclays Bank PLC – The Collection Account Bank*", in each case insofar as it relates to them) or the Liquidity Facility Provider (other than in the section headed "*Wells Fargo Bank, N.A., London Branch – The Liquidity Facility Provider*") make any representation, warranty or undertaking, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other document or agreement relating to the Notes or any Transaction Document or any other information provided by the Issuer in connection with the Notes. None of the Arranger, the Bookrunner, the Joint Lead Managers, the Co-Sponsors, the Agents, the Issuer Account Bank, the Trustee or the Liquidity Facility Provider accept any liability in relation to the information contained in this Prospectus or any other document or agreement relating to the Notes or any Transaction Document or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Arranger, the Bookrunner, the Joint Lead Managers, the Co-Sponsors, the Agents or the Trustee undertakes or shall undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger, the Bookrunner, the Joint Lead Managers, the Co-Sponsors, the Agents or the Trustee. None of the Arranger, the Bookrunner or the Joint Lead Managers shall be responsible for, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Transaction Document, or any other agreement or document relating to the Notes or any Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.

Transfer Restrictions

The distribution of this Prospectus, or any part thereof, and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction 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 Regulation by the Central Bank, no action has been or will be taken by any Transaction 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 and the Certificates 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 all applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer, the Arranger, the Bookrunner and the Joint Lead Managers to inform themselves about and to observe any such restriction.

The Notes and the Certificates are being offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act and to U.S. Persons in reliance on Rule 144A under the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see "*Subscription and Sale*" and "*Transfers and Transfer Restrictions*".

United States Distribution Restrictions

NEITHER THE NOTES NOR THE CERTIFICATES HAVE BEEN NOR WILL BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND NEITHER THE NOTES NOR THE CERTIFICATES MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTIONS. ACCORDINGLY, THE NOTES AND THE CERTIFICATES ARE BEING OFFERED AND SOLD ONLY (A) TO QIBS ACTING FOR THEIR OWN ACCOUNT, OR FOR THE ACCOUNT OR BENEFIT OF ONE OR MORE QIBS, IN RELIANCE ON RULE 144A AND (B) OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS IN RELIANCE ON REGULATION S. THE NOTES AND THE CERTIFICATES MAY BE RESOLD OR OTHERWISE TRANSFERRED, SUBJECT TO OTHER RESTRICTIONS ON TRANSFER DESCRIBED HEREIN, ONLY (A) TO QIBS ACTING FOR THEIR OWN ACCOUNT, OR FOR THE ACCOUNT OR BENEFIT OF ONE OR MORE QIBS, IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (B) OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES AND THE CERTIFICATES MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE NOTES AND THE CERTIFICATES IN THIS PROSPECTUS, SEE "SUBSCRIPTION AND SALE" AND "TRANSFERS AND TRANSFER RESTRICTIONS".

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

IT IS EXPECTED THAT THE CLASS A1 NOTES, THE CLASS A2 NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES WILL BE ERISA-ELIGIBLE SECURITIES (AS DEFINED HEREIN). EACH PURCHASER OF ERISA-ELIGIBLE SECURITIES WILL BE DEEMED BY SUCH PURCHASE TO HAVE REPRESENTED, WARRANTED AND AGREED FOR SO LONG AS IT HOLDS SUCH A SECURITY (OR ANY INTEREST THEREIN) THAT EITHER (I) IT IS NOT AND WILL NOT BE, AND IS NOT USING THE ASSETS OF AND WILL NOT BE ACTING ON BEHALF, OF (A) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (C) A PERSON OR ENTITY WHOSE ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE

BY REASON OF THE FOREGOING EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (COLLECTIVELY, THE "**BENEFIT PLAN INVESTORS**") OR (D) A "GOVERNMENTAL PLAN" WITHIN THE MEANING OF SECTION 3(32) OF ERISA, A "CHURCH PLAN" WITHIN THE MEANING OF SECTION 3(33) OF ERISA THAT HAS MADE NO ELECTION UNDER SECTION 410(D) OF THE CODE, A NON-U.S. PLAN DESCRIBED IN SECTION 4(b)(4) OF ERISA OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR (II) ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF SUCH NOTE WILL NOT RESULT IN ANY NON-EXEMPT PROHIBITED TRANSACTION UNDER TITLE I OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW. EACH PURCHASER OF ANY NOTE OR CERTIFICATE THAT IS NOT AN ERISA-ELIGIBLE SECURITY WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED FOR SO LONG AS IT HOLDS SUCH A NOTE OR CERTIFICATE THAT (I) IT IS NOT AND WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR PLAN SUBJECT TO SIMILAR LAW OR (II) IT IS A PLAN SUBJECT TO SIMILAR LAW AND ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF ANY SUCH NOTE OR CERTIFICATE WILL NOT RESULT IN A VIOLATION OF ANY APPLICABLE SIMILAR LAW. SEE "*ERISA CONSIDERATIONS FOR INVESTORS*".

THERE IS NO UNDERTAKING TO REGISTER THE NOTES OR THE CERTIFICATES UNDER U.S. STATE OR FEDERAL SECURITIES LAWS. AN OFFER OR SALE OF THE REGULATION S GLOBAL NOTE WITHIN THE UNITED STATES MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN TO QIBS IN COMPLIANCE WITH RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Covered Fund Statement

The Issuer has been structured so as not to constitute a "covered fund" for purposes of the Volcker Rule.

Available Information

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

Certain Other Important Information

None of the Issuer, the Co-Sponsors, the Arranger, the Bookrunner, the Joint Lead Managers, the Trustee or the Agents 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.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the Agents, the directors of the Issuer, the Arranger, the Bookrunner, the Co-Sponsors or the Joint Lead Managers.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus or any part hereof and any offering of the Notes in certain jurisdictions may be restricted by law. No action has been taken by the Issuer, the Arranger, the Bookrunner or the Joint Lead Managers other than as set out in the paragraph headed "*Listing*" on page (iii) of this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom, Ireland and the United States), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

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

The Notes will each be represented on issue by Global Notes, which are expected to be deposited with the Common Safekeeper for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of Euroclear and/or Clearstream, Luxembourg on or around the Closing Date. The Notes may be issued in definitive certificate form only in limited circumstances.

It is expected that the Class XB Certificates will be represented on issue by a Definitive Certificate in registered definitive form.

EACH PURCHASER OF THE NOTES AND THE CERTIFICATES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES OR CERTIFICATES, AS APPLICABLE UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE JOINT LEAD MANAGERS, THE CO-SPONSORS OR THE TRUSTEE (OR ANY OF THEIR RESPECTIVE AFFILIATES) SHALL HAVE ANY RESPONSIBILITY THEREFOR.

On 6 September 2012, the European Central Bank announced the temporary expansion of the list of assets eligible as collateral in Eurosystem credit operations and, pursuant to this, the Eurosystem will accept, on a temporary basis, marketable debt instruments denominated in pounds sterling or (among other currencies) as foreign currency-denominated collateral. The Global Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Global Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

References in this Prospectus to "**Sterling**", "**£**" or "**GBP**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

References in this Prospectus to "**Euro**", "**€**" or "**EUR**" are to the lawful currency for the time being of the European Union.

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.

Forward Looking Statements and Statistical Information

Certain matters contained in this Prospectus 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 judgments 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. Additional factors that could cause future results to differ materially include, but are not limited to, those discussed under "*Risk Factors*". This Prospectus also contains certain tables and other statistical analyses (the "**Statistical Information**"). Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Issuer, the Arranger, the Bookrunner, the Joint Lead Managers, CHL or the Co-Sponsors have attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Arranger, the Bookrunner, the Joint Lead Managers, CHL or the Co-Sponsors assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

PRIIPs Regulation

The Notes and the Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes and the Certificates or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes and the Certificates or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

MiFID II product governance

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

Financial Services Compensation Scheme not applicable

The Notes are not guaranteed by the UK government under the asset-backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a protected claim under the United Kingdom Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme.

Transaction Documents

This Prospectus contains an overview of the material terms of the Transaction Documents. This Prospectus does not purport to be complete and is subject to the provisions of the Transaction Documents.

Terms are defined only once in this Prospectus. The definitions can be located from the "*Index of Defined Terms*" and are principally set out in the Section entitled "*Glossary*".

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RISK FACTORS

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

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

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

Prospective Noteholders and Certificateholders should (i) read the detailed information set out in this Prospectus and reach their own views, together with their own professional advisers, prior to making any investment decision (ii) ensure that they understand the nature of the Notes and the Certificates and the extent of their exposure to risk, (iii) 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 (iv) confirm that an investment in the Notes and the Certificates is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes and the Certificates are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. In particular, an investment in the Notes and the Certificates involves the risk of a partial or total loss of investment.

Credit, Liquidity and Structural Risks

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

The Notes and the Certificates will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer). In particular, the Notes and the Certificates will not be obligations of, and will not be guaranteed by, each Seller, the Legal Title Holder, the Co-Sponsors, the Arranger, the Joint Lead Managers or the Trustee. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes or the Certificates.

Lack of liquidity of the Issuer could result in an insufficiency of funds on any Interest Payment Date: (i) Liquidity Facility and Class A Liquidity Reserve Fund are primarily limited to the Class A Notes, (ii) the Class B Liquidity Reserve Fund is primarily limited to the Class B Notes, (iii) the Class C Liquidity Reserve Fund is primarily limited to the Class C Notes, and (iv) the Excess Cashflow Reserve Fund will not be available on the Closing Date

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers. This risk may adversely affect the Issuer's ability to make payments on the Notes and the Certificates.

Only the Class A Notes will have the benefit of (prior to the LF Cancellation Date only) the Liquidity Facility and (on and from the Liquidity Facility Replacement Date) the Class A Liquidity Reserve Fund, the primary purpose of which will be to maintain timely current quarterly interest payments to the holders of the Class A Notes which cannot otherwise be covered through Available Revenue Receipts and Available Principal Receipts as described herein. On the Closing Date up to and including the LF Cancellation Date, such liquidity support will be provided in the form of drawings under the Liquidity Facility. Only the Class

B Notes will have the benefit of the Class B Liquidity Reserve Fund, the primary purpose of which will be to maintain timely current quarterly interest payments to the holders of the Class B Notes which cannot otherwise be covered through Available Revenue Receipts and Available Principal Receipts as described herein. Only the Class C Notes will have the benefit of the Class C Liquidity Reserve Fund, the primary purpose of which will be to maintain timely current quarterly interest payments to the holders of the Class C Notes which cannot otherwise be covered through Available Revenue Receipts and Available Principal Receipts as described herein. Thus Noteholders should be aware that the Class A Liquidity Reserve Fund, the Class B Liquidity Reserve Fund and the Class C Liquidity Reserve Fund will not be available to support or maintain payments under any other Classes of Notes or Certificates. Please see "*The Liquidity Facility and the Class A Liquidity Reserve Fund may not be available to cover all losses and at all times*" below, "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Liquidity Facility Agreement and Class A Liquidity Reserve Fund*", "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Class B Liquidity Reserve Fund*" and "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Class C Liquidity Reserve Fund*" for more detail.

On and after the FORD amounts standing to the credit of the Excess Cashflow Reserve Fund on each IPD will be utilised up to (and including) the earlier of (i) the Final Rated Notes Redemption Date and (ii) the Final Maturity Date to meet any shortfall in Available Revenue Receipts to pay interest due and payable on the Subordinated Rated Notes (after applying all amounts standing to the credit of the Class B Liquidity Reserve Fund in respect of the Class B Notes, the Class C Liquidity Fund in respect of the Class C Notes and any Principal Addition Amounts towards any PAA deficit on such Interest Payment Date). As a result, Noteholders should be aware that for the first eleven (11) IPDs prior to the FORD, there will be no liquidity support in respect of the Subordinated Rated Notes, other than the Class B Liquidity Reserve Fund (in respect of the Class B Notes) and the Class C Liquidity Reserve Fund (in respect of the Class C Notes). Please see "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Excess Cashflow Reserve Fund*" for more detail.

In addition, no assurance can be made as to the effectiveness of the liquidity support features set out above, or that such features will protect the Noteholders from all risk of delayed payment and/or loss and the use thereof may lead to a reduction in the amounts available to the Issuer and ultimately affect its ability to make payments under the Notes and the Certificates.

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

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes, amounts due in respect of the Certificates and its operating and administrative expenses will be dependent solely on Revenue Receipts and Principal Receipts in respect of the Mortgage Loans in the Mortgage Portfolio (including the Issuer's interest in the Scottish Mortgage Loans and Related Security held in the Scottish Trust), interest earned on certain amounts standing to the credit of the Deposit Account and (i) in respect of the Rated Notes, Principal Addition Amounts available to pay interest due on the Most Senior Class of Notes; (ii) on and from the Liquidity Facility Replacement Date in respect of the Class A Notes only, amounts available in respect of the Class A Liquidity Reserve Fund (iii) prior to the LF Cancellation Date in respect of the Class A Notes only, amounts available under the Liquidity Facility; (iv) on and from the FORD in respect of the Subordinated Rated Notes, amounts standing to the credit of the Excess Cashflow Reserve Fund; (v) in respect of the Class B Notes only, amounts available in respect of the Class B Liquidity Reserve Fund; and (vi) in respect of the Class C Notes only, amounts available in respect of the Class C Liquidity Reserve Fund. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes, the Certificates and/or any other payment obligation under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments. There is no guarantee that the Issuer will have sufficient funds to redeem the Notes or the Certificates in full. The recourse of the Noteholders and the Certificateholders to the Charged Property following service of an Enforcement Notice is described below. The Issuer will have no recourse to the relevant Seller, save as provided in the Mortgage Sale Agreements (see further the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*").

The Liquidity Facility and the Class A Liquidity Reserve Fund may not be available to cover all losses and at all times with respect to the Class A Notes

The Liquidity Facility Provider will provide the Liquidity Facility to cover shortfalls in amounts available for payment of interest in respect of the Class A Notes and senior expenses ranking in priority thereto in the Pre-Enforcement Revenue Priority of Payments.

The size of the Liquidity Reserve Target, whether in the form of liquidity drawings (prior to the Liquidity Facility Replacement Date) or in the form of a combination of liquidity drawings and/or the Class A Liquidity Reserve Fund Actual aggregate Amounts (on and from the Liquidity Facility Replacement Date), will be equal to 1.70 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on each relevant Interest Payment Date, and then will reduce to zero once the Class A Notes are redeemed in full. No liquidity support will be available under the Liquidity Facility and/or the Class A Liquidity Reserve Fund in excess of that amount or, once the Class A Notes have been redeemed in full, at all.

The initial Liquidity Facility will expire 364 days after the Closing Date, although it is extendable for successive periods of up to 364 days or longer. The Liquidity Facility Provider is not obliged to extend or renew the Liquidity Facility at its expiry, but if it does not renew or extend the Liquidity Facility on request, then the Issuer will, subject to certain terms, be allowed to make a Liquidity Standby Drawing and place the proceeds of that drawing on deposit in the Liquidity Standby Ledger on the Deposit Account. Therefore, if the Liquidity Facility Provider does not choose to extend or renew the Liquidity Facility at any time, the Liquidity Facility may not be available to cover payments under the Class A Notes and Class A Liquidity Reserve Fund Actual Amounts may be insufficient to do so.

See "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Liquidity Facility Agreement and Class A Liquidity Reserve Fund*" for more detail.

The Class B Liquidity Reserve Fund and the Class C Liquidity Reserve Fund may not be available to cover all losses and at all times with respect to the Class B Notes or the Class C Notes (as applicable)

On and from the Closing Date, the Class B Liquidity Reserve Fund and the Class C Liquidity Reserve Fund will be established and will be funded up to an amount equal to (a) in respect of the Class B Liquidity Reserve Fund, on the Closing Date, an amount equal to 1.75 per cent. of the Principal Amount Outstanding of the Class B Notes as at the Closing Date and in respect of each Interest Payment Date following the Closing Date up to (but excluding) the Class B Redemption Date, an amount equal to 1.75 per cent. of the Principal Amount Outstanding of the Class B Notes as at the immediately preceding Interest Payment Date and (b) in respect of the Class C Liquidity Reserve Fund, on the Closing Date, an amount equal to 2.00 per cent. of the Principal Amount Outstanding of the Class C Notes as at the Closing Date and in respect of each Interest Payment Date following the Closing Date up to (but excluding) the Class C Redemption Date, an amount equal to 2.00 per cent. of the Principal Amount Outstanding of the Class C Notes as at the immediately preceding Interest Payment Date. No liquidity support will be available under the Class B Liquidity Reserve Fund or the Class C Liquidity Reserve Fund in excess of the amounts described above or, once the Class B Notes or Class C Notes (as applicable) have been redeemed in full. The Class B Liquidity Reserve Fund and the Class C Liquidity Reserve Fund may not therefore be sufficient to cover payments under the Class B Notes or the Class C Notes (as applicable).

See "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Class B Liquidity Reserve Fund*" and "*Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows – Class C Liquidity Reserve Fund*" for more detail.

The Notes and the Certificates are limited recourse non-petition obligations of the Issuer

The Notes and the Certificates will be limited recourse obligations of the Issuer. If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
 - (ii) the service of an Enforcement Notice; and

- (b) the realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes and all claims ranking in priority to payments under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any Class of Notes or any payments in respect of the Certificates, then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes and any payments in respect of the Certificates) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer and the Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer or its directors, shareholders, officers or successors in respect of any amounts owing to them which remain unpaid (in the case of the Noteholders, principally payments of principal and interest (to the extent applicable) in respect of the Notes (and, in the case of the Floating Rate Notes, the Step-Up Margins)) and such unpaid amounts shall be deemed to be discharged in full. The Issuer will not be obliged to pay any amounts representing a shortfall and any claims in respect of such shortfall shall be extinguished.

Apart from the Trustee, none of the Secured Creditors shall be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examination, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation relating to the Notes, the Certificates or the other Transaction Documents.

Each Secured Creditor (other than the Trustee) 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 (except in the case of the Agents, the Collection Account Bank and the Issuer Account Bank which will hold such funds as banker and to the order of the Trustee) for the Trustee and shall be paid over to the Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

No Noteholder or Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Trustee, having become bound so to do, fails to do so within 60 days or is unable to do so, and such failure or inability 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.

Payments to the Liquidity Facility Provider rank in priority to amounts due to the Noteholders and the Certificateholders

The Liquidity Facility Provider will be entitled to receive all amounts due under the Liquidity Documents (including the commitment fee, interest and repayments of principal on drawings made under the Liquidity Facility Agreement and all fees, costs and expenses, including certain increased costs) in priority to payments to be made to Noteholders, which may ultimately reduce the amount available for distribution to Noteholders.

If a Liquidity Standby Drawing is made under the Liquidity Facility Agreement, it shall be deposited into the Deposit Account with a corresponding entry made to the Liquidity Standby Ledger. Interest payable on amounts standing to the credit of the Deposit Account (including any amounts standing to the credit of the Liquidity Standby Ledger) may be at a rate that is less than the interest payable on such Liquidity Standby Drawing, which would reduce the amount available for distribution to Noteholders.

Risks Related to the Notes

Interest Rate Risk

The Mortgage Loans have Mortgage Rates based on a Standard Variable Rate and the Mortgage Portfolio also includes Tracker Rate Mortgage Loans. Issuer is subject to the risk of a mismatch resulting from interest on the Standard Variable Rate Mortgage Loans and the Tracker Rate Mortgage Loans being

determined on different bases than that on which the Floating Rate of Interest payable on the Notes is determined. The Tracker Rate Mortgage Loans in the Mortgage Portfolio pay interest based on the Bank of England Base Rate and the Standard Variable Rate Mortgage Loans in the Mortgage Portfolio pay a variable rate of interest set by the Servicer on behalf of the Legal Title Holder from time to time. However, the Issuer's liabilities under the Rated Notes are based on Compounded Daily SONIA, in each case for the relevant period.

The Issuer has not entered into any interest rate swap or other hedging transaction in relation to the Mortgage Loans and as a result there is no hedge in respect of the risk of any variances in the rate of interest charged on the Standard Variable Rate Mortgage Loans and Tracker Rate Mortgage Loans in the Mortgage Portfolio and the Rate of Interest payable in respect of the Notes (where applicable). As such, 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 (where applicable). This in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders, the Certificateholders and the Secured Creditors.

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

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal and interest (including any delinquencies, prepayments, sale proceeds arising on enforcement of a Mortgage Loan and repurchases of (or payments of an indemnity amount in lieu of the relevant Seller repurchasing, including any accrued interest) such Mortgage Loans required to be made under the Mortgage Sale Agreements) on the Mortgage Loans and the price paid by the holders of the Notes of each Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans. Furthermore, if a Product Switch or a Further Advance has been granted in respect of a Mortgage Loan by the Legal Title Holder, then the relevant Seller will be obliged to repurchase such Mortgage Loan, which may result in Principal Receipts in the form of repurchase proceeds payable by the Seller being used to pay down the Notes. See also "*Product Switches, Further Advances and Flexible Drawings*".

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. However, the rate of prepayment cannot be predicted. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Legal Title Holder and in other cases the consent of the Legal Title Holder), a Borrower may "overpay" or prepay principal on any day in specified circumstances. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. In addition, should a Borrower elect, subject to the agreement of the Legal Title Holder and the Servicer, to change the terms of their Mortgage Loans from an Interest Only Mortgage Loan to a Repayment Mortgage Loan, the Issuer would receive principal payments in respect of the relevant Mortgage Loan earlier than would otherwise be anticipated. Accelerated prepayments will lead to a reduction in the weighted average life of the Notes. See also the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*".

Generally, when market interest rates increase, borrowers are less likely to prepay their Mortgage Loans, while conversely, when market interest rates decrease, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated early repayment charges) are generally more likely to prepay their Mortgage Loans. Borrowers may prepay Mortgage Loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). If the relevant Seller is required to make an indemnity payment to the Issuer in relation to a Mortgage Loan and its Related Security because, for example, one of the Mortgage Loans does not comply with the Mortgage Loan warranties and the indemnified Liability has crystallised, then the payment received by the Issuer will have the same effect as a prepayment of the relevant Mortgage Loans.

Payments and prepayments of principal on the Mortgage Loans will be applied, *inter alia*, to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments (see "*Summary of Credit Structure and Cashflows*" below).

The Notes may be redeemed in full and the Certificates may be cancelled prior to the Final Maturity Date due to the exercise of certain redemption options, being the following:

- on and from the FORD, the Mortgage Portfolio Purchase Option Holders may exercise the Mortgage Portfolio Purchase Options pursuant to the Deed Poll;
- on and from the FORD, the Market Sale Option Holder may exercise the Market Sale Option pursuant to the Deed Poll;
- following the occurrence of a Risk Retention Regulatory Change Event, the Retention Holder may exercise its Risk Retention Regulatory Change Option in accordance with Condition 9.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*);
- on any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate of the original aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Issuer may exercise its option to redeem all of the Notes in accordance with Condition 9.3 (*Optional Redemption in whole*); and
- on any Interest Payment Date following a change in tax law that results in the Issuer being required to make a Tax Deduction in respect of any payment in respect of the Notes, or the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the Issuer Profit Amount retained during that accounting period, the Issuer may exercise its option to redeem all of the Notes in accordance with Condition 9.4 (*Optional Redemption in whole for taxation reasons*).

Following the exercise of such options, no make-whole amount or other early repayment fee will be paid to the Noteholders if any such option is exercised by the relevant person. None of the Issuer, the Retention Holder, each Seller, the Mortgage Portfolio Purchase Option Holders or the Market Sale Option Holders has an obligation to exercise its rights set out above, and as such, no assurance can be given that the Notes will be redeemed in full and the Certificates will be cancelled on or following the dates set out above.

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

Ranking of payments to the holders of the Class A1 Notes and the Class A2 Notes

In certain circumstances payments to the Class A2 Noteholders will be subordinated to payments to the Class A1 Noteholders in accordance with the following subordination rules: (a) prior to the service of an Enforcement Notice, interest due and payable on the Class A2 Notes will be paid *pro rata* and *pari passu* with the Class A1 Notes in accordance with the Pre-Enforcement Revenue Priority of Payments; (b) prior to the service of an Enforcement Notice and/or the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Notes will be paid *pro rata* and *pari passu* with the Class A1 Notes in accordance with the Pre-Enforcement Principal Priority of Payments (provided that at all times (i) PDL Principal Receipts and (ii) Available Revenue Receipts utilised pursuant to the Pre-Enforcement Expenses Priority of Payments to pay principal on the Class A Notes will, in each case, be paid first to the Class A1 Notes and second to the Class A2 Notes); (c) following the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Notes will be paid sequentially to the Class A1 Notes in accordance with the Pre-Enforcement Principal Priority of Payments; and (d) following the service of an Enforcement Notice, interest and principal due and payable on the Class A2 Notes will be paid sequentially to the Class A1 Notes in accordance with the Post-Enforcement Priority of Payments. Such subordination rules may result in the Class A1 Notes amortising more quickly than the Class A2 Notes. Further, there is no assurance that these subordination rules will protect the holders of Notes and the Certificates from all risk of loss.

The priority of the Class A Notes is further set out in "*Key Structural Features – Credit Enhancement, Liquidity Support, and Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer*", "*Key Structural Features – Credit Enhancement, Liquidity Support, and Priority of Payments*".

Payments to the holders of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the NIM Notes, the Class Z Notes and the Class XB Certificates are subordinated and may be delayed or reduced in certain circumstances

The priority of payments in respect of the Notes is set out in the section titled "Full Capital Structure of the Notes" below.

Payments of interest in respect of all Classes of Notes will be subordinated to all more senior Classes of Notes, provided that as between the Class A1 Notes and the Class A2 Notes certain subordination rules apply as to which see further "Ranking of payments to the holders of the Class A1 Notes and the Class A2 Notes" above.

Payments of principal in respect of all Classes of Notes, will be subordinated to payments of any Principal Addition Amounts and, on and following the Liquidity Facility Replacement Date, payments of any amounts to be credited to the Class A Liquidity Reserve Fund, the Class B Liquidity Reserve Fund and the Class C Liquidity Reserve Fund, as applicable.

In addition to the above, payments on the Notes and the Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including the Trustee, the Issuer Account Bank, the Servicer (subject to the Servicer Fee Cap), the Back-Up Servicer (subject to the Servicer Fee Cap), the Back-Up Servicer Facilitator, the Corporate Services Provider, the Cash Manager, the Liquidity Facility Provider, 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 "Fees" below.

The priority of the Notes and the Certificates are further set out in "Key Structural Features – Credit Enhancement, Liquidity Support, and Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer", "Key Structural Features – Credit Enhancement, Liquidity Support, and Priority of Payments".

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

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

If, on any Interest Payment Date prior to the redemption in full of the Rated Notes, as a result of shortfalls in Available Revenue Receipts (but disregarding for these purposes the availability of (A) (prior to the LF Cancellation Date) the Liquidity Facility, (B) the Class A Liquidity Reserve Fund Actual Amount, (C) the Class B Liquidity Reserve Fund, (D) the Class C Liquidity Reserve Fund, and (E) the Excess Cashflow Reserve Fund), there would be a PAA Deficit, the Issuer shall apply Available Principal Receipts (if any) in accordance with item (1) of the Pre-Enforcement Principal Priority of Payments to cure such PAA Deficit (such reapplied amounts being Principal Addition Amounts).

Available Principal Receipts may only be redirected as Principal Addition Amounts and applied as Available Revenue Receipts to cover such PAA Deficit.

Application of any Available Principal Receipts as Principal Addition Amounts will be recorded to the relevant Class of Notes' Principal Deficiency Sub-Ledger in reverse order of priority until such time as the amount recorded to the relevant Class of Notes' Principal Deficiency Sub-Ledger is the aggregate Principal Amount Outstanding of the relevant Class of Notes as more fully described in the section titled "Summary of Credit Structure and Cashflows", below.

It is expected that during the course of the life of the Notes, any principal deficiencies (should they arise) will be recouped from Available Revenue Receipts. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit the relevant Principal Deficiency Sub-Ledger in accordance with the order of the Pre-Enforcement Revenue Priority of Payments.

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

- the Available Revenue Receipts and Available Principal Receipts may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due each or any Class of the Notes; and
- there may be insufficient Available Revenue Receipts and Available Principal Receipts to repay each or any Class of the Notes and all amounts due in respect of the Certificates on or prior to the Final Maturity Date of the Notes.

If the Issuer has insufficient funds on an Interest Payment Date, there will be a deferral of interest payments in respect of the Subordinated 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) due on the Subordinated Notes that would otherwise be payable absent the deferral provisions, after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 8.12 (*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 as interest in respect of the relevant Class of Subordinated Rated Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default. In accordance with Condition 8.12 (*Subordination by Deferral*).

To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of the relevant Class of Subordinated Notes that is scheduled to be paid in accordance with the Conditions, including any prior deferred interest, the deferral of interest shall continue until the Final Maturity Date. However, if there is insufficient money available to the Issuer to pay interest on any Class of Subordinated Notes then the relevant Noteholders may not receive all interest amounts.

In the event that amounts constituting deferred interest (including Additional Interest) are not paid in full on the Subordinated Notes such failure will not constitute an Event of Default until the Final Maturity Date (subject to the grace periods thereunder) or such earlier date on which the Notes are required to be redeemed in accordance with Condition 9.3 (*Optional Redemption in whole*), Condition 9.4 (*Optional Redemption in whole for taxation reasons*), Condition 9.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or Condition 9.6 (*Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Options or Market Mortgage Portfolio Purchase*). As such, the Trustee will not be able to accelerate the Subordinated Notes until after the Final Maturity Date (subject to the grace periods thereunder) or such earlier date on which the Notes are redeemed in accordance with the Conditions set out above, and prior to such date will not be able to take any action to enforce the Security or effect a sale or disposal of the Portfolio in respect of a failure by the Issuer to pay such amounts until the Final Maturity Date (subject to the grace periods thereunder) or such earlier date. Therefore, Noteholders should be aware that payments made to them may be deferred for a substantial period of time until the Final Maturity Date and/or may not be paid in full following the Final Maturity Date if the Issuer has insufficient funds.

For the avoidance of doubt, failure to pay interest in respect of the Most Senior Class shall constitute an Event of Default which may result in the Trustee enforcing the Security.

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

As of the Portfolio Reference Date, approximately 1.37 per cent. of the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are in arrears (meaning the relevant Borrower is in an amount equal to at least one monthly payment past due on the relevant Mortgage Loan) and approximately 0.78 per cent. of the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are in enforcement procedures (meaning the relevant Mortgage Loans have been identified in the Data Tape as being subject to litigation proceedings, but may not necessarily be in arrears). The Issuer is subject to the risk of default in payment by the Borrowers and upon such default in payment, the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds from

the Borrowers under the arrears and default procedures in respect of the Mortgage Loans and their Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Mortgage Loans. No assurance can be made as to the effectiveness of credit enhancement features or that credit enhancement features will protect the Noteholders or Certificateholders from all risk of loss. Should there be credit losses arising in respect of the Mortgage Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes and payments due in respect of the Certificates.

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

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 any assigning Rating Agency if, in its judgement, circumstances in the future so warrant.

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

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be withdrawn, lowered or qualified. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact upon the value of the Notes.

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

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

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 European Union 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 European Union 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).

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

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

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

Any such RAC may or may not be given at the sole discretion of each Rating Agency. Certain rating agencies have indicated that they will no longer provide RAC as a matter of policy. To the extent that a RAC cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a RAC in the time available, or at all, and the Rating Agency will not be responsible for the consequences thereof (including, where a RAC is not provided, any subsequent rating action). A RAC, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A RAC represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

The Conditions provide that if a RAC 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 RAC or response is delivered to each Rating Agency by or on behalf of the Issuer and (i)(A) a Non-Responsive Rating Agency indicates that it does not consider such RAC or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such RAC or response or (B) within 30 days of delivery of such request, no RAC or response is received and/or such request elicits no statement by each such Rating Agency that such RAC or response could not be given; and (ii) one Rating Agency gives such RAC or response based on the same facts, then such condition to receive a RAC or response from each Rating Agency shall be deemed modified so that there shall be no requirement for the RAC or response from the Non-Responsive Rating Agency if the Cash Manager on behalf of the Issuer provides to the Trustee a certificate signed by two directors certifying and confirming that each of the events in subparagraphs (i)(A) or (B) and (ii) has occurred following the delivery by or on behalf of the Issuer of a written request to each Rating Agency. Where a RAC 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 having indicated that it will not give a response or having not 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 Trustee shall be entitled to rely absolutely and without liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to Condition 23 (*Non-Responsive Rating Agency*). The 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 RAC 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 RAC or response from a Non-Responsive Rating Agency. Therefore, Noteholders should be aware that the proposed action may be taken notwithstanding the fact that no RAC or response from Rating Agencies has been obtained.

Definitive Notes and denominations in integral multiples

The Notes have Minimum Denominations. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination but below two or more multiples of such minimum authorised denomination. In such a case, if Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the Minimum Denomination at the relevant time may not receive a Registered Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the Minimum Denomination (or another relevant denomination amount).

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

Geographical, Political and Market Risks***Political uncertainty in the United Kingdom***

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the "**Brexit Vote**") and on 29 March 2017 the United Kingdom gave formal notice (the "**Article 50 Notice**") under Article 50 of the Treaty on European Union ("**Article 50**") of its intention to leave the European Union.

Article 50 provides that the EU treaties will cease to apply to the United Kingdom two years after the Article 50 Notice unless a withdrawal agreement enters into force earlier or the two year period is extended by unanimous agreement of the United Kingdom and the European Council. In the absence of any further extension to this timeline by the United Kingdom parliament and the European Council, the United Kingdom will leave the European Union on 31 October 2019 at 11pm or an earlier agreed Brexit date.

The terms of the UK's exit from the European Union are unclear. It is possible that the United Kingdom will leave the European Union with no withdrawal agreement in place if no agreement can be reached and approved by all relevant parties within the allotted time. If the United Kingdom leaves the European Union with no withdrawal agreement, it is likely that a high degree of political, legal, economic and other uncertainty will result.

In addition to the economic and market uncertainty this brings (see "*Market uncertainty*" below) there are a number of potential risks in relation to an investment in the Notes and/or the Certificates that Noteholders should consider:

(a) *Political uncertainty*

The United Kingdom is experiencing a period of acute political uncertainty connected to the negotiations with the European Union. Such uncertainty could lead to a high degree of economic and market disruption and legal uncertainty. It is not possible to ascertain how long this period will last and the impact it will have on the United Kingdom in general and the market, including market value and liquidity, for asset-backed securities similar to the Notes and the Certificates in particular. The Issuer cannot predict when or if political stability will return, or what the market conditions relating to asset-backed securities similar to the Notes and Certificates might be at that time.

(b) *Legal uncertainty*

A significant proportion of English, Northern Irish and Scots law currently derives from or is designed to operate in concert with EU law. This is especially true of the law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, and market infrastructure. In the absence of a withdrawal agreement, the European Union (Withdrawal) Act 2018 (the "**Withdrawal Act**") will incorporate most of the existing EU law *acquis* into United Kingdom law the moment before the United Kingdom ceases to be a member of the European Union, with the intention of limiting immediate legal change. The Withdrawal Act grants the UK government wide powers to make secondary legislation in order to, among other things, implement any withdrawal agreement and to adapt retained EU law that would otherwise not function sensibly once the United Kingdom has left the European Union, on the whole with minimal parliamentary

scrutiny. The secondary legislation made under those powers would be able to do anything that could be done by an act of Parliament. Over time, however – and depending on the timing and terms of the UK's exit from the European Union – significant changes to English law, Northern Irish law and Scots law in areas relevant to the transaction and the parties to the transaction are likely. The Issuer cannot predict what any such changes will be and how they may affect payments of principal and interest to the Noteholders and Certificateholders.

(c) *Regulatory uncertainty*

The UK's exit from the EU may also have a significant impact on how financial institutions from the remaining European Union (the "EU27") with assets (including branches) in the United Kingdom will be regulated and *vice versa*. At present, EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. European Union law is also the framework for mutual recognition of bank recovery and resolution regimes.

Once the United Kingdom ceases to be a Member State of the European Union, the current passporting system will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes. The ability of regulated financial institutions to continue to do business between the United Kingdom and the EU27 after the United Kingdom ceases to be a Member State of the European Union would therefore be subject to separate arrangements between the United Kingdom and the EU27. The UK government has taken various steps to mitigate the disruption that would result in the event that the UK leaves the EU with no withdrawal agreement, including the creation of a temporary permissions regime which would allow EU27 firms that currently rely on passporting rights to continue their activities in the UK for up to 3 years after exit day and a more limited run-off regime intended to address contract continuity issues. Nevertheless, regulatory uncertainty remains which could adversely impact the ability of third parties who are regulated financial institutions to provide services to the Issuer and the transaction.

(d) *Market uncertainty*

Since the Brexit Vote, there has been volatility and disruption of the capital, currency and credit markets, including the market for asset-backed securities. There may be further volatility and disruption depending on the conduct and progress of the formal withdrawal negotiations initiated by the Article 50 Notice.

Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes and Certificates. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes or Certificates in secondary resales even if there is no decline in the performance of the securitised portfolio.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes or Certificates and instruments similar to the Notes or Certificates at that time.

(e) *Counterparty risk*

Counterparties to the Transaction Documents may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the Brexit Vote, the Article 50 Notice and the conduct and progress of the formal withdrawal negotiations. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and accordingly, on the ability of the Issuer to make payments of interest and repayments of principal to the Noteholders. See "*Reliance on Third Parties*" below.

(f) *Adverse economic conditions affecting obligors*

The uncertainty and market disruption following the Brexit Vote and the delivery of the Article 50 Notice may cause investment decisions to be delayed, reduce job security, damage consumer confidence and result in a downturn of the UK economy and potentially reduce real estate values. The resulting adverse economic conditions may affect Borrower's willingness or ability to meet their obligations, resulting in increased defaults in the Mortgage Portfolio and may ultimately affect the ability of the Issuer to pay interest and repay principal to Noteholders or make payments to Certificateholders. To the extent the real estate market is subject to a downturn, it may increase delinquencies since this is primarily a buy-to-let portfolio and property owners may have more vacancies or collect rents that are below their monthly mortgage payments. Also, it may limit recoveries on non-performing assets since there may be insufficient collateral to repay the outstanding debt.

(g) *Break-up of the UK*

The Brexit Vote has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the European Union. Leading figures in both Scotland and Northern Ireland have suggested that they have a mandate from their voters to remain in the European Union and might seek to leave the United Kingdom in order to achieve that outcome. The border between Northern Ireland and the Republic of Ireland has been a particularly difficult and contentious issue in the withdrawal negotiations thus far. The Issuer cannot predict the outcome of this continuing constitutional tension or how the potential future departure of Scotland and/or Northern Ireland from the United Kingdom would affect the transaction and the ability of the Issuer to pay interest and repay principal to Noteholders or make payments to Certificateholders.

(h) *Rating actions*

The Brexit Vote has resulted in rating downgrades of the UK sovereign and the Bank of England by S&P, Fitch and Moody's. S&P and Fitch have both placed a negative outlook on these ratings, suggesting a strong possibility of further negative rating action.

The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties to the Transaction Documents meaning that they cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the transaction with others who have the required ratings on similar terms or at all.

Moreover, a more pessimistic economic outlook for the United Kingdom in general could lead to increased concerns around the future performance of the Mortgage Portfolio and accordingly the ability of the Issuer to pay interest and repay principal to Noteholders and Certificateholders and the ratings assigned to the Notes on the Issue Date could be adversely affected.

While the extent and impact of these issues is unknown, Noteholders and Certificateholders should be aware that they could have an adverse impact on Noteholders and the payment of interest and repayment of principal on the Notes or make payments on Certificates.

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

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to the Notes. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Interest Period and

immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

Moreover, any amendment or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in amendments to the Conditions, early redemption, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist.

Absence of secondary market for the Notes

There can be no assurance 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 such market will continue to exist or that it will provide Noteholders with liquidity of investment for the life of the Notes. There are a number of factors which may have an adverse effect on the existence of or the liquidity in the secondary market for the Notes.

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

The secondary market for asset-backed securities similar to the Notes has in the past experienced severe disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of asset-backed securities similar to the Notes and resulted in the secondary market for asset-backed securities experiencing very limited liquidity during such severe disruptions.

If limited liquidity were to occur in the secondary market it could have an adverse effect on the market value of mortgage backed securities and instruments similar to the Notes, 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. Consequently, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any fluctuations may be significant and could result in significant losses to an investor.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the European Central Bank's liquidity scheme and the European Central Bank's asset-backed securities purchase programme may provide or have provided an important source of liquidity in respect of eligible securities, restrictions in respect of the relevant eligibility criteria for eligible collateral which apply and may apply in the future under such facilities may 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. Moreover, there is no certainty that the Notes will be accepted as eligible securities for any such facilities either upon issue or subsequently.

The European capital markets are experiencing a period of volatility and concerns relating to credit risk, as well as continuing economic, monetary and political conditions (including in the United Kingdom in relation to the "Brexit Vote". See "*Political Uncertainty in the United Kingdom*" below). Whilst such conditions have improved in some Member States recently, any slowdown or reversal of the positive economic or political trends (including as a result of any default or restructuring of indebtedness by one or more Member States or institutions and/or any changes to, including any break up of, the Eurozone) may cause further severe stress in the financial system generally.

Any of the above may have an adverse effect on the market value of the Notes or Certificates, the ability of the Noteholders or Certificateholders to trade in or sell the Notes or Certificates or fully recover the value of their investment in the Notes or Certificates. Any investor in the Notes or Certificates must be prepared

to hold its Notes or Certificates for an indefinite period of time or until the Final Maturity Date or alternatively such investor may only be able to sell its Notes or Certificates at a discount to the original purchase price of those Notes or Certificates.

Declining property values

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

The Issuer cannot guarantee that the value of a Property is or will remain at the same level as on the date of origination of the related Mortgage Loan especially when the European capital markets are experiencing a period of volatility in particular in relation to the "Brexit Vote". 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 Loans. If the value of the Related Security backing the Mortgage Loans is reduced this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes and may affect the ability of the Issuer to make payments on the Certificates. Approximately 0.26 per cent. of the Mortgage Loans in the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) have an indexed current LTV of over 100 per cent. calculated by Current Balance. As such, a decline in property values in the United Kingdom may have a greater effect on the Mortgage Portfolio than if a lower proportion of the Mortgage Portfolio had such a high LTV.

Borrowers may have insufficient equity to refinance their Mortgage Loans and may (as a result of the circumstances described in "*Delinquencies or default by Borrowers in paying amounts due on their Mortgage Loans*" or otherwise) 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 and the Certificates.

Geographic Concentration Risks

97.92 per cent. of the Mortgage Loans are secured over English Mortgages, 0.02 per cent. of the Mortgage Loans are secured over Scottish Mortgages and 2.07 per cent. of Mortgage Loans are secured over Northern Irish Mortgages (in each case calculated using the Current Balance of the Mortgage Portfolio as of the Portfolio Reference Date). Mortgage Loans in the Mortgage Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels, the strength of the rental markets and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon sale of the Property. These circumstances could adversely affect receipts on the Mortgage Loans and ultimately result in losses on the Notes and the Certificates. For an overview of the geographical distribution of the Mortgage Loans as at the Portfolio Reference Date, see "*Annex A – Statistical Information on the Provisional Mortgage Portfolio – Geographical Distribution of Properties*".

Income tax in Scotland

The Scotland Act 2016 came into force on 23 March 2016 and devolves, amongst other things, control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Whilst the majority of the provisions are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, for the first time the rates and thresholds for income tax that apply to the non-savings and non-dividend income of Scottish taxpayers differ from those applied throughout the rest of the UK. On 6 April

2018, the higher and additional rates of tax in Scotland were both increased. In addition, the basic rate of tax was split into three tiers (a starter rate, a basic rate and an intermediate rate). The changes mean that certain taxpayers in Scotland now pay a higher level of tax than borrowers in the same income bracket in England, Wales and Northern Ireland. This may affect some borrowers' ability to pay amounts when due on the mortgage loans originated in Scotland which, in turn, may adversely affect the ability of the Issuer to make payments under the Notes.

Risks Related to the Mortgage Loans and Sale of the Mortgage Portfolio

Basis mismatch

The Rate of Interest on each Class of Floating Rate Notes adjust quarterly based on Compounded Daily SONIA whereas the Mortgage Rates on a substantial majority of the Provisional Mortgage Portfolio may adjust less frequently and adjust based on a different index. Approximately 100.00 per cent. of the Provisional Mortgage Portfolio are adjustable rate Mortgage Loans, having interest rates that adjust on a variable index. As a result, there is a degree of basis risk associated with the Floating Rate Notes, collectively the "**SONIA Notes**". Basis risk is the risk that shortfalls might occur due to a mis-match for both the rate adjustment frequency and index on the SONIA Notes and the Mortgage Loans.

Approximately 99.27 per cent. of the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are Mortgage Loans which are Tracker Rate Mortgage Loans that pay interest by reference to the Bank of England Base Rate from time to time. In addition approximately 0.73 per cent. of the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are Mortgage Loans which are Standard Variable Rate Mortgage Loans which pay a variable rate of interest set by the Servicer on behalf of the Legal Title Holder from time to time.

The Tracker Mortgage Loans included in the Provisional Mortgage Portfolio will be reset on a monthly, as opposed to quarterly, basis and Standard Variable Rate Mortgage Loans included in the Provisional Mortgage Portfolio will be reset on a periodic basis. This basis "mismatch" in periods of rising or lowering of the interest rates can create a negative impact on the SONIA Notes in the transaction, especially if the corresponding increase (or decrease) between the (i) rate on the Tracker Rate Mortgage Loans and/or, as applicable, the Standard Variable Rate Mortgage Loans (plus the applicable margin) and (ii) the Reference Rate (plus the applicable Margin on the SONIA Notes) is not in the same proportion to each other.

Mortgage Prisoners

In January 2019 the FCA put forward proposals designed to assist "mortgage prisoners" who have mortgages with inactive and unregulated lenders. In this context, mortgage prisoners were defined as those borrowers who find themselves unable to access cheaper mortgage terms as a result of the increased affordability assessments required following the UK's implementation of the Mortgage Credit Directive. In March 2019, the FCA published a consultation paper setting out detailed proposals to remove regulatory barriers to switching for these customers, and such consultation closed at the end of June 2019, and the FCA intends to publish rules in a policy statement by the end of this year. This could adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans, the speed of such payments and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

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

Borrowers with a Mortgage Loan subject to a variable rate of interest or with 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, ultimately may 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, especially borrowers with higher current LTVs. Furthermore, where the reversionary rate is the current Standard Variable Rate, the reversionary rate for Borrowers reaching the end of their fixed or tracker periods may be lower than prevailing market rates. This would mean that it is less likely that they will refinance their Mortgage Loan at such time or at all.

These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses on the Mortgage Portfolio, which in turn may adversely affect the ability of the Issuer to make payments of interest and principal on the Notes and the Certificates.

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

Each Mortgage Loan in the Mortgage Portfolio may be repayable either on a capital repayment basis or an interest-only basis (being an Interest Only Mortgage Loan), or on a part interest-only and part repayment basis (being a Part-and-part Mortgage Loan, and together with the Interest Only Mortgage Loans, the "**Balloon Mortgage Loans**"). The Provisional Mortgage Portfolio contains approximately (i) 95.69 per cent. Interest Only Mortgage Loans (ii) 0.45 per cent. Part-and-part Mortgage Loans and (iii) 3.86 per cent. Repayment Mortgage Loans (or otherwise known as "amortising"), calculated on the basis of the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date. 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 Seller does not necessarily have and the Issuer will not necessarily have knowledge of any investment policies taken out by Borrowers, and neither have or will have the benefit of any such policies.

The ability of a 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 or endowment policies. Because of the greater risk relating to refinancing of Interest Only Mortgage Loans, a significant downturn in the property markets or the economy could lead to a greater increase in defaults or decrease in repayment of principal of Interest Only Mortgage Loans than on Repayment Mortgage Loans.

Borrowers of an Interest Only Mortgage Loan may not make payment of the premiums due on any relevant investment or life policy taken out in relation to repayment of the relevant interest-only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest Only Mortgage Loan at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, Personal Equity Plans (PEPs), Individual Savings Accounts (ISAs) or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. Not all Borrowers provided information at origination showing that a suitable source of funds for repayment was in place and not all original origination documentation was available to the Seller. 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 applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. The Mortgage Portfolio is made up of a large proportion of seasoned Loans. As such a large proportion of Borrowers in the Mortgage Portfolio have passed the point at which most Borrowers either refinance their borrowing or switch to a repayment loan. A large number of Borrowers who currently have an Interest Only Mortgage Loan may not switch to a repayment loan prior to the final maturity date of the relevant Mortgage. If a large number of Borrowers are unable to repay their Interest-only Mortgage Loan at maturity and there is a high concentration of such Borrowers within a short period of time it may lead to a reduction in the amounts available to the Issuer and ultimately affect its ability to make payments under the Notes and Certificates.

As a result of recent UK government attention, borrowers with interest-only loans which are mortgages have been encouraged to switch to a repayment loan, whereby the principal of the loan is repaid over its term. Should a Borrower elect, subject to the consent of the Legal Title Holder and the Servicer, to amend the terms of its Mortgage Loan from an Interest Only Mortgage Loan to a Repayment Loan, the relevant Mortgage Loan would remain with the Issuer as part of the Mortgage Portfolio, resulting in the Issuer and Noteholders receiving principal payments on the relevant Mortgage Loan and effectively redeeming the relevant Notes respectively, earlier than would otherwise be the case. See further the risk factor entitled "*Considerations relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*" above.

Risk of losses associated with buy-to-let Mortgage Loans

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

Consequently, the Security for the Notes may be affected by the condition of the private residential rental market in the United Kingdom. The condition of the market will influence both the ability of the Borrower to find tenants and the level of rental income which may be achieved in letting. The obligations of a Borrower to make payment under the Mortgage Loan are unconditional without regard to whether the Property is let or the amount of rent received by the Borrower from the relevant tenant. Market conditions and/or the introduction of certain United Kingdom tax legislation may adversely affect the private residential rental market in England, Wales, Northern Ireland and Scotland in general and (in the case of the restriction of income tax relief) the ability of individual Borrowers of buy-to-let loans to meet their obligations under those Mortgage Loans.

Warranties

The Issuer, the Trustee, the Arranger and the Joint Lead Managers have not undertaken nor will they undertake any investigations, searches or other actions in respect of the Mortgage Loans, and their Related Security. In the case of the Issuer and the Trustee, they will rely instead on the warranties given by the relevant Seller in the Mortgage Sale Agreements (the "**Warranties**"). Mortgage Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Mortgage Loan had such matters been revealed. Investors should also be aware that there is no on-going active involvement of the Originator to monitor or notify any defect in relation to the circumstances of the Mortgage Loans and each Seller and the other transaction parties will have limited obligations to monitor compliance with the Loan Warranties following the Closing Date.

The sole remedy of each of the Issuer and the Trustee in respect of a breach of one or more of the Warranties, which has or would have a material adverse effect on such Mortgage Loan and/or its Related Security, shall be the requirement of CERH in respect of the Warehouse Mortgage Loans and CHL in respect of the AU10 Mortgage Loans (as applicable) to either (i) repurchase or procure the repurchase of any Mortgage Loan which is the subject of any such breach, or (ii) instead indemnify and keep indemnified the Issuer in respect of Liabilities in respect of breach of Warranties in relation to the relevant Mortgage Loan and its Related Security. This shall not limit any other remedies available to the Issuer and/or the Trustee if CERH in respect of the Warehouse Mortgage Loans or CHL in respect of the AU10 Mortgage Loans (as applicable) fails to repurchase or procure the repurchase of a Mortgage Loan when obliged to do so.

If CERH (in respect of the Warehouse Mortgage Loans) or CHL (in respect of the AU10 Mortgage Loans), as applicable, chooses to indemnify and keep indemnified the Issuer against all Liabilities relating to the breach of a Warranty, the amount payable by CERH or CHL, as applicable, pursuant to such indemnity shall not exceed the amount that would have been payable by CERH or CHL, as applicable, if it had repurchased that Mortgage Loan and its Related Security as of the applicable repurchase date. There can be no assurance that (taking into account, amongst other things, the performance of its other business at the

time) CERH in respect of any Warehouse Mortgage Loans or CHL in respect of any AU10 Mortgage Loans (as applicable) will honour, or have the financial resources to honour its obligation to repurchase or indemnify under any of these circumstances when the obligation to repurchase or indemnify becomes due. This may adversely affect the quality of the Mortgage Loans and their Related Security and accordingly the ability of the Issuer to make payments due on the Notes.

In addition, as the amount of any Liabilities is based upon the amount of, *inter alia*, actual costs, damages or loss suffered by the Issuer and which results directly from the particulars of the resulting breach of the relevant Warranty on the relevant Mortgage Loan, the amount of such Liabilities may not be known at the time at which the breach of the Warranty is discovered and further additional time (which could be months or years) may be required before any such actual loss (if any) can be determined. Depending upon the scenario at the time which leads the Issuer to suffer a loss on the applicable Mortgage Loan it may in addition be difficult to accurately assess and determine the level and amount of Liabilities which the resulting breach of the relevant Warranty actually contributed to the loss that the Issuer has suffered on such Mortgage Loan at such time (and to the extent such quantum cannot be agreed between (i) the Issuer and CERH in respect of the Warehouse Mortgage Loans, or (ii) the Issuer and CHL in respect of the AU10 Mortgage Loans, an independent auditor will be required to determine the quantum). Accordingly, any indemnity payment required to be made by CERH in respect of any breach of Warehouse Mortgage Loan Warranty and/or CHL in respect of any breach of AU10 Mortgage Loan Warranty may be uncertain as to appropriate quantum and also significantly delayed, both of which may impact the ability of the Issuer to meet its payment obligations under the Notes.

Product Switches, Further Advances and Flexible Drawings

A Borrower may apply for a Product Switch, Further Advance or a Flexible Drawing. A Mortgage Loan and its Related Security will be repurchased where (and before) a Further Advance is made and may be repurchased where a Product Switch or Flexible Drawing is made in the circumstances and for the consideration set out in "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*". There can be no assurance that CERH and/or CHL, as applicable, will have the financial resources to honour its repurchase obligations under the relevant Mortgage Sale Agreement. This may adversely affect the quality of the Mortgage Loans and their Related Security in the Mortgage Portfolio and accordingly the ability of the Issuer to make payments on the Notes. The yield to maturity of the Notes may be adversely affected by the repurchase of Mortgage Loans subject to Further Advances, Product Switches and Flexible Drawings.

The number of Further Advance, Flexible Drawing, Product Switch and porting requests received by the Legal Title Holder and/or the Servicer 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. As Principal Receipts will be used to pay amounts to the relevant Seller in respect of consideration for any Flexible Drawings, requests for Flexible Drawings will also affect the amount of Available Principal Receipts to meet payments of principal and (in the event of a shortfall) interest on the Notes.

Risks associated with Northern Irish Flexible Loans

If a Flexible Drawing in Northern Ireland is construed as a Further Advance, this may create an issue with priority of the associated Northern Irish Mortgage Loans because it is not possible to protect priority of loans made by Further Advances indefinitely in Northern Ireland. If a Flexible Drawing is construed as a Further Advance, priority might be capped or limited by virtue of a later charge or mortgage registered at the Land Registry of Northern Ireland after registration of the Northern Irish Mortgage Loans. Lenders are generally advised to conduct updated searches at the Land Registry of Northern Ireland before any Further Advances are made to ensure that no such charge or mortgage has been registered. Registration of inhibitions at the Land Registry of Northern Ireland will also provide a degree of protection if these were completed but will not apply to Northern Irish Mortgage Loans that are registered at the Registry of Deeds of Northern Ireland. Lack of priority in respect of any additional amounts drawn as a Flexible Drawing and subsequently construed as a Further Advance by the courts in Northern Ireland may adversely affect the Issuer's ability to make payments of principal on the Notes, and the amount that the Issuer may recoup

following enforcement under the Mortgage Loans may be limited due to the priority of later charges or mortgages.

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

A Borrower may apply for a Payment Holiday entitling the Borrower to not pay amounts that would otherwise be due under the Mortgage Loan, but to add any such payments that would otherwise have been made to the Current Balance of the Mortgage Loan or an Authorised Underpayment (to the extent of previous overpayments – including any overpayments made prior to the Closing Date or in respect of any retentions). Any Flexible Drawing will be funded by the Issuer from Principal Receipts, prior to application in accordance with the Pre-Enforcement Principal Priority of Payments.

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

Mortgage Loans were made to Borrowers with Credit Impairments

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

Risk of losses associated with self-certified Mortgage Loans

The Provisional Mortgage Portfolio includes approximately 4.73 per cent. of Mortgage Loans (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) in relation to which income and employment details of the relevant self-certified Borrower are substantiated by self-certification by the Borrower and such associated confirmation from their accountant may not have been subject to verification. The rate of delinquencies, write-offs, enforcements and losses on such Mortgage Loans may be higher as compared to Mortgage Loans in which support documentation has been provided (in respect of the income or employment details of the Borrower). Such delinquencies, enforcements and losses may lead to a reduction in the amounts available to the Issuer and ultimately affect its ability to make payments under the Notes and the Certificates.

Risk of losses associated with high Indexed LTV Mortgage Loans

As of the date of this Prospectus, approximately 0.26 per cent. of the Mortgage Loans by value have an indexed loan to value ratio (calculated by dividing the aggregate Current Balance of all sub-accounts with respect to each Mortgage Loan (including capitalised interest and capitalised fees) as at the Portfolio Reference Date by the latest valuation amount of the Property securing the sub-accounts indexed) in excess of 100 per cent. Mortgage Loans with higher loan to value ratios typically experience higher rates of delinquency, write offs, enforcement and bankruptcy than mortgage loans with lower loan to value ratios which may impact the ability of the Issuer to meet its payment obligations under the Notes.

Delinquencies or default by Borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations under the Mortgage Loans and approximately 1.37 per cent. of the Mortgage Loans in the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are in arrears of 30 days or more, and approximately 0.78 per cent. of the Mortgage Loans in the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are in enforcement procedures (meaning the relevant Mortgage Loans have been identified in the Data

Tape as being subject to litigation proceedings, but may not necessarily be in arrears). 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. Although interest rates are currently low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans.

Other factors in Borrowers' personal or financial circumstances may adversely 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 (and analogous arrangements) 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.

If a Borrower fails to repay its Mortgage Loan and the related Property is repossessed, the likelihood of there being a net loss on disposal of the Property is increased by a higher loan to value ratio (the "LTV"). See "*Declining property values*", above.

In order to enforce a power of sale in respect of a Property in England and Wales and in Northern Ireland, the relevant mortgagee (which may be the Legal Title Holder or the Issuer) 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 assuming certain risks. The court has a wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. Any possession order given in favour of the lender may be suspended to allow the Borrower more time to pay. In addition, if possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. In Scotland, enforcement remedies involve the heritable creditor (the Scottish equivalent to a mortgagee) following certain statutory procedures which are different to those which apply in England and Wales. 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 payment may be reduced further if the mortgagee's method for obtaining possession of properties permitted by law is restricted or limited in the future.

Collectability of Mortgages

The collectability of further amounts due under the Mortgage Loans are subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, real estate values, the financial standing of Borrowers and other similar factors. Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Other factors (which may not affect real estate values, such as Borrowers' personal or financial circumstances) may have an impact on the ability of Borrowers to repay Mortgage Loans. Unemployment, loss of earnings, redundancy, illness, divorce, older Borrowers with long mortgages, and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans.

If a Borrower fails to repay its Mortgage Loan and the related Property is repossessed, the likelihood of there being a net loss on disposal of the Property is increased by a higher "loan to value" ratio. See "*Declining Property Values*" above for further information.

Set-off risk due to payment protection insurance claim

There is a risk that the volume of claims for redress brought by claimants who claim they were mis-sold PPI against the mortgage lenders might impact the ability of the Issuer to make payments under the Notes and/or the Certificates. However, the FCA imposed deadline of 29 August 2019 for consumers to make

new complaints about undisclosed PPI has now passed. As such, any rights of set-off arising from PPI claims will only arise out of claims prior to such deadline.

Depending on the precise circumstances of each case, redress will normally involve calculating what the current balance of the Mortgage Loan would have been if the consumer had made the same monthly payments but without PPI, and may also include amounts by way of damages for distress/inconvenience. Generally, it is within claimants' rights to request that their PPI redress is set off against their balance, giving rise to a risk that the Issuer does not receive the full amount otherwise owed by the Borrower under the relevant Mortgage Loan.

Moreover, the claimant will generally have a claim against the relevant lender or broker, and consumers may bring claims against the lender, regardless of whether PPI was sold, for an unfair relationship where no disclosure of the amount of commission payable to the lender was disclosed to the consumer.

In the event that the lender or broker did not pay such redress to the borrower or the borrower sought to set off amounts under his or her Mortgage Loan, this may (to the extent that such amounts cannot be recovered by the Seller from the Originator (where the Originator has been fully indemnified against claims for payment protection insurance by Permanent TSB plc) or any group company of the Originator) have an adverse effect on the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans and the realisable value of the Mortgage Portfolio.

CHL as Legal Title Holder initially to retain legal title to the Mortgage Loans and risks relating to set-off

The sale of the Mortgage Loans (other than the Scottish Mortgage Loans) by the relevant Seller to the Issuer on the Closing Date takes effect in equity only. The sale of the Scottish Mortgage Loans by the relevant Seller to the Issuer will be given effect by a declaration of trust on the Closing Date whereby:

- (i) the Legal Title Holder will enter into a Scottish Declaration of Trust pursuant to which it will hold all its right, title, benefit and interest on and from the Closing Date in the Scottish Mortgage Loans on trust for the relevant Seller; and
- (j) the relevant Seller will agree to assign its interest as beneficiary under the Scottish Declaration of Trust to the Issuer pursuant to the Scottish Trust Transfer.

This means that legal title to the Mortgage Loans and their Related Security in the Portfolio will remain with the Legal Title Holder and will not be transferred to the Issuer until certain trigger events occur under the terms of the Mortgage Sale Agreements (see "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*" below).

The Issuer has not applied and will not apply (until the occurrence of certain perfection events) to the Land Registry, Registers of Scotland or the Land Registry of Northern Ireland to register or record its equitable interest in the English Mortgages and Northern Irish Mortgages and, in respect of the Scottish Mortgages, to register or record an assignation of the legal title in its name.

The consequences of the Issuer not obtaining legal title to the Mortgage Loans and their Related Security or the Properties secured thereby are set out below.

- (a) A *bona fide* purchaser from the Legal Title Holder for value of any of such Mortgage Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Mortgage Loan and its Related 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 Legal Title Holder of its contractual obligations or fraud, negligence or mistake on the part of the Legal Title Holder or its personnel or agents;
- (b) Although as between the Legal Title Holder and the Issuer, under the Servicing Agreement, the Legal Title Holder has agreed that it will not vary any of the terms of the Mortgage Loans or their Related Security except that it may in its capacity as Servicer vary certain terms in certain circumstances as set out in the Servicing Agreement, as between any Borrower and the Issuer, if the Legal Title Holder were to modify the terms of the Mortgage Loans and their Related Security

the revised terms would apply and, the Issuer would only have recourse against the Legal Title Holder for breach of contract or breach of trust;

- (c) Prior to the insolvency of the Legal Title Holder, unless (i) notice of the assignment is given to a Borrower who is a creditor of the Legal Title Holder in the context of the Mortgage Loans and their Related Security and (ii) an assignation of the Scottish Mortgage Loans and their Related Security is made by the Legal Title Holder in favour of the Issuer and notified to a Borrower, equitable or independent set-off rights may accrue in favour of a Borrower against its obligation to make payments to the Legal Title Holder 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 may not arise after the date notice is given;
- (d) Once notice has been given to the Borrowers of the assignment or assignation of the Mortgage Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Legal Title Holder will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Mortgage Loan such as in respect of a Flexible Drawing) will not be affected by that notice and will continue to exist (see "*Set-off risk may adversely affect the value of the Mortgage Portfolio or any part thereof*" below); and
- (e) Until notice of the assignment or assignation is given to the Borrowers, the Issuer would not be able to enforce any Borrower's obligations under a Mortgage Loan or Related Security itself but would have to join the Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the Mortgage Loan directly to the Legal Title Holder. However, the Legal Title Holder will undertake, pursuant to each Mortgage Sale Agreement, to hold any money repaid to it in respect of Mortgage Loans to the order of the Issuer. However, for so long as the Issuer does not have legal title, the Legal Title Holder will undertake for the benefit of the Issuer that it will lend its name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security.

If any of the risks described above were to occur then the realisable value of the Mortgage Portfolio or any part thereof may be adversely affected. Such risk will be mitigated by the Legal Title Holder granting to the Issuer and the Trustee a power of attorney to give them the power to do all further things and take all necessary action to perfect the transfer of legal title to the Mortgage Loans (as applicable) and their Related Security on the occurrence of a Perfection Trigger Event under each Mortgage Sale Agreement.

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

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

- (a) an equitable assignment in respect of the Mortgage Loans other than the Scottish Mortgage Loans; and
- (b) the relevant Seller assigning its interest in the Scottish Declaration of Trust in favour of the Issuer in respect of the Scottish Mortgage Loans pursuant to the Scottish Trust Transfer.

As a result, legal title to the Mortgage Loans and their Related Security sold by the Seller to the Issuer will remain with the Legal Title Holder until the occurrence of certain trigger events under the terms of the relevant Mortgage Sale Agreement. Once notice has been given to the Borrowers of the assignment or assignation of, or declaration of trust over (as applicable) the Mortgage Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Legal Title Holder (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 example, the relevant Borrower may set-off any successful claim for damages (or equivalent rights) against the Legal Title Holder (and, as equitable assignee of or holder of the beneficial interest in the Mortgage Loans and their Related Security in the Mortgage Portfolio, the Issuer) for payment of principal and/or interest under the relevant Mortgage Loan as and when it becomes due.

The amount of any such claim against the Legal Title Holder will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Legal Title Holder's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

If the Borrower is unable to obtain an alternative mortgage loan, it may have a claim in respect of other indirect losses arising from the Legal Title Holder's breach of contract where there are special circumstances communicated by the Borrower to the Legal Title Holder at the time the Borrower entered into the Mortgage or which otherwise were reasonably foreseeable. A Borrower may also attempt to set off an amount greater than the amount of its damages claim against its mortgage payments. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment or decree is obtained.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes.

Risks of losses associated with declining real estate values

An investment in securities such as the Notes and the Certificates that generally represent a secured debt obligation (the security being in respect of Loans beneficially owned by the Issuer) may be affected by, among other things, a decline in real estate values and changes in the Borrowers' financial condition. All of the Properties are located in England, Wales, Scotland or Northern Ireland. Certain areas of the United Kingdom may from time to time experience declines in real estate values such as has been seen in recent times. No assurance can be given that values of the Properties have remained or will remain at their levels on the dates of origination of the related Loans. If the residential real estate market in England, Wales, Scotland or Northern Ireland should experience an overall decline in property values such that the values of the Properties may have reduced during the period starting from the origination of the related Loans until the end of the maturity of the Notes, and the outstanding balances of the Loans become equal to or greater than the value of the Properties, such a decline could in certain circumstances result in the value of the interest in the Properties created by the Mortgages being significantly reduced and in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes and Certificates.

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

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

Issuer may not have direct rights against third parties

Each Seller has assigned its causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreements in respect of the Mortgage Loans other than the Scottish Mortgage Loans, to the extent that they are assignable. In respect of the Scottish Mortgage Loans, all rights that the Originator had in respect of any relevant solicitors or valuers in respect of the Scottish Mortgage Loans will be held

in trust for the Issuer pursuant to the terms of the Scottish Trust and Scottish Trust Transfer. However, in respect of the Warehouse Portfolio only, CERH GR2 (being the relevant Seller for the purposes of the Warehouse Mortgage Portfolio), was not the originator of the Mortgage Loans and the said rights may therefore not have been effectively assigned to it by the Originator or held on trust for it by the Originator. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the Originator in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent.

Servicing and Third Party Risk

Issuer reliance on other third parties

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes (see the section entitled "*Diagrammatic Overview of Transaction*" for summary of third parties relating to the transaction). In the event that any of such third parties were to fail to perform their obligations under the respective agreements to which they are a party, and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Mortgage Portfolio and/or payments to Noteholders and Certificateholders may be disrupted and Noteholders and/or Certificateholders may be adversely affected.

The Servicer and the Back-Up Servicer

The Servicer will be appointed by the Issuer to administer the Mortgage Loans. In case the appointment of the Servicer as servicer is terminated in accordance with the provisions of the Servicing Agreement, the Back-Up Servicer is required to perform the Services in respect of the Mortgage Loans on the terms set out in the Replacement Servicing Agreement.

If the appointment of the Servicer is terminated in accordance with the provisions of the Servicing Agreement and the performance of the Services is assumed by the Back-Up Servicer in accordance with the terms of the Replacement Servicing Agreement, the collection of payments on the Mortgage Loans and the provision of the Services could be disrupted during the transitional period in which the performance of the Services is transferred to the Back-Up Servicer. Any failure or delay in collection of payments on the relevant Mortgage Loans resulting from a disruption in the servicing of the Mortgage Loans could ultimately adversely affect payments of interest and principal on the Notes. A failure or delay in the performance of the services, in particular reporting obligations, could adversely affect the payments of interest and principal on the Notes.

If the appointment of the Back-Up Servicer is terminated or if the Back-Up Servicer is unable to perform the Services following a Servicer Termination Event, there can be no assurance that a replacement back-up servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans. In addition, any such substitute back-up servicer will be required to be authorised under FSMA in order to service Mortgage Loans that constitute Regulated Mortgage Contracts. The ability of any entity acting as a substitute back-up 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 back-up servicer may adversely affect payments on the Mortgage Loans and hence the Issuer's ability to make payments when due on the Notes.

Neither the Servicer nor the Back-Up Servicer has any obligation itself to advance payments that Borrowers fail to make in a timely fashion.

Certain material interests

The Arranger, the Bookrunner, the Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for CHL and CERH and its affiliates. In particular, the Arranger, certain Joint Lead Managers and their respective affiliates may provide financing secured by Mortgage Loans held by each Seller which may be refinanced with the proceeds of the issue of the Notes. Each of the Arranger, the Joint Lead Managers and/or their affiliates may also act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Notes, the Certificates or any other party. The Arranger, the Joint Lead Managers and/or their affiliates may hold Notes from time to time and each may exercise their rights as Noteholder in a manner which is adverse to the other Noteholders.

Other parties to the transaction may also perform multiple roles, including CHL who will act as (among other roles) the Legal Title Holder and the Servicer.

Nothing in the Transaction Documents shall prevent any of the parties to the Transaction Documents 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.

Accordingly, Noteholders should be aware that conflicts of interest may exist or may arise as a result of parties to this transaction:

- (a) having previously engaged or in the future engaging in transactions with other parties to the transaction;
- (b) having multiple roles in this transaction; and/or
- (c) carrying out roles in other transactions for third parties.

The Trustee is not obliged to act in certain circumstances

The 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 the Notes, the Certificates or the Trust Documents (including the Conditions and the Certificate Conditions) or of the other Transaction Documents to which it is a party and at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) or Certificate Condition 11 (*Certificates Events of Default*) unless it shall have been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class or in writing by the holders in aggregate of at least 25 per cent. in Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or if no Notes remain outstanding, of the number of the Certificates then in issue) and it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

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

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

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

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

Rights of Noteholders, Certificateholders and Secured Creditors

Risks relating to negative consent of Noteholders and Certificateholders in respect of amendments to the Transaction Documents under certain circumstances

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions, the Certificate Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary for the purpose of certain specified matters (as more fully set out in Condition 17.2 (*Additional Right of Modification*)) **provided that** Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not notified the Issuer or the Principal Paying Agent that they do not consent to the modification. As such, Noteholders and Certificateholders should be aware that the relevant modification may be effected regardless of their objections if the amount of Noteholders objecting represent less than 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding.

In addition, in relation to LFP Related Provisions, prior to the LF Cancellation Date only, the consent of the Liquidity Facility Provider shall be required. Thus Noteholders and Certificateholders should be aware that their consent or objection may not be sought in respect of such modifications.

The Trustee may also, without the consent of any of the Noteholders, the Certificateholders or other Secured Creditors, concur with the Issuer in substituting in place of the Issuer a Substituted Obligor as the principal debtor in respect of the Transaction Documents provided that certain conditions as set out in the Trust Deed are satisfied.

Meetings of Noteholders and Certificateholders, Modification and Waivers

The Conditions and the Certificate Conditions contain provisions for calling meetings of Noteholders and Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Certificateholders including Noteholders and Certificateholders who did not attend and vote at the relevant meeting and Noteholders and Certificateholders who voted in a manner contrary to the requisite majority for such vote. In addition, the Trust Deed provides that the Trustee may (but subject in each case to the more detailed provisions of the Trust Deed), concur with the Issuer in making certain formal, minor or technical amendments or amendments that will not be materially prejudicial to the interests of holders of the Most Senior Class outstanding (other than a Reserved Matter), or authorise or waive a breach of a Transaction Document or occurrence of an Event of Default or Certificates Event of Default if holders of the Most Senior Class outstanding will not be materially prejudiced thereby. Thus, Noteholders and Certificateholders should be aware that certain amendments and waivers may be effected without their consent and at the discretion of the Trustee from time to time.

The Trustee (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) is also obliged, in certain circumstances, to agree to amendments to the Conditions, the Certificate Conditions or the Transaction Documents for, among other reasons, 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 without the consent of Noteholders following a request for consent having been given to the Noteholders or the Certificateholders but an insufficient number of Noteholders or Certificateholders notifying the Issuer or the Principal Paying Agent that they do not consent to such amendments (see "*Rights of Noteholders, Certificateholders and Secured Creditors – Risks relating to negative consent of Noteholders and Certificateholders in respect of amendments to the Transaction Documents under certain circumstances*" above). Noteholders and Certificateholders should be aware that such amendments may therefore be effected regardless of their objections, if the number of objecting Noteholders or Certificateholders are insufficient.

Conflict between Noteholders, Certificateholders and other Secured Creditors

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders, the Certificateholders and the other Secured Creditors as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

However, if, in the opinion of the Trustee, there is a conflict between the interests of holders of different Classes, the Trustee will have regard only to the interests of (i) whilst there are Notes outstanding, the holders of the Most Senior Class of Notes and will not have regard to any lower ranking Class of Notes or the Certificates and (ii) whilst there are no Notes outstanding, holders of the Certificates, and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to them and to act in accordance with the applicable Priority of Payments. As a result, holders of Notes and Certificates may not have their interests taken into account by the Trustee when the Trustee exercises discretion.

Investors should be aware that the Retention Holder will hold, either directly or through a directly or indirectly majority-owned affiliate, for the life of the transaction, a material net economic interest of not less than 5 per cent. in the securitisation in order to comply with the EU Retention Requirement and, either directly or through a majority-owned affiliate, the U.S. Required Risk Retention Interest in order to comply with U.S. Credit Risk Retention Requirements. The foregoing required risk retention holdings represent a material holding. The Retention Holder or its affiliates are under no obligation to consider the interests of other Noteholders and Certificateholders when exercising their rights under the Notes and the Certificates (with respect to not only the securities held to satisfy the required risk retention, but also any other Notes or the Certificates which they may own) and may, subject to certain restrictions, exercise voting rights in respect of the Notes and the Certificates held by it in a manner which may be prejudicial to other Noteholders or Certificateholders. As such, the Retention Holder will be a Relevant Person.

Certain Regulatory Considerations in relation to Mortgage Loans***Potential effects of current regulations, any additional regulatory changes and uncertainty of regulatory regimes***

In the United Kingdom, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking from each of the FCA, PRA and CMA. In recent years there have been several issues in the UK financial services industry in which the FCA has intervened directly, including the sale of personal pensions and the sale of mortgage-related endowments. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Sellers' particular sector in that market or specifically in relation to the Sellers. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the group and its businesses and operations.

Further, the Financial Ombudsman decides complaints on a case by-case basis and is required to make decisions on the basis of, among other things, the principles of fairness. Therefore, it is not possible to predict the decisions of the Financial Ombudsman. There is however a risk that a decision of the Financial Ombudsman may affect the ability of the Issuer to make payments to Noteholders if such decision affects the terms of the Mortgage Loans and means the Issuer does not receive all payments of principal and interest from Borrowers as was expected. The Sellers have confirmed that, in respect of the Mortgage Loans, there has been one successful borrower complaint brought before the Financial Ombudsman Service since 2015. See "*Mortgage Regulation in the United Kingdom*" more generally for certain regulatory considerations and risks.

In addition, there is a risk that Mortgage Loans may be subject to remediation exercises from time to time as a result of review by the FCA. There can be no guarantee that, upon review of the Mortgage Loans, the FCA will not require the Legal Title Holder to undertake remediation exercises by making compensation payments to the relevant Borrowers and/or adjusting the Current Balance of the affected Mortgage Loans. Any such remediation exercise may therefore have an adverse effect on the Issuer's ability to make payments under the Notes and/or Certificates.

Regulation relating to obtainment of vacant possession

Various pieces of legislation across England, Scotland, Northern Ireland and Wales may also place restrictions on the right of the Legal Title Holder to obtain vacant possession, to exercise its power of sale, or to initiate responsive action. For example, the Mortgage Repossession (Protection of Tenants etc.) Act 2010 gives courts in England and Wales the power to postpone for up to two months (on application by a tenant in possession without the lender's consent) as exists for applications by tenant's that are authorised, while the Private Housing (Tenancies) (Scotland) Act 2016 introduces a new form of tenancy that restricts landlord's ability to regain possession of the property to a number of specific eviction grounds. These, and other pieces of legislation present a risk that recovery of both principal and interest from the Mortgage Loans is affected. If such recovery is affected, this may restrict the ability of the Issuer to make payments under the Notes and Certificates.

In addition, the regulatory authorities in the United Kingdom continue to scrutinise the banking industry and as such there is a risk that changes are made to the existing regulatory regime or that additional regulations or guidance from the FCA, the CMA, the PRA, the Ombudsman or that any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Sellers' particular sector in that market or specifically in relation to the Sellers. Any such action or developments may mean there are additional regulatory obligations in respect of the Mortgage Loans or for the Sellers, the Issuer and/or the Servicer and their respective businesses and operations, therefore leading to increased costs of compliance. In turn, this may adversely affect the Issuer's ability to make payments in full on the Notes when due and to make payments on the Certificates.

Regulation of buy-to-let mortgage loans

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be: (a) unregulated; (b) a Regulated Credit Agreement; (c) a Regulated Mortgage Contract; or (d) Consumer Buy-to-Let Mortgage Loans. Although the Mortgage Loans should be unregulated there is no guarantee of this classification and a risk that they are categorised under a different regulatory regime. If any of the Mortgage Loans are in fact categorised differently, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Mortgage Loans, interest payable under the Mortgage Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Mortgage Loans. If the Mortgage Loans are held as unenforceable or the Borrowers are able to claim damages, there is a material risk that this would affect the ability of the Issuer to make payment in full on the Notes when due because of reduced overall payments from the Borrowers.

Unfair Terms in Consumer Contracts Regulations and the CRA

In the United Kingdom, the UTCCR applies to business-to-consumer agreements made on or after 1 July 1995 but prior to 1 October 2015 (with a "consumer" within the meaning of the UTCCR), where the terms have not been individually negotiated. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and also applies to notices of variation after this date. The main provisions of the CRA came into force on 1 October 2015. The CRA is only applicable to contracts that (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA.

Under each of the UTCCR and the CRA, it is possible for a consumer (which would include a borrower under all or almost all of the Mortgage Loans) to challenge a term in a consumer contract on the basis that it is unfair and therefore not binding on the consumer or for the regulator to take enforcement action to stop the use of terms which are considered to be unfair (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term). Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

The UTCCR and CRA will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and

intelligible language and are drawn adequately to the consumer's attention. Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Terms falling within the "grey list" may be assessed for fairness whether or not they relate to the main subject matter of the contract or the adequacy of consideration. Further, a term will not escape assessment for fairness on the basis that it has been individually negotiated. 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". It should be noted that 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.

The UTCCR and CRA may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. In respect of variation notices, these will be unfair if they cause a significant imbalance in the parties rights to the detriment of the consumer. If notices are found to be unfair, they will not be binding on the consumer.

The extremely broad and general wording of the CRA and UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans or variation notices which have been made to Borrowers covered by the UTCCR or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If the terms of the underlying loans are held as unenforceable, this could mean a Borrower is not liable to pay certain interest or other charges which would mean the Issuer receives lower payments from the Borrowers, in turn affecting the Issuer's ability to make payments under the Certificates and payments of interest and/or principal due and other payments on the Notes and Certificates. See "*Mortgage Regulation in the United Kingdom*" more generally for certain regulatory considerations and risks.

Certain Regulatory Considerations Relevant for Potential Investors and their Investment in the Notes

EU Securitisation Regulation

The EU Securitisation Regulation applies to securitisations, the securities of which are issued on or after 1 January 2019. The EU Securitisation Regulation includes revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and new due diligence requirements imposed on Affected Investors in a securitisation. If the due diligence requirements under the EU Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the Affected Investor. Please also see the risk factor entitled "*Absence of Secondary Market for the Notes*" above.

In addition, the EU Securitisation Regulation (and in particular, Article 7) imposes certain enhanced disclosure requirements in respect of all securitisation transactions. As of the Closing Date, the final ESMA disclosure templates to be completed in accordance with Article 7 of the EU Securitisation Regulation were not available. The date of publication of the final ESMA disclosure templates is unclear, and this may, amongst other things, adversely affect the ability of the Issuer (in its capacity as the designated entity pursuant to Article 7(2) of the EU Securitisation Regulation) and thus the transaction contemplated by this Prospectus, to comply with the disclosure requirements set out in the EU Securitisation Regulation. Such non-compliance may result in financial penalties towards the Issuer that may impact the Issuer's ability to make payments under the Notes and may adversely affect the liquidity and/or value of the Notes.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of both the asset-backed securities ("**ABS**") and mortgage-backed securities ("**MBS**") markets. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in ABS/MBS securitisation

exposures and/or the incentives for certain investors to such securities, and may thereby have a negative impact on such investors' liquidity in such instruments. Such potential capital charges are individual to investors in the Notes and as such investors are responsible for analysing their own regulatory position and none of the Issuer, the Lead Manager, the Arranger or any other transaction party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

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 of the Notes should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

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

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

Raising of financing against Notes held for risk retention purposes

On or after the Closing Date, the Retention Holder is likely to directly or indirectly obtain funding to finance its economic exposure to some or all of the EU Retention Notes required to be retained by it as originator in compliance with the Article 6(1) of the EU Securitisation Regulation and the U.S. Required Risk Retention Interest required to be retained in compliance with the U.S. Credit Risk Retention Requirements. Such financing is likely to be provided by one or more of the Joint Lead Managers or certain of the affiliates and may require the grant of a security interest over such financed EU Retention Notes and U.S. Required Risk Retention Interest and the posting of a daily mark-to-market margin by the Risk Retention Holder and may result in the financing counterparty having enforcement rights and remedies in case of an event of default (including but not limited to failure to post any daily margin) which may include the right to appropriate or sell the EU Retention Notes and the U.S. Required Risk Retention Interest. In carrying out any such sale or appropriation, the financing counterparty would not be required to have regard for the EU Securitisation Regulation and the U.S. Credit Risk Retention Requirements and any such sale or appropriation may therefore cause the Retention Holder to be out of compliance with the EU Securitisation Regulation and the U.S. Credit Risk Retention Requirements. In such an event, with respect to the EU Securitisation Regulation, Notes held by other investors could be subject to an increased regulatory capital charge levied by a relevant regulator with jurisdiction over any such investor, and, also, with respect to both the U.S. Credit Risk Retention Requirements and the EU Securitisation Regulation, the price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted, as certain investors may not be able to purchase the Notes due to their non-compliance and investors generally may be unwilling or unable to acquire Notes that are non-compliant. Additionally, under the U.S. Credit Risk Retention Requirements, the Retention Holder or its majority-owned affiliate may not engage in any hedging transactions that reduce or limit its credit exposure to the U.S. Required Risk Retention Interest. The price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted by any such hedging transaction.

U.S. Credit Risk Retention

The U.S. Credit Risk Retention Requirements generally require "securitizers" to retain not less than 5 per cent. of the credit risk of a securitisation and generally prohibit a securitizer from directly or indirectly

eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015. The Retention Holder will hold, directly or through a majority-owned affiliate, the required credit risk by holding the U.S. Required Risk Retention Interest as described in "*Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements*". If the Retention Holder or a majority-owned affiliate fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, the value and liquidity of the Notes may be adversely impacted.

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

Basel III has been implemented in the EEA through CRD IV. The CRR establishes a single set of prudential rules for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio) and the net stable funding ratio which apply directly to all credit institutions in the EEA, with the CRD containing less prescriptive provisions which (unlike the CRR, which applies across the European Union without the need for any member state-level legislation) are required to be transposed into national law. Together the CRR and CRD reinforce capital standards and establish a leverage ratio backstop. As CRD IV allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

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

Certain Insolvency Risks

English and Northern Irish 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. If certain insolvency proceedings are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

The Insolvency Act 1986 (the "**Insolvency Act**") (in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 as amended in March 2006) allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charge created by the Issuer and granted by way of security to the Trustee. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent which may lead to the ability to realise the Security being delayed and/or the value of the Security being impaired.

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 Insolvency Act, 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 and the Certificateholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

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 or the Certificateholders would not be adversely affected by the application of insolvency laws (including English and Northern Irish insolvency laws).

Fixed charges may take effect under English and Northern Irish law as floating charges

The law in England, Wales and Northern Ireland relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in

security) may take effect under English law or the laws of Northern Ireland as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the Charged Property. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 251 of the Enterprise Act 2002 (in Northern Ireland, article 6 of the Insolvency (Northern Ireland) Order 2005) abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act (in Northern Ireland, article 150A of the Insolvency (Northern Ireland) Order 1989) requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders which could have a material adverse effect on the Issuer's ability to make payments under the Notes in full. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

Liquidation expenses

On 6 April 2008, a provision in the Insolvency Act 1986 (in Northern Ireland, the Insolvency (Northern Ireland) Order 2005) came into force which effectively reversed by statute the House of Lords' decision in the case of *Re Leyland Daf* [2004] UK HL9 in 2004. Accordingly, it is now the case that, in general 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 (in Northern Ireland, the Insolvency Rules (Northern Ireland) 1991).

On this basis and as a result of the changes described above, in a winding up of the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes and Certificates will not be adversely affected by such a reduction in floating charge realisations.

Certain Tax Considerations

Securitisation Company Tax Regime

The TSC Regulations, as amended, deal with the corporation tax position of securitisation companies such as the Issuer with effect for periods of account beginning on or after 1 January 2007.

If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. Based on advice received, the Issuer expects to be taxed under the special tax regime for which provision is made by the TSC Regulations.

Investors should note, however, that the TSC Regulations are in short-form and advisors rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the regime.

Prospective Noteholders should note that if the Issuer did not fall to be taxed under the regime then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the deduction of interest paid on the Notes could well be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Noteholders and the Certificateholders.

Withholding tax

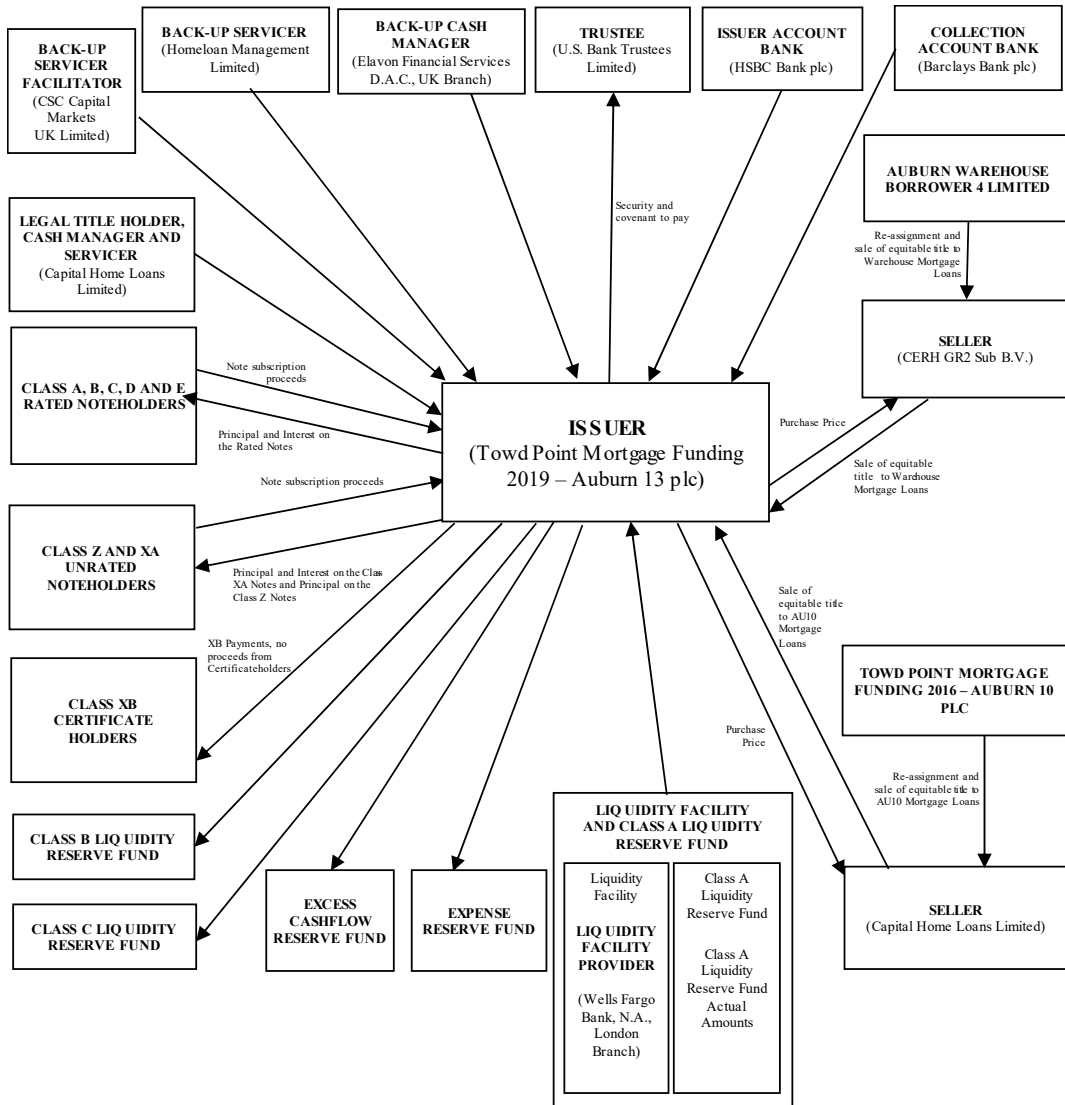
In the event that any withholding or deduction for or on account of United Kingdom income tax is imposed in respect of payments made to the Noteholders under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction.

Effects of change of taxation law

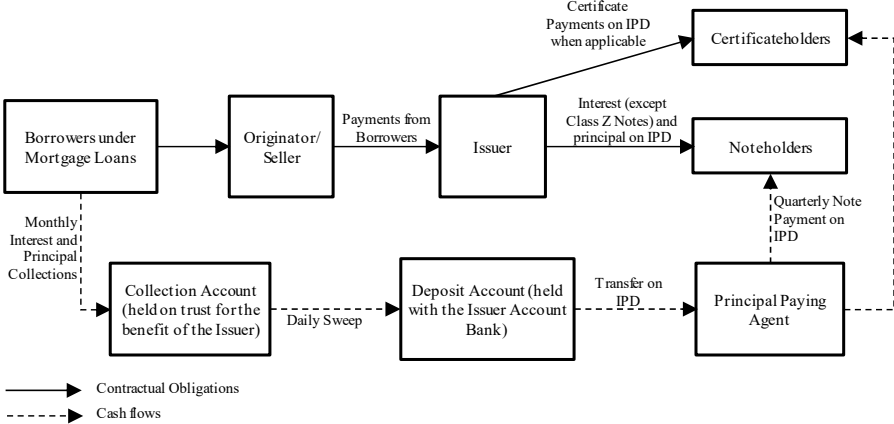
The structure of the transaction as described in this Prospectus and, *inter alia*, the issue of the Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Mortgage Portfolio, and having regard to the expected tax treatment of the transaction under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

DIAGRAMMATIC OVERVIEW OF TRANSACTION

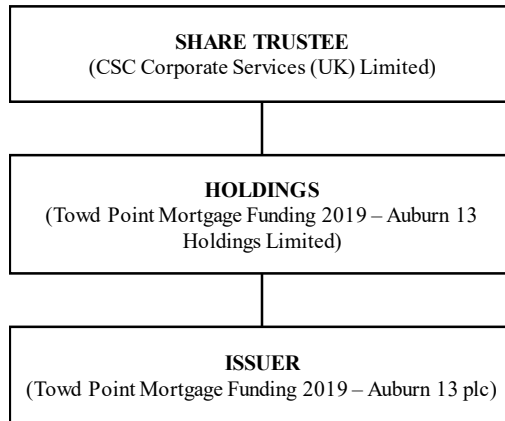
DIAGRAMMATIC OVERVIEW OF TRANSACTION



DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOW



OWNERSHIP STRUCTURE DIAGRAM



The entire issued share capital of the Issuer is beneficially owned by Holdings.

The entire issued share capital of Holdings is held by the Share Trustee under a declaration of trust, the benefit of which is expressed to be for discretionary purposes.

None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

TRANSACTION OVERVIEW

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

TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed / Further Information
Issuer:	Towd Point Mortgage Funding 2019 – Auburn 13 plc	Level 37 25 Canada Square Canary Wharf London E14 5LQ	N/A See the section entitled " <i>The Issuer</i> " for further information.
Holdings:	Towd Point Mortgage Funding 2019 – Auburn 13 Holdings Limited	Level 37 25 Canada Square Canary Wharf London E14 5LQ	N/A See the section entitled " <i>Holdings</i> " for further information.
Seller, Legal Title Holder, Servicer, Cash Manager and Originator:	Capital Home Loans Limited	Admiral House, Harlington Way Fleet, Hampshire GU51 4YA	Mortgage Sale Agreement and Servicing Agreement See sections entitled " <i>CHL – A Seller, the Legal Title Holder, the Servicer and the Originator</i> ", " <i>Servicing</i> " and " <i>The Mortgage Portfolio</i> " for further information.
Seller:	CERH GR2 Sub B.V.	Oude Utrechtseweg 32 3743 KN Baarn The Netherlands	Mortgage Sale Agreement See the section entitled " <i>CERH GR2 – A Seller</i> " for further information.
Co-Sponsor and Retention Holder:	Cerberus European Residential Holdings B.V.	Oude Utrechtseweg 32 3743 KN Baarn The Netherlands	See the section entitled " <i>CERH – A Co-Sponsor and the Retention Holder and Firstkey – A Co-Sponsor</i> " for further information.
Co-Sponsor:	FirstKey Mortgage, LLC	900 Third Avenue Suite 500 New York NY 10022	See the section entitled " <i>CERH – A Co-Sponsor and the Retention Holder and Firstkey – A Co-Sponsor</i> " for further information.
Liquidity Facility Provider:	Wells Fargo Bank, N.A., London Branch	33 King William Street London EC4R 9AT	Liquidity Facility Agreement See the sections entitled " <i>Liquidity Facility Agreement and Class A Liquidity Reserve Fund</i> " and " <i>Wells Fargo Bank, N.A., London Branch – The Liquidity Facility Provider</i> " for further information.

Party	Name	Address	Document under which appointed / Further Information
Principal Paying Agent, Agent Bank, the and Registrar	Elavon Financial Services D.A.C., UK Branch	125 Old Broad Street London EC2N 1AR	Agency Agreement See sections entitled " <i>U.S. Bank, Elavon and U.S. Bank Global Corporate Trust Limited – The Principal Paying Agent, the Back-Up Cash Manager, Agent Bank and Registrar</i> ", " <i>Cash Management</i> " and " <i>The Mortgage Portfolio</i> " for further information.
Back-Up Cash Manager	U.S. Bank Global Corporate Trust Limited	125 Old Broad Street London EC2N 1AR	Back-Up Cash Management Agreement See sections entitled " <i>U.S. Bank, Elavon and U.S. Bank Global Corporate Trust Limited – The Principal Paying Agent, the Back-Up Cash Manager, Agent Bank and Registrar</i> " and " <i>Cash Management</i> " for further information.
Issuer Account Bank:	HSBC Bank plc	8 Canada Square London E14 5HQ	Account Bank Agreement
Back-Up Servicer:	Homeloan Management Limited	The Pavilions, Bridgwater Road, Bristol BS13 8AE	Back-Up Servicing Agreement See the section entitled " <i>Servicing</i> " " <i>HML – The Back-Up Servicer</i> " for further information.
Trustee:	U.S. Bank Trustees Limited	125 Old Broad Street, London EC2N 1AR	Trust Deed and Deed of Charge See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
Collection Account Bank:	Barclays Bank PLC	9 th Floor 5 The North Colonnade Canary Wharf London E14 4BB	Collection Account Declaration of Trust
Corporate Services Provider and Back-Up Servicer Facilitator:	CSC Capital Markets UK Limited	Level 37 25 Canada Square Canary Wharf London E14 5LQ	Corporate Services Agreement Servicing Agreement Cash Management Agreement

Party	Name	Address	Document under which appointed / Further Information
			See the sections entitled " <i>The Issuer</i> " and " <i>Servicing</i> " for further information.
Share Trustee:	CSC Corporate Services (UK) Limited	Level 37 25 Canada Square Canary Wharf London E14 5LQ	Share Trust Deed
Arranger and Bookrunner:	Merrill Lynch International	Bank of America Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ	Subscription Agreement
Joint Lead Managers:	Merrill Lynch International	Bank of America Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ	Subscription Agreement
	Merrill Lynch, Pierce, Fenner & Smith Incorporated	One Bryant Park New York NY 10036 United States	See the section entitled " <i>Subscription and Sale</i> " for further information.
	Wells Fargo Securities International Limited	33 King William Street London EC4R 9AT	
	Wells Fargo Securities, LLC	375 Park Avenue New York New York 10152 United States	
Auditors of the Issuer:	KPMG LLP	15 Canada Square, London E14 5GL	N/A
Irish Listing Agent:	Arthur Cox Listing Services Limited	Ten Earlsfort Terrace, Dublin 2 Ireland	N/A
Euronext Dublin:	Irish Stock Exchange plc trading as Euronext Dublin	28 Anglesea Street Dublin 2 Ireland	N/A
Rating Agencies:	Fitch Ratings Ltd	30 North Colonnade London E14 5GN	Class A1 Notes, Class A2 Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes only
	Standard & Poor's Credit Market	20 Canada Square Canary Wharf	

Party	Name	Address	Document under which appointed / Further Information
	Services Europe Limited	London E14 5LH	
Clearstream:	Clearstream Banking <i>société anonyme</i>	42 Avenue J.F. Kennedy 1855 Luxembourg	
Euroclear:	Euroclear Bank S.A./N.V.	1 Boulevard du Roi Albert II B 1210 Brussels Belgium	

FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	<u>Class A1 Notes</u>	<u>Class A2 Notes</u>	<u>Class B Notes</u>	<u>Class C Notes</u>	<u>Class D Notes</u>	<u>Class E Notes</u>	<u>Class Z Notes</u>	<u>Class XA Notes</u>	<u>Class XB Certificates</u>
<i>Initial Principal Amount:</i>	£1,245,168,000	£39,816,000	£50,676,000	£25,338,000	£21,718,000	£14,479,000	£50,676,000	£5,000,000	N/A
<i>Note Credit Enhancement:</i>	Subordination of the Class A2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and excess Available Revenue Receipts	Subordination of the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and excess Available Revenue Receipts	Subordination of the Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and excess Available Revenue Receipts	Subordination of the Class D Notes, Class E Notes, Class XA Notes and excess Available Revenue Receipts	Subordination of the Class E Notes, Class Z Notes, Class XA Notes and excess Available Revenue Receipts	Subordination of Class Z Notes, Class XA Notes and excess Available Revenue Receipts	Subordination of the Class XA Notes and excess Available Revenue Receipts	Subordination of excess Available Revenue Receipts	N/A
<i>Benefit of Liquidity Facility</i>	Yes	Yes	No	No	No	No	No	No	No
<i>Liquidity Support:</i>	(i) Principal Addition Amounts and (ii) at all times subordination in payment of the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and Class XB Certificates and, following the service of an Enforcement Notice, subordination of the Class A2 Notes. On and from the Liquidity Facility Replacement Date, Class A Liquidity Reserve Fund Actual Amounts and (prior to LF Cancellation Date) the Liquidity Facility (subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(i) Principal Addition Amounts and (ii) at all times subordination in payment of the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and Class XB Certificates. On and from the Liquidity Facility Replacement Date, Class A Liquidity Reserve Fund Actual Amounts and (prior to LF Cancellation Date) the Liquidity Facility (subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(i) where the Class B Notes are the Most Senior Class, Principal Addition Amounts and (ii) at all times subordination in payment of the Class C Notes, Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and Class XB Certificates. Amounts standing to the credit of the Class B Liquidity Reserve Fund On and from the FORD, the Excess Cashflow Reserve Fund. (subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(i) where the Class C Notes are the Most Senior Class, Principal Addition Amounts and (ii) at all times subordination in payment of the Class D Notes, Class E Notes, Class Z Notes, Class XA Notes and Class XB Certificates. Amounts standing to the credit of the Class C Liquidity Reserve Fund On and from the FORD, the Excess Cashflow Reserve Fund. (subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(i) where the Class D Notes are the Most Senior Class, Principal Addition Amounts and (ii) at all times subordination in payment of Class E Notes, Class Z Notes, Class XA Notes and Class XB Certificates. On and from the FORD, the Excess Cashflow Reserve Fund. (subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(i) where the Class E Notes are the Most Senior Class, Principal Addition Amounts and (ii) at all times subordination in payment of the Class Z Notes, Class XA Notes and Class XB Certificates. On and from the FORD Excess Cashflow Reserve Fund. (subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	At all times subordination in payment of the Class XA Notes and Class XB Certificates.	At all times subordination in payment of Class XB Certificates.	N/A
<i>Issue Price</i>	99.556%	99.508%	98.547%	98.697%	98.991%	98.995%	73.630%	100.000%	N/A

FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	<u>Class A1 Notes</u>	<u>Class A2 Notes</u>	<u>Class B Notes</u>	<u>Class C Notes</u>	<u>Class D Notes</u>	<u>Class E Notes</u>	<u>Class Z Notes</u>	<u>Class XA Notes</u>	<u>Class XB Certificates</u>
<i>Rate of Interest (per annum) on and prior to the FORD</i>	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	N/A	Reference Rate plus Margin	N/A
<i>Rate of Interest (per annum) following the FORD</i>	Reference Rate plus Step-Up Margin	Reference Rate plus Step-Up Margin	Reference Rate plus Step-Up Margin	Reference Rate plus Step-Up Margin	Reference Rate plus Step-Up Margin	Reference Rate plus Step-Up Margin	N/A	Reference Rate plus Step-Up Margin	N/A
<i>Reference Rate</i>	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A	Compounded Daily SONIA	N/A
<i>Margin:</i>	0.90%	0.90%	1.20%	1.50%	1.85%	2.10%	N/A	2.50%	N/A
<i>Step-Up Margin:</i>	1.35%	1.35%	1.80%	2.25%	2.775%	3.10%	N/A	2.50%	N/A
<i>Interest Accrual Method:</i>	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	N/A	Actual/365 (Fixed)	N/A
<i>Calculation Date:</i>	The third Business Day prior to each Interest Payment Date								N/A
<i>Interest Payment Dates:</i>	Interest and principal will be payable quarterly in arrear on the 20th day of each of January, April, July and October								N/A
<i>Business Day Convention:</i>	Modified Following								N/A
<i>First Interest Payment Date:</i>	The Interest Payment Date falling in January 2020								N/A
<i>First Interest Period:</i>	The period from the Closing Date to the Interest Payment Date falling in January 2020								N/A
<i>FORD</i>	The Interest Payment Date falling in October 2022								N/A
<i>Pre-FORD Redemption profile:</i>	Pass through redemption on each Interest Payment Date. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>)								
<i>Post-FORD Redemption profile:</i>	Pass through redemption on each Interest Payment Date. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>)								
<i>Other Early Redemption in Full Events:</i>	Tax/illegality/regulatory/clean-up call. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>)								
<i>Final Maturity Date:</i>	The Interest Payment Date falling in July 2045								N/A
<i>Form of the Notes / Certificates:</i>	Registered								

FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class Z Notes	Class XA Notes	Class XB Certificates
<i>Application for Listing:</i>	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A
<i>Regulation S ISIN:</i>	XS2053911181	XS2062950311	XS2053911348	XS2053911850	XS2053912155	XS2053912312	XS2053913716	XS2053913989	N/A
<i>Regulation S Common Code:</i>	205391118	206295031	205391134	205391185	205391215	205391231	205391371	205391398	N/A
<i>Rule 144A ISIN:</i>	XS2053911264	XS2062950584	XS2053911421	XS2053911934	XS2053912239	XS2053913393	XS2053913807	XS2053914011	N/A
<i>Rule 144A Common Code:</i>	205391126	206295058	205391142	205391193	205391223	205391339	205391380	205391401	N/A
<i>Regulation S Minimum Denomination:</i>	£100,000 and integral multiples of £1,000 in excess thereof.								
<i>Rule 144A Minimum Denomination:</i>	£250,000 and integral multiples of £1,000 in excess thereof.								
<i>Expected Ratings:</i>	AAAsf / AAAsf	AAAsf / AAAsf	AAsf / AAsf	A+sf / Asf	Asf / BB+sf	BBBsf / Bsf	Not rated	Not rated	Not rated
<i>(Rating Agency)</i>	(S&P/Fitch)	(S&P/Fitch)	(S&P/Fitch)	(S&P/Fitch)	(S&P/Fitch)	(S&P/Fitch)	N/A	N/A	N/A

**OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES AND THE
CERTIFICATES**

**Form, Registration and
Transfer of the Notes:**

The Notes of each Class sold outside the United States to non-U.S. Persons in reliance on Regulation S will be represented on issue by beneficial interests in one or more Global Notes in fully registered form without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Global Note may at any time be held only through and transfers thereof will only be effected through records maintained by Euroclear and Clearstream, Luxembourg. See "*Description of the Notes in Global Form*".

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States or other applicable jurisdiction. Accordingly, the Notes are being offered and sold only (A) to QIBs acting for their own account, or for the account or benefit of one or more QIBs, in reliance on Rule 144A and (B) outside the United States to persons other than U.S. Persons in reliance on Regulation S. The Notes may be resold or otherwise transferred, subject to other restrictions on transfer described herein, only (A) to QIBs acting for their own account, or for the account of one or more QIBs, in reliance on Rule 144A or another exemption from registration under the Securities Act or (B) outside the United States to persons other than U.S. Persons in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act.

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. See "*Description of the Notes in Global Form*" and "*Transfers and Transfer Restrictions*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. See "*Transfers and Transfer Restrictions*". The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See "*Terms and Conditions of the Notes – 4. Title and Transfer*".

Except in the limited circumstances described herein, Definitive Certificates will not be issued in exchange for beneficial interests in the Global Notes. See "*Description of the Notes in Global Form – Issuance of Definitive Notes*".

The Regulation S Global Notes are intended to be held under the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations.

Certificates:

On the Closing Date, the Issuer will also issue the Class XB Certificates as certificates constituted under the Trust Deed representing the right to receive the XB Payments.

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons unless pursuant to

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an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state of the United States or other applicable jurisdiction. Accordingly, the Certificates are being offered and sold only (A) to QIBs acting for their own account, or for the account or benefit of one or more QIBs, in reliance on Rule 144A and (B) outside the United States to persons other than U.S. Persons in reliance on Regulation S. The Certificates may be resold or otherwise transferred, subject to other restrictions on transfer described herein, only (A) to QIBs acting for their own account, or for the account of one or more QIBs, in reliance on Rule 144A or another exemption from registration under the Securities Act or (B) outside the United States to persons other than U.S. Persons in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Certificates may be relying on an exemption from the provisions of Section 5 of the Securities Act.

Transfers of interests in the Certificates are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. See "*Description of the Certificates*" and "*Transfers and Transfer Restrictions*". Each purchaser of Certificates in making its purchase will be required to make, or will be deemed to have made, certain acknowledgments, representations and agreements. See "*Transfers and Transfer Restrictions*". The transfer of Certificates in breach of certain of such representations and agreements will result in affected Certificates becoming subject to certain forced transfer provisions. See "*Terms and Conditions of the Certificates – 4. Title and Transfer*".

The Certificates will be issued in registered form. Each Class of the Certificates will be issued pursuant to Regulation S and Rule 144A but will not be listed and will not be cleared. See "*Description of the Certificates*" below.

Sequential Order:

The Notes will rank in sequential order in relation to payments of interest and principal, being first the Class A Notes, then the Class B Notes, then the Class C Notes, then the Class D Notes and then the Class E Notes then (in respect of principal only) the Class Z Notes and then the Class XA Notes. With respect to the Class A Notes, prior to the service of an Enforcement Notice, interest due and payable on the Class A2 Notes will be paid *pro rata* and *pari passu* with the Class A1 Notes in accordance with the Pre-Enforcement Revenue Priority of Payments. Prior to the service of an Enforcement Notice and/or the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Notes will be paid *pro rata* and *pari passu* with the Class A1 Notes in accordance with the Pre-Enforcement Principal Priority of Payments (provided that at all times (x) PDL Principal Receipts and (y) Available Revenue Receipts utilised pursuant to the Pre-Enforcement Expenses Priority of Payments to pay principal on the Class A Notes will, in each case, be paid first to the Class A1 Notes and second to the Class A2 Notes). Following the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Notes will be paid sequentially to the Class A1 Notes in accordance with the Pre-Enforcement Principal Priority of Payments. Following the service of an Enforcement Notice, interest and principal due and payable on the Class A2 Notes will be paid sequentially to the Class A1 Notes in accordance with the Post-Enforcement Priority of Payments. Within each Class of Notes, those Notes will rank *pari passu* without preference or priority among

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themselves in relation to payments of interest and principal at all times as provided in the Conditions and the Transaction Documents.

The Class XB Certificates rank *pari passu* without preference among themselves in relation to payment of the XB Payment amount at all times, but shall be subordinate to all Classes of Notes, as provided in the Conditions and the Transaction Documents. XB Payments will be payable in arrear on each Interest Payment Date from (and including) the Closing Date.

Payments of principal in relation to all Classes of Notes will be subordinate to payments of: (i) Principal Addition Amounts; (ii) on and following the Liquidity Facility Replacement Date, any amounts to be credited to the Class A Liquidity Reserve Fund Ledger; (iii) provided that there is no debit recorded on the Class B Principal Deficiency Sub-Ledger, any amounts credited to the Class B Liquidity Reserve Fund; and (iv) provided that there is no debit recorded on the Class C Principal Deficiency Sub-Ledger, any amounts credited to the Class C Liquidity Reserve Fund.

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

Security:

The Issuer's obligations in respect of the Notes and the Certificates are secured and will share the same Security together with the other secured obligations of the Issuer in accordance with the Deed of Charge. The security granted by the Issuer broadly includes:

- (a) a first fixed charge over the Issuer's interest in the Mortgage Loans and the Related Security (other than any Scottish Mortgage Loans and their Related Security);
- (b) an assignation in security (pursuant to the Scottish Trust Security) of the Issuer's beneficial interest in and title to the Scottish Mortgage Loans and their Related Security (comprising the interest as beneficiary under the Scottish Trust declared by the Legal Title Holder over such Scottish Mortgage Loans and their Related Security in favour of the Seller, and assigned to the Issuer pursuant to the Scottish Trust Transfer);
- (c) a first fixed charge over each Authorised Investment;
- (d) first fixed charges over all monies then standing to the credit of (and all interest accruing thereon from time to time) the Deposit Account and any other bank accounts of the Issuer;
- (e) an assignment by way of security of the Issuer's interests in the Life Policies, Charges relating to the Mortgage Loans and the Insurance Policies;
- (f) an assignment by way of security of the Issuer's interest in each relevant Transaction Document (other than those Transaction Documents governed by Scots law);
- (g) a first floating charge over the whole of the Issuer's undertaking and all its property, assets and rights; and
- (h) a charge at law over indebtedness comprising an obligation or liability to pay money secured by each registered charge of

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which it is registered as proprietor at the Land Registry of England and Wales or of which it is registered owner at the Land Registry of Northern Ireland or the Registry of Deeds.

Certain other Secured Amounts rank senior to the Issuer's obligations under the Notes and the Certificates in respect of the allocation of proceeds as set out in the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

- Interest payable on the Notes:** The Rate of Interest applicable to each Class of Notes are described in the sections "*Full Capital Structure of the Notes*" and "*Overview of the Terms and Conditions of the Notes and the Certificates*".
- Interest Deferral:** Interest due and payable on the Class A Notes may not be deferred but, in relation to all other Classes of Notes, it may be deferred in accordance with Condition 8.12 (*Subordination by Deferral*).
- Payments in respect of the Certificates:** Payments in respect of the Certificates will only be made to the extent the Issuer has sufficient amounts available for that purpose in accordance with the applicable Priority of Payments and will not be subject to deferral.
- Gross-up:** None of the Issuer, the Trustee or any other person will be obliged to pay any additional amounts to the Noteholders if there is any withholding or deduction for or on account of taxes from a payment made under the Notes.
- Redemption:** As fully described in Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*) the Notes are subject to the following optional or mandatory redemption events:
- (a) mandatory redemption in whole on the Final Maturity Date;
 - (b) mandatory redemption in part on any Interest Payment Date prior to the delivery of an Enforcement Notice subject to availability of Available Principal Receipts;
 - (c) optional redemption exercisable by the Issuer in whole on any Interest Payment Date where the Principal Amount Outstanding of all the Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date;
 - (d) mandatory redemption in full following the exercise by the Mortgage Portfolio Purchase Option Holders of the Mortgage Portfolio Purchase Options or the Market Sale Option Holders of the Market Sale Options;
 - (e) optional redemption exercisable by the Issuer in whole for tax reasons; and
 - (f) mandatory redemption in full following the exercise by the Seller of the Risk Retention Regulatory Change Option.
- Events of Default:** As fully set out in Condition 13 (*Events of Default*), which broadly include (where relevant, subject to the applicable grace period):
- (a) non-payment by the Issuer of principal in respect of the Most Senior Class within 7 Business Days following the due date or non-payment by the Issuer in respect of the Most Senior

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Class of interest within 14 Business Days following the due date;

- (b) breach of contractual obligations by the Issuer under the Notes or the Transaction Documents which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class if such is incapable of remedy or which is, if capable of remedy, not remedied within 30 days;
- (c) Insolvency Event in respect of the Issuer;
- (d) it being unlawful for the Issuer to perform or comply with its obligations; or
- (e) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Trustee may permit) (except that in any case where the 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 Trustee on the Issuer of notice requiring the same to be remedied.

Certificates Events of Default:

As fully set out in Certificate Condition 11 (*Certificates Events of Default*) and subject to the Notes being redeemed in full, these broadly include:

- (a) non-payment by the Issuer of any amount due in respect of the Certificates within 7 Business Days following the due date for such payment (if any);
- (b) breach of contractual obligations by the Issuer under the Certificates or the Transaction Documents which is incapable of remedy or which is, if capable of remedy, not remedied within 30 days;
- (c) Insolvency Event in respect of the Issuer;
- (d) it being unlawful for the Issuer to perform or comply with its obligations; or
- (e) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Trustee may permit) (except that in any case where the 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 Trustee on the Issuer of notice requiring the same to be remedied.

The Certificateholders will only have a right to direct the Trustee to take enforcement action following a Certificates Event of Default when no Notes remain outstanding.

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- Limited Recourse:** The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, following the distribution of all available funds, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 10 (*Limited Recourse and Non-Petition*).
- Non petition:** The Noteholders shall not be entitled to take any steps (otherwise than in accordance with the Trust Deed and the Conditions):
- (a) to enforce the Security other than when expressly permitted to do so under Condition 10 (*Limited Recourse and Non-Petition*); or
 - (b) to take or join in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
 - (c) to initiate or join in initiating any Insolvency Proceedings in relation to the Issuer; or
 - (d) to take any steps which would result in any of the Priorities of Payments not being observed.
- Governing Law:** English law.

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

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

**Prior to an Event of
Default:**

Noteholders holding not less than 10 per cent. in aggregate of the Principal Amount Outstanding of the Notes then outstanding of the relevant Class are entitled to request that the Trustee convene a Noteholders' meeting and all Noteholders of each Class are entitled to participate in a Noteholders' meeting convened by the Issuer or the Trustee to consider any matter affecting their interests.

Certificateholders holding not less than 10 per cent. in number of the Certificates then in issue are entitled to request that the Trustee convene a Certificateholders' meeting and all Certificateholders are entitled to participate in a Certificateholders' meeting convened by the Issuer or the Trustee to consider any matter affecting their interests.

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

**Following an Event of
Default:**

Following the occurrence of an Event of Default which is continuing, the holders of the Most Senior Class of Notes may, if they hold in aggregate not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or if an Extraordinary Resolution of the Most Senior Class of Notes is passed, direct the Trustee in writing to give an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest.

The Certificateholders may only direct the Trustee in writing to give an Enforcement Notice to the Issuer if no Notes remain outstanding. If there are no Notes outstanding and following the occurrence of a Certificates Event of Default which is continuing, the Certificateholders may, if they hold not less than 25 per cent. in number of Certificates then in issue or if an Extraordinary Resolution of the holders of the Certificates then in issue is passed, direct the Trustee in writing to give an Enforcement Notice to the Issuer that any Certificate Payments pursuant to the Certificates are immediately due and payable.

	<u>Initial Meeting</u>	<u>Adjourned Meeting</u>
Noteholders and Certificateholders Meeting provisions:	Notice period: At least 21 clear days for the initial meeting	At least 14 clear days for the adjourned meeting
	Quorum: One or more persons present and holding or representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding	One or more persons present and holding or representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding

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<p>or holding or representing not less than 25 per cent. of the number of Certificates then outstanding, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Reserved Matter) shall be one or more persons present and holding or representing in the aggregate more than 50 per cent. of the aggregate in Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing more than 50 per cent. of the number of the Certificates then outstanding, as applicable. The quorum for passing a Reserved Matter shall be one or more persons present and holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of relevant Class or Classes of Notes then outstanding or holding or representing not less than 75 per cent. of the number of the Certificates then outstanding, as applicable.</p>	<p>or holding or representing not less than 10 per cent. of the number of the Certificates then outstanding, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Reserved Matter) shall be one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate in 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 number of the Certificates then outstanding, as applicable. The quorum for passing a Reserved Matter shall be one or more persons present and holding or representing in the aggregate more than 50 per cent. of the aggregate Principal Amount Outstanding of relevant Class or Classes of Notes then outstanding or holding or representing more than 50 per cent. of the number of the Certificates then outstanding, as applicable.</p>
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Required majority for Ordinary Resolution:

A clear majority of not less than 50.1 per cent. (calculated on the basis of their Principal Amount Outstanding) 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.

Required majority for Extraordinary Resolution:

Majority consisting of not less than 75 per cent. (calculated on the basis of their Principal Amount Outstanding) of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll.

Required majority for

Not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes

OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND
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Written Resolution: then outstanding or not less than 75 per cent. of the number of the Certificates then in issue. A Written Resolution has the same effect as an Extraordinary Resolution.

Electronic Consents: Noteholders (but not the Certificateholders) may also pass an Extraordinary Resolution by way of electronic consents communicated through the electronic communications systems of the clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant clearing system(s) ("**Electronic Consent**"). Such consents are required from Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding and from holders of not less than 75 per cent. by number of the Certificates in issue for matters requiring Extraordinary Resolutions. A resolution passed by such means has the same effect as an Extraordinary Resolution.

Reserved Matters: Broadly speaking, the following matters are Reserved Matters:

Changes to payments (timing, method of calculation, reduction in amounts due and currency) (other than a Reference Rate Modification), to effect the exchange, conversion or substitution of the Notes; changes to the Priority of Payments; changes to the definition of FORD; changes to the terms of the Deed Poll; changes to the provisions concerning limited recourse and non-petition in relation to the Issuer; changes to Condition 7.2 (*Issuer Covenants*); changes to quorum and majority requirements; amendments to the definition of Reserved Matter; and any waiver of any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing.

Relationship between Classes of Noteholders: In the event of a conflict of interests of holders of different Classes the Trustee shall have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding or in issue and will not have regard to any lower ranking Class of the Notes or the Certificates.

Subject to the provisions in respect of a Reserved Matter, an Extraordinary Resolution of holders of the Most Senior Class of Notes then outstanding shall be binding on all other Classes of Notes and on the Certificates and would override any resolutions to the contrary of the Classes of Notes ranking behind such Class or of the Certificates. A Reserved Matter relating to the Notes requires an Extraordinary Resolution of each Class of Notes then outstanding.

Consent of the Liquidity Facility Provider will be required for any material amendments to the LFP Related Provisions.

Seller as Noteholder: For the purpose of, *inter alia*, the right to attend and vote at any meeting of Noteholders, any Extraordinary Resolution in writing and any direction made by Noteholders, those Notes (if any) which are held by or on behalf of or for the benefit of the Seller, any holding company of the Seller or any subsidiary of such holding companies in each case as beneficial owner, shall (unless and until ceasing to be held) be deemed not to remain outstanding, **provided that** if all the Relevant Class of Notes are held by the Seller, any holding company of the Seller and/or any other subsidiary of such holding companies (and no other Classes of Notes exist that rank

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junior or *pari passu* to the Relevant Class of Notes, in respect of which the Notes are held by persons other than the Seller, any holding company of the Seller or any other subsidiary of such holding companies), Notes of the Relevant Class of Notes will be deemed to remain outstanding.

**Seller as
Certificateholder:**

For the purpose of, *inter alia*, the right to attend and vote at any meeting of Certificateholders, any Extraordinary Resolution in writing and any direction made by Certificateholders, those Certificates (if any) which are held by or on behalf of or for the benefit of the Seller, any holding company of the Seller or any subsidiary of such holding companies in each case as beneficial owner, shall (unless and until ceasing to be held) be deemed not to remain outstanding, **provided that** if all the Certificates are held by the Seller, any holding company of the Seller and/or any other subsidiary of such holding companies, all of the Certificates will be deemed to remain outstanding.

**Relationship between
Noteholders and other
Secured Creditors:**

The Trust Deed provides that the Trustee shall, except where expressly provided otherwise and prior to the redemption in full of the Notes, have regard solely to the interests of the Noteholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to it and to act in accordance with the applicable Priority of Payments. So long as any of the Certificates are in issue and provided that there are no Notes outstanding, in the event that there is a conflict between the interests of the Certificateholders and the other Secured Creditors (except the Noteholders), the Trustee shall have regard solely to the interests of the Certificateholders.

**Additional Right of
Modification:**

Notwithstanding the provisions of Condition 17.1 (*Modification*), the Trustee shall be obliged, without the consent or sanction of the Noteholders, the Certificateholders or any of the Secured Creditors, to concur with the Issuer in making a modification (other than in respect of a Reserved Matter) to the Conditions or any other Transaction Documents which the Issuer considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies;
- (b) to enable the Issuer to enter into any new and/or amended bank account agreement, collection account agreement, or liquidity facility agreement in order to maintain the ratings of the Rated Notes at their then current levels or changes to the Base Rate or LF Accrual Interest Period to facilitate the appointment of any new liquidity facility provider to reflect generally accepted market practice in the publicly listed asset backed markets with respect to the determination of the rate of interest in liquidity facilities materially similar to the Liquidity Facility;
- (c) for the purpose of complying with any changes in the requirements of the CRA Regulation, the EU Securitisation Regulation, the U.S. Credit Risk Retention Requirements or the CRR, AIFMR or Solvency II, after the Closing Date, including as a result of any changes to the regulatory technical standards in relation to the CRA Regulation, the EU Securitisation Regulation or the CRR, AIFMR or Solvency II, or any other risk retention legislation or regulations or official guidance in relation thereto;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin;
- (e) for the purposes of enabling the Issuer or a Transaction Party to comply with certain sections of the U.S. Internal Revenue Code

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of 1986, agreements relating thereto, FATCA, and similar tax laws;

- (f) for the purpose of replacing the Applicable Reference Rate applicable to the Rated Notes in circumstances where there is likely to be disruption to the provision or calculation of the existing benchmark rate,

in each case subject to the terms and conditions set out at Condition 17.2 (*Additional Right of Modification*).

Provision of Information to the Noteholders:

In accordance with the Cash Management Agreement, the Cash Manager will (with the assistance of the Servicer and the Issuer) prepare and publish an Investor Report on a monthly basis in respect of the Mortgage Portfolio and the Notes containing, *inter alia*, certain aggregated loan data in relation to the Mortgage Portfolio in respect of the relevant Collection Period, information in relation to the Notes including, but not limited to, the ratings of the Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments, required counterparty information and the Retention Holder's holding of the Notes and confirmation of the Retention Holder's compliance with Article 6 of the EU Securitisation Regulation as confirmed in each case to the Cash Manager by the Retention Holder or Issuer. The monthly Investor Reports will be published by the Servicer on the website of EuroABS (in its capacity as a Securitisation Repository) at www.euroabs.com and by the Cash Manager on the Cash Manager's website at www.chlmortgages.co.uk. In addition, loan level information will be provided on a quarterly basis and published on the website of EuroABS (in its capacity as a Securitisation Repository) at www.euroabs.com by the Servicer. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. The first Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a monthly basis.

Communication with Noteholders and Certificateholders:

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

- (a) For so long as the relevant Notes are in global form, any notice to Noteholders or Certificateholders (as applicable) shall be validly given to such Noteholders or Certificateholders (as applicable) if sent to the Clearing Systems for communication by them to the relevant Noteholders or Certificateholders and shall be deemed to be given on the date on which it was so sent.
- (b) While the Notes are represented by Definitive Notes, any notice to the holders thereof 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 Trustee shall approve in advance having a general circulation in the United Kingdom.
- (c) The Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and **provided that** notice of such other method is given to the Certificateholders in such manner as the Trustee shall deem appropriate.
- (d) For so long as the relevant Notes are listed on the official list of Euronext Dublin and admitted to trading on its regulated market

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any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin by a notification in writing to the Company Announcements Office, and any notice so published shall be deemed to have been given on the date of publication.

- (e) The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders (or to a Class or category of them) or to the Certificateholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing (and in case of the Notes only, to the requirements of the stock exchange on which such Notes are then listed) and **provided that** notice of such other method is given to the Noteholders or the Certificateholders (as the case may be) in such manner as the Trustee shall require.

SUMMARY OF CREDIT STRUCTURE AND CASHFLOWS

Please refer to the sections entitled "Key Structural Features – Credit Enhancement, Liquidity Support and Priority of Payments" and "Summary of Credit Structure and Cashflows" for further detail in respect of the credit structure and cash flow of the transaction.

Use of Available Revenue Receipts and Available Principal Receipts by the Issuer:

The Cash Manager 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, as set out below.

Overview of Priorities of Payments:

Below is a summary of the Priorities of Payments. Please refer to the section entitled "*Key Structural Features – Credit Enhancement, Liquidity Support, and Priority of Payments*" for further information. In addition, please refer to "*Limited Recourse*" in the section entitled "*Overview of the Terms and Conditions of the Notes and the Certificates*".

SUMMARY OF CREDIT STRUCTURE AND CASHFLOWS

AVAILABLE REVENUE FUNDS	AGGREGATE EXPENSE COMPENSATION FEE
Pre-Enforcement Revenue Priority of Payments	Pre-Enforcement Expenses Priority of Payments
On and from the First Interest Payment Date, to the Expense Reserve Fund up to the Aggregate Expense Compensation Fee	<i>Pro rata and pari passu</i> Agents, Trustee, Cash Manager, the Back-Up Cash Manager, Collection Account Bank, Issuer Account Bank, costs, expenses and fees and (subject to Applicable Servicing Fee Cap) Back-Up Servicer and Servicer costs, expenses and fees
LFP Excess Amount	<i>Pro rata and pari passu</i> the Corporate Services Provider, the Back-Up Servicer Facilitator, any other third parties and the Issuer Profit Amount
<i>Pro rata and pari passu</i> Interest on Class A1 Notes and the Class A2 Notes	LFP Amount
Class A1 Principal Deficiency Sub-Ledger	<i>Pro rata and pari passu</i> interest on the Class A1 Notes and the Class A2 Notes to the extent the aggregate of all other Available Revenue Receipts, any Principal Addition Amounts, any Liquidity Facility Drawings and (on and from the Liquidity Facility Replacement Date) any Class A Liquidity Reserve Fund Actual Amounts are insufficient
Class A2 Principal Deficiency Sub-Ledger	Class A1 Principal Deficiency Sub-Ledger to the extent all other Available Revenue Receipts are insufficient to eliminate any debit thereon
Interest on Class B Notes	Class A2 Principal Deficiency Sub-Ledger to the extent all other Available Revenue Receipts are insufficient to eliminate any debit thereon
Class B Principal Deficiency Sub-Ledger	Class A Liquidity Reserve Fund up to the Liquidity Reserve Target
Interest on Class C Notes	Class A1 Notes Principal Amount
Class C Principal Deficiency Sub-Ledger	Class A2 Notes Principal Amount
Interest on Class D Notes	On and from the Class A Redemption Date, to form part of Available Revenue Receipts
Class D Principal Deficiency Sub-Ledger	
Interest on Class E Notes	
Class E Principal Deficiency Sub-Ledger	
On and from the Liquidity Facility Replacement Date up to the LF Cancellation Date, to the Class A Liquidity Reserve Fund up to the Liquidity Reserve Target	
Class Z Principal Deficiency Ledger	
Subordinated Servicing Fees	
On and from the FORD up to the Final Subordinated Rated Notes Redemption Date, amounts to be credited to the Excess Cashflow Reserve Fund	
Interest on Class XA Notes	
Class XA Notes Principal Amount	
XB Payments	

SUMMARY OF CREDIT STRUCTURE AND CASHFLOWS

AVAILABLE PRINCIPAL FUNDS	ALL FUNDS
Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
Principal Addition Amounts applied to PAA Deficit	Trustee and receiver costs, fees and expenses
On and from the Liquidity Facility Replacement Date up to the Class A Redemption Date, to the Class A Liquidity Reserve Fund up to the Class A Liquidity Reserve Target	<i>Pro rata and pari passu</i> Agents, Cash Manager, Collection Account Bank, Issuer Account Bank, Corporate Services Provider, Back-Up Servicer Facilitator and Back-Up Cash Manager, costs, expenses and fees and (subject to Applicable Servicing Fee Cap) Back-Up Servicer and Servicer costs, expenses and fees
Class B Liquidity Reserve Fund up to the Class B Liquidity Reserve Fund Required Amount (provided that no debit recorded on Class B Principal Deficiency Sub-Ledger)	Liquidity Facility Provider amounts
Class C Liquidity Reserve Fund up to the Class C Liquidity Reserve Fund Required Amount (provided that no debit recorded on Class C Principal Deficiency Sub-Ledger)	<i>Pro rata and pari passu</i> Class A1 Notes interest and principal
<i>Pro rata and pari passu</i> Class A1 Notes Principal Amount and, prior to a Class A2 PDL Trigger Event, Class A2 Notes Principal Amount (provided that, at all times, PDL Principal Receipts will be paid first to the Class A1 Notes and second to the Class A2 Notes)	<i>Pro rata and pari passu</i> Class A2 Notes interest and principal
Following a Class A2 PDL Trigger Event Class A2 Notes Principal Amount	<i>Pro rata and pari passu</i> Class B Notes interest and principal
Class B Notes Principal Amount	<i>Pro rata and pari passu</i> Class C Notes interest and principal
Class C Notes Principal Amount	<i>Pro rata and pari passu</i> Class D Notes interest and principal
Class D Notes Principal Amount	<i>Pro rata and pari passu</i> Class E Notes interest and principal
Class E Notes Principal Amount	Subordinated Servicing Fees
Class Z Notes Principal Amount	<i>Pro rata and pari passu</i> Class Z Notes principal
Interest on Class XA Notes	Legal Title Holder costs, expenses and fees
Class XA Notes Principal Amount	Any permitted third party costs, expenses and fees
XB Payments	Issuer Profit Amount
	<i>Pro rata and pari passu</i> Class XA Notes interest and principal
	XB Payments

SUMMARY OF CREDIT STRUCTURE AND CASHFLOWS

Key Structural Features:	The general credit and liquidity structure of the transaction includes, broadly, the following elements:
Expense Reserve Fund	On the Closing Date, the Expense Reserve Fund will be established, and the Expense Reserve Fund will be funded in accordance with item (1) of the Pre-Enforcement Revenue Priority of Payments up to the Aggregate Expense Compensation Fee. See the section " <i>Key Structural Features Credit Enhancement, Liquidity Support and Cashflows – Expense Reserve Fund</i> ".
Liquidity Facility and Class A Liquidity Reserve Fund:	<p>Prior to the LF Cancellation Date, the availability of amounts under the Liquidity Facility will be available to make up any shortfall in Available Revenue Receipts determined by the Cash Manager to pay items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt and provided that, in determining the amount of such shortfall, any Principal Addition Amounts and any Class A Liquidity Reserve Fund Actual Amount (on and from the Liquidity Facility Replacement Date) will be applied first before making any drawing under the Liquidity Facility, and provided further that on and from the Liquidity Facility Replacement Date, any Excess Liquidity Amounts shall be applied as Available Revenue Receipts.</p> <p>On the Closing Date, the Class A Liquidity Reserve Fund will be established and on and from the First Interest Payment Date to but excluding the Liquidity Facility Replacement Date, the Class A Liquidity Reserve Fund will be funded in accordance with item (7) of the Pre-Enforcement Expenses Priority of Payments.</p> <p>On and from the Liquidity Facility Replacement Date and up to and including the Class A Redemption Date, the Class A Liquidity Reserve Fund will be funded in accordance with (i) <i>first</i>, item (7) of the Pre-Enforcement Expenses Priority of Payments; (ii) <i>second</i>, item (14) of the Pre-Enforcement Revenue Priority of Payments; and (iii) <i>third</i>, (disregarding for these purposes any Class A Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments, up to the Liquidity Reserve Target. See the section "<i>Key Structural Features Credit Enhancement, Liquidity Support and Cashflows – Liquidity Facility Agreement and Class A Liquidity Reserve Fund</i>".</p> <p>Prior to the Liquidity Facility Replacement Date, the Commitment will be equal at all times to the Liquidity Reserve Target.</p> <p>On and from the Liquidity Facility Replacement Date up to the LF Cancellation Date, any amounts funded to the Class A Liquidity Reserve Fund, will (disregarding for such purposes, any debit entries made to the Class A Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date) reduce the Commitment under the Liquidity Facility by an equivalent amount until the Commitment under the Liquidity Facility is reduced to zero.</p> <p>On and following the LF Cancellation Date, the Commitment under the Liquidity Facility will be zero.</p>

On and from the Liquidity Facility Replacement Date up to the LF Cancellation Date, to the extent that there are amounts available under the Liquidity Facility the Cash Manager shall use (i) Liquidity Drawings to meet any shortfall in amounts due in respect of items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) and (ii) the Class A Liquidity Reserve Fund to meet any shortfall in amounts due in respect of items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt, provided that the Class A Liquidity Reserve Fund (where available) shall be used before utilising any drawing under the Liquidity Facility.

Principal payments following the Liquidity Facility Replacement Date:

On and from the Liquidity Facility Replacement Date up to the LF Cancellation Date, Available Principal Receipts will be applied to item (2) of the Pre-Enforcement Principal Priority of Payments after the determination of the amount to be paid under item (14) of the Pre-Enforcement Revenue Priority of Payments.

Principal Deficiency Ledger:

A Principal Deficiency Ledger will be established to record as a debit (i) any Losses on the Mortgage Portfolio, (ii) any Principal Addition Amounts and (iii) any Available Principal Receipts applied in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments, and record as a credit Available Revenue Receipts applied as Available Principal Receipts.

The Principal Deficiency Ledger will comprise seven sub-ledgers (one for each Class of Notes (other than the NIM Notes)).

Any Losses on the Mortgage Portfolio and/or any Principal Addition Amounts and/or any Available Principal Receipts applied in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)) on the relevant Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the relevant Class of Notes in reverse order of priority, starting with the Class Z Principal Deficiency Sub-Ledger.

Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Mortgage Loan first 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 items (4), (5), (7), (9), (11), (13) and (15) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Summary of Credit Structure and Cashflows – Principal Deficiency Ledger*".

Pursuant to item (1) of the Pre-Enforcement Principal Priority of Payments, to the extent that after application of the Available Revenue Receipts (and for this purpose, without regard to any Principal Addition Amounts, any availability under the Liquidity Facility or any Class A Liquidity Reserve Fund Actual Amount or any availability under the Excess Cashflow Reserve Fund) in accordance with the Pre-Enforcement Revenue Priority of Payments there would be a PAA Deficit, the Issuer shall apply an amount of

SUMMARY OF CREDIT STRUCTURE AND CASHFLOWS

Available Principal Receipts equal to the PAA Deficit as Principal Addition Amounts forming Available Revenue Receipts. Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit to the relevant Principal Deficiency Ledger.

Class B Liquidity Reserve Fund

On the Closing Date, the Class B Liquidity Reserve Fund will be established and will be funded up to an amount equal to the Class B Liquidity Reserve Fund Required Amount. On and from the Closing Date and up to (and including) the earlier of the Class B Redemption Date and the Final Maturity Date, the Class B Liquidity Reserve Fund will be further funded in accordance with item (3) of the Pre-Enforcement Principal Priority of Payments up to the Class B Liquidity Reserve Fund Required Amount and amounts standing to the credit of the Class B Liquidity Reserve Fund will be utilised to meet any shortfall in Available Revenue Receipts to pay interest due and payable on the Class B Notes.

Class C Liquidity Reserve Fund

On the Closing Date, the Class C Liquidity Reserve Fund will be established and will be funded up to an amount equal to the Class C Liquidity Reserve Fund Required Amount. On and from the Closing Date and up to (and including) the earlier of the Class C Redemption Date and the Final Maturity Date, the Class C Liquidity Reserve Fund will be further funded in accordance with item (4) of the Pre-Enforcement Principal Priority of Payments up to the Class C Liquidity Reserve Fund Required Amount and amounts standing to the credit of the Class C Liquidity Reserve Fund will be utilised to meet any shortfall in Available Revenue Receipts to pay interest due and payable on the Class C Notes.

Excess Cashflow Reserve Fund:

On and from the FORD, the Excess Cashflow Reserve Fund will be established and up to and including the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, the Excess Cashflow Reserve Fund will be funded in accordance with item (17) of the Pre-Enforcement Revenue Priority of Payments. All amounts standing to the credit of the Excess Cashflow Reserve Fund will be applied to cover shortfalls in amounts available to pay Required Interest on the Subordinated Rated Notes (after applying: (x) all amounts standing to the credit of the Class B Liquidity Reserve Fund in respect of the Class B Notes, (y) all amounts standing to the credit of the Class C Liquidity Reserve Fund in respect of the Class C Notes and (z) any Principal Addition Amounts towards any PAA Deficit on such Interest Payment Date).

Rate of interest on the Deposit Account:

Availability of a rate of interest provided by the Issuer Account Bank on certain cleared credit balances standing to the credit of the Deposit Account. The Issuer (or the Cash Manager on its behalf) may invest sums standing to the credit of the Deposit Account in Authorised Investments.

Expected sufficiency of Available Revenue Receipts:

It is expected that during the life of the Notes, the Available Revenue Receipts will, assuming that all the Mortgage Loans are fully performing, be sufficient to pay the amounts payable under items (1) to (19) of the Pre-Enforcement Revenue Priority of Payments.

Deposit Account and Cash Management:

The Servicer will ensure that all payments due under the Mortgage Loans are made by Borrowers into the Collection Account. All amounts credited to the Collection Account from (and including) the Closing Date will relate to the Mortgage Loans and will be identified as the Daily Mortgage Loan Amount.

SUMMARY OF CREDIT STRUCTURE AND CASHFLOWS

The Issuer will open the Deposit Account pursuant to the Account Bank 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 pursuant to the Account Bank Agreement and the Transaction Documents.

The Servicer will transfer an amount equal to the Daily Mortgage Loan Amount from the Collection Account into the Deposit Account no later than the next Business Day after that Daily Mortgage Loan Amount is identified as received in the Collection Account. On each Interest Payment Date amounts standing to the credit of the Deposit Account as at the end of the relevant immediately preceding Collection Period (together with any amounts comprising the Expense Reserve Fund, the Class A Liquidity Reserve Fund or the Excess Cashflow Reserve Fund that are to be applied as Available Revenue Receipts on such Interest Payment Date) will be applied by the Cash Manager on behalf of the Issuer in accordance with the relevant Priority of Payments.

On each Interest Payment Date, the Cash Manager will transfer monies from the Deposit Account (other than amounts representing Liquidity Standby Drawings, save to the extent withdrawn to make payments that would otherwise have been made from drawings under the Liquidity Facility Agreement) to be applied in accordance with the applicable Priority of Payments.

OVERVIEW OF THE MORTGAGE PORTFOLIO AND SERVICING

Please refer to the section entitled "The Mortgage Portfolio", "Annex A – Statistical Information on the Provisional Mortgage Portfolio" and "Servicing" for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

Sale of Mortgage Portfolio: The Mortgage Portfolio will consist of the Mortgage Loans and the Related Security which will be sold by each Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreements. Each Seller will also sell the benefit of all collections received in respect of the Mortgage Portfolio for the period from the Cut-off Date to the Closing Date.

The English Mortgage Loans are governed by English law. The Scottish Mortgage Loans are governed by Scots law. The Northern Irish Mortgage Loans are governed by the laws of Northern Ireland.

The Mortgage Loans forming part of the Provisional Mortgage Portfolio were originated by the Originator, initially legally and beneficially owned by the Originator and subsequently, immediately prior to their sale by the Sellers to the Issuer on the Closing Date, beneficially owned by either Towd Point Mortgage Funding – Auburn 10 plc or Auburn Warehouse Borrower 4 Limited, as further described in the section entitled "The Mortgage Portfolio".

Please refer to the section entitled "Sale of the Mortgage Portfolio under the Mortgage Sale Agreements" for further information.

Portfolio Reference Date: 31 July 2019

Cut-off Date: 30 September 2019

Features of Mortgage Loans:² Certain features of the Mortgage Loans as at the Portfolio Reference Date are set out in the table below and investors should refer to, and carefully consider, further details in respect of the Mortgage Loans set out in "Annex A – Statistical Information on the Provisional Mortgage Portfolio". The Mortgage Loans comprise loans predominantly to buy-to-let Borrowers and are secured by first priority charges over freehold, heritable and leasehold properties in England, Wales, Northern Ireland and Scotland.

Type of Borrower	Predominantly Buy-to-let
Type of mortgage	Repayment and interest only
Number of Properties*	10,912
Number of Mortgage Loan Accounts**	11,956

* Accounts linked to a Property and including Mortgage Loan together with any Further Advance secured against the same Property.

** Mortgage Loans and Further Advances treated as separate loans, even where relate to the same Property.

2

The Mortgage Loans referenced in this overview include the five Irish Permanent Mortgage Loans to be assigned to the Issuer in accordance with the Warehouse Mortgage Sale Agreement but in respect of which no value will be attributed in determining the purchase price of the Mortgage Portfolio.

OVERVIEW OF THE MORTGAGE PORTFOLIO AND SERVICING

	Weighted average	Minimum	Maximum
Current Balance (£)*	122,997	196	1,993,537
Current Indexed LTV Ratio (%)	59.70	0.04	154.16
Months since date of origination	152	60	300
Remaining Term to maturity (months)	103	-12	286

* Current Balance calculated as a simple average based on the number of Mortgage Accounts

Consideration:

The consideration from the Issuer to each Seller in respect of the sale of the Mortgage Portfolio together with its Related Security and the benefit of all collections received in respect of the Mortgage Portfolio for the period for the Cut-off Date to the Closing Date is expected to comprise of: (i) an amount equal to £1,430,958,583 (less the fees and expenses incurred by the Issuer in connection with the Transaction and issuance of the Notes) due on the Closing Date comprising the aggregate amount agreed to be paid by the Issuer to the Sellers in the proportions allocated pursuant to the Mortgage Sale Agreements; (ii) less, to the extent required, an amount sufficient to ensure that the Issuer has sufficient available funds after paying the Purchase Price to fund the Class B Liquidity Reserve up to the Class B Liquidity Reserve Fund Required Amount; and (iii) less, to the extent required, an amount sufficient to ensure that the Issuer has sufficient available funds after paying the Purchase Price and after funding the Class B Liquidity Reserve under limb (ii) above, to fund the Class C Liquidity Reserve up to the Class C Liquidity Reserve Fund Required Amount (being the "**Purchase Price**"), together with the granting of the Mortgage Portfolio Purchase Options and the Market Portfolio Sale Options to each Seller, or a nominee of the relevant Seller, and the issuance to or at the direction of the Sellers on the Closing Date of the Class XB Certificates representing excess spread in respect of the Mortgage Portfolio (together with the Purchase Price, being the Consideration).

See the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*" for further information.

Representations and Warranties:

Each Seller will make certain representations and warranties to the Issuer and the Trustee on the Closing Date in respect of the Mortgage Loans other than the Irish Permanent Mortgage Loans (the "**Warranted Mortgage Loans**") comprising the Mortgage Portfolio.

In addition to warranties in respect of the legal status of the Warranted Mortgage Loans and their Related Security, there are also warranties in relation to the assets which include (but are not limited to) the following:

- First ranking mortgage or first ranking standard security; and
- No right of set-off.

See the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*" for further information.

Repurchase of Mortgage Loans or Indemnity:

CERH shall repurchase the Warehouse Mortgage Loans and their Related Security and CHL shall repurchase the AU10 Mortgage Loans

OVERVIEW OF THE MORTGAGE PORTFOLIO AND SERVICING

and their Related Security or, in each case, may instead indemnify and keep indemnified the Issuer, in the following circumstances:

- in respect of the Warranted Mortgage Loans only, upon material breach of any of the representations or warranties given by the relevant Seller on the Closing Date, which have not been remedied by such Seller within 30 days of being notified by the Issuer of such breach (**provided that** CERH and/or CHL, as applicable, may instead opt to indemnify the Issuer up to the Repurchase Price of such Warranted Mortgage Loan);
- upon material breach of any of the representations or warranties given by the relevant Seller (i) in respect of a Flexible Drawing, on the relevant Drawings Date; or (ii) in respect of a Product Switch, on the relevant Switch Date (where such breach has been subsequently determined) (in each case which is not capable of remedy or is not remedied within 30 Business Days of being notified by the Issuer);
- in certain circumstances upon making a Product Switch or Flexible Drawing where the relevant Seller has notified the Issuer that certain conditions have not been or were not in fact met (including if the Issuer has insufficient Principal Receipts available to fund any such purchase); and
- if the Legal Title Holder wishes to make Further Advances.

As an alternative to any Mortgage Loan which is the subject of a Flexible Drawing or a Product Switch remaining in the Mortgage Portfolio, and notwithstanding that the conditions for the relevant Mortgage Loan remaining in the Mortgage Portfolio have been satisfied, CERH may offer to repurchase the relevant Warehouse Mortgage Loan and its Related Security and CHL may offer to repurchase the relevant AU10 Mortgage Loan and its Related Security, and the Issuer shall accept such offer within 30 days of the last day of the calendar month in which the Drawings Date or Switch Date occurred for a consideration equal to its Current Balance as at the date of such repurchase plus relevant expenses in accordance with the relevant Mortgage Sale Agreement (see below).

Consideration for Repurchase/Indemnity:

An amount equal to the Current Balance of the Mortgage Loans to be repurchased as at the date of such repurchase plus relevant expenses in accordance with the Mortgage Sale Agreements (being the Repurchase Price). Such consideration shall be satisfied by a cash payment by CERH in respect of Warehouse Mortgage Loans or CHL in respect of AU10 Mortgage Loans. Where CERH or CHL, as applicable, chooses to indemnify the Issuer, it shall indemnify the Issuer for any Liabilities, incurred as a result of the material breach of any of the representations and warranties given by the Seller, up to the Repurchase Price of the relevant Mortgage Loans.

See the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*" for further information.

Purchase of Portfolio by Mortgage Portfolio Purchase Option Holder:

The Mortgage Portfolio Purchase Option Holders may, by giving of a joint written notice to the Issuer (copied to the Trustee), purchase all (but not part) of the Issuer's interest in the Mortgage Loans and their Related Security on any Business Day on and from the Interest Payment Date falling immediately prior to the FORD. A Mortgage Portfolio Purchase Option may only be exercised if the other Mortgage Portfolio Purchase Option is exercised simultaneously in accordance with the conditions set

out in the Deed Poll. See the section entitled "*Ability for the Mortgage Portfolio to be purchased*" below for further details.

Repurchase of Mortgage Loans in connection with the optional redemption of the Notes:

In addition, CERH in respect of the Warehouse Mortgage Loans and CHL in respect of the AU10 Mortgage Loans (or, in certain circumstances, their affiliate(s)) shall be obliged to repurchase the relevant Mortgage Loans and their Related Security in the following circumstances:

- if the Issuer exercises its clean up call option where the Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date; or
- CERH or CHL exercises the Risk Retention Regulatory Change Option; and
- CERH or CHL, as applicable, (or any affiliate(s)) may (but shall not be obliged) to repurchase the relevant Mortgage Loans and their Related Security if the Issuer exercises its call option following a change in Tax law in respect of which: (a) the Issuer (or the Paying Agents on the Issuer's behalf) would be required to make a Tax Deduction in respect of a payment under the Notes or (b) the Issuer would be subject to United Kingdom corporation tax otherwise than in accordance with regulations 14 to 21 of the TSC Regulations in each case in accordance with Condition 9.4 (Optional Redemption in whole for taxation reasons).

See the section entitled "*Overview of the Terms and Conditions of the Notes and the Certificates*" for further information.

Perfection Trigger Events:

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

Prior to the completion of the transfer of legal title of the Mortgage Loans, the Issuer will hold only an equitable and/or beneficial interest in those Mortgage Loans and will, therefore, be subject to certain risks as set out in the risk factor entitled "*Risks Related to the Mortgage Loans – CHL as Legal Title Holder initially to retain legal title to the Mortgage Loans and risks relating to set-off*" in the section entitled "*Risk Factors*".

Servicing of the Mortgage Portfolio:

The Servicer agrees to service on behalf of the Issuer the Mortgage Loans and their Related Security. The appointment of the Servicer may be terminated by the Issuer and/or the Trustee (subject to the terms of the Servicing Agreement) upon the occurrence of a Servicer Termination Event (see "*Servicer Termination Event*" in the "*Triggers Tables – Non-Rating Triggers Table*").

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

Delegation:

The Servicer may, in certain circumstances, delegate or sub-contract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer remains liable at all times for servicing the Mortgage Loans and for the acts or omissions of any delegate or sub-contractor. See the section entitled "*Servicing*" for further information.

Back-Up Servicer:

The Back-Up Servicer will be appointed on the Closing Date pursuant to the Back-Up Servicing Agreement and, upon termination of the appointment of the Servicer following a Servicer Termination Event in accordance with the provisions of the Servicing Agreement, the Issuer will be required to take such steps as are required under the Back-Up Servicing Agreement to require the Back-Up Servicer to administer the Mortgage Loans on behalf of the Issuer. The Back-Up Servicer will be required to assume the obligations of the Servicer as soon as reasonably practicable and in any event within 60 days from the date of receipt by the Back-Up Servicer of notice that a Servicer Termination Event has occurred.

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The Mortgage Portfolio may be sold by the Issuer pursuant to the Mortgage Portfolio Purchase Options or the Market Mortgage Portfolio Purchase. The Issuer will undertake not to dispose of the Mortgage Portfolio in any other circumstances other than in relation to an enforcement of the Security or in the event of the exercise of the Risk Retention Regulatory Change Option or of the options to redeem the notes in whole pursuant to Conditions 9.3 (*Optional Redemption in Whole*) or 9.4 (*Optional Redemption in Whole for Taxation Reasons*).

Mortgage Portfolio Purchase Options:

Pursuant to and in accordance with the terms of the Deed Poll CERH GR2 (or its nominee) has the benefit of a mortgage portfolio purchase option pursuant to which it may purchase the Warehouse Mortgage Portfolio (the "**Warehouse Mortgage Portfolio Purchase Option**") and CHL (or its nominee) has a mortgage portfolio purchase option pursuant to which it may purchase the AU10 Mortgage Portfolio (the "**AU10 Mortgage Portfolio Purchase Option**" and together with the Warehouse Mortgage Portfolio Option the "**Mortgage Portfolio Purchase Options**"). The Mortgage Portfolio Purchase Options must be exercised at the same time and require the Issuer, on any Business Day on and from the Interest Payment Date falling immediately prior to the FORD (and the Issuer agrees to do as follows on such Business Day) to sell and transfer to, or to the order of, the relevant Mortgage Portfolio Purchase Option Holders, the beneficial and/or legal title to the relevant portfolio of Mortgage Loans and their Related Security.

It will be a condition of the exercise of a Mortgage Portfolio Purchase Option that (A) either (i) each of the purchasers of the legal and beneficial title in and to the Mortgage Portfolio Purchase Option Mortgage Loans is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Trustee as applicable having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), is satisfied that sale of legal (if applicable) and beneficial title in and to the relevant Mortgage Loans should not expose the Issuer or the Legal Title Holder, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Mortgage Loans and that (B) each of the Issuer and the Trustee having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC) that any such sale should not cause the Issuer to cease to be taxed in accordance with the TSC Regulations for times prior to the completion of the sale. The costs relating to such tax advice shall be borne by the Mortgage Portfolio Purchase Option Holder.

Each Mortgage Portfolio Purchase Option may be exercised by notice (which can be given at any time) to the Issuer with a copy to the Trustee, the Seller or the Legal Title Holder at any time for effect on any Business Day on and from the Interest Payment Date falling immediately prior to the FORD until the Final Maturity Date.

Mortgage Portfolio Purchase Option Purchase Price:

The combined purchase price for each portfolio under the Mortgage Portfolio Purchase Options shall be equal in aggregate to the Mortgage Portfolio Purchase Option Purchase Price.

Each Mortgage Portfolio Purchase Option Holders or its nominee(s) will be required to provide irrevocable payment instructions for an

aggregate amount to be transferred equal to the relevant Mortgage Portfolio Purchase Option Purchase Price in the Deposit Account for value on the date of sale of the beneficial/legal interest in the Mortgage Loans **provided that** such deposit shall be made or irrevocable payment instructions shall be given no later than the day falling two Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or such later date as agreed with the Trustee or take such other action agreed with the Trustee. The Mortgage Portfolio Purchase Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the Mortgage Portfolio Purchase Option Mortgage Loans. The full amount of the Mortgage Portfolio Purchase Option Purchase Price will be applied in accordance with the applicable Priority of Payments on the immediately following Interest Payment Date or on the Mortgage Portfolio Purchase Option Completion Date if such date is an Interest Payment Date (as applicable).

Where the sale to the Mortgage Portfolio Purchase Option Holder does not contemplate a transfer of the legal title to the Loans being sold, the exercise of the Mortgage Portfolio Purchase Option shall be conditional on the consent of the Legal Title Holder, to hold legal title on behalf of (or in respect of Scottish Mortgage Loans and their Related Security, as trustee for) the Mortgage Portfolio Purchase Option Holders or their nominee(s).

Market Sale of Mortgage Portfolio:

In the event that the Mortgage Portfolio Purchase Option Holders do not elect to exercise the relevant Mortgage Portfolio Purchase Option in respect of any Interest Payment Date on or following the FORD, the Market Sale Option Holders may exercise their option provided that the options must be exercised at the same time, on any Business Day on or following the Interest Payment Date falling immediately prior to the FORD, to direct a sale of the Mortgage Portfolio by directing the Issuer to appoint CERH or its nominee as a third party portfolio manager to conduct any such sale on behalf of the Issuer **provided that** the Issuer and the Trustee have been provided with an opinion from an appropriately qualified and experienced United Kingdom tax adviser that neither the process of seeking bids, nor selling the portfolio to successful bidders should cause the Issuer to cease to be taxed in accordance with the TSC Regulations prior to the time of completion of a sale (on the assumption that a sale to the successful bidder occurred following the bidding process). The Issuer must confirm that such opinion is satisfactory to it before any third party seeks to obtain initial indications of the sale price for the Mortgage Portfolio from market participants.

CERH (or its nominee) shall be appointed on an arm's length basis and on the basis that it is incentivised to achieve the best price for the sale of the Mortgage Loans which shall be at least the Minimum Mortgage Portfolio Sale Price, as a portfolio manager by the Issuer to advise the Issuer and conduct any such sale on behalf of the Issuer. The terms of the agreement giving effect to the appointment of the portfolio manager shall be approved by the requesting Market Sale Option Holder (such approvals not to be unreasonably withheld). Any fees, costs and expenses due to the portfolio manager shall be payable by the requesting Market Sale Option Holder only and shall not be due from the Issuer or the Trustee.

The requesting Market Sale Option Holder may agree the terms of any sale of the Mortgage Portfolio by the Issuer (acting at the direction of the requesting Market Sale Option Holder) **provided that** the sale of

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the Mortgage Portfolio is for an amount not less than the Minimum Mortgage Portfolio Sale Price.

A purchaser of the Mortgage Loans pursuant to the Market Mortgage Portfolio Purchase will be required to deposit the full amount of the purchase price for the Mortgage Loans into the Deposit Account on the date of transfer of the beneficial title to the Mortgage Loans such transfer being no later than 2 Business Days prior to the Interest Payment Date on which the Notes are to be redeemed in full in accordance with Condition 9.6 (*Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Options or Market Mortgage Portfolio Purchase*) or provide irrevocable payment instructions for an amount to be transferred equally to the purchase price for value on such date to the Deposit Account or take such other action as may be agreed with the Trustee. Upon completion of transfer of the beneficial title to the Mortgage Loans, the purchase price will be applied in accordance with the relevant Priority of Payments on the immediately following Interest Payment Date.

It will be a condition of the sale to a third party that either (i) each of the purchasers of the legal (if applicable) and beneficial title in and to the Mortgage Loans is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Trustee, as applicable, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), is satisfied that sale of legal (if applicable) and beneficial title in and to the relevant Mortgage Loans should not expose the Issuer or the Legal Title Holder, as applicable, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Mortgage Loans. The costs relating to such tax advice shall be borne by the purchaser of the Mortgage Portfolio.

Further, no Market Sale Option Holder shall exercise the Market Sale Option unless the other Market Sale Option Holder has also exercised its Market Sale Option in respect of the AU10 Mortgage Loans or the Warehouse Mortgage Loans (as applicable) simultaneously.

Ability of the Seller to repurchase the Mortgage Portfolio for Tax and other Reasons:

CERH (in respect of Warehouse Mortgage Loans) and CHL (in respect of AU10 Mortgage Loans) (or any affiliates of CERH or CHL, as applicable) may, pursuant to the terms of the relevant Mortgage Sale Agreement, purchase the Mortgage Loans in respect of any optional redemption of the Notes pursuant to Condition 9.4 (*Optional Redemption in whole for taxation reasons*). The consideration payable by the relevant Sellers (or their affiliates) shall be an amount equal to the consideration that would have been paid in respect of the Mortgage Portfolio Purchase Options.

Seller's Clean-up Call:

CERH (in respect of Warehouse Mortgage Loans) and CHL (in respect of AU10 Mortgage Loans) (or any affiliates of CERH or CHL, as applicable) may, pursuant to the terms of the relevant Mortgage Sale Agreement, purchase the relevant Mortgage Loans in respect of any optional redemption of the Notes pursuant to Condition 9.3 (*Optional Redemption in whole*). The consideration payable by CERH and CHL shall be an amount equal to the consideration that would have been paid in respect of the Mortgage Portfolio Purchase Options.

Ability of the Retention Holder to repurchase the

CERH (in respect of Warehouse Mortgage Loans) and CHL (in respect of AU10 Mortgage Loans) (or any affiliates of CERH or CHL, as

Mortgage Portfolio in the event of a Risk Retention Regulatory Change Event:

applicable) shall have the right (but not any obligation) to acquire or re-acquire the entire beneficial interest of the Issuer in the AU10 Mortgage Portfolio or the Warehouse Mortgage Portfolio (as applicable) upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Condition 9.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*). The price payable by or on behalf of the Retention Holder to the Issuer to acquire the beneficial interest of the entire Mortgage Portfolio from the Issuer shall be an amount equal to the consideration that would have been paid in respect of the Mortgage Portfolio Purchase Options.

It will be a condition of the purchase of the beneficial interest in the Mortgage Loans comprising the Mortgage Portfolio following the occurrence of a Risk Retention Regulatory Change Event that (A) either (i) the purchaser(s) is (or are) resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Trustee, as applicable, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), is satisfied that the sale of the Mortgage Loans should not expose the Issuer or the Legal Title Holder, as applicable, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Mortgage Loans, and, (B) each of the Issuer and the Trustee having received that tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC) that any such sale should not cause the Issuer to cease to be taxed in accordance with the TSC Regulations for times prior to the completion of the sale. The costs relating to such tax advice shall be borne by the Sellers.

The purchaser(s) of the Mortgage Loans comprising the Mortgage Portfolio will be required to deposit the full amount of the Mortgage Portfolio Purchase Option Purchase Price in the Deposit Account on the date of sale of the beneficial interest in the Mortgage Loans no later than the day falling 2 Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Trustee.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than five Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 22 (*Notices*) and Certificate Condition 20 (*Notices*) and the Trustee stating that the Notes and the Certificates will be redeemed on the Interest Payment Date immediately following the exercise of such option by CERH in respect of the Warehouse Mortgage Loans or CHL in respect of the AU10 Mortgage Loans.

Consequence of the purchase of the Mortgage Portfolio:

On an Interest Payment Date on which any of the above events have occurred and the relevant conditions have been satisfied and the Mortgage Portfolio has been purchased, the purchase price will be applied in accordance with the relevant Priorities of Payments on the immediately succeeding Interest Payment Date (which, for the avoidance of doubt, may be the FORD or another Interest Payment Date thereafter) and will result in the Notes being redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory*

ABILITY FOR THE MORTGAGE PORTFOLIO TO BE PURCHASED

Redemption in part, Optional Redemption and Cancellation) of the Notes.

TRIGGERS TABLES

Rating Triggers Table

<u>Transaction Party</u>	<u>Ratings Trigger</u>	<u>Consequence</u>
Issuer Account Bank:	<p>Ceases to be rated A by S&P; and</p> <p>Ceases to be rated a short term issuer default rating of at least F1 or a long term issuer default rating of at least A by Fitch.</p>	<p>The Issuer shall use commercially reasonable efforts to close the account and transfer the account to a successor institution within a period not exceeding 60 calendar days from the first day on which such downgrade occurred.</p>
Collection Account Bank:	<p>Ceases to be rated BBB+ by S&P; and</p> <p>Ceases to be rated a short-term issuer default rating of at least F2 and a long-term issuer default rating of at least BBB+ by Fitch.</p>	<p>If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings, then the Servicer shall, use reasonable endeavours, and the Issuer and the Legal Title Holder shall use reasonable endeavours to assist the Servicer, to</p> <p>(a) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement Collection Account Bank which is a bank for the purposes of section 878 ITA 2007 and which will pay interest in relation to the Collection Account in the ordinary course of its business;</p> <p>(b) procure that such financial institution enters into a replacement collection account agreement;</p> <p>(c) procure that such financial institution enters into a deed on terms substantially similar to those set out in the Collection Account Declaration of Trust with respect to the replacement collection account; and</p> <p>(d) procure that all amounts held on trust for the Issuer standing to the credit of the Collection Account are transferred to the replacement account at such replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Account</p>

Transaction Party	Ratings Trigger	Consequence
		<p>Bank Rating, within 60 calendar days of such downgrade,</p> <p>in each case as prescribed and within the time limits as set out in the Servicing Agreement, transfer all Direct Debit mandates to such replacement collection account and procure that all Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened.</p>
Liquidity Facility Provider:	<p>Ceases to be rated A by S&P; or</p> <p>Ceases to be rated short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A by Fitch.</p>	<p>The Issuer must, within 30 calendar days of such downgrade, either make a Liquidity Standby Drawing (to be deposited into the Deposit Account with a corresponding entry made to the Liquidity Standby Ledger) or find a replacement liquidity facility provider basis substantially on the same terms as the existing Liquidity Facility Agreement.</p>

Non-Rating Triggers Table

<u>Nature of Trigger</u>	<u>Description of Trigger</u>	<u>Consequence</u>
Servicer Termination Event See the section entitled " <i>Servicing</i> " for further information on this.	<ul style="list-style-type: none"> • Servicer payment default; • material failure to comply with any of its other covenants or obligations; or • failure to maintain licences; • Insolvency Event in relation to the Servicer; or • Perfection Trigger Event. 	A replacement Servicer will replace the Servicer and shall provide the Services in accordance with the terms of a Replacement Servicing Agreement as replacement Servicer.
Perfection Trigger Events See the section entitled " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreements</i> " for further information on this.	<ul style="list-style-type: none"> • Delivery of an Enforcement Notice by the Trustee; • the Legal Title Holder being required to perfect by an order of a court or regulatory authority; • the Legal Title Holder being required to perfect by requirement of law; • (for as long as CHL is the Servicer) termination of the appointment of the Servicer or resignation of the Servicer and failure of any substitute servicer to assume the duties of the Servicer in such capacity; • the security under the Deed of Charge or any material part of that security is, in the opinion of the Trustee, in jeopardy; • the Seller or the Legal Title Holder notifying the Issuer in writing of its decision to perfect; or • Insolvency Event in relation to the Legal Title Holder. 	The legal transfer by the Legal Title Holder to the Issuer of all the Mortgage Loans and their Related Security as soon as reasonably practicable.
Cash Manager Termination Event	<ul style="list-style-type: none"> • Cash Manager payment default; 	Replacement cash manager to be appointed.

Nature of Trigger	Description of Trigger	Consequence
	<ul style="list-style-type: none"> • failure to comply with any other of its material covenants or obligations; • failure to provide the Investor Report; • failure to instruct the Principal Paying Agent; • it becomes unlawful for the Cash Manager to perform or comply with any of its obligations; or • Insolvency Event in relation to the Cash Manager. 	See the section entitled " <i>Removal or Resignation of Cash Manager</i> " for further information.
Back-Up Servicer Termination Event	<ul style="list-style-type: none"> • material failure to comply with any of its obligations; • it is or will become unlawful for the Back-Up Servicer to perform or comply with any of its obligations; or • Insolvency Event occurs in relation to Back-Up Servicer. 	Successor Back-Up Servicer to be appointed.
Back-Up Cash Manager Termination Event	<ul style="list-style-type: none"> • failure to comply with any of its material obligations; • it becomes unlawful for the Back-Up Cash Manager to perform or comply with any of its obligations; or • Insolvency Event occurs in relation to Back-Up Cash Manager. 	Successor Back-Up Cash Manager to be appointed.
Issuer Account Bank	<ul style="list-style-type: none"> • Insolvency Event in respect of the Issuer Account Bank, material breach of obligations or for tax reasons. 	Replacement account bank to be appointed.
Collection Account Bank	<ul style="list-style-type: none"> • Insolvency Event in respect of the Collection Account Bank, breach of obligations or for tax reasons. • 	Replacement Collection Account Bank to be appointed.

FEES

The following table sets out the estimated on-going annual fees to be paid by the Issuer to the specified Transaction Parties. Such fees will be subject to caps in relation to their payment in priority to the Rated Notes, with excess amounts above the caps paid subordinate to payments of interest on the Rated Notes, as set out in more detail in the section entitled "*Key Structural Features—Credit Enhancement, Liquidity Support and Priority of Payments*".

Servicer Fees

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicer Fees	0.20 per cent. per annum (inclusive of VAT) of the aggregate Current Balance of the Mortgage Loans at the start of the first of the three Collection Periods preceding the relevant Interest Payment Date	Ahead of all outstanding Notes and Certificates, but subject to the Servicer Fee Cap. Any amounts in excess of the Servicer Fee Cap will be subordinated	Quarterly in arrear on each Interest Payment Date
Back-Up Servicer Fees (prior to invocation)	0.007 per cent. per annum (exclusive of VAT) of the aggregate Current Balance of all the Mortgage Loans comprising the Mortgage Portfolio as at the close of business on the last day of the preceding Collection Period, subject to a minimum amount payable of £30,000 per annum and a maximum amount payable of £60,000 per annum (exclusive of VAT)	Ahead of all outstanding Notes and Certificates, but subject to the Servicer Fee Cap. Any amounts in excess of the Servicer Fee Cap will be paid as Subordinated Servicing Fees	Payable in advance on the Closing Date and on each Interest Payment Date
Invocation fee of the Back-Up Servicer	A fee of £195,000 (exclusive of VAT)		
Servicing fees of the Back-Up Servicer post invocation	0.13 per cent. per annum (exclusive of VAT) of the aggregate Current Balance of all the Mortgage Loans comprising the Mortgage Portfolio as at the opening of business on the last day of the preceding Collection Period A fee of £65 per calendar month (exclusive of VAT) in respect of any Mortgage Loans that is one month or more in arrears; and A mortgage redemption processing fee of £120 per Mortgage Loan (exclusive of VAT) The fees will be subject to the Servicer Fee Cap		

The Servicer Fees and the Back-Up Servicer Fees will be subject to the Applicable Servicer Fee Cap.

Other fees

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Cash Management Fees	£24,000 per annum (inclusive of VAT)	Ahead of all outstanding Notes and Certificates	Quarterly in arrear on each Interest Payment Date
Liquidity Facility Provider Fees	<p>The Liquidity Facility Provider Fees shall be in an amount equal to a commitment fee equal to 0.65 per cent. per annum on the Liquidity Facility Undrawn Amount.</p> <p>The amount of interest on any drawings made under the Liquidity Facility (including any Liquidity Standby Drawings) is equal to the Base Rate plus 1.31 per cent. of the relevant Loan, provided that, if the Base Rate is less than zero, the Base Rate shall be deemed to be zero.</p> <p>If the Issuer fails to pay any amount payable by it under the Liquidity Documents, the Issuer must pay interest on the overdue amount from its due date up to the date of actual payment, both before, on and after judgment at a rate determined by the Liquidity Facility Provider to be 2 per cent. per annum above the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a loan under the Liquidity Facility Agreement. Interest on an overdue amount will be compounded with that overdue amount.</p>	Ahead of all outstanding Notes and Certificates	Commitment fees: Quarterly in arrear on each Interest Payment Date or on any cancelled amounts of the commitment at the time the relevant cancellation takes effect
Other fees and expenses of the Issuer (including the Back-Up Cash Manager Fees)	Estimated at approximately £165,000 (exclusive of any applicable VAT)	Ahead of all outstanding Notes and Certificates	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Notes	Approximately €14,000 (exclusive of any applicable VAT)		On or about the Closing Date

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Investor Due Diligence

Pursuant to Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors, institutional investors are required to verify certain due diligence items prior to holding a securitisation including, amongst others, compliance with the risk retention requirements pursuant to Article 6 of the EU Securitisation Regulation (as to which, see the section below entitled "*EU Risk Retention Requirements*"), satisfaction of the reporting requirements pursuant to Article 7 of the EU Securitisation Regulation (as to which, see the sections below entitled "*Servicing*" and "*Cash Management*") and assessment of the risk characteristics relating to the securitisation position (as to which see the section above entitled "*Risk Factors*").

It is noted that for the purposes of Article 5(1)(a) of the EU Securitisation Regulation, both (i) the original lender and (ii) the originator, are a credit institution established in the European Union, as defined in points (1) and (2) of the CRR.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above, and none of the Issuer, the Trustee, each Seller, the Arranger, the Bookrunner, the Joint Lead Managers or any of the other transaction parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

EU Risk Retention Requirements

The Retention Holder will for the life of the transaction, retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of Article 6 of the EU Securitisation Regulation, to the extent the EU Securitisation Regulation continues to apply. As at the Closing Date, such interest will be comprised of a retention of no less than 5 per cent. of the nominal value of each of the tranches sold or transferred to the investors as required by Article 6(3)(a) of the EU Securitisation Regulation. Such retention requirement will be satisfied by the Retention Holder holding the economic exposure to the EU Retention Notes through initially the Sellers (each being a wholly-owned subsidiary of the Retention Holder) holding a *pro rata* share of the EU Retention Notes on issue and immediately thereafter on the Closing Date the EU Retention Notes being held by a wholly-owned affiliate of the Retention Holder. Any change to the manner in which such interest is held will be notified to the Trustee and the Noteholders.

The Retention Holder will confirm its ongoing retention of the net economic interest described above in the monthly Investor Reports and any change to the manner in which such interest is held will be notified to the Noteholders including but not limited to disclosure in the Investor Reports pursuant to Article 7(1)(e)(iii) of the EU Securitisation Regulation. The first Investor Report shall be published within one month of the first Interest Payment Date, and thereafter shall be published on a monthly basis.

Article 5 of the EU Securitisation Regulation also requires an Affected Investor to, amongst other things, be able to demonstrate that it has undertaken certain due diligence in respect of each of its individual securitisation positions and that it has a comprehensive and thorough understanding of, and has implemented formal policies and procedures, appropriate to (where relevant) its trading book and non-trading book which are commensurate with the risk profile of its investment in a securitised position.

In addition to the information set out herein, for the purposes of Article 7(2) of the Securitisation Regulation, the Issuer has been designated as the entity responsible for compliance with the requirements of Article 7 of the EU Securitisation Regulation and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.

The Retention Holder has provided a corresponding undertaking with respect to: (i) the provision of such investor information as specified in the paragraph above; (ii) the interest to be retained by the Retention Holder as specified in the introductory paragraph above; and (iii) the interest to be retained by the Retention Holder in any affiliate through which it may hold the EU Retention Notes, to the Joint Lead Managers and Arranger in the Subscription Agreement. For further information please refer to the Risk Factor entitled "*The Trustee is not obliged to act in certain circumstances*".

In accordance with Article 5 of the EU Securitisation 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 Article 6, Article 7 and Article 9 of the EU Securitisation Regulation and none of the Issuer, the Co-Sponsors, the Seller, the Trustee, the Arranger nor the Joint Lead Managers makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that they comply with the implementing provisions in respect of Article 6, Article 7 and Article 9 of the EU Securitisation Regulation in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

For further information please refer to the Risk Factor entitled "*Other Legal Risks – Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes*".

On or after the Closing Date, the Retention Holder (acting through a wholly-owned affiliate) may obtain funding on a full recourse basis to finance its economic exposure to some or all of the EU Retention Notes. Such financing may be provided by one or more of the Joint Lead Managers or certain of their affiliates and may require the grant of a security interest over such financed EU Retention Notes and the posting of a daily mark-to-market margin by the Risk Retention Holder and may result in the financing counterparty having enforcement rights and remedies in case of an event of default (including but not limited to failure to post any daily margin) which may include the right to appropriate or sell such Notes. In carrying out any such appropriation or sale, the financing counterparty would not be required to have regard for the provisions of the EU Securitisation Regulation described above, and any such sale may therefore cause the Retention Holder to be out of compliance with such requirements. The retention, financing and hedging limitations set forth in the EU Securitisation Regulation will not apply to any Notes held by the Retention Holder (or its wholly-owned affiliate) that do not constitute part the Retention Holder's required retention tranche.

As required by Article 9(1) of the EU Securitisation Regulation, the Originator has, other than in respect of the Irish Permanent Mortgage Loans, applied the same sound and well-defined credit-granting criteria for the mortgage loans as it has applied to equivalent mortgage loans that are not part of the Mortgage Portfolio. In particular:

- (a) the Originator has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Mortgage Loans as it has applied to equivalent mortgage loans that are not part of the Mortgage Portfolio; and
- (b) the Originator has effective systems in place to apply to those criteria and processes in order to ensure that credit granting is based on a thorough assessment of the borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the borrower meeting his obligations under the relevant mortgage loan agreement.

For more detail, please see section "*The Mortgage Portfolio*".

CRA Regulation

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

AIFMR

Please see section "*The Mortgage Portfolio – Lending Criteria – Information Regarding the Policies and Procedures of the Legal Title Holder*" for information on the Legal Title Holder's underwriting procedures.

Volcker Rule

The Issuer has been structured not to be a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (such statutory provisions, together with such implementing regulations, the "**Volcker Rule**"). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act and under the Volcker Rule may be available, the Issuer has relied on an exemption from registration as an "investment company" under the Investment Company Act under Section (3)(c)(5)(C) thereof. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) thereof. Any prospective investor in the Notes or the Certificates, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

U.S. Credit Risk Retention Requirements

CERH and FirstKey (each acting as a Co-Sponsor) are required under the U.S. Credit Risk Retention Requirements to ensure that one of the Co-Sponsors (directly or through a majority-owned affiliate) acquires and retains at least 5 per cent. of the credit risk of the securitised assets of the Issuer (the "**U.S. Required Risk Retention Interest**"). The Co-Sponsors intend to satisfy the U.S. Credit Risk Retention Requirements on the Closing Date by designating CERH (in such capacity, the "**Retention Holder**") as the entity that will acquire and retain, directly or through a majority-owned affiliate, an eligible vertical interest ("**EVI**") consisting of 5 per cent. of (a) the Principal Amount Outstanding of each class of Notes and (b) the Certificates, in each case determined as of the Closing Date. For a description of the Notes and Certificates, see "*Overview of the Terms and Conditions of the Notes and the Certificates*".

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

Until the Sunset Date, the U.S. Credit Risk Retention Requirements impose limitations on the ability of the Retention Holder (or its majority-owned affiliate) during such period to dispose of or hedge its risk with respect to the U.S. Required Risk Retention Interest.

Prior to the Sunset Date, any financing obtained by the Retention Holder (or a majority-owned affiliate) during such period to purchase or carry the U.S. Required Risk Retention Interest that is secured by the U.S. Required Risk Retention Interest must provide for full recourse to the Retention Holder (or its majority-owned affiliate) and otherwise comply with the U.S. Credit Risk Retention Requirements. In addition, prior to the Sunset Date, the Retention Holder (or its majority-owned affiliate) may not engage in any hedging transactions if payments on the hedge instrument are materially related to the U.S. Required Risk Retention Interest and the hedge position would limit the credit exposure of the Retention Holder or its majority-owned affiliate to the U.S. Required Risk Retention Interest.

The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Co-Sponsors that do not constitute part of the U.S. Required Risk Retention Interest. Also, any financing of the U.S. Required Risk Retention Interest may require a grant or a security interest over the U.S. Required Risk Retention Interest and the posting of a daily mark-to-market margin by the Risk Retention Holder and result in the financing counterparty having enforcement rights in case of an event of default (including but not limited to failure to post any daily margin) which may include the right to appropriate or sell the U.S. Required Risk Retention Interest. In carrying out such appropriations or sale, the financing counterparty would not be required to have regard

for the provisions of the U.S. Credit Risk Retention Requirements, and any such sale could cause the Retention Holder to be out of compliance with such rules.

To the extent that the Retention Holder, directly or through a majority-owned affiliate, holds an interest in the Notes greater than the amount required for an EVI, such interest may, at any time, be transferred to any third party or an affiliate without affecting its compliance with the U.S. Credit Risk Retention Requirements.

Rule 15Ga-2

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

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

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

Treatment of the Issuer as a PFIC

The Issuer is expected to be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes, which means that a U.S. Holder (as defined in "*Taxation – U.S. Federal Income Taxation*") of any Class of Equity Notes (as defined in "*Taxation – U.S. Federal Income Taxation – Characterisation of the Notes*") may be subject to adverse tax consequences unless such holder elects to treat the Issuer as a QEF (as defined in "*Taxation – U.S. Federal Income Taxation – Taxation of U.S. Holders of the Equity Notes*") and to recognise currently its proportionate share of the Issuer's ordinary income and long-term capital gain whether or not distributed to such holder. In addition, and depending on the overall ownership of interests in the Issuer, a U.S. Holder of 10 per cent. or more of the Equity Notes may be treated as a United States shareholder in a controlled foreign corporation ("**CFC**") for U.S. federal income tax purposes, and required to recognise currently its proportionate share of the subpart F income of the Issuer, whether or not distributed to such holder. The Issuer will cause its independent accountants to provide a U.S. Holder of Equity Notes, upon request by and at the expense of such U.S. Holder, with the information reasonably available to the Issuer that such U.S. Holder reasonably requests to permit such U.S. Holder to make a QEF election with respect to the Issuer. Moreover, the Issuer will cause its independent accountants to provide a U.S. Holder of Class D Notes and Class E Notes, upon request by and at the expense of such U.S. Holder, with the information reasonably available to the Issuer that such U.S. Holder reasonably requests to permit such U.S. Holder to make a "protective" QEF election with respect to the Issuer. A U.S. Holder that makes a QEF election or that is required to recognise currently its proportionate share of the subpart F income of the Issuer will be required to include in the current income its *pro rata* share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such holder.

Potential investors should consult their own tax advisors regarding the potential application of the PFIC rules or the CFC rules to their investment in the Notes.

Characterisation of the Rated Notes for U.S. federal income tax purposes

The characterisation of notes as debt or equity for U.S. federal income tax purposes depends on many factors, including the form of such notes, the terms of such Notes and the debt-to-equity ratio of the Issuer. The Issuer intends to treat the Rated Notes as debt for U.S. federal income tax purposes. However, there is a risk that the U.S. Internal Revenue Service could assert that any Class of Rated Notes should be treated as an equity interest in the Issuer (and, potentially as an interest in a PFIC or a CFC) rather than as debt for U.S. federal income tax purposes. Characterisation of a Note as an equity interest in a PFIC or CFC rather than a debt instrument for U.S. federal income tax purposes would have certain timing and character consequences to a U.S. Holder (as defined in "*Taxation – U.S. Federal Income Tax*"). Potential investors should consult their own tax advisors regarding the potential recharacterisation of the Rated Notes as equity in the Issuer for U.S. federal income tax purposes.

Plan Assets

There can be no assurance that, notwithstanding the commercially reasonable efforts of the Issuer, the underlying assets of the Issuer will not otherwise be deemed to include "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code. If the assets of the Issuer were deemed to be "plan assets", this could result in, among other things, (i) the application of the prudence and other fiduciary standards of ERISA to investments made by the Issuer and (ii) the possibility that certain transactions in which the Issuer might otherwise seek to engage in the ordinary course of its business and operation could constitute non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code, which could restrict the Issuer from entering into an otherwise desirable investment or from entering into an otherwise favourable transaction. In addition, fiduciaries who decide to invest in the Notes could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Notes or as co-fiduciaries for actions taken by or on behalf of the Issuer. There may be other Similar Laws that may also apply to an investment in the Notes.

Eurosystem eligibility

The Notes are intended to be held in a manner which would allow Eurosystem eligibility. This simply means that the Notes will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Potential for conflicts among the Seller, Arranger, Bookrunner and Joint Lead Managers

On or after the Closing Date, the Retention Holder (or its wholly-owned affiliate) may obtain funding to help finance the economic interest to some or all of the EU Retention Notes and the U.S. Required Risk Retention Interest to be acquired by the Retention Holder pursuant to the risk retention undertaking. It is expected that such funding may be secured by some or all of the EU Retention Notes and U.S. Required Risk Retention Interest and provided to the Retention Holder or its wholly-owned affiliate on a full recourse basis in accordance with and as permitted by the U.S. Credit Risk Retention Requirements. Such funding may be provided by one or more Joint Lead Managers.

The Arranger, the Bookrunner and the Joint Lead Managers are part of global investment banking and securities and investment management firms that provide a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The financial services that the Arranger, the Bookrunner and the Joint Lead Managers may provide also include financing and, as such, the Arranger, the Bookrunner and the Joint Lead Managers may have and/or may provide financing directly or indirectly to the Seller and/or any of its affiliates and related entities and such financing may directly or indirectly involve financing the EU Retention Notes and/or U.S. Required Risk Retention Interest. In the case of any such financing, the Arranger, the Bookrunner and the Joint Lead Managers may have received security over assets of the Seller and/or its affiliates, including security over the EU Retention Notes and/or U.S. Required Risk Retention Interest, resulting in the Arranger, the Bookrunner and the Joint Lead Managers having enforcement rights and remedies which may include the right to appropriate or sell

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the EU Retention Notes and/or U.S. Required Risk Retention Interest. In carrying out such sale, the Arranger, the Bookrunner and the Joint Lead Managers would not be required to have regard to any retention requirements, including the EU Securitisation Regulation and U.S. Credit Risk Retention Requirements, and any such sale may therefore from such time cause the transaction described in this Prospectus to cease to be compliant with such requirements, which with respect to the EU Securitisation Regulation, may result in adverse regulatory capital treatment for certain investors in relation to their holding of the Notes.

WEIGHTED AVERAGE LIVES OF THE NOTES

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

1. in the first scenario as set out in the table headed "*Assuming the occurrence of the Mortgage Portfolio Purchase Option on the FORD*" below, the Mortgage Portfolio Purchase Option Holder or the Market Sale Option Holder exercises its option to redeem the Notes on the FORD. In the second scenario and as set out in the table headed "*Assuming no occurrence of the Mortgage Portfolio Purchase Option on the FORD*" below, the Mortgage Portfolio Purchase Option is not exercised on or after the FORD and no exercise of the clean-up call option;
2. the Mortgage Loans are fully performing and there are no arrears or enforcements;
3. the Mortgage Loans are subject to a constant annual rate of prepayment (exclusive of scheduled principal redemptions) of between 0% and 15% per annum as shown on the tables below;
4. the assets of the Issuer are not sold by the Trustee except, as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes in accordance with Conditions 8.4 (*Optional Redemption in whole*) or 9.6 (*Mandatory Redemption of the Notes following the exercise of the Mortgage Portfolio Purchase Options or Market Mortgage Portfolio Purchase*);
5. no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
6. there are Flexible Drawings offered by the Sellers and the Sellers are required to repurchase any Loan (including any Flexible Drawing thereon since the Closing Date) in accordance with the relevant Mortgage Sale Agreement;
7. the Security is not enforced;
8. there are no reconciliation amounts to consider;
9. the portfolio reference date of the Mortgage Loans is 31 July 2019 (the "**Portfolio Reference Date**") and the cut-off date is 30 September 2019 (the "**Cut-off Date**"), and as such the remaining term of the Mortgage Loans are adjusted by 2 months to adjust for such difference;
10. the Mortgage Loans are sold to the Issuer for value as at the Cut-off Date, therefore the accrual of cash flows starts at the Cut-off Date;
11. any Mortgage Loans which repay on a combination repayment and interest-only basis in the Provisional Mortgage Portfolio are treated as if they are Interest Only Mortgage Loans;
12. the ratio of the Principal Amount Outstanding of the Class A1 Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 86.00%;
13. the ratio of the Principal Amount Outstanding of the Class A2 Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 2.75%;
14. the ratio of the Principal Amount Outstanding of the Class B Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 3.50%;
15. the ratio of the Principal Amount Outstanding of the Class C Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 1.75%;
16. the ratio of the Principal Amount Outstanding of the Class D Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 1.50%;
17. the ratio of the Principal Amount Outstanding of the Class E Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 1.00%;

WEIGHTED AVERAGE LIVES OF THE NOTES

18. the ratio of the Principal Amount Outstanding of the Class Z Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 3.50%;
19. the ratio of the Principal Amount Outstanding of the Class XA Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 0.35 %;
20. the Notes are issued on or about 17 October 2019;
21. the Interest Payment Dates are on 20th day of every quarter, or if such day is not a Business Day, the immediately following Business Day, with the first Interest Payment Date being on or about 20 January 2020;
22. scheduled amortisation is calculated on an individual Mortgage Loan basis in accordance with the contractual repayment terms of each Mortgage Loan within the Portfolio and is initially aggregated on a monthly basis;
23. unscheduled amortisation is calculated on an aggregate basis by adjusting the scheduled amortisation in each period by the annualised constant prepayment rate;
24. the annualised constant prepayment rate consists of both partial and full prepayments of the principal under the Mortgage Loans;
25. the interest, prepayments and scheduled payments of the Mortgage Loans are calculated on a 30/360 basis;
26. there is no debit balance on any of the sub-ledgers of the Principal Deficiency Ledgers on any Interest Payment Date;
27. no Servicer Termination Event has occurred;
28. calculations of possible average lives of the Notes assume a flat Compounded Daily SONIA of 0.71%, a flat Standard Variable Rate of 5.5% and a flat Bank of England Base Rate of 0.75%;
29. if a Mortgage Loan has a maturity prior to the Cut-off Date of 30 September 2019, the principal balance of such Mortgage Loan will be assumed to be paid in full during the month of October 2019;
30. the amounts payable in relation to items (1) and (2) in the Pre-Enforcement Expenses Priority of Payments are equal to the sum of (i) £250,000 per annum and (ii) 0.20 per cent. per annum on the average aggregate Capital Balance of the Mortgage Loans determined as of the first day of each of the immediately preceding three Collection Periods both calculated assuming a 30/360 day count convention;
31. the Liquidity Facility Provider Fees are calculated on the basis of being equal to 0.65 per cent. per annum on the Liquidity Facility Undrawn Amount assuming an Actual/365 day count convention;
32. the rate of interest on any drawings made under the Liquidity Facility (including any Liquidity Standby Drawings) is calculated at a rate equal to SONIA plus 1.31 per cent. on the drawn amount assuming an Actual/365 day count convention; and
33. the weighted average lives of the Notes are calculated on an Actual/365 day count convention.

The actual characteristics and performance of the Mortgage Loans are likely to differ from assumptions set out above. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cashflows 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 assumptions and, *inter alia*, the actual prepayment or loss experience on the 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.

WEIGHTED AVERAGE LIVES OF THE NOTES

Constant annual rate of prepayment of the Mortgage Loans	(Assuming the occurrence of the Mortgage Portfolio Purchase Option on the FORD) Possible Average Life (in years) of:					
	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
CPR						
0.00%	2.81	2.81	3.01	3.01	3.01	3.01
2.50%	2.70	2.70	3.01	3.01	3.01	3.01
5.00%	2.60	2.60	3.01	3.01	3.01	3.01
7.00%	2.52	2.52	3.01	3.01	3.01	3.01
10.00%	2.40	2.40	3.01	3.01	3.01	3.01
12.50%	2.31	2.31	3.01	3.01	3.01	3.01
15.00%	2.21	2.21	3.01	3.01	3.01	3.01

Constant annual rate of prepayment of the Mortgage Loans	(Assuming no occurrence of the Mortgage Portfolio Purchase Option on the FORD, and no exercise of the clean-up call option is exercised) Possible Average Life (in years) of:					
	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
CPR						
0.00%	7.66	7.66	13.19	13.42	13.52	13.61
2.50%	6.60	6.60	12.95	13.20	13.36	13.52
5.00%	5.70	5.70	12.66	12.96	13.13	13.28
7.00%	5.09	5.09	12.35	12.72	12.94	13.12
10.00%	4.32	4.32	11.46	12.22	12.58	12.80
12.50%	3.80	3.80	10.51	11.45	12.07	12.46
15.00%	3.39	3.39	9.33	10.57	11.29	11.94

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see "*Risk Factors – Risks related to the Notes – Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*", above.

USE OF PROCEEDS

The gross proceeds of the Notes are estimated to be an amount equal to £1,432,352,173. The Issuer will use the gross proceeds of the Notes to:

- (a) pay the Purchase Price payable by the Issuer for: (i) the English Mortgage Loans and the Northern Irish Mortgage Loans and the Related Security to be acquired from each relevant Seller on the Closing Date; and (ii) the transfer of the relevant Seller's interest as beneficiary under the Scottish Trust (representing the beneficial interest in the Scottish Mortgage Loans and their Related Security) to the Issuer;
- (b) fund the Class B Liquidity Reserve Fund; and
- (c) fund the Class C Liquidity Reserve Fund.
- (d) See the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements*".

RATINGS

On the Closing Date, the following Classes of Notes will be the Rated Notes. The NIM Notes, the Class Z Notes and the Certificates will not be rated by any Rating Agency.

Below are the ratings that are expected to be assigned to the Rated Notes:

Class	S&P	Fitch
A1	AAAsf	AAAsf
A2	AAAsf	AAAsf
B	AAsf	AAsf
C	A+sf	Asf
D	Asf	BB+sf
E	BBBsf	Bsf

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.

The ratings assigned to the Rated Notes (including in respect of the Step-Up Margins) by S&P address, *inter alia*:

- (1) the likelihood of full and timely payments to the holders of the Class A Notes of interest on each Interest Payment Date in accordance with the Conditions;
- (2) the likelihood of full payment to the holders of the Subordinated Rated Notes of all payments of interest in relation to the Subordinated Rated Notes on or prior to the Final Maturity Date; and
- (3) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

For more information as to what the ratings assigned by S&P Global Ratings represent, please see https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 (such website and the contents thereof do not form part of this Prospectus).

The ratings assigned to the Rated Notes (including in respect of the Step-Up Margins) by Fitch address, *inter alia*:

- (1) the likelihood of full and timely payments to the holders of the Class A Notes and the Class B Notes of interest on each Interest Payment Date in accordance with the Conditions;
- (2) the likelihood of full payment to the holders of the Subordinated Rated Notes (other than the Class B Notes) of all payments of interest in relation to the Subordinated Rated Notes on or prior to the Final Maturity Date and timely payment of interest when such Class of Subordinated Rated Notes is the Most Senior Class; and
- (3) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

For more information as to what the ratings assigned by Fitch represent, please see <https://www.fitchratings.com/site/definitions> (such website and the contents thereof do not form part of this Prospectus).

THE ISSUER

Towd Point Mortgage Funding 2019 – Auburn 13 plc (the "**Issuer**") was incorporated and registered in England and Wales on 3 September 2019 (under company registration number 12186738) as a public limited company under the Companies Act 2006 (as amended).

The telephone number of the Issuer is +44 (0)203 855 0285.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, one of which is fully paid, and 49,999 shares of which are a quarter paid up, all of which are beneficially owned by Holdings (see the section entitled "*Holdings*" below).

The Issuer has been established as a special purpose company for the purpose of acquiring the Mortgage Loans and issuing the Notes. The Issuer has no subsidiaries and no employees.

CSC Capital Markets UK Limited, as the Corporate Services Provider, acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days written notice to the other party. The Corporate Services Provider's principal office is at Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ.

Neither the Legal Title Holder, each Seller nor any associated body of either of them owns directly or indirectly any of the share capital of the Share Trustee, Holdings or the Issuer.

The Issuer has not commenced operations and has not engaged, since its incorporation, and will not engage in any material activities other than those incidental to its incorporation under the Companies Act 2006 (as amended), authorisation and issue of the Notes and the Certificates, the matters referred to or contemplated in this document and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing. The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the time of this Prospectus.

The accounting reference date of the Issuer is 31 December. As of the date of this Prospectus, the Issuer has not prepared accounts. The first statutory accounts of the Issuer will be prepared for the period from the date of its incorporation to 31 December 2020.

Directors

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

Name	Address	Principal Activities
CSC Directors (No. 1) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
CSC Directors (No. 2) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Aline Sternberg	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director

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

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
Jonathan Hanly	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Constantinos Kleanthous	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Catherine McGrath	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
John-Paul Nowacki	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Vinoy Nursiah	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Debra Parsall	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Aline Sternberg	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Lara Nasato	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Charmaine de Castro	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director

The company secretary of the Issuer is:

<u>Name</u>	<u>Business Address</u>
CSC Corporate Services (UK) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ

Activities

On the Closing Date, the Issuer will acquire from each Seller a portfolio of predominantly buy-to-let residential mortgages originated by the Originator. All Mortgage Loans acquired by the Issuer on such date will be financed by the proceeds of the issue of the Notes. The activities of the Issuer will be restricted by the Conditions and the Deed of Charge and will be limited to the issue of the Notes and the Certificates, the ownership of the Mortgage Loans and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include the collection of payments of principal and interest from Borrowers in respect of Mortgage Loans and the operation of arrears procedures.

HOLDINGS

Towd Point Mortgage Funding 2019 – Auburn 13 Holdings Limited ("**Holdings**") was incorporated in England and Wales on 3 September 2019 (registered number 12186553) as a private limited company under the Companies Act 2006 (as amended).

The telephone number of Holdings' registered office is +44 (0)203 855 0285.

The issued share capital of Holdings comprises one ordinary share of £1. The share of Holdings is held by CSC Corporate Services (UK) Limited as the Share Trustee, the benefit of which is expressed to be for discretionary purposes, under a declaration of trust dated 17 September 2019.

As at the date of this Prospectus, Holdings does not have any borrowings or contingent liabilities.

Holdings is organised as a special purpose company. Holdings holds the entire beneficial interest in the issued share capital of the Issuer. Other than the Issuer, Holdings has no subsidiaries.

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

There are no restrictions on the objects of Holdings in its articles of association and Holdings is therefore permitted, amongst other things, to borrow money, grant security over its property for the performance of its obligations and purchase property.

Holdings has not engaged in any other activities since its incorporation other than those 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.

Directors

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

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
CSC Directors (No. 1) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
CSC Directors (No. 2) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Aline Sternberg	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director

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

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
Jonathan Hanly	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Constantinos Kleanthous	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Catherine McGrath	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
John-Paul Nowacki	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Vinoy Nursiah	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Debra Parsall	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Aline Sternberg	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Lara Nasato	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director
Charmaine de Castro	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Company Director

The company secretary of Holdings is:

<u>Name</u>	<u>Business Address</u>
CSC Corporate Services (UK) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ

The accounting reference date of Holdings is 31 December.

CERH GR2 – A SELLER

CERH GR2 Sub B.V ("CERH GR2" and a "Seller"), is a private company with limited liability under Dutch law with its headquarters in Baarn, The Netherlands. CERH GR2 was incorporated on 11 April 2017 (and was formerly known as CERH GR1 B.V.). CERH GR2 is a wholly owned subsidiary of CERH whose main business is the purchasing and selling (including for investment) mortgage loans and residential investment mortgage loans secured on properties in the United Kingdom. As of 31 July 2019, CERH GR2's only purchase and sale of mortgage loans was of the Warehouse Mortgage Portfolio to Auburn Warehouse Borrower 4 Limited.

As of 31 December 2018, CERH GR2 Sub B.V. had not conducted any business activities . As of 31 December 2018, CERH GR2 had total assets (unaudited) of £2,000 and liabilities (unaudited) of £9,000. CERH GR2 had losses (unaudited) of £7,000 for the year ended 31 December 2018 as a result of general expenses incurred.

**CERH – A CO-SPONSOR AND THE RETENTION HOLDER
AND FIRSTKEY – A CO-SPONSOR**

Cerberus European Residential Holdings B.V.

Cerberus European Residential Holdings B.V. ("**CERH**" and the "**Retention Holder**"), a Co-Sponsor, is a private company with limited liability under Dutch law with its headquarters in Baarn, The Netherlands. CERH was incorporated on 4 February 2015 (and was formerly known as Promontoria Holding 144 B.V.). CERH is indirectly owned by funds and/or accounts managed by affiliates of Cerberus Capital Management, L.P. ("**Cerberus**").

CERH is the indirect holding company of CHL. CERH also holds certain other mortgage assets as part of Cerberus' European residential mortgage business.

As of 31 December 2018, CERH had total assets of £723 million and a total net worth of £509 million. CERH generated a profit of £59 million for the period ended 31 December 2018, which is mainly attributable to dividend income and interest income from the notes retained by CERH. CERH has no employees and relies on other Cerberus group members, such as FirstKey Mortgage, LLC, to provide advisory and administrative services.

Pursuant to the U.S. Credit Risk Retention Requirements, CERH intends to retain, directly or through a majority-owned affiliate the U.S. Required Risk Retention Interest, as described in "*Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements*".

On the Closing Date, CERH (directly or through its wholly owned subsidiary) intends to hold the economic exposure to the EU Retention Notes issued by the Issuer for the purposes of the European Union Retention Requirement. CERH as Retention Holder will undertake to retain (directly or through its wholly owned subsidiary) the economic exposure to the EU Retention Notes for the life of the transaction either for its own account for the account of its wholly owned subsidiary. The aggregate Principal Amount Outstanding of securities which CERH holds (or holds through its wholly owned subsidiary) the economic exposure to on the Closing Date is expected to be £72,645,000 being the EU Retention Notes which, together with 5 per cent. of the Class XB Certificates, constitutes the U.S. Required Risk Retention Interest as well as a maximum of £197,317,000 in additional securities which, unlike the EU Retention Notes and U.S. Required Risk Retention Interest, are not required to be held by CERH and may be placed separately before, on, or after the Closing Date.

Pursuant to the Mortgage Sale Agreements, in certain circumstances, the Sellers (which are wholly owned subsidiaries of CERH) will be required to buy-back or indemnify and keep indemnified in respect of certain Loans and their related Security from the Issuer. See "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements – Warranties, Repurchase and Indemnification*".

FirstKey Mortgage, LLC

FirstKey Mortgage, LLC ("**FirstKey**"), a Co-Sponsor, is a Florida limited liability company headquartered in 900 Third Avenue, Suite 500, New York, NY 10022. Formerly known as PREO Mortgage, LLC, FirstKey was acquired by FirstKey Holdings, LLC in June 2013 and is indirectly owned by certain funds managed by affiliates of Cerberus Capital Management, L.P. FirstKey was formed to originate, acquire and sell residential mortgage loans in the secondary mortgage market and to develop a securitisation issuance platform. As of 3 October 2019, FirstKey has sponsored and/or served as asset manager on thirty-three rated securitisations of approximately \$35.2 billion of U.S. seasoned residential mortgage loans, including manufactured housing loans and home equity lines of credit and co-sponsored five rated securitisations of approximately £12.1 billion of UK seasoned residential mortgage loans.

CHL – A SELLER, THE LEGAL TITLE HOLDER, THE SERVICER, THE CASH MANAGER AND
THE ORIGINATOR

**CHL – A SELLER, THE LEGAL TITLE HOLDER, THE SERVICER, THE CASH MANAGER
AND THE ORIGINATOR**

Capital Home Loans Limited ("CHL" and the "Servicer") is a limited company incorporated in England and Wales on 6 October 1987, under the Companies Act 1985 and 1989. CHL began trading on 2 May 1989. CHL has no subsidiaries.

CHL was formed as a result of a joint venture between Credit Foncier de France and Société Generale. Société Generale's 51 per cent. holding in CHL was later purchased by Credit Foncier de France on 23 October 1992. CHL was acquired from Credit Foncier de France by Permanent TSB p.l.c. ("PTSB") on 22 October 1996 and was sold by PTSB to Promontoria (Lansdowne) Limited, an affiliate of Cerberus Capital Management L.P. ("Cerberus") and an indirect subsidiary of the Seller on 31 July 2015. Cerberus acquired both the CHL servicing platform as well as circa £2.5 billion of buy-to-let and an approximately £96 million portfolio of regulated home loans from PTSB. Cerberus acquired the remaining approximately £2.25 billion of buy-to-let loans from PTSB in November 2016.

CHL is engaged in the business of purchasing and selling (including for investment) and managing residential mortgage loans and residential investment mortgage loans (including third party administration) secured on properties in the United Kingdom. As of 31 July 2019, CHL holds a mortgage portfolio of approximately £1.27 billion, some of which has been securitised.

As of 31 December 2018, CHL had total assets (audited) of £1.35 billion and a total net worth (audited) of £130 million. CHL made a profit (audited) of £6.8 million for the year ended 31 December 2018, attributable to its ultimate parent.

HML – THE BACK-UP SERVICER

Homeloan Management Limited ("**HML**") is a private company with limited liability incorporated under the laws of England and Wales with registered number 02214839 and with its registered address at The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

HML is a subsidiary of Computershare Limited, an Australian global financial administration company, and is authorised and regulated by the Financial Conduct Authority (FCA Number 304476) with permissions to, amongst other things, administer commercial and residential mortgage loans in the United Kingdom on behalf of third parties.

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

BARCLAYS BANK PLC –THE COLLECTION ACCOUNT BANK

Barclays Bank PLC (the Bank, and together with its subsidiary undertakings, the Bank Group) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group) is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organised into two clearly defined business divisions – Barclays UK division and Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which operate alongside Barclays Execution Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Execution Services Limited drives efficiencies in delivering operational and technology services across the Group.

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

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

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

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

WELLS FARGO BANK, N.A., LONDON BRANCH – THE LIQUIDITY FACILITY PROVIDER

Wells Fargo Bank, National Association is a national banking association organized under the laws of the United States. Wells Fargo Bank, National Association (London Branch) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Wells Fargo Bank, National Association has, as of the date of this Prospectus, long-term debt ratings from Standard & Poor's, Fitch Ratings and Moody's of "A+", "AA-" and "Aa2", respectively, and short-term debt ratings from Standard & Poor's, Fitch Ratings and Moody's of "A-1", "F1+" and "P-1", respectively. The ratings reflect the respective rating agency's current assessment of the creditworthiness of Wells Fargo Bank, National Association and may be subject to revision or withdrawal at any time by the rating agencies.

Wells Fargo Bank, National Association will provide upon request, without charge, to each person to whom this Prospectus is delivered, a copy of the most recent audited annual financial statements of Wells Fargo & Co., the parent company of Wells Fargo Bank, National Association. Requests for such information should be directed to Wells Fargo & Co. – Investor Relations, (415) 371- 2921 or via electronic mail at investorrelations@wellsfargo.com.

Wells Fargo Bank, National Association has not participated in the preparation of this Prospectus and has not reviewed and is not responsible for any information contained in this Prospectus, other than the information contained in the immediately preceding paragraphs. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Wells Fargo Bank, National Association since the date hereof or that the information contained or referred to in this section is correct at any time after the date hereof.

U.S. BANK, ELAVON AND U.S. BANK GLOBAL CORPORATE TRUST LIMITED – THE
TRUSTEE, PRINCIPAL PAYING AGENT,
AGENT BANK, THE BACK-UP CASH MANAGER AND REGISTRAR

**U.S. BANK, ELAVON AND U.S. BANK GLOBAL CORPORATE TRUST LIMITED – THE
TRUSTEE, PRINCIPAL PAYING AGENT,
AGENT BANK, THE BACK-UP CASH MANAGER AND REGISTRAR**

Elavon

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

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

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

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

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

U.S. Bank

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

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

U.S. Bank Global Corporate Trust Limited

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

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

HSBC – THE ISSUER ACCOUNT BANK

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

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

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 66 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,659bn at 31 March 2019, HSBC is one of the world's largest banking and financial services organisations.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1+ by Standard & Poor's and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa3 by Moody's and AA- by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

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

THE MORTGAGE PORTFOLIO

Each of the Mortgage Loans in the Mortgage Portfolio was selected from the Provisional Mortgage Portfolio and, other than the Irish Permanent Mortgage Loans, originally advanced by the Originator.

The Provisional Mortgage Portfolio was drawn up as at the Portfolio Reference Date and comprised 11,956 Mortgage Loan Accounts (at the sub-account level) with an aggregate Current Balance of £1,470,551,799.76. The Provisional Mortgage Portfolio consists of Mortgage Loans originated by the Originator, initially legally and beneficially owned by the Originator and subsequently, immediately prior to their sale by the relevant Seller to the Issuer on or about the Closing Date, beneficially owned by either (i) Towd Point Mortgage Funding 2016 - Auburn 10 plc or (ii) Auburn Warehouse Borrower 4 Limited.

The beneficial interest in the Mortgage Loans comprising the AU10 Mortgage Portfolio has been repurchased by CHL from Towd Point Mortgage Funding 2016 - Auburn 10 plc immediately prior to the sale by CHL to the Issuer on or about the Closing Date. The legal title to the Mortgage Loans in the AU10 Mortgage Portfolio has been retained by CHL for the life of those Mortgage Loans.

The beneficial interest in the Mortgage Loans comprising the Warehouse Mortgage Portfolio has been repurchased by CERH GR2 from Auburn Warehouse Borrower 4 Limited immediately prior to the sale by CERH GR2 to the Issuer on or about the Closing Date. The legal title to the Mortgage Loans in the Warehouse Mortgage Portfolio has been retained by CHL for the life of those Mortgage Loans. See "*Annex A – Statistical Information on the Provisional Mortgage Portfolio*" for more detail on the Provisional Mortgage Portfolio.

As at the Portfolio Reference Date, there were five Irish Permanent Mortgage Loans in the Provisional Mortgage Portfolio with an aggregate Current Balance of £113,244.11. The Irish Permanent Mortgage Loans were originated by Irish Permanent plc and under different origination and lending policies, practices and guidelines to the Lending Criteria and origination practices used for the Mortgage Loans originated by CHL. Whilst CHL has been responsible for the ongoing servicing of the Irish Permanent Mortgage Loans, as a result of not being involved in the origination process, not all matters relating to the origination of the Irish Permanent Mortgage Loans are known to the Transaction Parties (including to the Legal Title Holder) and it may therefore not be possible to ascertain whether an Irish Permanent Mortgage Loan was originated in accordance with their applicable origination and lending policies, practices and guidelines, which may have a material effect on the performance and/or value of an Irish Permanent Mortgage Loan. The Irish Permanent Mortgage Loans will be assigned to the Issuer in accordance with the Warehouse Mortgage Sale Agreement but no value will be attributed to the Irish Permanent Mortgage Loans in determining the purchase price of the Mortgage Portfolio. At all times and in accordance with the Warehouse Mortgage Sale Agreement, an amount equal to the PTSB Revenue Receipts and PTSB Principal Receipts received will be paid directly to CERH GR2 in its capacity as Seller as deferred consideration on each Interest Payment Date outside of the Priorities of Payment. As a result therefore, any adverse performance in respect of the Irish Permanent Mortgage Loans will have no impact on the return on the Notes.

The Mortgage Loans included in the Mortgage Portfolio will be the same Mortgage Loans as included in the Provisional Mortgage Portfolio after removing: (i) Mortgage Loans which are scheduled to redeem prior to the Closing Date; and (ii) Mortgage Loans which at any time prior to the Closing Date are found not to comply with the warranties to be given in respect of the Mortgage Loans on the Closing Date as set out in the Mortgage Sale Agreements. See "*Annex A – Statistical Information on the Provisional Mortgage Portfolio*" for more detail on the Provisional Mortgage Portfolio. The Properties over which the Mortgage Loans in the Provisional Mortgage Portfolio are secured have not been revalued for the purposes of the issue of the Notes.

The Sellers will sell the Mortgage Portfolio with the benefit of all collections received in respect thereof during the period from the Cut-off Date to the Closing Date.

In relation to the Northern Irish Mortgage Loans and the Scottish Mortgage Loans, the Standard Documentation may vary as to the treatment and application of Further Advances, porting, payment holidays, Flexible Drawings and Product Switches. The description set out below does not, unless otherwise specified, relate to the Northern Irish Mortgage Loans.

Origination of the Mortgage Loans

The Mortgage Loans included in the Provisional Mortgage Portfolio were all made no earlier than July 1994 and on or before mid-2008 (with some Mortgage Loans having been subject to porting on or before September 2019). The Originator derived its mortgage lending business at the relevant times primarily from intermediaries that included mortgage brokers and independent financial advisors.

The Provisional Mortgage Portfolio comprises Standard Variable Rate Mortgage Loans and Tracker Rate Mortgage Loans (see "*Types of Interest Rate Terms for all Mortgage Products*" below). Repayment terms under each Mortgage Loan differ according to the repayment type. The Provisional Mortgage Portfolio will include, *inter alia*, Repayment Mortgage Loans and Interest Only Mortgage Loans (see "*Types of Repayment Terms for all Mortgage Products*").

Types of Interest Rate Terms for all Mortgage Products

The type of interest rate terms contained within each mortgage product will comprise any of the following types:

- (a) Mortgage Loans which are subject to a variable rate of interest set by CHL (the "SVR") from time to time (the "**Standard Variable Rate Mortgage Loans**"); or
- (b) Mortgage Loans which are subject to a variable rate of interest set by CHL from time to time but which rate is linked to the Bank of England's base rate (the "**Tracker Rate Mortgage Loans**").

Mortgage Loans which were but are no longer subject to a fixed rate of interest are treated as and are referred to herein as Tracker Rate Mortgage Loans or Standard Variable Rate Mortgage Loans, as applicable.

Types of Repayment Terms for all Mortgage Products

The repayment terms contained within each mortgage product will comprise one of the following types (including possible combinations thereof):

- (a) Mortgage Loans in relation to which the principal amount is not repayable before maturity ("**Interest Only Mortgage Loans**"); and
- (b) Mortgage Loans in relation to which monthly instalments, which can cover both interest and principal, are payable until the mortgage is fully repaid by its maturity ("**Repayment Mortgage Loans**").

Payment Holidays

Payment holidays are available only to Borrowers who have "flexible mortgage product accounts" and **provided that** all payments are up-to-date with no arrears during the six months prior to the start of the payment holiday and the relevant Mortgage Loan has not exceeded the maturity date. All payment holiday requests are subject to the Legal Title Holder's current Lending Criteria (the current loan-to-value ratio of the relevant Mortgage Loan will not exceed 25 per cent. and the payment holiday does not cause the amount owed to the Legal Title Holder to exceed the Borrower's maximum borrowing limit). Any payment holiday requests received from a Borrower in the final 24 months of the term of the relevant Mortgage Loan will only be considered if confirmation is received from the Borrower that a suitable plan is in place to repay the increased balance at maturity. There are no restrictions on the number of payment holiday requests a Borrower can make.

Flexible Drawings

A Borrower may apply to CHL to request a Flexible Drawing subject to a minimum amount of £500. All Flexible Drawing requests are subject to the Legal Title Holder's current Lending Criteria (the current loan-to-value ratio of the relevant Mortgage Loan following the granting of the Flexible Drawing will not exceed 25 per cent. and the Flexible Drawing does not cause the amount owed to CHL to exceed the Borrower's maximum borrowing limit). Any Flexible Drawing requests received from a Borrower in the final 24 months of the term of the relevant Mortgage Loan will only be considered if confirmation is received from the Borrower that a suitable plan is in place to repay the increased balance at maturity. Any such request

will not be approved by CHL where the Mortgage Loan has been in arrears in the six months prior to the Drawings Date or the Mortgage Loan has exceeded the maturity date.

Where a Flexible Drawing is made to a Borrower, the relevant Seller will be responsible for funding such Flexible Drawing and the Issuer will, subject to certain conditions, purchase such Flexible Drawing. See the section "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements – Mortgage Sale Agreements - Flexible Drawings*" for more detail.

Porting

Porting involves the release of a Property originally subject to mortgage in connection with a Mortgage Loan and its replacement with another Property.

No new advances are provided in connection with the porting. The Legal Title Holder responds to porting requests in accordance with its Lending Criteria, and porting is typically approved only in respect of a small number of Mortgage Loans.

Product Switches

From time to time a Borrower may request, or the Legal Title Holder may offer and the Borrower may accept, in limited circumstances, a variation in the financial terms and conditions applicable to the Borrower's Mortgage Loan. In addition, in order to promote the retention of Borrowers, the Legal Title Holder may periodically contact certain Borrowers in respect of the Legal Title Holder's total portfolio of outstanding residential mortgage loans in order to encourage a Borrower to review the Legal Title Holder's other residential mortgage loans and to discuss moving the Borrower to an alternative mortgage product. In limited circumstances, if a Mortgage Loan is subject to a Product Switch, CERH shall be required to repurchase the relevant Warehouse Mortgage Loan and its Related Security or CHL shall be required to repurchase the relevant AU10 Mortgage Loan and its Related Security (as applicable) from the Issuer (see "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements – Mortgage Sale Agreements – Product Switches*").

Further Advances

The Legal Title Holder considers applications for Further Advances in accordance with its Lending Criteria. CERH will be required to repurchase from the Issuer each Warehouse Mortgage Loan and CHL will be required to repurchase from the Issuer each Warehouse Mortgage Loan, in each case, in respect of which CERH or CHL, as applicable, agrees to grant a Further Advance. See the section "*Sale of Mortgage Portfolio under the Mortgage Sale Agreements – Mortgage Sale Agreements – Further Advances*" for more detail.

Valuations

Valuations are carried out in full on all proposed new loans by one of CHL's panel valuers being a qualified surveyor (ARICS or equivalent qualification). Where a Further Advance was granted within 5 years of the original valuation a re-valuation of the Property, rather than a full mortgage valuation, was carried out. Prior to February 2007, a re-valuation was carried out if the relevant Further Advance was taken within 2 years of the original valuation. Automated valuation models and/or House Price Indexed calculations were not used for lending by CHL.

Lending Criteria

Buy to Let Mortgage Loans

As at the Portfolio Reference Date, the following lending criteria (the "**Lending Criteria**") will have been applied subject to minor changes made prior to such date in respect of the Buy to Let Mortgage Loans comprising the Provisional Mortgage Portfolio and will apply in respect of all Flexible Drawings for the Buy to Let Mortgage Loans. Buy to Let Mortgage Loans are mortgage loans originated by CHL which are intended for individual or corporate Borrowers who may be either (i) self-employed or (ii) employed and where for both the loan size is calculated based on verification of the sustainable gross monthly rental income (as assessed by a valuer from the originator's panel of approved valuers) of the Borrower, which must be at least 115 per cent. of the gross monthly interest charge, and who wish to use the Mortgage Loan as a means to purchase or remortgage residential property for the purpose of letting to third parties.

Security

- (a) Each loan must be secured by a Mortgage over a Property (at least 35 years longer than the term of the Mortgage Loan) in England, Wales, Northern Ireland or a first ranking standard security over a heritable or long leasehold residential property in Scotland. CHL will not have created more than one Mortgage over any Property. Property used as security for a Mortgage Loan in the Mortgage Portfolio does not secure another Mortgage Loan in the Mortgage Portfolio as a first ranking charge.
- (b) Properties under 10 years old will have the benefit of a National House Building Council ("NHBC") or an architect's certificate or equivalent guarantee from an acceptable body.
- (c) The following types of Property are deemed unacceptable as security and loans secured over such Properties are thus not included in the Mortgage Portfolio:
 - (i) flats/maisonettes subject to statutory right to buy provisions or local authority flats/maisonettes (other than certain exceptions in city centre locations with a confirmed value in excess of £150,000 and where the valuer has confirmed that such property can be resold in the residential property market);
 - (ii) houses subject to statutory right to buy provisions or ex local authority houses in an area with less than a 50 per cent. owner/occupied rate;
 - (iii) individual studios/bedsits (other than certain exceptions in city centre locations with a confirmed value in excess of £150,000 and where the valuer has confirmed that such property can be resold in the residential property market);
 - (iv) freehold flats;
 - (v) flats above shops or commercial premises (other than certain exceptions in city centre locations with a confirmed value in excess of £150,000 and where the valuer has confirmed that such property can be resold in the residential property market);
 - (vi) flats in blocks with more than four storeys (unless specifically authorised by CHL);
 - (vii) Properties with agricultural restrictions, continuing structural movement, or movement that requires monitoring, **provided that** the valuer does not make any detrimental comments in respect of the existence of tie bars;
 - (viii) multi tenanted (presently or recently) Properties divided into bed sits with individual kitchen / kitchenette facilities;
 - (ix) steel framed Properties (with the exception of new build flats steel frames);
 - (x) Properties with more than one kitchen;
 - (xi) Properties which have been underpinned within the last three years or require underpinning;
 - (xii) Properties of concrete construction with the exception of Wimpey No Fines & Laing Easiform;
 - (xiii) Properties likely to be affected by local planning, including but not limited to road widening;
 - (xiv) Properties where a third party retains an interest;
 - (xv) Properties deemed by the valuer to not be capable of being readily sold;
 - (xvi) Properties used for commercial purposes;
 - (xvii) freehold coach houses unless they are on a long term lease that covers the flat and garage related to that flat;

- (xviii) Properties with a CHL panel valuation figure of less than £50,000;
- (xix) Properties with more than six bedrooms;
- (xx) Properties above food outlets;
- (xxi) Properties with any dry rot;
- (xxii) "Monkey Puzzle" style houses. These are mid-terrace houses where there are two houses interlocked with approximately 50 to 60 per cent. flying freehold;
- (xxiii) Properties with an element of flying freehold exceeding 10 per cent.; and
- (xxiv) pre-1960 timber framed properties.

The Mortgage Portfolio includes a very small number of Mortgage Loans which were originated prior to 2005 and have lower CHL panel valuation figures than that specified in paragraph (xviii) above. That reflects the then current lower market values which have been adjusted since in line with the market.

- (d) Each Property offered as security will have been valued by a qualified surveyor (an Associate of the Royal Institution of Chartered Surveyors ("ARICS") or equivalent qualification) chosen from a panel of valuation firms approved by CHL.
- (e) Rights of consolidation will entitle CHL to refuse to release security over one Property if a Borrower fails to comply with its obligations under a Mortgage Loan secured over another of its Properties. However, default under one Mortgage Loan does not result in cross default under other Mortgage Loans to the same Borrower.
- (f) All tenancies must be six to twelve month assured shorthold tenancies or company lets or, in Scotland, short assured tenancies or private residential tenancy. No Department of Social Security tenants, tenants with diplomatic immunity or specific trusts are permitted.
- (g) Properties must be insured in accordance with a surveyor's recommended reinstatement valuation and the building insurance must recognise tenanted use.

Loan Amount

The Mortgage Loan at the time of completion must be at least £15,001 for Mortgage Loans originated before 1 May 1998 and £25,001 thereafter. The Mortgage Loan is not subject to any pre set maximum, however no Mortgage Loan within the Provisional Mortgage Portfolio exceeded £1,997,373.01 as at the Portfolio Reference Date.

Loan to value

- (a) The loan to value ratio (the "LTV") is calculated by dividing the initial principal amount advanced at completion of the Mortgage Loan by the valuation of the Property or the purchase price of the Property, whichever is the lesser amount.
- (b) Various fees including those payable on completion and on the making of Further Advances, higher percentage advance charges and interest due in respect of the month which a Mortgage Loan completes may be added to the balance of the loan above the permitted maximum LTV.
- (c) The LTV of each Mortgage Loan at the date of the initial advance must be no more than:
 - (i) 90 per cent. for advances secured on an individual Property up to a maximum lend of £750,000
 - (ii) 85 per cent. for advances secured on an individual Property up to a maximum lend of £1 million; and
 - (iii) 80 per cent. for advances secured on an individual Property up to a maximum lend of £3 million.

Loan to Total Lend

- (a) The loan to total lend ratio (the "LTL") is calculated by dividing the initial principal amount at completion of the relevant Mortgage Loan by the current valuation of all properties owned by the relevant Borrower subject to a first ranking all monies charge in favour of CHL.
- (b) Various fees including those payable on completion and on the making of Further Advances, interest due in respect of the month in which a Mortgage Loan completes may be added to the balance of the loan above the permitted maximum LTL.
- (c) The LTL of a Mortgage Loan at the date of the initial advance must be no more than:
 - (i) 90 per cent. of the total aggregate valuation of all properties owned by the Borrower up to £3,000,000 lending;
 - (ii) 85 per cent. of the total aggregate valuation of all properties owned by the Borrower more than £3,000,000 and up to £5,000,000 lending; and
 - (iii) 75 per cent. of the total aggregate valuation of all properties owned by the Borrower (following approval of the relevant Borrower's financial status) in excess of £5,000,000 lending (prior to March 2005, 85 per cent. to maximum lend of £850,000).

Subsequent advances can be approved up to 75 per cent. of LTL subject to group credit approval.

Minimum Valuation

No Property can be worth less than £50,000. The Provisional Mortgage Portfolio includes a very small number of Mortgage Loans which were originated prior to 2005 and with securing properties worth less than the current value requirement of £50,000. The values of the Properties securing those Mortgage Loans reflect the then current lower market values, and the minimum value requirements have been adjusted since in line with the market.

Term

- (a) For Repayment Mortgage Loans, the Mortgage Loan's initial term must be between five (5) and thirty-five (35) years.
- (b) For Interest Only Mortgage Loans, the Mortgage Loan's for up to thirty-five (35) years, initial term must be between five (5) and thirty-five (35) years. There is no minimum initial term for Interest Only Mortgage Loans for more than thirty-five (35) years. There can be no scheduled principal repayment prior to the stated final maturity of the Interest Only Mortgage Loans. No Interest Only Mortgage Loan in the Mortgage Portfolio has stated final maturity date later than April 2039.

Solicitors

The Borrower's own solicitor acts on behalf of both the Borrower and CHL. The firm of solicitors acting on behalf of CHL or the Borrower (or both) must have at least two practising partners.

Further Advances

Since 31 October 2004, CHL has applied the approach discussed in further detail in the section "*Owner Occupied Mortgage Loans – Further Advances*" below to Further Advances in respect of the Buy to Let Mortgage Loans.

Further Advances are governed by the same criteria as initial advances with the following additions:

- (a) at least six months must have elapsed since completion of the initial advance;
- (b) the payment history in respect of a Mortgage Loan must be satisfactory to CHL, acting as a Prudent Mortgage Lender;
- (c) the Property may, at the request of CHL, be subject to a new valuation and/or inspection of the Property;

- (d) the Mortgage Loan must not have experienced arrears greater than 1 month at any time in the previous twelve months;
- (e) the Mortgage Loan must not be in arrears for more than 30 days.

Credit History of Borrowers and Guarantors

- (a) The credit history of the Guarantor(s) and/or the Borrowers will have been assessed with the aid of a search supplied by credit reference agency.
- (b) Where past County Court Judgments or money judgments (or the Scottish equivalent) relating to a Borrower or a Guarantor have been revealed by a credit reference search, such County Court Judgments or money judgments (or the Scottish equivalent) must have been satisfied for at least two years before the mortgage is granted.
- (c) The Guarantor or Guarantors, and in relation to Mortgage Loans originated after November 2004, the Borrower, shall have had no more than two County Court Judgments totalling no more than £500.

Income and Rental Income

- (a) The income of a Borrower or a Guarantor (as the case may be) is determined by reference to the application form and supporting documentation, where appropriate, and may consist of the following:
 - (i) a Borrower's and/or Guarantor's salary plus any guaranteed overtime and 75 per cent. of any proven but unguaranteed regular overtime or bonus payments (as evidenced by the borrower's or other Guarantor's previous two years' P60s), or net profits plus any additional income confirmed by the accountant for self employed borrowers or other Guarantors (borrowers or other Guarantors are considered as self employed if they hold at least 25 per cent. of the issued share capital of a company);
 - (ii) investments and rental income;
 - (iii) accounts or accountant's certificate if a loan application on full status basis;
 - (iv) references from current lenders or twelve months proof of payment evidenced by bank statements or mortgage statements if a credit reference is not provided; or
 - (v) any other income approved by an authorised officer of CHL.
- (b) Sustainable gross monthly rental income (as assessed by a valuer from the originator's panel of approved valuers) of the Borrower must be at least 115 per cent. of the gross monthly interest charge.

Owner Occupied Mortgage Loans

The following Lending Criteria will have been applied in respect of Mortgage Loans originated by CHL (subject to minor changes made prior to such date) which are intended for individual Borrowers who wish to use the Mortgage Loan as a means to purchase or remortgage a residential property to be used solely as the Borrower's own residence which the Borrower either intends to buy or currently resides in (the "**Owner Occupied Mortgage Loans**") comprising the Provisional Mortgage Portfolio and will apply in respect of all Flexible Drawings for Owner Occupied Mortgage Loans. Borrowers of an Owner Occupied Mortgage Loan may be either Self-Certified Borrowers or Full Status Borrowers.

On origination of each Owner Occupied Mortgage Loan from time to time comprised in the Mortgage Portfolio, the Lending Criteria would have been applied with certain minor variations to reflect the differing identities of the Borrowers of Owner Occupied Mortgage Loans and minor changes to the Lending Criteria made prior to the date of this Prospectus.

Security

- (a) Each loan must be secured by a first legal mortgage over a freehold or long leasehold residential property (at least 35 years longer than the term of the Mortgage Loan) in England, Wales, Northern Ireland or a first ranking standard security over a heritable or long leasehold residential property in Scotland. CHL will not have created more than one Mortgage over any Property. Property used as security for a Mortgage Loan in the Mortgage Portfolio does not secure another Mortgage Loan in the Mortgage Portfolio as a first ranking charge.
- (b) Properties under 10 years old will have the benefit of a NHBC or an architect's certificate or equivalent guarantee from an acceptable body.
- (c) The following types of Property are deemed unacceptable as security and loans secured over such Properties are thus not included in the Mortgage Portfolio:
 - (i) flats/maisonettes subject to statutory right to buy provisions or local authority flats/maisonettes (other than certain exceptions in city centre locations with a confirmed value in excess of £150,000) and where the valuer has confirmed that such property can be resold in the residential property market;
 - (ii) houses subject to statutory right to buy provisions or ex-local authority houses in an area with less than a 50 per cent. owner/occupied rate;
 - (iii) individual studios/bedsits (other than certain exceptions in city centre locations with a confirmed value in excess of £150,000 and where the value has confirmed that such property can be resold in the residential property market);
 - (iv) freehold flats;
 - (v) flats above shops or commercial premises (other than certain exceptions in city centre locations with a confirmed value in excess of £150,000 and where the value has confirmed that such property can be resold in the residential property market);
 - (vi) flats in blocks with more than four storeys (unless specifically authorised by CHL);
 - (vii) Properties with agricultural restrictions, tie bars, continuing structural movement, or movement that requires monitoring;
 - (viii) multi-tenanted (presently or recently) Properties;
 - (ix) steel framed Properties (with the exception of new build flats steel frames);
 - (x) Properties with more than one kitchen;
 - (xi) Properties which have been underpinned within the last three years or require underpinning;
 - (xii) Properties of concrete construction;
 - (xiii) Properties likely to be affected by local planning e.g. road widening;
 - (xiv) Properties where a third party retains an interest;
 - (xv) Properties deemed by the valuer to not be able to be readily sold;
 - (xvi) Properties used for commercial purposes (unless the Borrower will be resident in the property and where no structural alterations are required to convert the property to purely residential use)
 - (xvii) freehold coach house unless they are on a long term lease that covers the flat and garage related to that flat;
 - (xviii) Properties with a CHL panel valuation figure of less than £50,000;

- (xix) Properties with more than six bedrooms;
 - (xx) Properties deemed by the valuer to represent potential resale difficulties;
 - (xxi) Properties with any dry rot;
 - (xxii) "Monkey Puzzle" style houses. These are mid-terrace houses where there are two houses interlocked with approximately 50 to 60 per cent. flying freehold; and
 - (xxiii) Properties with an element of flying freehold exceeding 10 per cent.
- (d) The Mortgage Portfolio includes a very small number of Mortgage Loans which were originated prior to 2005 and with related securing property value lower CHL panel valuation figures than that specified in paragraph (xviii) above.
 - (e) Each property offered as security will have been valued by a qualified surveyor (ARICS or equivalent qualification) chosen from a panel of valuation firms approved by CHL.
 - (f) At the time of completion, the relevant Property must have been either insured under a Buildings Insurance Policy in the name of CHL, or CHL must be jointly insured with the Borrower under, or its interest noted on a buildings policy in relation to the relevant Property.
 - (g) The Borrower must have life assurance that at least matches the value of the Mortgage Loan.
 - (h) CHL, at its discretion accepts personal guarantees on the Borrower's repayment of the Mortgage Loan and, if so, the ability of the Guarantor to service the Mortgage Loan is based on the same lending criteria as that applied to the Borrower.
 - (i) All married Borrowers must apply for a mortgage in joint names.

Loan Amount

The Mortgage Loan at the time of completion must be at least £15,001 for Mortgage Loans originated before 1st May, 1998 and £25,001 thereafter. The Mortgage Loan is not subject to any pre-set maximum. However, no Mortgage Loan within the Provisional Mortgage Portfolio exceeds £1,999,373.01 as at the Portfolio Reference Date.

Loan to value

- (a) The LTV is calculated by dividing the initial principal amount advanced at completion of the Mortgage Loan by the valuation of the Property or the purchase price of the Property, whichever is the lesser amount.
- (b) Various fees including those payable on completion and on the making of Further Advances, higher percentage advance charges, interest due in respect of the month which a Mortgage Loan completes and Buildings Insurance Policy premia may be added to the balance of the loan above the permitted maximum LTV.
- (c) The LTV of each Mortgage Loan at the date of the initial advance must be no more than:
 - (i) 95 per cent. for advances secured by Property valued at up to £360,000;
 - (ii) 90 per cent, for advances secured by Property valued at more than £360,000 and up to £500,000;
 - (iii) 85 per cent, for advances secured by Property valued at more than £500,000 and up to £600,000;
 - (iv) 80 per cent. for advances secured by Property valued at more than £600,000 and up to £750,000;
 - (v) advances in excess of £500,000 are considered on an individual basis;

- (vi) Self-Certified Borrowers are subject to a maximum Mortgage Loan of £600,000 regardless of the value of the Property;
 - (vii) first time buyers are subject to a maximum Mortgage Loan of £300,000 regardless of the value of the Property; and
- (d) The value of a one bedroom Property must be in excess of £50,000.

Term

Each Mortgage Loan must have an initial term of between 5 and 35 years and have no scheduled principal repayment prior to its stated final maturity which, in the case of mortgages in the Mortgage Portfolio, is no later than January 2043.

Borrowers

- (a) Borrowers who are individuals must be a minimum of 18 (21 years of age for Self-Certified Borrowers or self-employed Borrowers) and, prior to application, the maximum allowed age for the Borrower is 60 at next birthday. The Borrower must also be no older than the normal retirement age (that is, 65) or 70 years of age if the Borrower's ability to repay the Mortgage Loan can be proven at the time of the maturity of the Mortgage Loan.
- (b) A maximum number of four Borrowers are allowed to be parties to any one Mortgage Loan.
- (c) The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:
 - (i) search supplied by credit reference agency;
 - (ii) confirmation of voters roll entries or proof of residency;
 - (iii) references from current employers or payslips and/or P60;
 - (iv) accounts or accountant's certificate;
 - (v) references from current lenders.
- (d) Where past County Court Judgments or money judgments (or the Scottish equivalent) relating to a Borrower have been revealed by the credit reference search the County Court Judgements or money judgments (or the Scottish equivalent) must have been satisfied for at least two years before the mortgage is granted.
- (e) The Borrower shall have had no more than two County Court Judgments or money judgments (or the Scottish equivalent) totalling no more than £500.

Income

- (a) Income is determined by reference to the application form and supporting documentation, where appropriate, and may consist of the following:
 - (i) salary plus any guaranteed overtime and 75 per cent. of any proven but unguaranteed regular overtime or bonus payments (as evidenced by the borrower's previous two years' P60), or net profits plus any additional income confirmed by the accountant for self-employed borrowers;
 - (ii) pensions, investments and rental income; or
 - (iii) any other monies approved by an authorised officer of CHL.
- (b) With the exception of certain allowable fees added to the aggregate principal balance of the Mortgage, the principal amount advanced will not exceed the higher of 3.5 (or, in the case of a first time buyer, 3.25) times the assessed income of the primary Borrower plus one times the assessed

income of any secondary Borrower, or 2.75 (or, in the case of a first time buyer, 2.5) times the combined assessed incomes of the primary and secondary Borrowers.

Solicitors

The firm of solicitors acting on behalf of CHL and the Borrowers on the making of each Mortgage Loan, must have at least two practising partners.

Further Advances

Since 31 October 2004, CHL has applied the following approach only to regulated mortgages as all requests for Further Advances made on unregulated mortgages will require CHL to redeem the original loan and effectively remortgage the property through a regulated mortgage. Further Advances to regulated mortgages are governed by the same criteria as initial advances with the following additions:

- (a) At least six months must have elapsed since completion of the initial advance.
- (b) The payment history in respect of a Mortgage Loan must be satisfactory to CHL, acting as a Prudent Mortgage Lender.
- (c) The Property may, at the request of CHL, be subject to a new valuation and/or inspection of the Property.
- (d) The Mortgage Loan must not have experienced arrears greater than 1 month at any time in the previous three months.

Changes to Lending Criteria

The Legal Title Holder may vary the Lending Criteria from time to time in the manner of a reasonably prudent mortgage lender lending to borrowers predominantly in the United Kingdom (a "**Prudent Mortgage Lender**"). Flexible Drawings may from time to time be included in the Mortgage Portfolio if they were originated in accordance with the Lending Criteria (as so varied) and, in relation to Flexible Drawings, the conditions contained in "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements – Mortgage Sale Agreements - Flexible Drawings*" have been satisfied.

Information regarding the policies and procedures of the Seller

The Legal Title Holder 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 Legal Title Holder 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 please see the information set out earlier in this section entitled "*The Mortgage Portfolio – The Mortgage Loans – Lending Criteria*" and "*The Servicer and the Servicing Agreement*";
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Mortgage Portfolio will be serviced in line with the usual servicing procedure of the Seller – please see further the section entitled "*The Servicer and the Servicing Agreement*";
- (c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy, as to which, in relation to the Mortgage Portfolio, please see the section entitled "*The Mortgage Portfolio*"; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which please see further the section entitled "*The Servicer and the Servicing Agreement*" and this section.

De Minimis PPI Claims

Following a review of the relevant Mortgage Loans by CHL it was confirmed that, as at 6 September 2019, there were 63 Mortgage Loans in respect of which payment protection insurance or similar insurance was sold to Borrowers. Seven of these Borrowers have lodged a complaint with respect to payment protection

insurance. Of these complaints, one was successful resulting in a claim in the amount of £5,661.06 which was paid in 2016, three are currently under investigation with the remaining complaints being unsuccessful. CHL is fully indemnified by Permanent TSB plc against any successful claims made against it in respect of payment protection insurance. It is therefore unlikely that the three ongoing claims in respect of payment protection insurance are likely to impact the Issuer's ability to make payments under the Notes and/or the Certificates.

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Sale of the Mortgage Portfolio from the Sellers to the Issuer

Pursuant to the terms of the relevant Mortgage Sale Agreement, each Seller will sell, assign or otherwise transfer to the Issuer on the Closing Date its (i) beneficial interest in the English Mortgage Loans and the Northern Irish Mortgage Loans and their associated Related Security, and (ii) beneficial interest in the Scottish Mortgage Loans and their associated Related Security (comprising its interest as beneficiary under the Scottish Declaration of Trust) to the Issuer on the Closing Date, as well as the benefit of all collections received in respect of the Mortgage Loans during the period from the Cut-off Date until the Closing Date.

Legal Title to be retained by the Legal Title Holder

The Legal Title Holder will retain legal title to the Mortgage Portfolio as at the Closing Date, and will undertake to transfer legal title when required under the terms of the Mortgage Sale Agreements, as described under "*Perfection Trigger Events*" below, and will provide certain further assurances to the Issuer and the Trustee.

Consideration

The sale by each Seller to the Issuer of the English Mortgage Loans and the Northern Irish Mortgage Loans and their Related Security will be given effect to by an equitable assignment. The sale by the relevant Seller to the Issuer of the Scottish Mortgage Loans and their Related Security will be given effect by the Scottish Declaration of Trust (granted by the Legal Title Holder in favour of the relevant Seller) and the Scottish Trust Transfer (granted by the relevant Seller in favour of the Issuer).

The consideration due to the Sellers in respect of the Mortgage Portfolio will comprise of (i) an amount equal to the Purchase Price payable by the Issuer on the Closing Date (ii) the granting of the Mortgage Portfolio Purchase Options and the Market Sale Options to persons nominated by the Sellers, (iii) the issue by the Issuer to the Sellers or a nominee of the Sellers of the Certificates on the Closing Date and (iv) in the case of CERH CR2 only, the receipt of an amount equal to the PTSB Principal Receipts and PTSB Revenue Receipts received in the immediately preceding Interest Payment Date (collectively, the "**Consideration**"). The right to receive an amount equal to the PTSB Principal Receipts and PTSB Revenue Receipts on each Interest Payment Date (in the case of CERH GR2 only) and the Certificates represent the right to receive any deferred consideration and excess spread generated by the Mortgage Portfolio. Any Certificate Payment payable pursuant to the Certificates will be paid in accordance with the Pre-Enforcement Revenue Priority of Payments or, if applicable, the Post-Enforcement Priority of Payments.

The terms "**sale**", "**sell**" and "**sold**" when used in this Prospectus in connection with the Mortgage Loans and their Related Security shall (in respect of the English Mortgage Loans and Northern Irish Mortgage Loans) be construed to mean each such creation of an equitable interest and such equitable assignment or, in the case of Scottish Mortgage Loans and their Related Security, shall be construed to mean the creation or transfer, as appropriate, of a beneficial interest under a Scottish trust. The terms "**repurchase**" and "**repurchased**" when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include the repurchase by CERH or CHL (as applicable) of the equitable or beneficial interest of the Issuer in respect of such Loan and its Related Security pursuant to the Mortgage Sale Agreements.

Perfection Trigger Events

Legal title to the Mortgage Loans and their Related Security will remain with the Legal Title Holder on the Closing Date. Under the Mortgage Sale Agreements and the Deed of Charge, the Issuer (with the consent of the Trustee) and the Trustee (the Trustee's right arising following delivery of an Enforcement Notice) will each be entitled to effect such registrations and give such notices as it considers necessary to protect and perfect its interests in the Mortgage Loans, and to effect a legal assignment or assignation or transfer of the Mortgage Loans and the Related Security in favour of the Issuer and a legal sub-mortgage or sub-security over such Mortgage Loans and Related Security in favour of the Trustee, *inter alia*, upon the occurrence of any of the following events (each, a "**Perfection Trigger Event**"):

- (a) the delivery of an Enforcement Notice by the Trustee;
- (b) the Legal Title Holder being required to perfect legal title to the Mortgage Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal

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Title Holder or by any organisation of which the Legal Title Holder is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply, to perfect legal title to the Mortgage Loans and their Related Security;

- (c) it becoming necessary by law to do any or all of the acts referred to in paragraph (ii) above;
- (d) (for as long as CHL is the Servicer) termination of the appointment of the Servicer or resignation of the Servicer and failure of any substitute servicer to assume the duties of the Servicer in such capacity in accordance with the Servicing Agreement after expiration of applicable grace period;
- (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 Trustee, in jeopardy;
- (f) the relevant Seller or the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Trustee; or
- (g) any Insolvency Event in relation to the Legal Title Holder or any other entity in which legal title to any Mortgage Loan is vested.

Following such legal assignment or assignation or transfer in relation to the Mortgage Loans, the Issuer (with the consent of the Trustee) and the Trustee (following delivery of an Enforcement Notice) will each be entitled to take all necessary steps to protect and perfect legal title to its interests in the Mortgage Loans and Related Security, including the carrying out of any necessary registrations and notifications.

The above rights are supported by irrevocable powers of attorney (including the Legal Title Holder Power of Attorney given by the Legal Title Holder in favour of the Issuer and Trustee).

For so long as neither the Issuer nor the Trustee have obtained legal title to the Mortgage Loans, the Legal Title Holder will undertake in the Mortgage Sale Agreements for the benefit of the Issuer and the Trustee that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security. In carrying out such steps, the Legal Title Holder will act in a manner consistent with the requirements of the Legal Title Holder's policy from time to time.

The completion of the legal assignment or assignation or transfer of the Mortgage Loans and Related Security (and, where appropriate, their registration) to the Issuer is, save in the limited circumstances referred to in this section, deferred. Legal title to the Mortgage Loans and Related Security therefore remains with the Legal Title Holder. Notice of the sale of the Mortgage Loans and their Related Security to the Issuer will not (except as stated herein) be given to any Borrower.

The title information documents and customer files relating to the Mortgage Portfolio are currently held by or to the order of the Legal Title Holder. The Legal Title Holder has undertaken that, until perfection of the assignments or assignations contemplated by the Mortgage Sale Agreements, all the title information documents and customer files relating to the Mortgage Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer or as the Issuer directs. The Servicer is required by the Servicing Agreement to ensure the safe custody (to the extent held in physical form) or security (if held electronically) of the title deeds relating to the Mortgage Loans and to provide the Issuer and the Trustee with access to them at all reasonable times.

Save as described above, neither the Issuer nor the Trustee will be entitled to effect any registration to perfect the sale of the Mortgage Loans to the Issuer or the granting of security over them by the Issuer in favour of the Trustee, nor will they be entitled to obtain possession of the title deeds to the Properties the subject of the Mortgage Loans.

Notices of the sale to the Issuer and the granting of the Security in favour of the Trustee will not, save as mentioned above, be given to the Borrowers. Notice of the interest of the Issuer and the Trustee will be given in respect of the Insurance Policies to the relevant insurance provider.

Warranties, Repurchase and Indemnification

Neither the Trustee nor the Issuer has made or will make or has caused to be made or will cause to be made on its behalf any enquiries, searches or investigations in relation to the Mortgage Portfolio, but each is relying entirely on the representations and warranties to be given by each Seller contained in the relevant Mortgage Sale Agreement.

The Mortgage Sale Agreements will contain certain representations and warranties given by the Sellers to the Issuer and the Trustee in relation to the Warranted Mortgage Loans in the Mortgage Portfolio transferred or assigned to the Issuer pursuant to the relevant Mortgage Sale Agreement. These representations and warranties will also be given in relation to any Flexible Drawings and Product Switches, as described below.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee or heritable creditor would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying entirely on the representations and warranties set out in the Mortgage Sale Agreement.

If there is an unremedied breach of any of the representations and warranties set out in the relevant Mortgage Sale Agreement which has or would have a material adverse effect on such Warranted Mortgage Loan or its Related Security then CERH (in respect of the relevant Warranted Mortgage Loans which are Warehouse Mortgage Loans) or CHL (in respect of the relevant Warranted Mortgage Loans which are AU10 Mortgage Loans), as applicable, will be obliged either (i) to repurchase the relevant Warranted Mortgage Loan and its Related Security for a consideration in cash equal to all sums due or owing thereunder (including Accrued Interest and Arrears of Interest) as at the date of repurchase (after deducting the amount of any interest not then accrued but paid in advance by the relevant mortgagor, which amount will be retained by the Issuer), or (ii) instead to indemnify and keep indemnified the Issuer against all Liabilities relating to the breach of the representation and warranty in relation to such Warranted Mortgage Loan and its Related Security. Where CERH or CHL, as applicable, elects to indemnify the Issuer, if at the appropriate time of ascertainment of the quantum of any amount of Liability, CERH or CHL, as applicable, cannot reach any agreement with the Issuer, the Seller shall appoint an auditor of internationally recognised standing within 10 Business Days to determine the amount of such question in a final binding decision. Performance of such repurchase, or indemnification, will be in full satisfaction of the liabilities of the relevant Seller in respect of the relevant breach.

If CERH (in respect of the Warranted Mortgage Loans which are Warehouse Mortgage Loans) or CHL (in respect of the Warranted Mortgage Loans which are AU10 Mortgage Loans), as applicable, chooses to indemnify and keep indemnified the Issuer against all Liabilities relating to the breach of loan warranty, the amount payable by CERH or CHL, as applicable, pursuant to such indemnity shall not exceed the amount that would have been payable by CERH or CHL, as applicable, if it had repurchased that Warranted Mortgage Loan and its Related Security.

Representations and Warranties

Each Seller under each Mortgage Sale Agreement represents and warrants in respect of the relevant Mortgage Loans (other than the Irish Permanent Mortgage Loans) (the "**Warranted Mortgage Loans**") that it is selling into the Mortgage Portfolio on the basis of the representations and warranties set out in the relevant Mortgage Sale Agreement which include, *inter alia*, the following:

- (a) Each Warranted Mortgage Loan was originated by CHL in the ordinary course of its commercial and residential mortgage lending activities (as the case may be).
- (b) Immediately prior to the transfer of the Warranted Mortgage Loans pursuant to the relevant Mortgage Sale Agreement, the Seller was the absolute beneficial owner of the Mortgage Loans, their related Mortgages and their Related Security, free from all Encumbrances.
- (c) CHL is the absolute legal owner of all Warranted Mortgage Loans, the related Mortgages and the Related Security.
- (d) Each Warranted Mortgage Loan and its related Mortgage and any guarantee given in support of the Borrower's obligations thereunder constitutes a legal, valid, binding and enforceable obligation of the Borrower and/or the guarantor and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower in priority to any other

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charges registered against the Property (**provided that** nothing in this paragraph (d) constitutes a representation or warranty as to the sufficiency of any such Property as security for any indebtedness secured on it) except that (i) enforceability may be limited by bankruptcy, sequestration, 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 shall not apply in respect of any early repayment charges, mortgage administration exit fees or charges payable in the event of a Borrower default.

- (e) Each Mortgage related to a Warranted Mortgage Loan constitutes a valid and subsisting first ranking legal mortgage or first ranking standard security over the relevant Property, and secures the repayment of all advances, interest, costs and expenses payable by the Borrower and any further advances under the related Warranted Mortgage Loan.
- (f) No lien, right of set-off, counterclaim or other right of deduction exists between CHL and any Borrower or any other party and no withholding obligation is imposed on any Borrower by any Tax Authority that would entitle that Borrower to reduce any amount payable under the relevant Warranted Mortgage Loan.
- (g) Prior to the making of each Warranted Mortgage Loan, CHL:
 - (i) instructed solicitors or a licensed conveyancer or (in Scotland) a qualified conveyancer to carry out an investigation of title to the relevant Property and to undertake all investigations, searches and other action and enquiries on behalf of CHL in accordance with the instructions which CHL issued to the relevant solicitor or licensed conveyancer or (in Scotland) a qualified conveyancer as are set out (in relation to the Mortgage Loans originated by CHL) in the Council of Mortgage Lenders' (the "**CML's Lenders' Handbook**") for England and Wales, or the CML's Lender's Handbook for Northern Ireland (or, for such Mortgage Loans advanced before the CML's Lenders' Handbook for England and Wales was adopted in 1999, or for Mortgage Loans advanced before the CML's Lenders' Handbook for Northern Ireland was adopted in 2004, CHL's standard form instructions to solicitors) and in the case of such Scottish Mortgage Loans, CHL's Lenders' Handbook for Scotland (or for such Scottish Mortgage Loans advanced before CHL's Lenders' Handbook for Scotland was adopted in 2000, CHL's standard form instructions to solicitors (as the case may be) or other comparable or successor instructions and/or guidelines as may for the time being be in place, subject only to those variations as would be acceptable to a Prudent Mortgage Lender; and
 - (ii) received a certificate of title and/or report on title from the solicitor or licensed conveyancer referred to in paragraph (i) above relating to such Property the contents of which were such as would have been acceptable to a Prudent Mortgage Lender at that time.
- (h) Each Warranted Mortgage Loan is secured via a Mortgage on a freehold or leasehold (or, in the case of Scottish Property, heritable or long leasehold), or in the case of a Northern Irish Property, freehold, leasehold or fee farm grant) residential or commercial property in England, Wales, Northern Ireland or Scotland.
- (i) In the case of a Warranted Mortgage Loan secured on a leasehold property, the related leasehold interest expires not less than 35 years after the maturity of the relevant Warranted Mortgage Loan.
- (j) Not more than 12 months (or a longer period as may be acceptable to a Prudent Mortgage Lender) prior to making an advance to the Borrower, the Property was valued by an independent qualified valuer approved by CHL, the details of which are disclosed in the relevant Mortgage Loan Files relating to such Warranted Mortgage Loan and such valuation would have been acceptable to a Prudent Mortgage Lender at the date such valuation was performed.
- (k) Prior to making an advance, the nature and amount of such advance, the circumstances of the relevant Borrower (to the extent applicable) and the origination of such advance satisfied the Lending Criteria (in relation to each Warranted Mortgage Loan) in all material respects, subject only to such exceptions and/or waivers as made on a case by case basis as would be acceptable to a Prudent Mortgage Lender.

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- (l) To the best of CHL's knowledge (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries), at the time of the relevant application for a Mortgage in respect of any Warranted Mortgage Loan, no Borrower had filed for bankruptcy, entered into an individual voluntary arrangement or been sequestrated or had a county court judgment, money judgment or court decree (save for satisfied county court judgments, money judgments or court decrees up to the value of £500) entered or awarded against him in the period commencing on the date falling six years prior (or two years prior in relation to county court judgments, money judgments or court decrees) to the date they executed the relevant Mortgage and ending on the day they executed the relevant Mortgage.
- (m) Each Warranted Mortgage Loan and its related Mortgage has been made on the terms of the Standard Documentation (so far as applicable) which has not been varied in any material respect and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect other than:
 - (i) any variation agreed with a Borrower to control or manage arrears on a Warranted Mortgage Loan;
 - (ii) any variation in the maturity date of a Warranted Mortgage Loan;
 - (iii) any variation imposed by statute or as a result of legally binding UK government policy changes or initiatives aimed at assisting home owners in meeting payments on their mortgage loans or any variation in the frequency with which the interest payable in respect of the Warranted Mortgage Loan is charged;
 - (iv) any variation to the interest rate as a result of the Borrower switching to a different rate;
 - (v) any change to a Borrower under the Warranted Mortgage Loan or the addition of a new Borrower under a Warranted Mortgage Loan;
 - (vi) any change in the repayment method of the Warranted Mortgage Loan (including from an interest only loan to a repayment loan); or
 - (vii) any other variation that would be acceptable to a Prudent Mortgage Lender.
- (n) Each Warranted Mortgage Loan is denominated in GBP.
- (o) In respect of each Warranted Mortgage Loan, subject to completion of any registration or recording which may be pending at the Land Registry or Registers of Scotland or the Registers of Northern Ireland, all title deeds (save for title deeds held at the Land Registry, the Land Registry of Northern Ireland or Registers of Scotland and title deeds existing in dematerialised forms) and Mortgage Loan Files are held by, or to the order of, CHL or CHL's solicitors or licensed conveyancers.
- (p) For each Warranted Mortgage Loan, proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts, proceedings and notices relating to that Warranted Mortgage Loan in accordance with applicable law and applicable regulatory guidance or directions and are in all material respects up to date, accurate and in the possession of CHL.
- (q) No Warranted Mortgage Loan or its related Mortgage contains a mandatory obligation on the part of CHL to make any Further Advance or any Flexible Drawing.
- (r) In respect of each Warranted Mortgage Loan, at the time of completion of the relevant Mortgage, CHL or its solicitors took reasonable steps to verify that the relevant Property was insured under a Building Insurance Policy, and CHL's interest had been noted on such Building Insurance Policy in relation to the relevant Property, in all cases against risks usually covered when advancing money on the security of property of the same nature to an amount not less than the full reinstatement value thereof as determined by CHL's valuer.
- (s) There is no fraud in relation to any Warranted Mortgage Loan which could reasonably be expected to result in the value of the Warranted Mortgage Loan or its Related Security being reduced.

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- (t) No Borrower is an employee of CHL or any of its Affiliates.
- (u) No agreement for any Warranted Mortgage Loan is in whole or in part 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 by the CCA or, to the extent that any agreement for any Mortgage Loan is in whole or in part a regulated credit agreement or consumer credit agreement, CHL has complied with all the relevant legal requirements of, and procedures set out in, the CCA and all secondary legislation made pursuant thereto and the FCA Handbook, as applicable and no such agreement, whether taken alone or with a related agreement, gives rise to an "unfair relationship" between the creditor and the debtor for the purposes of sections 140A to 140D of the CCA.
- (v) To the extent that any Warranted Mortgage Loan and related Mortgage is subject to the UTCCR, no action whether formal or informal has been taken by the OFT, the FCA or a "qualifying body", as defined in the UTCCR, against CHL pursuant to the UTCCR or otherwise which might restrict or prevent the enforcement of any term of any Mortgage Loan and related Mortgage.
- (w) In relation to any Warranted Mortgage Loan which is a regulated mortgage loan within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, all then applicable requirements of MCOB have been complied with in all material respects in connection with such origination (including in respect of any further advance), documentation and all applicable laws and applicable requirements of MCOB have been complied with in all material respects in connection with the administration of such Warranted Mortgage Loan.
- (x) So far as CHL is aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries), there are no complaints in relation to the Warranted Mortgage Loans or Mortgages (whether relating to their origination, servicing or otherwise) made to the Financial Ombudsman Service which have been notified by the Financial Ombudsman Service to CHL and which remain outstanding.
- (y) CHL is not aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) of any pending action or proceeding by a Borrower against CHL in respect of the Warranted Mortgage Loans and their Mortgages.
- (z) Save as disclosed under "*The Mortgage Portfolio – De Minimis PPI claims*" above, there have been no successful claims for redress in relation to any payment protection insurance or similar insurance sold to a Borrower in respect of a Warranted Mortgage Loan.
- (aa) Interest on each Warranted Mortgage Loan has been charged by CHL in accordance with the provisions of the Warranted Mortgage Loan and its related Mortgage save in cases where payment concessions or arrangements to pay have been negotiated with the Borrower in the ordinary course of servicing of the Warranted Mortgage Loans.
- (bb) CHL has not knowingly waived or acquiesced in any breach of any of its rights in relation to a Warranted Mortgage Loan or a Mortgage other than those undertaken as part of being a Prudent Mortgage Lender.
- (cc) All formal approvals, consents and other steps necessary to permit an assignment or transfer of the Warranted Mortgage Loans, the Mortgages and their Related Security have been obtained or taken.
- (dd) In relation to any Buy to Let Mortgage Loan which is a Warranted Mortgage Loan:
 - (i) no Property has been let or sub-let otherwise than by way of (a) an assured shorthold tenancy or short assured, private residential and/or protected tenancy (b) any other tenancy which would be acceptable to a Prudent Mortgage Lender; and
 - (ii) to the extent there was a tenancy agreement in place at the time of origination, such tenancy agreement was on terms that would be acceptable to a Prudent Mortgage Lender and CHL is not aware of any material breach of such agreement.

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- (ee) Prior to making a Warranted Mortgage Loan to a Borrower, CHL instructed solicitors to undertake to ensure each relevant guarantor (where a Warranted Mortgage Loan is the subject of a guarantee) executed a guarantee or deed of guarantee in respect of the repayment by the relevant Borrower of the amounts due under the Warranted Mortgage Loan and its related Mortgage in favour of the mortgagee or heritable creditor.
- (ff) In respect of a Warranted Mortgage Loan in respect of which the Borrower is a corporate borrower, such Borrower is a private company incorporated with limited liability in England and Wales, Northern Ireland or Scotland, and prior to making of each such Warranted Mortgage Loan:
 - (i) CHL has not received written notice of any steps having been taken for the liquidation or winding-up of, or the making of an administration order or analogous proceedings in relation to, such Borrower or of any steps having been taken to enforce any security over the assets of such Borrower (including, without limitation, the appointment of any receiver of rent in respect of the Borrower); and
 - (ii) prior to making the initial advance to such Borrower, CHL instructed solicitors to undertake to conduct a search at Companies House in relation to such Borrower which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower; and
 - (iii) in relation to such Borrower, the solicitor acting for CHL satisfied himself that the Borrower had, in accordance with its articles of association, authorised a designated person or persons to sign all relevant documentation, and such meeting was duly convened and quorate in accordance with the Borrower's articles of association; and
 - (iv) CHL, acting as a Prudent Mortgage Lender, carried out a company search at the underwriting stage to identify the directors and shareholders of the corporate borrower, and to establish whether any incidence of default was registered against either the individuals (where such individual was either a director of the company or held 20 per cent. or more of the company's shares) or the company itself; and
 - (v) the particulars of the relevant Mortgage were registered with Companies House within 21 days of the date of the grant of the Mortgage.
- (gg) Unless a Borrower is a corporate borrower and the requirements in paragraph (ff) above are satisfied, each Borrower is an individual and aged 18 years or older at the date of entering into the relevant Warranted Mortgage Loan and the identity of each Borrower has been verified by CHL in accordance with procedures which would be acceptable to a Prudent Mortgage Lender.
- (hh) Prior to the making of each Warranted Mortgage Loan or Flexible Drawing, the Lending Criteria and all preconditions to the making of any Warranted Mortgage Loan or Flexible Drawing were satisfied in all material respects subject only to such exceptions and waivers as made on a case-by-case basis as would be acceptable to a Prudent Mortgage Lender.
- (ii) Each Borrower has good and marketable title to the relevant Property (subject to registration or recording of the title at the Land Registry or Registers of Scotland or Registers of Northern Ireland) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage or standard security) which would materially adversely affect such title. In relation to each Scottish Mortgage, the Borrower has a valid and marketable heritable or long lease title to the relevant Property which has been or will be registered or (as applicable) recorded in the Registers of Scotland with (in the case of registered titles) no exclusion of indemnity or warranty.
- (jj) In relation to each Warranted Mortgage Loan and its related Property there are no other mortgage loans originated by CHL that are secured on such Property and not being sold to the Issuer pursuant to the terms of the relevant Mortgage Sale Agreement.
- (kk) None of the Related Security or Ancillary Rights in respect of a Warranted Mortgage Loan consist of stock or a marketable security (as such terms are defined for the purposes of section 122 of the Stamp Act 1891), a chargeable security (as such term is defined for the purposes of section 99 of the Finance Act 1986) or a chargeable interest (as such term is defined for the purposes of section

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48 of the Finance Act 2003, the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 and section 4 of the Land and Buildings Transactions Tax (Scotland) Act 2013).

- (ll) Each Warranted Mortgage Loan is a "financial asset" as defined in International Accounting Standard 32 (IAS32).
- (mm) The brochures, application forms, offers, offer conditions and marketing material distributed by CHL to the Borrower when offering a Warranted Mortgage Loan to a Borrower do not conflict in any material respect with the terms applicable to the relevant Mortgage Loan and its Related Security at the time that the Warranted Mortgage Loan was entered into and do not conflict with and would not prohibit or otherwise limit the terms of the Transaction Documents or the matters contemplated thereby.
- (nn) Each Warranted Mortgage Loan has been entered into by CHL and the relevant Borrower in accordance with all applicable laws to the extent that failure to comply with those laws would have a material adverse effect on the enforceability of the collectability or value of that Warranted Mortgage Loan or its Related Security.
- (oo) Save for sons or daughters (who are aged 17 years or over or 18 years or over in Scotland) of the Borrower living with the Borrower, every person who, at the date upon which a Warranted Mortgage Loan was granted, had attained the age of 17 (or 18 in Scotland, as the case may be) and who had been notified to CHL as residing in or about to reside in the relevant Property, is either named as a Borrower or has signed a consent agreement in the form of the *pro forma* contained in the Standard Documentation which was applicable at the time the Warranted Mortgage Loan was executed. In relation to each Scottish Mortgage and prior to the making of the original Warranted Mortgage Loan, CHL instructed solicitors to ensure they obtained the appropriate MHA/CP Documentation and the solicitors obtained the appropriate MHA/CP Documentation in relation to each Scottish Mortgage
- (pp) Neither CHL nor, as far as CHL is aware after having made all reasonable enquiries, any of CHL's agents has received written notice of any litigation, claim, dispute or complaint (excluding any vexatious or frivolous complaint) (in each case, subsisting, threatened or pending) in respect of any Borrower, Property, Mortgage Loan, Related Security or Building Insurance Policy which (if adversely determined) might have a material adverse effect on the value of any Warranted Mortgage Loan.
- (qq) At the time of origination, CHL has in connection with each Warranted Mortgage Loan:
 - (i) carried out the identification and other procedures required under the Money Laundering Regulations 2003 or the Money Laundering Regulations 2007 (as applicable), the Guidance for the UK financial sector issued by the Joint Money Laundering Steering Group and the Senior Management Arrangements, Systems and Controls (SYSC) Manual of the FCA Handbook (in relation to any Mortgage Loan where an offer was made on or after 31 October 2004) and the Money Laundering sourcebook of the FCA Handbook; and
 - (ii) complied with the requirements of the Terrorism Act 2000 and Proceeds of Crime Act 2002 to the extent (if any) that the same are applicable.
- (rr) So far as CHL is aware, at origination, no Borrower was a person with whom transactions are prohibited under any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or Her Majesty's Treasury (collectively, "**Sanctions**") and no Borrower was located in a country or territory which was the subject of any Sanctions at that time.
- (ss) None of the Seller, CHL, any of its directors, officers or employees, nor any of their respective Affiliates has engaged in any activity or conduct that has resulted or will result in a violation of:
 - (i) any anti-corruption laws or anti-money laundering laws; or
 - (ii) any applicable laws relating to economic or trade sanctions, including the Sanctions.
- (tt) None of the Warranted Mortgage Loans advanced to bodies corporate carries or has carried:

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- (i) a right of conversion (exercisable at any time) into shares or other securities, or to the acquisition of shares or other securities, including a similar loan;
 - (ii) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the Warranted Mortgage Loan;
 - (iii) a right to interest, the amount of which falls or has fallen to be determined by reference to the results of, or of part of, a business or to the value of any property; or
 - (iv) a right of repayment to an amount which exceeds the nominal amount of the Warranted Mortgage Loan.
- (uu) The particulars of each Warranted Mortgage Loan and its related Mortgage in the Mortgage Portfolio set out in the relevant Mortgage Sale Agreement and the schedule to the Scottish Declaration of Trust are complete, true and accurate in all material respects.

Further Advances

Under the Mortgage Sale Agreements, the Issuer has agreed that the Legal Title Holder may make an offer to any Borrower for a Further Advance only where CERH (in respect of the Warehouse Mortgage Loans) or CHL (in respect of the AU10 Mortgage Loans) confirms to the Issuer that it, or its designee, will repurchase that Mortgage Loan in accordance with the terms of the relevant Mortgage Sale Agreement. If the Legal Title Holder offers a Borrower, or grants the request of a Borrower for, a Further Advance under a Mortgage Loan, the Legal Title Holder will be solely responsible for offering, documenting and funding that Further Advance **provided that** the Further Advance may not be made unless and until the CERH or CHL, as applicable, or its designee has repurchased the Mortgage Loan in accordance with the terms of the relevant Mortgage Sale Agreement. The Issuer may not itself offer to make any Further Advance.

If CERH (in respect of the Warehouse Mortgage Loans only), the relevant Seller, the Servicer and the Issuer are notified by the Legal Title Holder or are otherwise aware that a Borrower has requested a Further Advance, the Issuer shall at any time serve a notice on CERH (in respect of the Warehouse Mortgage Loans) or CHL (in respect of the AU10 Mortgage Loans) and CERH or CHL, as applicable, shall re-purchase such Mortgage Loan together with its Related Security (and, for the avoidance of doubt, together with any other Mortgage Loans secured on the same property) in accordance with the relevant Mortgage Sale Agreement at an amount in cash (not less than zero) equal to the Current Balance on such Mortgage Loan as of the date of completion of such repurchase plus expenses payable thereon to such date (the "**Repurchase Price**").

Flexible Drawings

Under the Mortgage Sale Agreements, the Issuer has agreed that the Legal Title Holder or the Servicer may accept an application from a Borrower for a Flexible Drawing. If a Borrower requests a Flexible Drawing under a Mortgage Loan, the Legal Title Holder or the Servicer (for as long as CHL is the Servicer) will be solely responsible for offering, documenting and funding that Flexible Drawing. Any Flexible Drawing made to a Borrower shall (subject to the conditions below) be purchased by the Issuer on the Drawings Date.

The purchase price for the relevant Flexible Drawing shall be an amount equal to the Current Balance of the Flexible Drawing (the "**Flexible Drawings Purchase Price**"). The Cash Manager (on behalf of the Issuer) shall fund the payment of the Flexible Drawings Purchase Price to the Legal Title Holder by applying Principal Receipts standing to the credit of the Deposit Account (if sufficient) on the relevant Drawings Date or on any Business Day as soon as practicable thereafter, whereupon completion of the purchase of the Flexible Drawing shall occur.

The relevant Seller must, in relation to the Mortgage Loan which is subject to the Flexible Drawing, give the representations and warranties in respect of Flexible Drawing set out in the relevant Mortgage Sale Agreement on the relevant Drawings Date.

The funding of a Flexible Drawing by the Issuer will also be subject to the following conditions (the "**Flexible Drawings Conditions**"):

- (a) the Drawings Date falls before the FORD;

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- (b) no Event of Default has occurred and is continuing;
- (c) no Insolvency Event in respect of the Seller or the Legal Title Holder has occurred;
- (d) the purchase of the Flexible Drawing will not result in the aggregate principal balance of all Flexible Drawings purchased by the Issuer exceeding 1.00 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Cut-off Date;
- (e) the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio, in respect of which the aggregate amount in arrears is more than or equal to 1 month in arrears, is less than 5 per cent. of the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio;
- (f) each Mortgage Loan and its Related Security which is the subject of the Flexible Drawing complies, as at the Drawings Date, with the Mortgage Loan Warranties required to be given on each Drawings Date;
- (g) there is no debit entry on the Principal Deficiency Sub-Ledger corresponding to any Class of Rated Notes after applying all Available Revenue Receipts on that Interest Payment Date;
- (h) the original weighted average LTV ratio (calculated as the ratio of X to Y) does not exceed 80 per cent. where:
 - X is the aggregate sum of (a) multiplied by (b) for each of the Mortgage Loans in the Mortgage Portfolio where:
 - (a) is the original LTV ratio calculated by dividing debt previously advanced (including any Flexible Drawing made) by the original valuation of a Mortgage Loan in the Mortgage Portfolio; and
 - (b) is the Current Balance of such Mortgage Loan in the Mortgage Portfolio;
 - Y is the aggregate Current Balances of all the Mortgage Loans in the Mortgage Portfolio;
- (i) the current LTV ratio (as measured by the aggregate Current Balance of such Mortgage Loan plus the relevant Flexible Drawing divided by the Latest Valuation) is less than 80 per cent.;
- (j) there are sufficient Principal Receipts to fund the Flexible Drawing to be granted in respect of the relevant Mortgage Loan;
- (k) the Mortgage Loan which is the subject of the Flexible Drawing is not in arrears as at the Drawings Date; and
- (l) no Servicer Termination Event occurs as a result of it.

Notice (a "**Notice of Non-Satisfaction of Flexible Drawings Conditions**") must be given by the Servicer if the Issuer is unable to fund the purchase of a Flexible Drawing from Principal Receipts or if the Servicer has identified beyond a reasonable doubt that any of the other Flexible Drawings Conditions are not satisfied with respect to any Flexible Drawing as at the relevant Drawings Date or, as applicable, would not be satisfied following the granting of the Flexible Drawing, whereupon CERH must repurchase the relevant Warehouse Mortgage Loan(s) and its Related Security or CHL must repurchase the relevant AU10 Mortgage Loan(s) and its Related Security from the Issuer.

Completion of such repurchase shall occur within 2 days of receipt of the Notice of Non Satisfaction of Flexible Drawings Conditions provided, however, if such Notice of Non-Satisfaction of Flexible Drawings Conditions has been served by the Servicer following the close of business on the 5th Business Day prior to the last day of the calendar month in which the relevant Drawings Date occurred, completion of such repurchase shall take place in the following calendar month.

Consideration for a repurchase shall be provided by payment in cash such that the aggregate cash payment amount equals the Current Balance(s) of the Mortgage Loan(s) subject to repurchase (the "**Flexible Drawings Purchase Price**").

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In addition, if it is subsequently determined that:

- (a) any of the representations or warranties made by it on the Drawings Date was materially untrue as at such date with respect to the relevant Mortgage Loan; or
- (b) any of the Flexible Drawings Conditions was in fact not satisfied in relation to a Flexible Drawing on the relevant Drawings Date:
 - (i) despite no Notice of Non-Satisfaction of Flexible Drawings Conditions having been given by the Servicer no later than one Business Day prior to the last day of the relevant calendar month during which the Flexible Drawing was effected; or
 - (ii) where a Notice of Non-Satisfaction of Flexible Drawings Conditions was given but was revoked by the Servicer by the Business Day prior to the last day of such calendar month during which the Flexible Drawing was effected,

and, in either case of (b)(i) or b(ii), this (where capable of remedy) has not been remedied within 30 Business Days of receipt by CERH or CHL, as applicable, and the Legal Title Holder of notice from the Issuer in relation thereto, CERH or CHL, as applicable, will, upon receipt of a further notice from the Issuer, repurchase the entire Mortgage Loan and its Related Security (including, in the case of a Mortgage Loan subject to a Flexible Drawing, the Flexible Drawing) from the Issuer on the next Business Day after receipt of such further notice by CERH or CHL, as applicable (or such other date as the Issuer may direct in that notice (**provided that** the date so specified by the Issuer shall not be later than 30 days after receipt by CERH or CHL, as applicable, of such further notice)). Consideration for a repurchase shall be provided by payment in cash in an amount equal to the aggregate Current Balance of the Mortgage Loan(s) subject to repurchase.

Product Switches

Under the Mortgage Sale Agreements, the Issuer has agreed that the Legal Title Holder or the Servicer may agree to a request by a Borrower to convert his Mortgage Loan (or, in the case of a default by a Borrower, may itself elect to convert such Borrower's Mortgage Loan) (subject to satisfaction of the following conditions) into a Mortgage Loan with a different type of interest rate term or repayment term. A Product Switch may comprise (following the conversion) (each, an "**Eligible Product**"):

- (a) a Standard Variable Rate Mortgage Loan;
- (b) a Tracker Rate Mortgage Loan; or
- (c) any other type of Mortgage Loan offered by the Legal Title Holder other than a Mortgage Loan which is subject to a fixed rate of interest, a rate of interest set by reference or a flexible repayment or current account mortgage.

Any Mortgage Loan which has been subject to a Product Switch will remain in the Mortgage Portfolio unless the Servicer has given notice (a "**Notice of Non-Satisfaction of Product Switch Conditions**") to the Issuer, the relevant Seller, the Legal Title Holder and, in respect of the Warehouse Mortgage Loans only, CERH:

- (a) by no later than the 5th Business Day prior to the last calendar day of the month during which the relevant Product Switch is made; or
- (b) where a Product Switch is made in the period between the 5th Business Day prior to the last calendar day of a month and the last calendar day of such month, by no later than the 5th Business Day prior to the last calendar day of the immediately succeeding month,

and such notice has not been revoked prior to such date (the "**Notice of Non-Satisfaction Delivery Date**").

A Notice of Non-Satisfaction of Product Switch Conditions shall be given by the Servicer to the Issuer, relevant Seller, the Legal Title Holder and, in respect of the Warehouse Mortgage Loans only, CERH if the Servicer has identified beyond a reasonable doubt that any of the following conditions (the "**Product Switch Conditions**") are not satisfied as at the Switch Date or, as applicable, would not be satisfied following the granting of the Product Switch:

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- (a) the Switch Date falls before the FORD;
- (b) no Event of Default has occurred and is continuing;
- (c) no Insolvency Event in respect of the Seller or the Legal Title Holder has occurred;
- (d) the Product Switch will be effected by such means as would be adopted by the Legal Title Holder, for the purpose of ensuring the validity and priority of the Mortgage Loan, were such switch in respect of a loan advanced by the Legal Title Holder which is not part of the Mortgage Portfolio;
- (e) the Product Switch will be similar to switches offered to the Legal Title Holder's mortgage borrowers whose mortgage loans do not form part of the Mortgage Portfolio;
- (f) the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio, in respect of which the aggregate amount in arrears is more than or equal to 1 month in arrears, is less than 5 per cent. of the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio;
- (g) each Mortgage Loan and its Related Security which is the subject of a Product Switch complies with the Mortgage Loan Warranties required to be given on each Switch Date;
- (h) there is no debit entry on the Principal Deficiency Sub-Ledger corresponding to any Class of Rated Notes after applying all Available Revenue Receipts on that Interest Payment Date;
- (i) no Servicer Termination Event occurs as a result of it; and
- (j) the Product Switch will not result in the aggregate principal balance of all Product Switches agreed by the Legal Title Holder or the Servicer exceeding 1.00 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Cut-off Date.

If by the Notice of Non-Satisfaction Delivery Date no Notice of Non-Satisfaction of Product Switch Conditions has been given by the Servicer to the Legal Title Holder, the Seller, the Issuer and, in respect of the Warehouse Mortgage Loans only, CERH, or has been so given but subsequently revoked by the Servicer, and the Mortgage Loan which is the subject of a Product Switch remains in the Mortgage Portfolio, the Seller must, in relation to the relevant Mortgage Loan, give the representations and warranties in respect of Product Switches set out in the relevant Mortgage Sale Agreement as at the relevant Switch Date.

If by the Notice of Non-Satisfaction Delivery Date a Notice of Non-Satisfaction of Product Switch Conditions has been given by the Servicer to Seller, the Legal Title Holder, the Issuer and, in respect of the Warehouse Mortgage Loans only, CERH with respect to any Mortgage Loan and has not yet been revoked by the Servicer, then CERH will be required to repurchase each such Warehouse Mortgage Loan and its Related Security or CHL will be required to repurchase each such AU10 Mortgage Loan and its Related Security, as applicable, from the Issuer within 2 days of the service of Notice of Non-Satisfaction of Product Switch Conditions provided, however, if such Notice of Non-Satisfaction of Product Switch Conditions has been served by the Servicer following the close of business on the 5th Business Day prior to the last day of the calendar month in which the Product Switch occurred, completion of such repurchase shall take place in the following calendar month.

The consideration for a repurchase shall be provided by payment in cash in an amount equal to the aggregate Current Balance of the Mortgage Loan(s) subject to repurchase (excluding the amount of the relevant Further Advance or Flexible Drawing).

In addition, each Seller has agreed in the relevant Mortgage Sale Agreement that, if it is subsequently determined that:

- (a) any representation or warranty made by it as at the relevant Switch Date was materially untrue as at the date it was made; or

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- (b) any of the Product Switch Conditions were in fact not satisfied on the relevant Switch Date:
- (i) despite no Notice of Non-Satisfaction of Product Switch Conditions being given by the Servicer; or
 - (ii) where a Notice of Non-Satisfaction of Product Switch Conditions was given but was revoked by the Servicer prior to close of business on the Notice of Non-Satisfaction Delivery Date,

and, in either case of b(i) and b(ii), this (where capable of remedy) has not been remedied within 30 Business Days of receipt by the relevant Seller, the Legal Title Holder and, in respect of the Warehouse Mortgage Loans only, CERH of notice from the Issuer (or the Servicer on its behalf), CERH will, upon receipt of a further notice from the Issuer, be required to repurchase the entire Warehouse Mortgage Loan and its Related Security or CHL will, upon receipt of a further notice from the Issuer, be required to repurchase the entire AU10 Mortgage Loan and its Related Security from the Issuer on the next Business Day after receipt of such further notice by the Issuer (or the Servicer on its behalf) (or such other date as the Issuer (or the Servicer on its behalf) may direct in the notice (**provided that** the date so specified by the Issuer (or the Servicer on its behalf) shall not be later than 30 days after receipt by CERH or CHL, as applicable, of such further notice)).

For the avoidance of doubt, any amendment to the terms of a Mortgage Loan agreed to by Legal Title Holder or the Servicer which comprises:

- (a) any variation agreed with a Borrower to control or manage arrears on the Mortgage Loan including any variation relating to breaches of the Mortgage Conditions;
- (b) any variation in the maturity date of a Mortgage Loan, **provided that**, following such amendment, such Mortgage Loan has a remaining term ending no later than two years prior to the Final Maturity Date of the Notes;
- (c) any variation imposed by statute or by regulation or any variation in the frequency with which the interest payable in respect of the Mortgage Loan is charged;
- (d) any variation to the interest rate as a result of the Borrowers switching to a different rate other than where the Borrower is switching to another product;
- (e) any change to a Borrower under the Mortgage Loan or the addition of a new Borrower under a Mortgage Loan; or
- (f) any change in the repayment method of the Loan (including from an Interest Only Mortgage Loan to a Repayment Mortgage Loan),

will not constitute a Product Switch granted in respect of such Mortgage Loan and the retention of such Mortgage Loan in the Mortgage Portfolio shall not be subject to the Product Switch Conditions referred to above, **provided that**, following the amendment, the relevant Mortgage Loan constitutes an Eligible Product (as defined above). Following any such amendment, CERH or CHL, as applicable, may, but will not be obliged to, repurchase the relevant Mortgage Loan and its Related Security.

General right to offer to repurchase following a Flexible Drawing or Product Switch

Where in relation to a proposed Flexible Drawing or Product Switch request, the Servicer (on behalf of the Issuer) proposes making a Flexible Drawing or Product Switch (as applicable), CERH or CHL, as applicable, may, despite the Servicer not having given (in the case of a Flexible Drawing) a Notice of Non-Satisfaction of Flexible Drawings Conditions or (in the case of the Product Switch) a Notice of Non-Satisfaction of Product Switch Conditions, as alternatives to the Mortgage Loan which is the subject of a Flexible Drawing or Product Switch remaining in the Mortgage Portfolio (as applicable), offer to repurchase the relevant Mortgage Loan and its Related Security from the Issuer within 30 days of the last day of the calendar month in which the Drawings Date or Switch Date (as applicable) falls for a consideration equal to its Current Balance and the Issuer shall accept such offer. Any such offer must be made prior to the last day of the calendar month in which the relevant Drawings Date or Switch Date (as applicable) falls. CERH or CHL, as applicable, must pay to the Issuer the consideration for the relevant Mortgage Loan and its Related Security which is the subject of a Flexible Drawing or Product Switch (as

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applicable) within 30 days of the last day of the calendar month in which such Drawings Date or Switch Date occurred.

Each Seller, the Issuer, the Legal Title Holder, the Cash Manager (only for so long as CHL is the Cash Manager) or the Servicer (whichever becomes aware of the breach) must, pursuant to the terms of the Mortgage Sale Agreements, notify the other parties of any breach of warranty in respect of any of the relevant Mortgage Loans subject to Flexible Drawings or Product Switches (and such breach has or would have a Material Adverse Effect on such Mortgage Loan and/or its Related Security) as soon as it has identified such breach.

MORTGAGE REGULATION IN THE UNITED KINGDOM

It is envisaged that the majority of Mortgage Loans in the Provisional Mortgage Portfolio will be owner-occupied mortgages, regulated by FSMA. Consideration is given below to regulatory matters including the regulation of owner-occupied residential mortgages under FSMA.

Mortgages Regulated under FSMA

Under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") a mortgage contract entered into (i) between 31 October 2004 and 21 March 2016 or (b) prior to 31 October 2004 but materially varied between 31 October 2006 and 21 March 2016 (such that the original contract is replaced) is regulated under the RAO (and is therefore a "**Regulated Mortgage Contract**") if:

- (a) the Borrower is an individual or trustee;
- (b) the contract provides for the obligation of the Borrower to repay to be secured by a first legal mortgage (other than timeshare accommodation) in the United Kingdom; and
- (c) at least 40 per cent. of the land to which it relates 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.

A wider definition of Regulated Mortgage Contract applies for contracts entered into on or after 21 March 2016 (or entered into before then but materially varied after that date). The definition of Regulated Mortgage Contract now also includes loans secured on property that were previously regulated agreements under the CCA (see "*Mortgage Credit Directive*" below). The current definition of a regulated mortgage contract is such that if the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions and qualifications) (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, civil partner, parent, brother, sister, child, grandparent or grandchild, 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.

In the United Kingdom, subject to certain exemptions, entering into as a lender, arranging or advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of these things) are regulated activities under FSMA and the RAO. Conducting regulated activities requires authorisation and permission from the Financial Conduct Authority.

CHL holds authorisation and permission from the FCA to administer Regulated Mortgage Contracts. CHL is not currently able to enter into new Regulated Mortgage Contracts save in specific limited circumstances. The Issuer is not and does not propose to be an authorised person under FSMA, and does not require such authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not itself carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered by an entity that has the required FCA authorisation and permission under an administration agreement. If that administration agreement terminates, however, the Issuer will use reasonable endeavours to arrange for that administration activity to be carried out by a replacement administrator with the required FCA authorisation and permission pursuant to the terms of the Servicing Agreement.

As the Issuer is not itself authorised under FSMA, if a mortgage with an existing borrower is varied such that a new contract is entered into constituting a new Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation must be carried out by an appropriately authorised entity such as the Servicer.

Mortgage and Home Finance: Conduct of Business Sourcebook ("MCOB")

MCOB sets out the FCA's rules for regulated mortgage activities, including financial promotions,

disclosure, contract changes, charges and arrears and repossessions.

If FCA requirements on authorisation and permission of lenders and brokers or on issue and approval of financial promotions are not complied with, a Regulated Mortgage Contract entered into as a consequence of such action will be unenforceable against the Borrower except with the approval of a court. A Borrower who is a private person may be entitled to claim damages for loss suffered as a result of an authorised person's breach of an FCA rule, and may set off the amount of the claim against the amount owing by the Borrower under the loan. Any such damages or set-off in respect of the Mortgage Loans may adversely affect the Issuer's ability to make payments on the Notes.

In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention of FSMA and Consumer Credit Sourcebook by an authorised person. A borrower may set off the amount of the claim against the lender for contravention of CONC against the amount owed by the borrower to the lender. Any such set-off in relation to a Mortgage Loan may adversely affect the Issuer's ability to make payments on the Notes.

Each Seller will give certain warranties to the Issuer in the relevant Mortgage Sale Agreement, including that each relevant Mortgage Loan and its Related Security is enforceable (subject to certain exceptions). If a Mortgage Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within 30 Business Days, then CERH or CHL (as applicable) will be required to repurchase from the Issuer or pay an indemnity amount in respect of the Mortgage Loans under the relevant mortgage account and their Related Security, which shall not exceed the repurchase price of such Mortgage Loan.

Expansion of MCOB regulation

Where MCOB applies to the Mortgage Loan generally as a Regulated Mortgage Contract, additional rules apply to a new Mortgage Loan entered into on or after 26 April 2014 or where the principal amount outstanding is increased (e.g. by way of further advance) on or after that date. The changes under the expanded rules focus on responsible lending and require a more thorough verification of borrowers' income; application of interest rate stress-tests; and enhanced underwriting assessments and assessments of customer affordability based on expected retirement age. Significant changes were also made to mortgage distribution and advice requirements.

To the extent that the expanded rules apply to any of the Mortgage Loans, failure to comply with these rules may allow a Borrower to claim damages or set-off the amount of the claim against the amount owing under the Mortgage Loan. Such a claim or set-off may adversely affect the Issuer's ability to make payments on the Notes.

In January 2018, the FCA also published its Thematic Review (TR18/1) on the fair treatment of existing interest only mortgage customers. The FCA found that all lenders in the sample had made progress in the fair treatment of interest-only customers and the potential harm caused by non-repayment at maturity was reduced. The FCA has continued to monitor the risk in this area through their regulatory data and market intelligence and published a new Mortgages Market Study (MS16/2) in March 2019 assessing the areas where competition can potentially be improved for the benefit of customers. The FCA found that the mortgage market falls short in some specific ways leading to harm for some consumers who pay more than they need to for their mortgage and/or are prevented from switching to more affordable mortgages (the so called "mortgage prisoners"). The FCA launched a consultation proposing changes to reduce regulatory barriers to mortgage prisoners in March 2019 and it is expected to publish the new rules in a Policy Statement in late 2019. The FCA also found in the Market Study that there are limitations to the effectiveness of the tools available to help consumers choose a cheaper mortgage and it is expected to launch a consultation on proposals to change mortgage advice rules and guidance.

Mortgage Credit Directive

The Mortgage Credit Directive (2014/17/EU) ("**MCD**") came into effect on 21 March 2016 and applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state of the European Union (a "**Member State**") on residential immovable property, or secured by a right relating to such property and (b) credit agreements used to purchase or retain rights in land or in an existing or in a residential building. The MCD also extends the Consumer Credit Directive to unsecured credit agreements used for the renovation of residential immovable property to a maximum total amount of credit of EUR

75,000. The United Kingdom implemented the MCD via the Mortgage Credit Directive Order 2015. This (i) put in place a new regulatory regime for consumer buy-to-let mortgages; (ii) widened the definition of a Regulated Mortgage Contract to include second mortgages, mortgages over secured land located within the EEA (rather than just the UK), timeshare accommodation and equitable mortgages; and (iii) transferred the regulation of some existing regulated credit agreements (e.g. second charge loans) from the consumer credit regime to the Regulated Mortgage Contract regime. The new requirements became mandatory on 21 March 2016.

Any further changes to MCOB or changes in the regulatory framework may adversely affect the Mortgage Loans, the Legal Title Holder, the Sellers and/or the Servicer and their respective businesses and operations.

Current regulation of consumer credit

Certain of the Mortgage Loans in the Provisional Mortgage Portfolio are owner-occupied mortgages, entered into before mid-2008, and fall outside the scope of the CCA regulation.

A credit agreement is regulated by the CCA where it was made before 1 April 2014 and:

- (a) the Borrower was or included an "individual" as defined in the CCA;
- (b) if the credit agreement was made before 6 April 2008, the amount of "credit" as defined in the CCA did not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that; and
- (c) the credit agreement was not an exempt agreement under the CCA. The upper financial limit of £25,000 was removed for credit agreements made on or after 6 April 2008 by the Consumer Credit Act 2006, which amended and updated the CCA.

On 1 April 2014 responsibility for the regulation of consumer credit activities were transferred from the Office of Fair Trading to the Financial Conduct Authority, so credit agreements previously solely regulated by the CCA became subject to both the CCA and the FSMA (and its associated secondary legislation and the Financial Conduct Authority's Handbook). Accordingly, carrying on certain credit-related regulated activities without permission from the FCA will render the credit agreement unenforceable.

The definition of a Regulated Mortgage Contract now includes all first and second charge secured loans that were previously subject to the jurisdiction of the CCA, however, certain provisions of the CCA are retained with regards to consumer credit back book mortgage contracts ("**CCBBMs**"). In particular, if the contract would be enforceable against the borrower only on an order of the court as a result of the application of any relevant provision of the CCA, the contract remains enforceable only on an order of the court. Similarly, if the contract would be void, or part of the contract would be void, as a result of the application of the relevant provision of the CCA, the contract, or that part of the contract, is void. If a creditor would not be entitled to enforce a contract as a result of a failure to comply with any relevant provision of the CCA, then for the purposes only of correcting the failure to comply with that provision of the CCA, the contract is treated as if it were a regulated agreement and the creditor may enforce the contract only if the creditor has corrected the failure to comply. If a creditor would not be entitled to enforce a contract because a period of non-compliance applies to the contract under the CCA, then for the purposes only of bringing the period of non-compliance to an end, the contract is treated as if it were a regulated agreement and the creditor may enforce the contract only if the period of non-compliance has ended. If a creditor would not be entitled to enforce a contract because of a provision of the CCA, then the creditor may enforce the contract only if the creditor has given the notice required by the CCA to the borrower. If a creditor would not be entitled to enforce the security provided in relation to a contract as a result of a failure to comply with any relevant provision of the CCA, then for the purposes only of correcting the failure to comply with the relevant provision of the CCA, the contract is treated as if it were a regulated agreement and the creditor may enforce the security only if the creditor has corrected the failure to comply.

Under the Consumer Credit Act 2006, 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 and "regulated home purchase plans" (as defined in the RAO). The test explicitly imposes liability to repay amounts received from a borrower on both the originator and any assignee, such as the Issuer. In applying the "unfair relationship" test, the courts can consider a wider range of circumstances surrounding the transaction, including the creditor's conduct before and after making the

agreement. There is no statutory definition of the word "unfair" as the intention is for the test to be flexible and subject to judicial discretion. If the borrower alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

To the extent that a credit agreement is regulated as a CCBBM, breach of the agreement may not allow the creditor to terminate the agreement, demand earlier payment or enforce security if the lender failed to comply with requirements as to default notices. From 1 October 2008:

- (a) the credit agreement is also unenforceable for any period when the lender fails to comply with further requirements as to annual statements and arrears notices;
- (b) the borrower will not be liable to pay interest or, in certain cases, default fees for any period when the lender fails to comply with further requirements as to post-contract disclosure; and
- (c) interest upon default fees will be restricted to nil until the 29th day after the day on which a prescribed notice is given and then to simple interest thereafter.

Note that the requirements in (a) – (c) ceased to apply to CCBBMs with effect from 21 March 2016, but, where a CCBBM was void or unenforceable before that date, it remains so (subject to existing methods of obtaining relief).

Charges payable for early repayment in full are restricted by a formula under the CCA, where applicable. These changes to the CCA may result in adverse effects on the Issuer's ability to make payments on the Notes.

CHL has interpreted certain CCA rules in a way common with many other mortgage market lenders. If CHL's interpretation of the CCA rules were held to be incorrect by a court or the scheme provided under Part XVI FSMA to investigate complaints against authorised persons, then a Mortgage Loan, if regulated by the CCA or treated as such, would be unenforceable. If such interpretation were challenged by a significant number of Borrowers, then this could lead to significant disruption and shortfall in the income of the Issuer, resulting in adverse effects on the Issuer's ability to make payments on the Notes.

Each Seller has given or, as applicable, will give warranties to the Issuer in the relevant Mortgage Sale Agreement that, among other things, each Mortgage Loan and its Related Security is enforceable (subject to exceptions). If a Mortgage Loan or its Related Security does not comply with these warranties, and if the default (if capable of remedy) cannot be or is not cured within 30 Business Days, then CERH or CHL (as applicable) will, upon receipt of notice from the Issuer, be required to repurchase from the Issuer or pay an indemnity amount in respect of all of the relevant Mortgage Loans secured on the same Property (together, forming one "**Mortgage Account**") and their Related Security.

Financial Conduct Authority powers to make temporary product interventions

The Financial Conduct Authority has the power to render contracts made in contravention of its product intervention rules unenforceable. Section 137D of FSMA permits the Financial Conduct Authority to make temporary product intervention rules ("**TPIRs**") prohibiting authorised persons from taking a number of actions, including entering into specified contracts with one or any persons. The TPIRs allow the Financial Conduct Authority to make rules without consultation, where it considers that it is necessary or expedient to do so. TPIRs are limited to a maximum duration of 12 months and are intended to offer protection to consumers in the short term whilst more permanent solutions are developed. In relation to agreements entered into in breach of a TPIR, the Financial Conduct Authority's rules may provide: (i) for the relevant agreement or obligation to be unenforceable (although any unenforceability provision would only apply to sales made after the introduction of the rules); (ii) for the recovery of any money or other property paid or transferred under the agreement; or (iii) for the payment of compensation for any loss sustained under the relevant agreement or obligation.

The Financial Conduct Authority will consider making TPIRs where it identifies a risk of consumer detriment arising from a product or practice and will make the rules if it deems prompt action is necessary to reduce or prevent that detriment. In particular, the FCA will consider factors such as the potential scale of detriment in the market and potential scale of detriment to individual customers, whether particular groups of customers (especially vulnerable customer groups) are more likely to suffer detriment, the market context and whether the use of TPIRs will have any unintended consequences.

Such changes to the United Kingdom and European Union mortgage regulation may affect the pool of Mortgage Loans, the Seller, the Legal Title Holder, the Issuer and/or the Servicer and their respective business and operations and could result in adverse effect on the Issuer's ability to make payments on the Notes.

The Mortgage Credit (Amendment) (EU Exit) Regulations 2019

The Mortgage Credit (Amendment) (EU Exit) Regulations 2019 will take effect on the date of the UK's exit from the European Union, as part of the complementary legislation to be enacted by the United Kingdom parliament as part of the UK's withdrawal from the European Union.

This statutory instrument does not make any substantial policy changes. However, there are certain necessary amendments that are required once the United Kingdom is no longer part of the European Union. This includes an amendment to the territorial scope of regulated consumer buy-to-let lending; this would no longer apply to land in EEA states, but only to land within the UK. There is also an amendment to the rules for consumer buy-to-let foreign currency mortgages, and amendments to the formula for the annual percentage rate of charge for consumer buy-to-let mortgages, whereby the United Kingdom treasury will be conferred the power to make regulations to amend the assumptions on which these calculations are made.

Unfair Terms in Consumer Contracts

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 business-to-consumer agreements made between 1 July 1995 and 30 September 2015, and the "consumer" for these purposes falls within the definition provided in the UTCCR), where the terms have not been individually negotiated. The UTCCR apply to all or almost all of the Mortgage Loans entered into within that period. For agreements entered into on or after 1 October 2015, the Consumer Rights Act 2015 ("**CRA**") applies (see below).

Where the UTCCR apply, they provide that:

- (a) a consumer (which would include a Borrower under all or almost all of the Mortgage Loans) may challenge a standard term in an agreement on the basis that it is "unfair" within the UTCCR 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
- (b) the lead enforcement body and any qualifying body for the UTCCR (such as the Financial Conduct Authority) may seek to prevent a business from relying on unfair terms.

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

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the Borrower's obligation to repay the principal (**provided that** these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention), but may affect other terms, such as the lender's power to vary the interest rate or 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 Legal Title Holder is permitted to do) is found to be unfair, the Borrower will not be liable to pay interest at the increased rate.

Whilst the Financial Conduct Authority has powers to enforce the UTCCR, it would be for a court to determine the proper interpretation. The broad wording of the UTCCR makes an assessment of the fairness of terms largely subjective and therefore difficult to predict whether or not a term would be held by a court to be unfair. If any term of the Mortgage Loans is found to be unfair under the UTCCR, this may adversely affect the ability of the Issuer to make payments to Noteholders on the Notes.

Consumer Rights Act 2015

The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which

essentially deals with attempts to limit liability for breach of contract) and the UTCCR. The CRA revoked the UTCCR, making only minor changes to the unfairness regime under the UTCCR for contracts made on or after 1 October 2015. Agreements entered into before the CRA came into force on 1 October 2015 continue to be subject to the UTCCR.

Like the UTCCR, if a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible to 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 area of law continues to develop and further regulatory guidance and case law will follow. In December 2018, the FCA published new guidance on unfair contract terms, "*Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015*" (FG 18/7). The finalised guidance outlines a comprehensive list of factors financial services firms should consider under the CRA when drafting and reviewing variation terms in their consumer contracts. The factors that the FCA considers to be indicative of fairness and transparency of a variation term include whether the consumer has freedom to exit the contract in the case of an unfavourable variation, and whether the variation is reasonably necessary to achieve a legitimate purpose.

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 Legal Title Holder, the Sellers, the Servicer, the Issuer 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.

Enforcement remedies in Scotland

In Scotland, enforcement remedies are set out in the Conveyancing & Feudal Reform (Scotland) Act 1970 as amended (the "**1970 Act**"). The remedies available to heritable creditors (the Scottish equivalent to a mortgagee) under the 1970 Act are to sell the secured property, to enter into possession of the secured property, to carry out necessary repairs and to apply for a decree of foreclosure (the latter being rarely used). There is no requirement for a heritable creditor to enter into possession of the property in order to sell it.

The remedies of entering into possession and selling the property can only be exercised if the calling-up procedure is followed. This involves a notice adhering to the statutory requirements being served upon the person last holding legal title to the secured property, requiring payment of the principal sum with interest within two months of the date of service of the demand. Once the two month notice period has expired without payment the heritable creditor must raise court proceedings in the Sheriff Court and obtain a decree against the debtor before it can exercise its power of sale, 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, which may restrict the ability of the heritable creditor in respect of the Scottish Mortgage Loans and their Related Security to exercise its power of sale.

Once the heritable creditor has implemented the decree, it can exercise its rights to enter into possession and uplift rents, to repair and/or to sell the subjects. The heritable creditor is under a duty to advertise the sale and to take all reasonable steps to ensure that the price at which the property is sold is the best that can be reasonably obtained. If exercising these enforcement remedies is lengthy or costly, the Issuer's ability to make payments on the Notes and the Certificates may be reduced.

Repossessions

Borrowers under owner-occupied residential mortgage agreements are generally afforded greater protection against repossessions than borrowers under buy-to-let mortgage agreements.

The pre-action protocol for repossessions based on mortgage or home purchase plan arrears in respect of residential property in England and Wales and the pre-action protocol for possession proceedings based on mortgage arrears in respect of residential property in Northern Ireland sets out steps that judges expect any lender to take before starting a claim. A number of mortgage lenders, have confirmed that they will delay the repossession action for at least six months after a Borrower who is an owner-occupier is in arrears. Such moratorium is subject to the wishes of the relevant Borrower and may not apply in cases of fraud.

The Mortgage Repossession (Protection of Tenants etc) Act 2010 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. Additionally, under the Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010, the lender has to serve at least 14 days' notice of its intention to execute a possession order over residential premises which have been let.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 (“**HODPA**”) 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 **HODPA**, the heritable creditor 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.

Under the MCOB rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed. 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 (amongst other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. The rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions and, as a result, may operate in certain circumstances to require the Servicer to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the asset servicing arrangements contemplated by such Transaction Documents) in respect of one or more Mortgage Loans.

CHL considers each repossession case on a case by case basis however, in the majority of cases where repossession action is required, such action is initiated approximately three months after the Borrower is in arrears. There can be no assurance that any delay in starting and/or completing repossession or enforcement actions by CHL would not result in the amounts recovered being less than if there had not been any such delays (which may ultimately adversely affect the ability of the Issuer to make payments of interest and principal on the Notes when due). The aforementioned protocol, act, regulations and MCOB requirements for mortgage possession and enforcement cases may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and a lower repayment rate on the Notes.

Legal Title Transfers of Scottish Mortgages

The validity of the form of Scottish assignation of standard securities (which transfers legal title to the Scottish equivalent of a legal mortgage) used commonly in the marketplace over the past few decades was brought into question in a judgment of Banff Sheriff Court, in the case of *OneSavings Bank plc v Burns* [2017] SC BAN 20 (“**OneSavings Bank v Burns**”). In this case the court interpreted the relevant legislation as requiring a Scottish assignation to specify the amounts due under the standard securities in order to constitute a valid transfer of the legal title to such standard securities. The market practice in the majority of cases in Scotland had previously been for Scottish assignations not to specify the amounts due.

The effect of the judgment is that, where a mortgage loan and the standard security securing such loan have been transferred using a form of Scottish assignation which has not specified the amounts due thereunder, the mortgage loan will vest in the transferee, but legal title to the standard security may not vest in the transferee and instead remain vested in the transferor. As a result the transferee may – without further remedial action – encounter difficulties in trying to enforce the standard security against the underlying borrower. On 26 May 2017 an unreported judgment of the Court of Session, in the case of *Shear v Clipper Holdings*, cast doubt on the judgment in *OneSavings Bank v Burns* as in the judgment Lord Bannatyne disagreed with the approach of the Sheriff in *OneSavings Bank v Burns*. A subsequent judgment of Greenock Sheriff Court on 24 August 2017, in the case of *Promontoria (Henrico) Limited v The Firm of Portico Holdings (Scotland) and others* [2018] SC GRE 5, followed the decision in *Shear v Clipper Holdings*. Neither *OneSavings Bank v Burns* nor *Shear v Clipper Holdings* nor *Promontoria (Henrico) Limited v The Firm of Portico Holdings (Scotland) and others* are binding on other courts in Scotland and it is possible that other Sheriff courts may choose to follow either set of judgments.

Any risk is limited to Scottish Mortgages (a) which were not originated by CHL but which were transferred to CHL using the form of legal title transfer held to be flawed in *OneSavings Bank v Burns*, and (b) which

are subsequently enforced by way of calling-up and challenged on similar grounds to those set out in *OneSavings Bank v Burns*.

Financial Ombudsman Service

Under FSMA, the Financial Ombudsman Service is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in its opinion and in light of law and guidance, would be fair and reasonable in the circumstances of the case. The Financial Ombudsman Service may order a money award to a complaining Borrower. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code and the Council of Mortgage Lenders Code issued by UK Finance occurring before the 1 October 2003 may be dealt with by the Financial Ombudsman Service.

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.

Impact of Consumer Protection from Unfair Trading Regulations 2008

The directive on unfair business-to-consumer commercial practices (Directive (2005/29/EC) (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 was implemented in the United Kingdom through the Consumer Protection from Unfair Trading Regulations 2008 ("**CPUTRs**"), which affect all contracts entered into with natural persons acting outside their business area and apply to the residential mortgage market. The CPUTRs contain a general prohibition on unfair commercial practices as well as provisions aimed at aggressive and misleading practices.

The Consumer Protection (Amendment) Regulations 2014 give consumers a direct right of action including a right to unwind agreements within 90 days of entering into the contract if a misleading or aggressive practice under the CPUTR was a significant factor in the consumer's decision to enter into the contract. The amendments to CPUTR also extend the regime so that it covers misleading and aggressive demands for payment and applies to demands for payment for restricted-use credit (where the credit must be used to finance a particular transaction) where the misleading or aggressive commercial practice began before 1 October 2014 and continues after that date, or occurs on or after 1 October 2014.

The effect (if any) of the CPUTRs on the Mortgage Loans, the Legal Title Holder, the Sellers, the Servicer or the Issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPUTRs. Whilst engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreement may also result in irrecoverable losses on amounts to which such agreements apply. In practical terms, the CPUTRs have not added significantly to the regulatory requirements already in place, such as treating customers fairly and conduct of business rules.

However, no assurance can be given that the CPUTRs will not adversely affect the ability of the Issuer to make payments to Noteholders.

SERVICING

Mortgage Servicing

On the Closing Date, CHL (as the Servicer) will be appointed by the Issuer under the Servicing Agreement as its agent to administer the Mortgage Loans and their Related Security. The Servicer will undertake to comply with any proper directions and instructions that the Issuer and (following the delivery of an Enforcement Notice) the Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement. The Servicer will be required to administer the Mortgage Loans and their Related Security in the following manner:

- (a) in accordance with the Servicing Agreement; and
- (b) as if the Mortgage Loans had not been sold to the Issuer but remained on the books of CHL and in accordance with CHL's procedures and administration and enforcement policies as they apply to the Mortgage Loans from time to time.

The Servicer's actions in servicing of the Mortgage Loans in accordance with its procedures and the Servicing Agreement will be binding on the Issuer. The Servicer shall administer and service the Mortgage Loans and their Related Security in connection with any Flexible Drawings and/or Product Switches. For instance, the Servicer shall, on behalf of the Legal Title Holder make offers to Borrowers and accept applications from Borrowers.

The Servicer may, in some circumstances, delegate or subcontract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer will remain liable at all times for the servicing of the Mortgage Loans and for the acts or omissions of any delegate or subcontractor.

Powers

Subject to the guidelines for servicing set forth above, the Servicer will have the power, *inter alia*:

- (a) to exercise the rights, powers and discretions of the Issuer in relation to the Mortgage Loans and their Related Security and to perform its duties in relation to the Mortgage Loans and their Related Security; and
- (b) to do or cause to be done any and all other things which it reasonably considers necessary or convenient or incidental to the servicing of the Mortgage Loans and their Related Security or the exercise of such rights, powers and discretions.

Undertakings by the Servicer

The Servicer will undertake, in relation to the Mortgage Loans and their Related Security, among other things, that it will:

- (a) administer the relevant Mortgage Loans and their Related Security as if the same had not been sold to the Issuer but had remained on the books of CHL and in accordance with CHL's procedures and servicing and enforcement policies as they apply to the Mortgage Loans from time to time;
- (b) provide the services to be undertaken by it under the Servicing Agreement in such manner and with the same level of skill, care and diligence as would a Prudent Mortgage Lender;
- (c) comply with any reasonable and proper directions, orders and instructions which the Issuer and/or the Legal Title Holder and/or the Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement;
- (d) maintain all approvals, authorisations, permissions, consents and licenses required for itself in connection with the performance of its duties under the Servicing Agreement, and prepare and submit on a timely basis all necessary applications and requests for any further approvals, authorisations, permissions, consents and licenses required for itself in connection with the performance of its duties under the Servicing Agreement;

- (e) not knowingly fail to comply with any legal requirements in the performance of its duties under the Servicing Agreement;
- (f) save as otherwise agreed with the Issuer, provide free of charge to the Issuer, the relevant Seller and the Legal Title Holder, office space, facilities, equipment and staff sufficient to fulfil the obligations of the Issuer, the relevant Seller and the Legal Title Holder under the Servicing Agreement;
- (g) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (h) transfer an amount equal to the Daily Mortgage Loan Amount from the relevant Collection Account into the Deposit Account no later than the next Business Day after that Daily Mortgage Loan Amount is identified as received in such Collection Account;
- (i) not without the prior written consent of the Trustee amend or terminate any of the Transaction Documents except in accordance with their terms;
- (j) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of CERH and/or CHL, as applicable, to repurchase and/or indemnify any Mortgage Loan pursuant to the relevant Mortgage Sale Agreement, notify the Issuer and the relevant Seller and CERH (where applicable) in writing of such event;
- (k) not create or permit to subsist any encumbrance in relation to the Collection Accounts, other than that created under the Collection Account Declaration of Trust;
- (l) if at any time the Servicer receives any money (other than sums credited to the Collection Accounts) arising from the Mortgage Loans and their Related Security, hold such money on trust for the Issuer and shall keep such money separate from other money held by it and shall promptly upon receipt transfer such money to the Deposit Account;
- (m) assist the Cash Manager and the Issuer in preparing for any form, report and/or template required to be provided by the Issuer in its capacity as the designated entity pursuant to Article 7(2) of the EU Securitisation Regulation, in each case in a manner and form in compliance with all Applicable Laws and regulation, including but not limited to, Article 7 of the EU Securitisation Regulation; and
- (n) notify the Cash Manager and the Issuer of any inside information as required by and in accordance with Article 7(1)(f) of the EU Securitisation Regulation but only to the extent that the Servicer (x) becomes aware of such inside information or significant event; or (y) is notified by the relevant Seller and/or the Issuer of such inside information or significant event.

Servicing Procedures

This section describes the Servicer's servicing procedures based on the current CHL mortgage servicing policies. The Servicer is required to administer the Mortgage Loans and their Related Security in the Mortgage Portfolio in accordance with its policies applicable from time to time, but subject to the terms of the Servicing Agreement. The duties of the Servicer include:

- (a) applying the interest rates on the Standard Variable Rate Mortgage Loans and the Tracker Rate Mortgage Loans from time to time;
- (b) collecting payments on the Mortgage Loans and discharging Mortgage Loans and Related Security upon redemption;
- (c) monitoring and, where appropriate, pursuing arrears (in accordance with the Arrears Policy and Arrears Procedure) and enforcing the Related Security;
- (d) taking all reasonable steps to ensure safe custody of all title deeds and documents in respect of the Mortgage Loans and their Related Security which are in its possession;

- (e) managing the Issuer's interests in the Insurance Policies and other Related Security related to the Mortgage Loans;
- (f) processing transfers of titles, notices of death, forfeitures and irritancies of leases, sale and exchange of land, account conversions, term amendments, deed amendments, compensation and enforcement notices;
- (g) dealing with all types of transactions, posting and refunding fees, setting up direct debits, payment date changes and payment holidays;
- (h) dealing with all customer correspondence on other aspects of Mortgage Loans once the Mortgage Loan is drawn down, including changes in customer details and changes on the customer mortgage, including changes of product and repayment terms; and
- (i) dealing with Flexible Drawings and Product Switches in accordance with the Mortgage Sale Agreements (see "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreements – Further Advances*", "*– Flexible Drawings*" and "*Product Switches*" above).

From and including the Closing Date, subject to the terms of the Servicing Agreement, the Issuer will grant the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set in relation to the Mortgage Loans sold by the relevant Seller to the Issuer the SVR and any other discretionary rates or margins applicable in relation to the Mortgage Loans.

The Servicer will be entitled to delegate its functions under the Servicing Agreement subject to certain conditions. The Servicer remains liable to the Issuer for the performance of those functions notwithstanding such delegation.

Right of Delegation by a Servicer

The Servicer may subcontract or delegate the performance of its duties under the Servicing Agreement, **provided that** it meets particular conditions, including that:

- (a) written notification has been given to each of the Issuer, the Trustee and the Rating Agencies;
- (b) where the arrangements involve the custody or control of any customer files and/or title information documents, the subcontractor or delegate has executed a written acknowledgement in form and substance acceptable to the Issuer and Trustee that those customer files and/or title information documents are and will be held to the order of the Issuer and the Trustee;
- (c) where the arrangements involve or may involve the receipt by the subcontractor or delegate of moneys belonging to the Issuer which, in accordance with the Servicing Agreement, are to be paid into the Deposit Account, the subcontractor or delegate holds any such moneys on trust for the Issuer which will be paid forthwith into the Deposit Account in accordance with the terms of the Servicing Agreement and other applicable Transaction Documents;
- (d) the subcontractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services;
- (e) the Issuer and the Trustee have no liability for any costs, charges or expenses in relation to the proposed subcontracting or delegation other than in respect of the Issuer any liability which the Issuer would have to the Servicer if such delegation had not occurred; and
- (f) the subcontractor or delegate has confirmed that it has and will maintain all requisite licences, approvals, authorisations and consents, to enable to fulfil its obligations under or in connection with any such arrangements.

The provisos set out in paragraphs (a), (b), (c) and (d) above will not be required in respect of any delegation to (i) a wholly-owned subsidiary of CHL, (ii) persons such as valuers, surveyors, estate agents, property management agents, receivers, solicitors or other relevant professional advisors as such or (iii) any entity that provides a mortgage bureau service for the Servicer.

Notwithstanding any subcontracting or delegation of the performance of its obligations under the Servicing Agreement, the Servicer shall remain responsible for the performance of all of the obligations of the Servicer under the Servicing Agreement, and the performance or non-performance or the manner of performance by any subcontractor or delegate of any of the Services shall not affect the Servicer's obligations under the Servicing Agreement and any breach in the performance of the Services by such subcontractor or delegate shall, subject to the Servicer being entitled for a period of 20 Business Days from the Servicer becoming aware of or receiving written notice of any breach by any subcontractor or delegate to remedy such breach, be treated as a breach of the Servicing Agreement by the Servicer.

Replacement of the Collection Account Bank

If at any time the Collection Account Bank ceases to have the Collection Account Bank Rating, the Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) shall on behalf of, and at the sole cost and expense of, the Issuer:

- (a) terminate the appointment of the Collection Account Bank in accordance with the Collection Account Agreement and use commercially reasonable efforts to procure that the funds standing to the credit of the Collection Accounts are promptly transferred from the Collection Accounts and placed on deposit on terms the same or substantially the same (*mutatis mutandis*) as the Collection Account Agreement with an institution:
 - (i) that maintains ratings at least equal to the Collection Account Bank Ratings;
 - (ii) that is a bank for the purposes of section 991 of the Income Tax Act 2007 and payments of interest are made in the ordinary course of its business within the meaning of section 878 of the Income Tax Act 2007; and
 - (iii) that is an institution authorised to carry on banking business including accepting deposits under the FSMA; or
- (b) obtain a guarantee of the Collection Account Bank's obligations under the Collection Account Agreement from a bank with ratings at least equal to the Collection Account Bank Ratings,

in each case, within 60 days of the date on which the Collection Account Bank ceases to have the Collection Account Bank Ratings, provided that such period can be extended for up to an additional 60 days if the Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) provides the Trustee and the Rating Agencies with a written action plan before expiration of the initial 60 days period including the remedy steps taken and to be taken within such extended period.

Arrears and Default Procedures

CHL has established procedures for managing Mortgage Loans which are in arrears or where there is an early indication of potential financial distress. These procedures and the attendant policies are reviewed and updated from time to time.

Early contact in order to determine the customer's problem and find a suitable and sustainable solution is the mainstay of the above policy and resultant procedures. Only customers who will not work with CHL are classed as non-cooperating.

The arrears policy sets out, amongst other things, the forbearance measures available for customers who are in arrears or pre-arrears financial distress. The forbearance measures are used as solutions in line with the customers' current circumstances and demonstrated ability to repay thereby effecting a 'full cure' at the end of a period to be assessed and agreed with the customer. Such agreement must be for the shortest time over which the customer can repay in order to minimise the interest impact.

The forbearance measures include concessions (where it can be shown that, at the end of the period the accrued payment shortfall can be repaid), hold arrears (where arrears have already accrued but currently the customer has demonstrated that they have no surplus income), and 'Arrangement to Pay' (where the customer has accrued arrears but has now demonstrated that they have sufficient surplus income to repay sustainably over an agreed period). Capitalisation is only considered in line with current policies, where the customer has made every effort to repay arrears and CHL can demonstrate that by so doing this is in the best interests of the customer (continued interest impact). Where a customer has a repayment mortgage

CHL may offer a short term (6 – 12 months maximum) on interest only, again where the customer can demonstrate that their problem is short term and they will be in a position to pay after the solution period.

Every solution must be fully assessed and supported by relevant documentation or, where this is not available by full justification.

Termination

The Issuer (prior to delivery of an Enforcement Notice) with the written consent of the Trustee, or the Trustee itself (following delivery of an Enforcement Notice), (in the case of (a), (b) or (c) below) shall deliver written notice to the Servicer on becoming aware of the relevant Servicer Termination Event to terminate the Servicer's appointment with effect from the date of receipt of such notice (and in the case of (d) such notice shall be deemed to have been given to terminate the Servicer's appointment as Servicer with immediate effect) if any of the following events (each a "**Servicer Termination Event**") occurs:

- (a) *Non-Payments*: the Servicer defaults in the payment of any amount due under the Servicing Agreement or any other Transaction Documents to which it is party and fails to remedy that default for a period of 15 Business Days after the earlier of the Servicer becoming aware of the default and the Servicer receipt of written notice from the Issuer or the Trustee (following delivery of an Enforcement Notice) requiring the default to be remedied;
- (b) *Breach of other obligations*: the Servicer fails to comply with any of its other covenants or obligations under the Servicing Agreement or any other Transaction Document to which it is party which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class of Notes and does not remedy that failure within 15 Business Days after the earlier of the Servicer becoming aware of the failure and the Servicer being in receipt of a written notice from the Issuer or the Trustee (following delivery of an Enforcement Notice) requiring the failure to be remedied;
- (c) *Licences*: the Servicer fails to maintain required licences, registrations, regulatory approvals and authorisations enabling it to continue servicing the Mortgage Loans; or
- (d) *Insolvency*: an Insolvency Event occurs in relation to the Servicer.

Upon and following the termination of appointment of the Servicer as servicer under the Servicing Agreement, the Back-Up Servicer shall be appointed as Servicer or, if the Back-Up Servicer is not appointed at such time, then the Issuer will be required to use its reasonable endeavours to appoint a successor servicer which satisfies the conditions set out in the Servicing Agreement.

Subject to the fulfilment of a number of conditions (including the appointment of a replacement servicer (who may be the Back-Up Servicer)), the Servicer may voluntarily resign by giving not less than 12 months' notice to the Issuer and the Trustee (or by such shorter period of notice as may be agreed between the Servicer, the Issuer, the Legal Title Holder, the relevant Seller and Trustee). The substitute servicer is required to have experience of servicing mortgages in England, Wales, Northern Ireland and Scotland and to enter into a servicing agreement with the Issuer and the Trustee substantially on the same terms as the relevant provisions of the Servicing Agreement.

If the appointment of the Servicer is terminated, the Servicer must deliver the title information documents and customer files relating to the Mortgage Loans and Related Security to, or at the direction of, the Issuer.

Where the Back-Up Servicer or a substitute servicer is appointed following the occurrence of a Servicer Termination Event, or the voluntary resignation by the Servicer, the Issuer's costs and expenses associated with the transfer of servicing to the substitute servicer or Back-Up Servicer (the "**Transfer Costs**") will be paid by the Servicer. Where the Servicer fails to pay such Transfer Costs, the Issuer shall pay such Transfer Costs in accordance with the Pre-Enforcement Revenue Priority of Payments.

Liability of the Servicer

The Servicer has agreed to indemnify each of the Issuer and the Trustee, on an after Tax basis, for any Liabilities suffered or incurred by the Issuer and/or Trustee in respect of any Breach of Duty by the Servicer in carrying out its functions as servicer under the Servicing Agreement or any other Transaction Document.

Back-Up Servicer

On or about the Closing Date, the Issuer will appoint the Back-Up Servicer to perform back-up servicer services pursuant to the Back-Up Servicing Agreement.

The Back-Up Servicer will undertake an annual review of the Servicer's computer hardware, software, processes and facilities employed in the performance of its obligations as Servicer under the Servicing Agreement.

Within 60 days of receiving notice of a Servicer Termination Event, the Back-Up Servicer will replace the Servicer on the terms of the Replacement Servicing Agreement

Under the Servicing Agreement in the event that the appointment of the Back-Up Servicer under the Back-Up Servicing Agreement is terminated, the Back-Up Servicer Facilitator shall use best efforts to identify a suitable successor servicer in accordance with the terms of the Servicing Agreement or the Back-Up Servicing Agreement, as applicable.

The aggregate liability of the Back-Up Servicer in connection with the performance of its obligations under the Transaction Documents is limited to the Back-Up Servicer Fee other than in the case of the fraud or wilful default or gross negligence of the Back-Up Servicer.

CASH MANAGEMENT

Cash Manager

The Issuer has appointed the Cash Manager pursuant to the Cash Management Agreement. Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal functions will be effecting payments to and from the Deposit Account and making corresponding calculations and determinations on behalf of the Issuer.

The Cash Manager may, with the prior written consent of the Issuer and the Trustee, appoint any person as its sub-contractor to carry out all or part of the cash management services subject to certain conditions, including that the Cash Manager shall not be released or discharged from any liability whatsoever under the Cash Management Agreement.

Compensation of the Cash Manager

The Cash Manager will receive a cash management fee for the performance of the cash management services. The Issuer will pay the Cash Manager its cash management fee (inclusive of any applicable VAT) quarterly in arrears on each Interest Payment Date only to the extent that the Issuer has sufficient funds in accordance with the relevant Priority of Payments to pay them. Any unpaid balance will be carried forward until the next Interest Payment Date and, if not paid earlier, will be payable in full on the Final Maturity Date or on any earlier date on which an Enforcement Notice is served by the Trustee on the Issuer.

Investor Reports

The Issuer (in its capacity as the designated entity pursuant to Article 7(2) of the EU Securitisation Regulation) has requested that the Cash Manager assists the Issuer and CERH in the preparation and publication of the Investor Reports. The Cash Manager will (with the assistance of the Servicer and the Issuer) prepare and publish an Investor Report on a monthly basis in respect of the Mortgage Portfolio and the Notes containing, *inter alia*, certain aggregated loan data in relation to the Mortgage Portfolio provided by the Servicer in respect of the relevant Collection Period, information in relation to the Notes including, but not limited to, the ratings of the Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments, required counterparty information and confirmation of the Retention Holder's compliance with Article 6 of the EU Securitisation Regulation as provided by the Seller or the Issuer. The monthly Investor Reports will be published by the Servicer on the website of EuroABS (in its capacity as a Securitisation Repository) at www.euroabs.com and by the Cash Manager on the Cash Manager's website at www.chlmortgages.co.uk. In addition, loan level information will be provided on a quarterly basis and published by the Servicer on the website of EuroABS (in its capacity as a Securitisation Repository) at www.euroabs.com. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. The first Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a monthly basis.

Removal or Resignation of the Cash Manager

If any of the following events (each a "**Cash Manager Termination Event**") shall occur:

- (a) *Non-payment*: default is made by the Cash Manager in ensuring the payment on the due date of any payment due and payable by it under this Agreement and such default continues (where capable of remedy) unremedied for a period of 3 Business Days from the earlier of (i) the Cash Manager becoming aware of such default or (ii) the receipt by the Cash Manager of written notice from the Issuer (prior to the delivery of an Enforcement Notice) or the Trustee (after the delivery of an Enforcement Notice) requiring the default to be remedied;
- (b) *Breach of other obligations*: default is made by the Cash Manager in the performance or observance of any of its other material covenants and obligations under the Cash Management Agreement, which in the opinion of the Issuer is materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 20 Business Days after the earlier of the Cash Manager becoming aware of such default (where capable of remedy) and receipt by the Cash Manager of written notice from the Issuer (prior to the delivery of an Enforcement Notice) or the Trustee (after delivery of an Enforcement Notice) requiring the same to be remedied (where capable of remedy) **provided that** no period for remedy shall apply in circumstances where

- in the opinion of the Issuer (prior to the delivery of an Enforcement Notice) or in the opinion of the Trustee (after the delivery of an Enforcement Notice) such breach shall be incapable of remedy;
- (c) *Unlawfulness*: it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement;
 - (d) *Insolvency Event*: an Insolvency Event occurs in relation to the Cash Manager;
 - (e) *Investor Report*: the Cash Manager does not provide the Investor Report in accordance with the terms of the Cash Management Agreement; or
 - (f) *Paying Agent instructions*: the Cash Manager fails, in respect of an Interest Payment Date, to deliver the required notice to the Principal Paying Agent and the Back-Up Cash Manager setting out, inter alia, principal and interest to be paid on such Interest Payment Date in accordance with the terms of the Cash Management Agreement,

then the Issuer or (following delivery of an Enforcement Notice) the Trustee shall upon becoming aware of the relevant Cash Manager Termination Event, deliver a notice (a "**Cash Manager Termination Notice**") of such Cash Manager Termination Event to the Cash Manager (with a copy to the Issuer or the Trustee, as applicable, and a copy to the Back-Up Cash Manager) to terminate its appointment as Cash Manager under the Cash Management Agreement with effect from the date falling 30 days from the date of receipt of such Cash Manager Termination Notice (the "**Cash Manager Termination Date**") **provided that**, the Cash Manager's appointment shall not be terminated until a successor Cash Manager (which may be the Back-Up Cash Manager) has been appointed.

Back-Up Cash Manager

On the Closing Date, the Issuer and the Cash Manager will appoint the Back-Up Cash Manager to perform certain back-up cash management services pursuant to the Back-Up Cash Management Agreement. Upon the occurrence of a Cash Manager Termination Event under the Cash Management Agreement and delivery to the Back-Up Cash Manager of a Cash Manager Termination Notice, the Back-Up Cash Manager will replace the Cash Manager on terms similar to those set out in the Cash Management Agreement (see further "*Removal or Resignation of the Cash Manager*" above) with effect from the date falling five business days from the date of receipt of such Cash Manager Termination Notice.

If the Back-Up Cash Manager were appointed in replacement of the Cash Manager to carry out the cash management services, all investor reports would be published on the Back-Up Cash Manager's website at pivot.usbank.com. For the avoidance of doubt, the website and the contents thereof do not form part of this Prospectus.

Bank Accounts

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement, the Issuer will maintain with the Issuer Account Bank the Deposit Account.

The Issuer shall cause the following ledgers to be established in respect of the Deposit Account: (i) the Expense Reserve Ledger (such ledger recording amounts constituting the Expense Reserve Fund), (ii) the Excess Cashflow Reserve Fund Ledger (such ledger recording amounts constituting the Excess Cashflow Reserve Fund); (iii) the Class A Liquidity Reserve Fund Ledger (such ledger recording amounts constituting the Class A Liquidity Reserve Fund); (iv) the Class B Liquidity Reserve Fund Ledger (such ledger recording amounts constituting the Class B Liquidity Reserve Fund); (v) the Class C Liquidity Reserve Fund Ledger (such ledger recording amounts constituting the Class C Liquidity Reserve Fund); (vi) the Principal Ledger; (vii) the Revenue Ledger; (viii) the Principal Deficiency Ledger; (ix) the Issuer Profit Ledger and (x) the Liquidity Standby Ledger. The Issuer Account Bank will provide a specified rate of interest on any cleared credit balances. The Deposit Account will be operated in accordance with the Cash Management Agreement and the Deed of Charge.

The funds representing the Expense Reserve Fund, the Class A Liquidity Reserve Fund and the Excess Cashflow Reserve Fund will be credited to, retained in and released from the Deposit Account in accordance with the Account Bank Agreement, the Cash Management Agreement and the Deed of Charge. See the

section headed "*Key Structural Features – Credit Enhancement, Liquidity Support, and Priority of Payments*" for more detail.

If at any time the Issuer Account Bank ceases to have the Issuer Account Bank Rating, the appointment of the Issuer Account Bank shall be terminated by the Issuer.

The appointment of the Issuer Account Bank may be terminated in other circumstances by the Issuer (in certain cases only with the consent of the Trustee) or (following the delivery of an Enforcement Notice) the Trustee or automatically upon an Insolvency Event in relation to the Issuer Account Bank, in each case in accordance with the provisions set out in the Account Bank Agreement.

Collections

All payments or Revenue Receipts and Principal Receipts paid by the Borrowers under the Mortgage Loans will be paid into the relevant non-interest bearing Collection Account held by the Legal Title Holder at the Collection Account Bank, in accordance with a collection account agreement. All amounts credited to the Collection Accounts from (and including) the Closing Date will relate to the Mortgage Loans (each such aggregate daily amount, a "**Daily Mortgage Loan Amount**") and the Servicer will transfer an amount equal to the Daily Mortgage Loan Amount from the Collection Accounts into the Deposit Account no later than the next Business Day after that Daily Mortgage Loan Amount is identified as received in the relevant Collection Account.

Collection Account Declaration of Trust

Pursuant to the collection account arrangements in place on the Closing Date, only collections received in respect of the Mortgage Loans constituting the Mortgage Portfolio will be transferred into the relevant Collection Account.

The Legal Title Holder has declared a trust over the funds in the Collection Accounts in favour of the Issuer and itself pursuant to the Collection Account Declaration of Trust.

**KEY STRUCTURAL FEATURES – CREDIT ENHANCEMENT, LIQUIDITY SUPPORT AND
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The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Noteholders, as follows.

Liquidity Support for the Notes and the Certificates 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 in accordance with items (1) to (16) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the Certificateholders 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 Mortgage Portfolio relative to the payments due on the Notes and the Certificates and the performance of the Mortgage 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 Mortgage Portfolio, from the application of Available Principal Receipts in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments and (prior to the redemption of the Rated Notes in full) from the application of Available Principal Receipts as Principal Addition Amounts to cure any PAA Deficit in accordance with item (1) of the Pre-Enforcement Principal Priority of Payments (for the avoidance of doubt, drawings under the Excess Cashflow Reserve Fund, the Class B Liquidity Reserve Fund, the Class C Liquidity Reserve Fund, the Liquidity Facility and any Class A Liquidity Reserve Fund Actual Amounts will not be available for the purpose of eliminating any such PAA Deficit).

Amounts will also be available to the Class A Noteholders *pro rata* and *pari passu* between the Class A1 Notes and the Class A2 Notes under the Liquidity Facility Agreement and the Class A Liquidity Reserve Fund – see "*Liquidity Facility Agreement and Class A Liquidity Reserve Fund*" below.

Amounts will also be available to the Class B Noteholders under the Class B Liquidity Reserve Fund – see "*Class B Liquidity Reserve Fund*" below.

Amounts will also be available to the Class C Noteholders under the Class C Liquidity Reserve Fund – see "*Class C Liquidity Reserve Fund*" below.

Expense Reserve Fund

The Expense Reserve Fund will be established by the Issuer or the Cash Manager on its behalf on and from the Closing Date and will be recorded on the Expense Reserve Fund Ledger. On and from the First Interest Payment Date, the Expense Reserve Fund will be credited in accordance with item (1) of the Pre-Enforcement Revenue Priority of Payments.

On and from the First Interest Payment Date up to (but excluding) the date of service of an Enforcement Notice, all amounts standing to the credit of the Expense Reserve Fund will be applied in accordance with the Pre-Enforcement Expenses Priority of Payments.

Following the service of an Enforcement Notice, all amounts standing to the credit of the Expense Reserve Fund will be applied in accordance with the Post-Enforcement Priority of Payments.

Liquidity Facility Agreement and Class A Liquidity Reserve Fund

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement and have the Liquidity Facility made available to it thereunder. In addition on the Closing Date, the Issuer or the Cash Manager on its behalf will establish the Class A Liquidity Reserve Fund. Amounts drawn under the Liquidity Facility prior to an Enforcement Notice and Class A Liquidity Reserve Fund Actual Amounts (on and from the Liquidity Facility Replacement Date) will be available to provide liquidity support (and in the case of Class A Liquidity Reserve Fund Actual Amounts only, ultimately credit enhancement) for the Class A Notes *pro rata* and *pari passu* between the Class A1 Notes and the Class A2 Notes **provided that** (on any Interest Payment Date) Excess Liquidity Amounts and (on and from the Class A Redemption Date) all amounts

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standing to the credit of the Class A Liquidity Reserve Fund Ledger, will form part of Available Revenue Receipts and be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Class A Liquidity Reserve Fund Actual Amount 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 Ledger from time to time in Authorised Investments.

If required, amounts drawn under the Liquidity Facility be applied by the Cash Manager as Available Revenue Receipts to the extent there is a shortfall to meet items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments, (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments and (on and from the Liquidity Facility Replacement Date) amounts representing the Class A Liquidity Reserve Fund Actual Amount will (for so long as any Class A Notes are outstanding) be applied by the Cash Manager as Available Revenue Receipts to the extent there is a shortfall to meet items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt **provided that:**

- on each Interest Payment Date prior to the Liquidity Facility Replacement Date, such shortfall shall be funded:
 - (i) *first*, by application of any Principal Addition Amounts in relation to the Most Senior Class of Notes to cure any PAA Deficit on such Interest Payment Date; and
 - (ii) *second*, by application of amounts available under the Liquidity Facility;
- on each Interest Payment Date on and from the Liquidity Facility Replacement Date, such shortfall shall be funded:
 - (i) *first*, by application of any Principal Addition Amounts in relation to the Most Senior Class of Notes to cure any PAA Deficit on such Interest Payment Date;
 - (ii) *second*, by application of any Class A Liquidity Reserve Fund Actual Amounts; and
 - (iii) *third*, by application of amounts available under the Liquidity Facility;
- on each Interest Payment Date before the Class A Redemption Date, Excess Liquidity Amounts will form part of Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- on and from the Class A Redemption Date, all amounts standing to the credit of the Class A Liquidity Reserve Fund Ledger will form part of Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

On the Closing Date, the Class A Liquidity Reserve Fund will be established by the Issuer or the Cash Manager on its behalf. On and from the First Interest Payment Date up to but excluding the Liquidity Facility Replacement Date, the Class A Liquidity Reserve Fund will be funded in accordance with item (7) of the Pre-Enforcement Expenses Priority of Payments, up to the Liquidity Reserve Target.

On and from Liquidity Facility Replacement Date up to and including the Class A Redemption Date, the Class A Liquidity Reserve Fund will be funded in accordance with (i) *first*, item (7) of the Pre-Enforcement Expenses Priority of Payments; (ii) *second*, item (14) of the Pre-Enforcement Revenue Priority of Payments; and (iii) *third*, (disregarding for these purposes any Class A Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments, up to the Liquidity Reserve Target.

On and from the Liquidity Facility Replacement Date, any amounts credited to the Class A Liquidity Reserve Fund, will (disregarding for such purposes, any debit entries made to the Class A Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date) reduce the commitment amount under the Liquidity Facility by an equivalent amount until the commitment amount under the Liquidity Facility is reduced to zero.

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On and following the LF Cancellation Date, the commitment amount under the Liquidity Facility will be zero.

On the Class A Redemption Date, all amounts standing to the credit of the Class A Liquidity Reserve Fund Ledger will form part of Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Excess Cashflow Reserve Fund

On and from FORD, the Excess Cashflow Reserve Fund will be established by the Issuer or the Cash Manager on its behalf up to and including the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, the Excess Cashflow Reserve Fund will be credited in accordance with item (17) of the Pre-Enforcement Revenue Priority of Payments, and will be available to pay interest due and payable on the Subordinated Rated Notes in accordance with items (6), (8), (10) and (12) of the Pre-Enforcement Revenue Priority of Payments (after applying: (x) all amounts standing to the credit of the Class B Liquidity Reserve Fund in respect of the Class B Notes; (y) all amounts standing to the credit of the Class C Liquidity Reserve Fund in respect of the Class C Notes; and (z) any Principal Addition Amounts towards any PAA Deficit on such Interest Payment Date).

For the avoidance of doubt, if the Mortgage Portfolio Purchase Options are exercised on the FORD, the Excess Cashflow Reserve Fund will not be established and will not be funded in accordance with item (17) of the Pre-Enforcement Revenue Priority of Payments.

On and from the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, amounts standing to the credit of the Excess Cashflow Reserve Fund (after applying the Excess Cashflow Reserve Fund in accordance with paragraph (e) of Available Revenue Receipts) will form part of Available Principal Receipts and will be applied in accordance with the Pre-Enforcement Principal Priority of Payments.

Following the service of an Enforcement Notice, all amounts standing to the credit of the Excess Cashflow Revenue Reserve Fund will be applied in accordance with the Post-Enforcement Priority of Payments.

Class B Liquidity Reserve Fund

On the Closing Date, the Class B Liquidity Reserve Fund will be established by the Issuer or the Cash Manager on its behalf, and will be funded up to the Class B Liquidity Reserve Fund Required Amount.

On and from the Closing Date and up to (and including) the earlier of the Class B Redemption Date and the Final Maturity Date, the Class B Liquidity Reserve Fund will be further funded in accordance with item (3) of the Pre-Enforcement Principal Priority of Payments up to the Class B Liquidity Reserve Fund Required Amount and amounts standing to the credit of the Class B Liquidity Reserve Fund will be available to provide liquidity support for the Class B Notes and pay interest due and payable on the Class B Notes in accordance with item (6) of the Pre-Enforcement Revenue Priority of Payments (prior to applying any Principal Addition Amounts towards any PAA Deficit and prior to applying any amounts standing to the credit of the Excess Cashflow Reserve Fund on such Interest Payment Date) **provided that** (on any Interest Payment Date) Excess Class B Liquidity Amounts and (on and from the Class B Redemption Date) all amounts standing to the credit of the Class B Liquidity Reserve Fund Ledger, will form part of Available Revenue Receipts and be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

On and from the earlier of the Class B Redemption Date and the Final Maturity Date, the amounts standing to the credit of the Class B Liquidity Reserve Fund will form part of Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Following the service of an Enforcement Notice, all amounts standing to the credit of the Class B Liquidity Reserve Fund will be applied in accordance with the Post-Enforcement Priority of Payments.

Class C Liquidity Reserve Fund

On the Closing Date, the Class C Liquidity Reserve Fund will be established by the Issuer or the Cash Manager on its behalf, and will be funded up to the Class C Liquidity Reserve Fund Required Amount.

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On and from the Closing Date and up to (and including) the earlier of the Class C Redemption Date and the Final Maturity Date, the Class C Liquidity Reserve Fund will be further funded in accordance with item (4) of the Pre-Enforcement Principal Priority of Payments up to the Class C Liquidity Reserve Fund Required Amount and amounts standing to the credit of the Class C Liquidity Reserve Fund will be available to provide liquidity support for the Class C Notes and pay interest due and payable on the Class C Notes in accordance with item (8) of the Pre-Enforcement Revenue Priority of Payments (prior to applying any Principal Addition Amounts towards any PAA Deficit and prior to applying any amounts standing to the credit of the Excess Cashflow Reserve Fund on such Interest Payment Date) **provided that** (on any Interest Payment Date) Excess Class C Liquidity Amounts and (on and from the Class C Redemption Date) all amounts standing to the credit of the Class C Liquidity Reserve Fund Ledger, will form part of Available Revenue Receipts and be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

On and from the earlier of the Class C Redemption Date and the Final Maturity Date, the amounts standing to the credit of the Class C Liquidity Reserve Fund will form part of Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Following the service of an Enforcement Notice, all amounts standing to the credit of the Class C Liquidity Reserve Fund will be applied in accordance with the Post-Enforcement Priority of Payments.

Use of Available Principal Receipts to pay PAA Deficit

On each Calculation Date prior to the service of an Enforcement Notice and prior to the redemption of the Rated Notes in full, and with reference to the immediately following Interest Payment Date, the Cash Manager will calculate whether there will be an excess or a deficit of Available Revenue Receipts available to pay PAA Deficits, being:

- (a) if the Class A Notes are the Most Senior Class, items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments until all amounts payable thereunder are paid in full;
- (b) if the Class B Notes are the Most Senior Class, items (1) to (2) and (6) of the Pre-Enforcement Revenue Priority of Payments;
- (c) if the Class C Notes are the Most Senior Class, items (1) to (2) and (8) of the Pre-Enforcement Revenue Priority of Payments;
- (d) if the Class D Notes are the Most Senior Class, items (1) to (2) and (10) of the Pre-Enforcement Revenue Priority of Payments;
- (e) if the Class E Notes are the Most Senior Class, items (1) to (2) and (12) of the Pre-Enforcement Revenue Priority of Payments; and
- (f) if the Class Z Notes are the Most Senior Class, items (1) to (2) of the Pre-Enforcement Revenue Priority of Payments,

(but disregarding for these purposes, items (c), (d) and (e) of the definition of Available Revenue Receipts).

If the Cash Manager determines that there will be a PAA Deficit, then pursuant to item (1) of the Pre-Enforcement Principal Priority of Payments, the Cash Manager on behalf of the Issuer shall apply Available Principal Receipts being the Principal Addition Amounts as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

Any Available Principal Receipts applied as Principal Addition Amounts on any Interest Payment Date in accordance with item (1) of the Pre-Enforcement Principal Priority of Payments will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

Principal Deficiency Ledger

A Principal Deficiency Ledger will be established to record as a debit (i) any Losses affecting the Mortgage Loans in the Mortgage Portfolio; (ii) any Principal Addition Amounts and (iii) any Available Principal Receipts applied in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments.

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The Principal Deficiency Ledger will comprise seven sub-ledgers (one for each Class of Notes).

Any (i) Losses on the Mortgage Portfolio will be recorded as a debit on the date on which the Cash Manager is informed of such Losses by the Servicer; (ii) Principal Addition Amounts; and (iii) amounts of Available Principal Receipts applied in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments will be recorded as a debit on the Calculation Date immediately preceding the Interest Payment Date on which they are so applied. All such debits will be recorded and debited in the following manner:

- (a) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes;
- (b) *second*, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes;
- (c) *third*, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes;
- (d) *fourth*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes;
- (e) *fifth*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes;
- (f) *sixth*, to the Class A2 Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A2 Notes; and
- (g) *seventh*, to the Class A1 Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A1 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 Manager will record as a credit to the Principal Deficiency Ledger Available Revenue Receipts applied pursuant to items (4), (5), (7), (9), (11), (13) and (15) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

Operation of ledgers

Pursuant to the Cash Management Agreement, the Cash Manager shall maintain the following ledgers on behalf of the Issuer:

- (a) the **Principal Ledger**, 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);
- (b) the **Revenue Ledger**, which shall record as a credit all Revenue Receipts and the proceeds of each Liquidity Drawing and as a debit the distribution of the Revenue Receipts and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Permitted Withdrawals;
- (c) the **Class A Liquidity Reserve Fund Ledger**, which will record amounts of Class A Liquidity Reserve Fund Actual Amounts credited to, and debited from, the Class A Liquidity Reserve Fund. On each Interest Payment Date (prior to service of an Enforcement Notice), the Cash Manager will record:
 - (i) **as a debit:**
 - (A) Class A Liquidity Reserve Fund Actual Amounts used to meet any shortfall in amounts due in respect of items (1) and (3) of the Pre-Enforcement Revenue

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Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments; and

- (ii) **as a credit** amounts credited to the Class A Liquidity Reserve Fund:
 - (A) on and from the First Interest Payment Date up to but excluding the Liquidity Facility Replacement Date, in accordance with item (7) of the Pre-Enforcement Expenses Priority of Payments, up to the Liquidity Reserve Target; and
 - (B) on and from the Liquidity Facility Replacement Date, and up to and including the Class A Redemption Date, in accordance with (i) *first*, item (7) of the Pre-Enforcement Expenses Priority of Payments; (ii) *second*, item (14) of the Pre-Enforcement Revenue Priority of Payments; and (iii) *third*, (disregarding for these purposes any Class A Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments, up to the Liquidity Reserve Target;
- (d) the **Principal Deficiency Ledger**, which will record on the appropriate sub-ledger as a debit (i) deficiencies arising from Losses on the Mortgage Portfolio (on the date the Cash Manager is informed of such Losses by the Servicer); (ii) Principal Addition Amounts and (iii) any Available Principal Receipts applied in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments (in the case of (ii) and (iii), on the Calculation Date immediately preceding the Interest Payment Date on which the relevant amounts are to be applied), and record as a credit Available Revenue Receipts applied as Available Principal Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Key Structural Features – Principal Deficiency Ledger*" above);
- (e) the **Issuer Profit Ledger**, which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer;
- (f) the **Liquidity Standby Ledger**, which shall record Liquidity Standby Drawings, and as a debit any amount of such drawing applied as a deemed Liquidity Drawing to:
 - (i) meet a shortfall in amounts due in respect of items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) in each case after applying any Principal Addition Amounts in relation to the Class A Notes to cure a PAA Deficit on such Interest Payment Date and after applying any Class A Liquidity Reserve Fund Actual Amounts; or
 - (ii) which are returned to the Liquidity Facility Provider following the repayment or prepayment of any Liquidity Standby Drawing or cancellation of its commitment under the Liquidity Facility Agreement;
- (g) the **Expense Reserve Fund Ledger** shall record as a credit on and from the First Interest Payment Date any amounts made available in accordance with item (1) of the Pre-Enforcement Revenue Priority of Payments and as a debit any amounts used by the Issuer to pay amounts in accordance with the Pre-Enforcement Expenses Priority of Payments;
- (h) the **Class B Liquidity Reserve Fund Ledger** shall record:
 - (i) **as a credit:**
 - (A) on the Closing Date, the Class B Liquidity Reserve Fund Required Amount; and
 - (B) on and from the First Interest Payment Date up to (and including) the earlier of the Class B Redemption Date and the Final Maturity Date, in accordance with item (3) of the Pre-Enforcement Principal Priority of Payments, up to the Class B Liquidity Reserve Fund Required Amount; and

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- (ii) **as a debit:** amounts debited from time to time on and from the Closing Date in order to pay interest due and payable on the Class B Notes in accordance with item (6) of the Pre-Enforcement Revenue Priority of Payments; and
- (i) the **Class C Liquidity Reserve Fund Ledger** shall record:
 - (i) **as a credit:**
 - (A) on the Closing Date, the Class C Liquidity Reserve Fund Required Amount; and
 - (B) on and from the First Interest Payment Date up to (and including) the earlier of the Class C Redemption Date and the Final Maturity Date, in accordance with item (4) of the Pre-Enforcement Principal Priority of Payments, up to the Class C Liquidity Reserve Fund Required Amount; and
 - (ii) **as a debit:** amounts debited from time to time on and from the Closing Date in order to pay interest due and payable on the Class C Notes in accordance with item (8) of the Pre-Enforcement Revenue Priority of Payments; and
- (j) the **Excess Cashflow Reserve Fund Ledger** shall record on and from the FORD as a credit to the Deposit Account any amounts made available in accordance with item (17) of the Pre-Enforcement Revenue Priority of Payments. Amounts standing to the credit of the Excess Cashflow Reserve Fund Ledger shall be debited from time to time on and from the FORD in order to pay interest due and payable on the Subordinated Rated Notes in accordance with the Pre-Enforcement Revenue Priority of Payments.

Balances standing to the credit of the Deposit Account, and recorded on the ledgers will accrue interest on the Actual/365 basis at a per annum rate specified to the Issuer by the Issuer Account Bank from time to time.

Available Revenue Receipts and Available Principal Receipts and Interest Deferral

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 Issuer Profit Amounts, 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 to pay the interest thereon or interest due on the Notes that would otherwise be payable (absent the deferral provisions in respect of the Notes (other than in respect of the Class A Notes)), then the Issuer will be entitled under Condition 8.12 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default. However, failure to pay interest on the Most Senior Class within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Trustee enforcing the Security.

"**Available Revenue Receipts**" means for any Interest Payment Date (without double counting):

- (a) Revenue Receipts on the Mortgage Loans (excluding any PTSB Revenue Receipts) received during the three immediately preceding Collection Periods or, if any of the immediately preceding three Collection Periods is a Determination Period, Calculated Revenue Receipts (excluding in each case an amount to be applied as Available Principal Receipts in accordance with Condition 8.13(c)(i) (*Determinations and Reconciliations*) on the relevant Interest Payment Date);
- (b) interest payable to the Issuer on the Deposit Account (including in respect of any Liquidity Standby Drawings credited to the Deposit Account) and income from any Authorised Investments received during the three immediately preceding Collection Periods;
- (c) (A) prior to the LF Cancellation Date, any Liquidity Drawing (where for the avoidance of doubt, "Liquidity Drawing" does not include any Liquidity Standby Drawing) and (B) on and from the

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Liquidity Facility Replacement Date, the Class A Liquidity Reserve Fund Actual Amount, but only to the extent necessary (after applying all other Available Revenue Receipts and any Principal Addition Amounts to do so (assuming for the purpose of this paragraph (c) that this paragraph (c) had not applied)) to make payments in the Pre-Enforcement Revenue Priority of Payments to the extent there is a shortfall to meet items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt. If the LF Cancellation Date has not yet occurred the Class A Liquidity Reserve Fund Actual Amount will be applied first before any Liquidity Drawing is made;

- (d) Principal Addition Amounts to be applied as Available Revenue Receipts (prior to the application of Liquidity Drawings and the Class A Liquidity Reserve Fund Actual Amount in accordance with paragraph (c) above and amounts standing to the credit of the Excess Cashflow Reserve Fund in accordance with paragraph (e) below, but following the application of amounts standing to (i) the credit of the Class B Liquidity Reserve Fund where the Class B Notes are the Most Senior Class and (ii) the credit of the Class C Liquidity Reserve Fund where the Class C Notes are the Most Senior Class) to pay a PAA Deficit;
 - (e) amounts standing to the credit of the Excess Cashflow Reserve Fund up to (and including) the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, but only to the extent necessary (after applying all other Available Revenue Receipts, all amounts standing to the credit of the Class B Liquidity Reserve Fund in respect of the Class B Notes, all amounts standing to the credit of the Class C Liquidity Reserve Fund in respect of the Class C Notes and any Principal Addition Amounts to do so (assuming for the purpose of this paragraph (e) that paragraph (f) had not applied)) to pay items (6), (8), (10) and (12) of the Pre-Enforcement Revenue Priority of Payments;
 - (f) any amount applied as Available Revenue Receipts in accordance with Condition 8.13(c)(ii) (*Determinations and Reconciliations*);
 - (g) other net income of the Issuer received during the three immediately preceding Collection Periods (other than any Principal Receipts);
 - (h) (on and from the Class A Redemption Date), the amount by which the Expense Reserve Fund exceeds the amounts required to satisfy items (1) to (9) of the Pre-Enforcement Expenses Priority of Payments;
 - (i) any Excess Liquidity Amounts;
 - (j) amounts standing to the credit of the Class B Liquidity Reserve Fund up to (and including) the earlier of the Class B Redemption Date and the Final Maturity Date, to pay item (6) of the Pre-Enforcement Revenue Priority of Payments;
 - (k) amount standing to the credit of the Class C Liquidity Reserve Fund up to (and including) the earlier of the Class C Redemption Date and the Final Maturity Date, to pay item (8) of the Pre-Enforcement Revenue Priority of Payments;
 - (l) any Excess Class B Liquidity Amounts; and
 - (m) any Excess Class C Liquidity Amounts;
- less:*
- (n) Permitted Withdrawals.

"Available Principal Receipts" means for any Interest Payment Date (without double counting):

- (a) Principal Receipts on the Mortgage Loans (excluding any PTSB Principal Receipts) received during the three immediately preceding Collection Periods;

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- (b) amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (4) and/or (5) and/or (7) and/or (9) and/or (11) and/or (13) and/or (15) of the Pre-Enforcement Revenue Priority of Payments and item (5) and (6) of the Pre-Enforcement Expenses Priority of Payments on such Interest Payment Date;
 - (c) any amount to be applied as Available Principal Receipts in accordance with Condition 8.13(c)(i) (*Determinations and Reconciliations*); and
 - (d) on and from the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, amounts standing to the credit of the Excess Cashflow Reserve Fund (after applying the Excess Cashflow Reserve Fund in accordance with paragraph (e) of Available Revenue Receipts);
- less:*
- (e) the amount of Principal Receipts used during the three immediately preceding Collection Periods to fund the purchase of any Flexible Drawings but in an aggregate amount not exceeding such Principal Receipts.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer

On each Interest Payment Date prior to the service of an Enforcement Notice by the Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall apply or provide for the Available Revenue Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**"):

1. to credit the Expense Reserve Fund up to the Aggregate Expense Compensation Fee;
2. to pay any LFP Amount to the extent that amounts standing to the credit of the Expense Reserve Fund are insufficient to pay such LFP Amount following the application of items (1) and (2) of the Pre-Enforcement Expenses Priority of Payments (the "**LFP Excess Amount**");
3. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class A1 Notes and the Class A2 Notes;
4. to credit the Class A1 Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
5. to credit the Class A2 Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
6. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class B Notes;
7. to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
8. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class C Notes;
9. to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
10. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class D Notes;
11. to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
12. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class E Notes;
13. to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;

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14. on and from the Liquidity Facility Replacement Date and after taking into account Available Principal Receipts to be applied on such Interest Payment Date in accordance with item (2) of the Pre-Enforcement Principal Priority of Payments, amounts to be credited to the Class A Liquidity Reserve Fund up to the Liquidity Reserve Target;
15. to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
16. in or towards payment of the Subordinated Servicing Fees in excess of the Servicer Fee Cap;
17. on and from the FORD up to the Final Rated Notes Redemption Date, and after taking into account Available Principal Receipts to be applied on such Interest Payment Date, amounts to be credited to the Excess Cashflow Reserve Fund;
18. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class XA Notes;
19. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class XA Notes until the Class XA Notes have been reduced to zero; and
20. to pay, *pro rata* and *pari passu*, the XB Payment due on the Class XB Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under items (1) to (19) above).

Application of amounts standing to the credit of the Expense Reserve Fund prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply certain amounts standing to the credit of the Expense Reserve Fund Ledger, after amounts have been credited to the Expense Reserve Fund on the relevant Interest Payment Date in accordance with item (1) of the Pre-Enforcement Revenue Priority of Payments in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority in relation to that expense have been made in full) on any Interest Payment Date (the "**Pre-Enforcement Expenses Priority of Payments**"):

1. in or towards payment *pro rata* and *pari passu*:
 - (i) any amounts due and payable to the Servicer and any costs, charges, liabilities and expenses then due and payable to the Servicer or any such amount to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement (the "**Servicer Original Amount**"), *less* the amount by which the Servicer Original Amount exceeds the Applicable Servicer Fee Cap;
 - (ii) any amounts due and payable to the Back-Up Servicer (including any Transfer Costs which the Servicer has failed to pay) and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer or any such amount to become due and payable to the Back-Up Servicer in the immediately succeeding Interest Period under the provisions of the Back-Up Servicing Agreement (the "**BUS Original Amount**"), *less* the amount by which the BUS Original Amount exceeds the Applicable Servicer Fee Cap of the Back-Up Servicer;
 - (iii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable in the immediately succeeding Interest Period to the Trustee or any Appointee, together with (if payable) VAT thereon;
 - (iv) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon;
 - (v) any amounts then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Cash Manager or any such amount to become due and payable to the Cash Manager in the immediately succeeding Interest Period under

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- the provisions of the Cash Management Agreement, together with (if payable) VAT thereon;
- (vi) any amounts then due and payable to the Back-Up Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Back-Up Cash Manager or any such amount to become due and payable to the Back-Up Cash Manager in the immediately succeeding Interest Period under the provisions of the Back-Up Cash Management Agreement, together with (if payable) VAT thereon; and
 - (vii) any amounts then due and payable to the Collection Account Bank (including any Direct Debit Liability Amount then due and payable to the Collection Account Bank), the Issuer Account Bank or to such bank at which any other account in the name of the Issuer is held and any costs, charges, liabilities and expenses then due and payable to the Collection Account Bank, the Issuer Account Bank or to such bank at which any other account in the name of the Issuer is held, any such amount to become due and payable to the Collection Account Bank, the Issuer Account Bank or to any such other bank, as applicable, in the immediately succeeding Interest Period under the provisions of the Collection Account Declaration of Trust, the Account Bank Agreement or agreement governing the operation of any other account in the name for the Issuer, together with (if payable) VAT thereon;
2. in or towards payment *pro rata* and *pari passu*:
- (i) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable or to become due and payable in the immediately succeeding Interest Period to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon;
 - (ii) any amounts due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator, or any such amount to become due and payable to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with (if payable) VAT thereon;
 - (iii) 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 necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period; and
 - (iv) in or towards satisfaction of the Issuer Profit Amount and amounts required to discharge any liability of the Issuer for corporation tax (which cannot be met out of amounts previously retained as Issuer Profit Amount);
3. to pay any amounts and liabilities then due and payable to the Liquidity Facility Provider and any fees, costs, charges and expenses then due to the Liquidity Facility Provider under the provisions of the Liquidity Facility Agreement, together with (if payable) VAT thereon (the "**LFP Amount**");
4. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class A1 Notes and the Class A2 Notes to the extent the aggregate of (i) all other Available Revenue Receipts, (ii) any Principal Addition Amounts, (iii) any Liquidity Facility Drawings and (iv) (on and from the Liquidity Facility Replacement Date) any Class A Liquidity Reserve Fund Actual Amounts are insufficient to provide for payment of such interest amounts;
5. to credit the Class A1 Principal Deficiency Sub-Ledger to the extent all other Available Revenue Receipts are insufficient to provide for the elimination of any debit thereon;
6. to credit the Class A2 Principal Deficiency Sub-Ledger to the extent all other Available Revenue Receipts are insufficient to provide for the elimination of any debit thereon;
7. to credit the Class A Liquidity Reserve Fund up to the Liquidity Reserve Target;

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8. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class A1 Notes until the Class A1 Notes have been reduced to zero;
9. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class A2 Notes until the Class A2 Notes have been reduced to zero; and
10. (on and from the Class A Redemption Date), any remaining amounts shall form part of Available Revenue Receipts.

Application of Principal Receipts prior to service of an Enforcement Notice

Prior to the service of an Enforcement Notice on the Issuer by the Trustee, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**") **provided that**, in determining the allocation of principal due and payable on the Class A1 Notes and the Class A2 Notes pursuant to items (5) and (6) below, the Cash Manager shall first determine and take account of items to be applied at items (8) and (9) of the Pre-Enforcement Expenses Priority of Payments and PDL Principal Receipts available to be applied pursuant to item (5) below:

1. any Principal Addition Amounts to be applied to meet any PAA Deficit;
2. on and from the Liquidity Facility Replacement Date up to and including the Class A Redemption Date (disregarding for these purposes any Class A Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date), to credit the Class A Liquidity Reserve Fund Ledger by an amount which, when aggregated with all other amounts credited to the Class A Liquidity Reserve Fund Ledger pursuant to item (14) of the Pre-Enforcement Revenue Priority of Payments, item (7) of Pre-Enforcement Expenses Priority of Payments or this item (2), is equal to the Liquidity Reserve Target;
3. (provided that on the immediately preceding Interest Payment Date after payment or application of funds, there was no debit recorded on the Class B Principal Deficiency Sub-Ledger) to credit the Class B Liquidity Reserve Fund up to the Class B Liquidity Reserve Fund Required Amount, taking into account any drawings to be made from the Class B Liquidity Reserve Fund on such Interest Payment Date;
4. (provided that on the immediately preceding Interest Payment Date after payment or application of funds, there was no debit recorded on the Class C Principal Deficiency Sub-Ledger) to credit the Class C Liquidity Reserve Fund up to the Class C Liquidity Reserve Fund Required Amount, taking into account any drawings to be made from the Class C Liquidity Reserve Fund on such Interest Payment Date;
5. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class A1 Notes and, prior to the occurrence of a Class A2 PDL Trigger Event, the Class A2 Notes until the Class A1 Notes and, prior to the occurrence of a Class A2 PDL Trigger Event, the Class A2 Notes have been reduced to zero and provided that at all times any Available Principal Receipts constituting PDL Principal Receipts available for application pursuant to this item (5) shall be applied first to the Class A1 Notes until the Class A1 Notes have been reduced to zero and second to the Class A2 Notes until the Class A2 Notes have been reduced to zero;
6. following the occurrence of a Class A2 PDL Trigger Event, in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class A2 Notes until the Class A2 Notes have been reduced to zero
7. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class B Notes until the Class B Notes have been reduced to zero;
8. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class C Notes until the Class C Notes have been reduced to zero;
9. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class D Notes until the Class D Notes have been reduced to zero;

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10. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class E Notes until the Class E Notes have been reduced to zero;
11. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class Z Notes until the Class Z Notes have been reduced to zero;
12. in or towards payment *pro rata* and *pari passu* of interest due and payable on the Class XA Notes;
13. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class XA Notes until the Class XA Notes have been reduced to zero; and
14. in or towards payment *pro rata* and *pari passu* of the XB Payment on the Class XB Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under items (1) to (13) above).

Post-Enforcement Priority of Payments

Following the service of an Enforcement Notice by the Trustee on the Issuer, the Trustee (or the Cash Manager on its behalf or a Receiver) will apply all monies held in the Charged Accounts (other than any amounts standing to the credit of the Liquidity Standby Ledger following the credit to the Liquidity Standby Ledger of any Liquidity Standby Drawing made under the Liquidity Facility Agreement) and all amounts received or recovered following service of an Enforcement Notice in the following order of priority (the "**Post-Enforcement Priority of Payments**"):

1. 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 Trustee or 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 any Receiver appointed by the Trustee or any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
2. in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any costs, charges, liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Cash Manager or any such amount to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the Back-Up Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Back-Up Cash Manager or any such amount to become due and payable to the Back-Up Cash Manager in the immediately succeeding Interest Period under the provisions of the Back-Up Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts then due and payable to the Collection Account Bank (including any Direct Debit Liability Amount then due and payable to the Collection Account Bank), the Issuer Account Bank or to such bank at which any other account in the name of the Issuer is held and any costs, charges, liabilities and expenses then due and payable to the Collection Account Bank, the Issuer Account Bank or to such bank at which any other account in the name of the Issuer is held, any such amount to become due and payable to the Collection Account Bank, the Issuer Account Bank or to any such other bank, as applicable, in the immediately succeeding Interest Period under the provisions of the Collection Account

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Declaration of Trust, the Account Bank Agreement or agreement governing the operation of any other account in the name of the Issuer, together with (if payable) VAT thereon as provided therein;

- (v) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable or to become due and payable in the immediately succeeding Interest Period to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts due and payable to the Back-Up Servicer Facilitator, and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator, or any such amount to become due and payable to the Back-Up Servicer Facilitator in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
 - (vii) any Servicer Original Amount, *less* the amount by which the Servicer Original Amount exceeds the Applicable Servicer Fee Cap of the Servicer; and
 - (viii) any BUS Original Amount, *less* the amount to which the BUS Original Amount exceeds the Applicable Servicer Fee Cap of the Back-Up Servicer together with (if payable) VAT on the BUS Original Amount;
3. to pay any amounts and liabilities then due and payable to the Liquidity Facility Provider including any fees, costs, charges and expenses then due under the provisions of the Liquidity Documents, together with (if payable) VAT thereon as provided therein;
 4. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class A1 Notes until the Principal Amount Outstanding of the Class A1 Notes has been redeemed in full;
 5. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class A2 Notes until the Principal Amount Outstanding of the Class A2 Notes has been redeemed in full;
 6. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class B Notes until the Principal Amount Outstanding of the Class B Notes has been redeemed in full;
 7. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class C Notes until the Principal Amount Outstanding of the Class C Notes has been redeemed in full;
 8. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class D Notes until the Principal Amount Outstanding of the Class D Notes has been redeemed in full;
 9. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class E Notes until the Principal Amount Outstanding of the Class E Notes has been redeemed in full;
 10. in or towards payment of the Subordinated Servicing Fees in excess of the Servicer Fee Cap;
 11. in or towards payment *pro rata* and *pari passu* of principal due and payable on the Class Z Notes until the Principal Amount Outstanding of the Class Z Notes has been redeemed in full;
 12. in or towards satisfaction, *pro rata* and *pari passu* any amounts due and payable to the Legal Title Holder and any costs, charges, liabilities and expenses then due and payable to the Legal Title Holder or any such amount to become due and payable to the Legal Title Holder in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;

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13. in or towards payment *pro rata* and *pari passu* 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 necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period;
14. to the Issuer, the Issuer Profit Amount and amounts required to discharge any liability of the Issuer for corporation tax (which cannot be met out of amounts previously retained as the Issuer Profit Amount);
15. in or towards payment *pro rata* and *pari passu* first of interest and then principal due and payable on the Class XA Notes until the Principal Amount Outstanding of the Class XA Notes has been redeemed in full; and
16. to pay, *pro rata* and *pari passu*, the XB Payment due on the Class XB Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under items (1) to (15) above).

Liquidity Drawings

In the event that the Cash Manager determines that there would be a shortfall in Available Revenue Receipts to pay items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt:

- (i) prior to the Liquidity Facility Replacement Date, after applying any Principal Addition Amounts to cure any PAA Deficit; or
- (i) on and from the Liquidity Facility Replacement Date, after applying any Principal Addition Amounts to cure any PAA Deficit and first taking into account any Class A Liquidity Reserve Fund Actual Amounts,

the Cash Manager must (prior to a Liquidity Facility Event of Default) notify the Issuer of the same and the Issuer will request a drawing under the Liquidity Facility in an amount equal to such shortfall for application by the Issuer in accordance with the Pre-Enforcement Revenue Priority of Payments. The proceeds of any Liquidity Drawing will be credited to the Deposit Account and recorded on the Revenue Ledger and will form part of Available Revenue Receipts on the relevant Interest Payment Date.

Liquidity Standby Drawings

The Liquidity Facility Agreement will provide that, if at any time:

- (a) a Downgrade Event has occurred and is outstanding and a 30-day period has expired from the occurrence of such Downgrade Event; or
- (b) an Extension Refusal has occurred and is outstanding,

then the Issuer (i) may find an alternative liquidity facility provider, or (ii) must (in the case of paragraph (a) above, on the condition that (A) the rights and obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement have not been transferred or assigned to a New Liquidity Facility Provider or (B) a new liquidity facility agreement has not been entered into by the Issuer with a New Liquidity Facility Provider on terms substantially similar to the terms of Liquidity Facility Agreement), or may (in the case of paragraph (b) above), require the Liquidity Facility Provider to pay the Liquidity Standby Drawing into the Deposit Account and credited to the Liquidity Standby Ledger.

If the Liquidity Facility Provider is required to advance a Liquidity Standby Drawing to the Issuer, if it is so requested by or on behalf of the Issuer or if it so chooses, the Liquidity Facility Provider shall, at the expense of the Issuer, transfer the facility to, or replace itself with, a new liquidity facility provider. In the event that the Issuer makes a Liquidity Standby Drawing the Cash Manager will be required, prior to the proceeds of such drawing being applied as deemed Liquidity Drawings as described above, to invest such funds in Authorised Investments. Amounts standing to the credit of the Liquidity Standby Ledger will be available to the Issuer, if no Liquidity Facility Event of Default is outstanding or would result from the

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making of the drawing, for the purposes of making deemed Liquidity Drawings as described above and in accordance with the terms of the Liquidity Facility Agreement. Following (a) the service of an Enforcement Notice or the Notes otherwise becoming due and repayable in full, (b) the rating of the Liquidity Facility Provider ceasing to be below the LF Provider Ratings or (c) certain events of default and other events specified under the Liquidity Facility Agreement, principal amounts standing to the credit of the Liquidity Standby Ledger in respect of a Liquidity Standby Drawing will be returned to the Liquidity Facility Provider and will not be applied in accordance with any of the applicable Priority of Payments. If and to the extent that there is a reduction in the Liquidity Facility commitment amount (e.g. due to the increase in amounts credited to the Class A Liquidity Reserve Fund or as a result of any reduction in the amount of the Liquidity Reserve Target following any partial redemption of the Class A Notes) there will be a *pro rata* repayment of the Liquidity Standby Drawing by reference to the amount by which there is a reduction in the Liquidity Facility Commitment.

Repayment of drawings

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement will rank in priority to payments of interest and principal on the Notes. The Issuer will repay:

- (a) any Liquidity Drawing on the earliest of: (A) the Interest Payment Date following the last day of the Interest Period for a Liquidity Drawing; (B) the Final Maturity Date or the date on which an Enforcement Notice is delivered (whichever is the earliest); (C) the Class A Redemption Date; and (D) the date on which the Liquidity Facility Required Amount equals zero and the Commitment is cancelled in full; and
- (b) any Liquidity Standby Drawing on the earliest of (A) if a Downgrade Event resulted in the Liquidity Standby Drawing, the date falling two Business Days after the date on which the Liquidity Facility Provider satisfies the Issuer and the Trustee that it again has the LF Provider Ratings (unless an Extension Refusal occurred after the Downgrade Event); (B) the date on which the Liquidity Facility Provider assigns or transfers (including by way of novation) its rights and obligations under the Liquidity Facility Agreement to a New Liquidity Facility Provider which has the LF Provider Ratings in accordance with the terms of the Liquidity Facility Agreement; (C) the Final Maturity Date or the date on which an Enforcement Notice is delivered (whichever is the earliest); (D) the Class A Redemption Date; (E) the date on which the Liquidity Facility Required Amount equals zero and the Commitment is cancelled in full; and (F) the date on which the Issuer enters into a new liquidity facility agreement with a New Liquidity Facility Provider substantially similar to the terms set out in the Liquidity Facility Agreement.

The Issuer will pay interest on any drawings made under the Liquidity Facility (including any Liquidity Standby Drawings) for each LF Accrual Interest Period at a rate equal to the Base Rate plus 1.31 per cent., **provided that**, if the Base Rate is less than zero, the Base Rate shall be deemed to be zero.

"Base Rate" means:

- (a) in respect of all LF Accrual Interest Periods, other than the Final LF Accrual Interest Period:

$$\sum_{i=1}^{d_0} \left(\frac{(\text{SONIA}_i \times n_i)}{365} \times \text{Principal}_i \right)$$

"d₀" means the number of Business Days in the relevant LF Accrual Interest Period.

"i" means a series of whole numbers from 1 to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant LF Accrual Interest Period.

"n_i" means, for any day i, the number of calendar days from and including such day i up to but excluding the following Business Day.

"SONIA_i" means SONIA Reference Rate effective on any day i.

"Principal_i" means the principal amount outstanding under this Agreement on any day i.

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- (b) in respect of the Final LF Accrual Interest Period:
- (i) for the period from the penultimate Interest Determination Date to the Interest Determination Date immediately preceding the Final Rated Notes Redemption Date:

$$\sum_{i=1}^{d_0} \left(\frac{(SONIA_i \times n_i)}{365} \times Principal_i \right)$$

"**d₀**" means the number of Business Days in the period from, and including, the penultimate Interest Determination Date to the Business Day before the SONIA Fixing Date.

"**i**" means a series of whole numbers from 1 to d₀, each representing the relevant Business Day in chronological order from, and including, the penultimate Interest Determination Date to the Business Day before the SONIA Fixing Date.

"**n_i**" means, for any day i, the number of calendar days from and including such day i up to but excluding the following Business Day.

"**SONIA_i**" means SONIA Reference Rate effective on any day i.

"**Principal_i**" means the principal amount outstanding under this Agreement on any day i.

plus

- (ii) for the period from the Interest Determination Date immediately preceding the Final Rated Notes Redemption Date to the Final Rated Notes Redemption Date:

$$(SONIA_x \times Y) \times Principal$$

"**Y**" means the number of calendar days from and including the SONIA Fixing Date to and excluding the Final Rated Notes Redemption Date.

"**SONIA_x**" means SONIA Reference Rate on the Business Day immediately preceding the SONIA Fixing Date.

"**Principal**" means the principal amount outstanding under this Agreement on the Business Day immediately preceding the SONIA Fixing Date.

"**LF Accrual Interest Period**" means: for the first LF Accrual Interest Period, in respect of each Loan, the period from and including the relevant Utilisation Date to but excluding the immediately following Interest Determination Date and thereafter each period from and including an Interest Determination Date to but excluding the next Interest Determination Date provided that in respect of the LF Accrual Interest Period immediately preceding the Final Rated Notes Redemption Date (such period, the "**Final LF Accrual Interest Period**"), the LF Accrual Interest Period means the period from and including the penultimate Interest Determination Date prior to the Final Rated Notes Redemption Date to and including the Final Rated Notes Redemption Date.

"**SONIA Fixing Date**" means the Interest Determination Date immediately preceding the Final Rated Notes Redemption Date.

DESCRIPTION OF THE NOTES IN GLOBAL FORM

General

The Notes of each Class will be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S and inside the United States and outside the United States to U.S. Persons in reliance on Rule 144A and will be represented on issue by either one or more Rule 144A Global Note and/or a Regulation S Global Note, as applicable, in fully registered form without interest coupons or principal receipts. Beneficial interests in a Rule 144A Global Note may only be held through Euroclear or Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants at any time. The Notes are intended to be held under the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations.

The Global Notes will have an ISIN and a common code and will be deposited on or about the Closing Date with a common safekeeper for both Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**") and registered in the name of the nominee for the Common Safekeeper.

All capitalised terms not defined in this section shall be as defined in the Conditions of the Notes. The Issuer will procure the Registrar to maintain a register in which it will register in the name of the Common Safekeeper as the owner of the Global Notes.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg will record book-entry interests representing beneficial interests (the "**Book-Entry Interests**") in the Global Notes attributable thereto (as the case may be).

Book-Entry Interests in respect of the Notes will be recorded in Minimum Denominations. Ownership of Book-Entry Interests is limited to Participants in Euroclear or Clearstream, Luxembourg or persons that hold interests in the Book-Entry Interests through 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. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

Beneficial interests in a Rule 144A Global Note may only be held by persons who are QIBs holding their interests for their own account or for the account of another QIB. By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it decides to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Note (see "*Subscription and Sale*").

So long as a nominee of the Common Safekeeper is the registered holder of the respective Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the relevant Global Note for all purposes under the Trust Deed and the Agency Agreement. Except as set forth under "*Issuance of Definitive Notes*", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in Respect of the Global Note and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg 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 Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of a nominee of 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 respective Global Notes 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 forth 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 each respective Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's book-entry registration and transfer systems.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and Sterling denominated bonds.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the Common Safekeeper or its nominee as the registered holder thereof with respect to the relevant Global Note. 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 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 or as otherwise set out in Condition 12 (*Taxation*). 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, 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 Noteholders for the purposes of making payments to the Noteholders. The record date, in respect of the Notes shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the Notes are being held is open for business. 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 Co-Sponsors, the Arranger, the Bookrunner, the Joint Lead Managers or the 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

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.
- The Issuer understands that under existing industry practices, if any of the Issuer or the 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 any 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 nominee of the Common Safekeeper and, upon final payment, the Registrar will surrender such Global Note (or portion thereof) to or to the order of the relevant 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 relevant 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 relevant Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

Transfers and Transfer Restrictions

All transfer of Book-Entry Interests will be recorded with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg pursuant to the customary procedures established by each respective system and its Participants.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "*Subscription and Sale – Legends on Global Note Certificates*", and the holder of any Rule 144A Global Note or any Book-Entry Interest in such Rule 144A Global Note will undertake that it will not transfer such Notes except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Regulation S Global Note of the same Class only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Each Regulation S Global Note will bear a legend substantially identical to that appearing under "*Subscription and Sale – Legends on Global Note Certificates*". A Book-Entry Interest in a Regulation S Global Note of a particular Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest in a Regulation S Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Regulation S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Regulation S Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to the Book-Entry Interests in a Regulation S Global Note as long as it remains such a Book-Entry Interest.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. Neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Settlement and transfer of notes

Subject to the rules and procedures of each applicable clearing system, purchases of notes held within a clearing system must be made by or through Participants, which will receive a credit for such notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (being the beneficial owner) will in turn be recorded on the Participant's records. Beneficial owners will not receive written confirmation from any clearing system of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of beneficial owners.

Beneficial owners will not receive individual notes representing their ownership interests in such notes unless use of the book-entry system for the notes described in this section is discontinued.

No clearing system has knowledge of the actual beneficial owners of the notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other

communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 Definitive Notes

Holders of Book-Entry Interests in a Global Note will be entitled to receive 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 and do so cease to do business; 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 therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Closing Date, the Issuer or the Principal 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 Notes in definitive form.

In order to receive a Definitive Note a person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates.

Any Definitive Notes issued in exchange for Book-Entry Interests in a 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. 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 Definitive Notes issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above **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. Definitive Notes will not be issued in a denomination that is not an integral multiple of the Minimum Denomination. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

Action in Respect of the Global Note and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, 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 Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and Clearstream, Luxembourg 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 Notes in accordance with any instructions set forth 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.

Reports

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Note or the Book-Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to the applicable clearing system for communication by them to the holders of the relevant Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are listed on the official list of Euronext Dublin and admitted to trading on its regulated market) any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin. See also Condition 22 (*Notices*) of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed. If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Documents and the other Transaction Documents (as defined below).

1. General

- 1.1 The £1,245,168,000 Class A1 Mortgage Backed Floating Rate Notes due July 2045 (the "**Class A1 Notes**"), the £39,816,000 Class A2 Mortgage Backed Floating Rate Notes due July 2045 (the "**Class A2 Notes**" and together with the Class A1 Notes, the "**Class A Notes**"), the £50,676,000 Class B Mortgage Backed Floating Rate Notes due July 2045 (the "**Class B Notes**"), the £25,338,000 Class C Mortgage Backed Floating Rate Notes due July 2045 (the "**Class C Notes**"), the £21,718,000 Class D Mortgage Backed Floating Rate Notes due July 2045 (the "**Class D Notes**"), the £14,479,000 Class E Mortgage Backed Floating Rate Notes due July 2045 (the "**Class E Notes**") (the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, and the Class E Notes being the "**Rated Notes**", and the Rated Notes other than the Class A Notes being the "**Subordinated Rated Notes**"), the £5,000,000 Class XA Mortgage Backed Floating Rate Notes due July 2045 (the "**Class XA Notes**" or the "**NIM Notes**") and the £50,676,000 Class Z Mortgage Backed Notes due July 2045 (the "**Class Z Notes**", together with the Rated Notes and the NIM Notes, the "**Notes**") will be issued by Towd Point Mortgage Funding 2019 – Auburn 13 plc (registered number 12186738) (the "**Issuer**") on or about the Closing Date.
- 1.2 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed and the Agency Agreement. The security for the Notes is created pursuant to, and on the terms set out in, the Deed of Charge.
- 1.3 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.4 Certain provisions of these Conditions are summaries of the Trust Documents and the Incorporated Terms Memorandum and the Agency Agreement and are subject to their detailed provisions.
- 1.5 The Noteholders are bound by the terms of the Trust Documents and the Incorporated Terms Memorandum, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.6 Copies of the Transaction Documents (other than the Scottish Trust) and the Memorandum and Articles of Association of the Issuer are available for inspection by Noteholders, upon reasonable notice, during normal business hours at the principal office for the time being of the Trustee, being at the date hereof 125 Old Broad Street, London EC2N 1AR, United Kingdom and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below. Upon reasonable request, such Paying Agent will allow copies of such documents to be taken.

2. Definitions and Construction

- 2.1 In these Conditions the defined terms where used shall have the meanings set out in the Incorporated Terms Memorandum. Terms of construction set out in the Incorporated Terms Memorandum shall be construed accordingly in these Conditions.
- 2.2 Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been or may from time to time be, amended, restated, varied, novated, supplemented or replaced.

3. Form and Denomination

- 3.1 The Notes are in fully registered form in the Minimum Denomination for such Notes, without principal receipts, interest coupons or talons attached.

- 3.2 The aggregate nominal amount of each Class of Notes initially offered and sold outside the United States to non-U.S. Persons pursuant to Regulation S under the Securities Act is represented by one or more global registered notes in fully registered form without coupons attached. The aggregate nominal amount of the Rule 144A Global Notes initially offered and sold to persons who are QIBs in reliance on Rule 144A under the Securities Act, in transactions made in accordance with Rule 144A, is represented by one or more global registered notes in fully registered form without coupons attached.
- 3.3 For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of, with respect to the Rule 144A Global Notes and with respect to the Regulation S Global Notes, Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme*, as appropriate.
- 3.4 For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum denominations (a) in respect of the Rule 144A Global Notes, of £250,000 and integral multiples of £1,000 in excess thereof and (b) in respect of the Regulation S Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof. For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in Minimum Denominations.
- 3.5 Definitive Notes will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Notes, if issued, will be issued in Minimum Denominations.
- 3.6 If, while any Notes are represented by a Global Note:
- (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 and do so cease to do business; or
 - (b) as a result of any amendment to, or change in (A) the laws or regulations of the United Kingdom or any political sub-division therein or thereof having power to tax or (B) the interpretation or administration of such legislation which becomes effective on or after the Closing Date, the Issuer or the Principal 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 if the Notes were in definitive form,

(each a "**relevant event**") the Issuer will issue Definitive Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Note will not be exchangeable for Definitive Notes in any other circumstances.

4. **Title and transfer**

- 4.1 The holder registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.
- 4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes.
- 4.3 No transfer of a Note will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in

violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the United Kingdom or the Registrar to any holder of a Note who so requests (and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.

- 4.5 A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- 4.6 Each new Definitive Note, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note, to such address as may be specified in such request.
- 4.7 Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- 4.8 No holder of a Definitive Note, may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.

5. **Status and Ranking**

5.1 **Status:** The Notes of each Class constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer.

5.2 **Ranking:**

- (a) The Class A1 Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer. The Class A1 Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times and (1) prior to the service of an Enforcement Notice, *pari passu* and without preference or priority with the Class A2 Notes in relation to payments of interest and (2) prior to the service of an Enforcement Notice and/or the occurrence of a Class A2 PDL Trigger Event, *pari passu* and without preference or priority with the Class A2 Notes in relation to payments of principal, as provided in these Conditions and the Transaction Documents.
- (b) The Class A2 Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer. In each case as provided in these Conditions and the Transaction Documents (1) the Class A2 Notes rank *pari passu* and without preference or priority among themselves in relation to payments of interest and principal at all times, (2) prior to the service of an Enforcement Notice, *pari passu* with the Class A1 Notes in relation to payments of interest, (3) prior to the service of an Enforcement Notice and/or the occurrence of a Class A2 PDL Trigger Event, *pari passu* with the Class A1 Notes in relation to payments of principal (provided that at all times (x) PDL Principal Receipts and (y) Available Revenue Receipts utilised pursuant to the Pre-Enforcement Expenses Priority of Payments to pay principal on the Class A Notes will, in each case, be paid first to the Class A1 Notes and second to the Class A2 Notes). Accordingly, following the occurrence of a Class A2 PDL Trigger Event, the interests of the Class A2 Noteholders will be subordinated to the interests of the Class A1 Noteholders with respect to payment of principal and following the service of an Enforcement Notice, the interests of the Class A2 Noteholders will be subordinated to the interests of the Class A1 Noteholders with

respect to payment of principal and interest (in each case so long as any Class A2 Note remains outstanding).

- (c) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.12 (*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, and subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class A Noteholders will be subordinated to the interests of the Class A Noteholders (so long as any Class A Note remain outstanding).
- (d) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.12 (*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, and subordinate to the Class A Notes and the Class B Notes and as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the 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 Class B Notes remain outstanding).
- (e) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.12 (*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, and 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 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, Class B Notes, and/or Class C Notes remain outstanding).
- (f) The Class E Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.12 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, and subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class E Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes and/or Class D Notes remain outstanding).
- (g) The Class Z Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.12 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class Z Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal at all times, and subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class Z Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes and/or Class E Notes remain outstanding).
- (h) The Class XA Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.12 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class XA Notes rank *pari passu* without preference or priority among themselves in relation to the payment of interest and principal at all times, and subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class Z Notes, as

provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class XA Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, and the Class Z Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and/or the Class Z Notes remain outstanding).

- (i) The Class XB Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 10 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer. The Class XB Certificates rank *pari passu* without preference or priority among themselves in relation to the payment of XB Payments, and subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class Z Notes and the Class XA Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class XB Certificateholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class Z Noteholders and the Class XA Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes and/or Class XA Notes remain outstanding).
- (j) The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of holders of each Class of the Notes and each Class of the Certificates as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise) but requiring the Trustee where there is a conflict of interests between one or more Classes of Notes and/or the Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes or the Certificates in the Post-Enforcement Priority of Payments (where for such purposes, the Certificates shall be deemed to rank junior to all Classes of Notes) and, if all the and Notes have been redeemed, the Class XB Certificates.

5.3 **Sole Obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

5.4 **Priority of Payments:** Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Receipts and Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments (as applicable) and thereafter, in accordance with the Post-Enforcement Priority of Payments.

6. Security

6.1 **Security:** The Notes are secured by the Security.

6.2 **Enforceability:** The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*).

7. Issuer Covenants

7.1 The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee or unless otherwise permitted by the Transaction Documents. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

7.2 Following the exercise of any right under the Deed Poll to purchase the Mortgage Portfolio in accordance with the terms of the Deed Poll, the Issuer shall not seek to enter into an arrangement with any other third party to sell the Mortgage Portfolio and/or participate in any arrangement which frustrates the rights of the Mortgage Portfolio Purchase Option Holder to complete any such acquisition of the Mortgage Portfolio.

8. **Interest**
- 8.1 **Accrual of Interest:** Each Class of Floating Rate Notes bears interest on its Principal Amount Outstanding, from (and including) the Closing Date. No interest will be payable in respect of the Class Z Notes.
- 8.2 **Cessation of Interest:** Each Class of Floating Rate Notes (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:
- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
 - (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of such Class (in accordance with Condition 22 (*Notices*)) that the full amount payable is available for collection by the Noteholder, **provided that** on due presentation payment is in fact made.
- 8.3 **Interest Payments:** Interest on each Class of Floating Rate Notes is payable in Sterling in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date subject to the rest of this Condition 8 (*Interest*) and in accordance with the applicable Priority of Payments.
- 8.4 **Calculation of Interest Amount:** Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Note (save for the Class Z Notes) for the related Interest Period.
- 8.5 **Step-Up Margins:**
- On and from the Interest Payment Date immediately following the FORD, the Step-Up Margin will (subject as provided in Condition 8.12 (*Subordination by Deferral*)) become payable as the Relevant Margin on each of the Floating Rate Notes as calculated in accordance with Condition 8 (*Interest*).
- 8.6 **Determination of Note Rate, Interest Amount and Interest Payment Date:** The Agent Bank will, on each Interest Determination Date, determine:
- (a) the Floating Rate of Interest for each Class of the Floating Rate Notes for the related Interest Period; and
 - (b) the Interest Payment Date next following the related Interest Period,
- and notify the Issuer, the Servicer, the Cash Manager, the Trustee and the Paying Agents and for so long as the Notes are listed on Euronext Dublin.
- 8.7 **Publication of Note Rate, Interest Amount and Interest Payment Date:** As soon as practicable after receiving each notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Condition 8.7 (*Determination of Note Rate, Interest Amount and Interest Payment Date*) and in any event no later than the second Business Day thereafter, the Issuer will cause such Note Rate and Interest Amount for each Class and the next following Interest Payment Date to be published in accordance with the Notices Condition.
- 8.8 **Amendments to Publications:** The Note Rate, Interest Amount for each Class and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

- 8.9 ***Determination or Calculation by Trustee:*** If the Agent Bank does not at any time for any reason determine the Note Rate or the Interest Amount for each Class in accordance with this Condition 8 (*Interest*), the Trustee may (but without, save in the case of any wilful default, fraud or gross negligence by the Trustee, any Liability accruing to the Trustee as a result):
- (a) determine the Note Rate for each Class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or
 - (b) calculate the Interest Amount for each Class in the manner specified in this Condition,
- and any such determination and/or calculation shall be deemed to have been made by the Agent Bank. In each case the Trustee may, at the expense of the Issuer, employ an expert to make the determination and/or the calculation and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.
- 8.10 ***Notifications to be final:*** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Interest*), whether by the Paying Agents, the Agent Bank or the Trustee shall (in the absence of any manifest error) be binding on the Issuer and all Noteholders and (in the absence of any Breach of Duty) no Liability to the Trustee or the Noteholders shall attach to the Agents in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 8 (*Interest*). The Trustee shall have no Liability to any person in connection with the exercise or non-exercise of its powers, duties and discretions under this Condition 8 (*Interest*).
- 8.11 ***Agent Bank:*** The Issuer shall ensure that, so long as any of the Notes remains outstanding there shall at all times be an Agent Bank, a Paying Agent and a Principal Paying Agent. In the event of the Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other bank as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved in writing by the Trustee is appointed by the Issuer. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.
- 8.12 ***Subordination by Deferral***
- (a) ***Interest***
 - (i) If the Issuer otherwise has insufficient funds to make payment in full of all amounts of Required Interest (which shall, for the purposes of this Condition 8.12, include any Required Interest previously deferred under this Condition 8.12 and Additional Interest thereon) payable in respect of a respective Class of Subordinated 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 such Required Interest (such deferred interest being "**Deferred Required Interest**") in respect of the relevant Subordinated Notes to the extent only of any such insufficiency of funds.
 - (ii) Any amounts of Deferred Required Interest in respect of a Class of Subordinated Notes shall accrue Additional Interest at the Reference Rate plus the Relevant Margin.
 - (iii) Any such Deferred Required Interest and Additional Interest thereon shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that this Condition 8.12 again applies) or on such earlier date as the relevant Class of Subordinated Notes becomes due and repayable in full in accordance with these Conditions.
 - (iv) For the avoidance of any doubt, this Condition 8.12 does not apply to the Class A Notes or the Class Z Notes.

(b) *Notification*

As soon as practicable after becoming aware that any part of a payment of Required Interest on a Class of Subordinated Notes with the respective current shortfall will be (in addition to amounts previously deferred) deferred or that a payment previously deferred will be made in accordance with this Condition 8.12, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 22 (*Notices*). Any deferral of interest in accordance with this Condition 8.12 will not constitute an Event of Default. The provisions of this Condition 8.12 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.

8.13 *Determinations and Reconciliation*

(a) In the event that the Cash Manager does not receive the Servicer Report with respect to a Determination Period, then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 8.13 (*Determinations and Reconciliation*). When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 8.13(c). Any (i) calculations properly done on the basis of such estimates in accordance with Conditions 8.13(b) and/or 8.13(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 Condition 8.13(b) and/or 8.13(c), shall be deemed to be done, in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.

(b) In respect of any Determination Period the Cash Manager shall:

- (i) determine the Interest Determination Ratio by reference to the three most recently received Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports received in the preceding Collection Periods);
- (ii) calculate the Calculated Revenue Receipts; and
- (iii) calculate the Calculated Principal Receipts.

(c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 8.13 (b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount as follows:

- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
- (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period

in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

9. **Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation**

9.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*), the Issuer shall redeem the Notes in each Class at their Principal Amount Outstanding together with any accrued and unpaid interest on the Final Maturity Date.

9.2 **Mandatory Redemption in part:** On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Principal Receipts towards the redemption of the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Principal Priority of Payments, **provided that** if as a result of the application of the Available Principal Receipts a Class of Notes will be redeemed in full, it shall be redeemed together with all accrued but unpaid interest (including any interest deferred in accordance with Condition 8.12 (*Subordination by Deferral*)).

9.3 **Optional Redemption in whole:**

The Issuer may on any Interest Payment Date when, on the related Calculation Date, the aggregate of the Principal Amount Outstanding of the outstanding Notes is equal to or less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date, exercise its right to redeem all of the Notes (not partial) in each Class at their Principal Amount Outstanding together with accrued and unpaid interest subject to the following:

- (a) no Enforcement Notice has been delivered by the Trustee;
- (b) the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each Class; and
- (c) prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Principal Priority of Payments.

9.4 **Optional Redemption in whole for taxation reasons:**

The Issuer may exercise its right to redeem all of the Notes (not partial) in each Class at their Principal Amount Outstanding together with any accrued but unpaid interest:

- (a) after the date on which, by virtue of a change in Tax law (or the application or official interpretation of Tax law), the Issuer (or the Paying Agents on the Issuer's behalf) is to make any payment in respect of the Notes and the Issuer (or the Paying Agents on the Issuer's behalf) would be required to make a Tax Deduction in respect of such relevant payment; or
- (b) after the date on which, by virtue of a change in the Tax law (or the application or official interpretation of Tax law), the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period;

subject to the following:

- (i) no Enforcement Notice has been delivered by the Trustee;
- (ii) the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each Class; and

- (iii) that prior to giving any such notice, the Issuer has provided to the Trustee the following:
 - (A) in the case of 9.4(a) and 9.4(b) above only, a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in the applicable jurisdiction (approved in writing by the Trustee), opining on the relevant change in Tax law;
 - (B) in the case of 9.4(a) above only, a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided by the Issuer taking reasonable measures available to it; and
 - (C) in the case of 9.4(a) and 9.4(b) above only, a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Principal Priority of Payments.

9.5 ***Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option***

- (a) On any Business Day, if a Risk Retention Regulatory Change Event occurs and the Sellers jointly exercise the Risk Retention Regulatory Change Option, the Issuer will give not more than forty nor less than five Business Days' notice to (i) the Noteholders, in accordance with Condition 22 (*Notices*), and (ii) the Trustee, and the Notes will be redeemed at their respective amounts determined in accordance with Condition 9.5(b) on the Interest Payment Date immediately following the exercise of such option by the Sellers, **provided that** the Issuer has, immediately prior to giving such notice, certified to the Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid in priority to or *pari passu* with the Notes and the Certificates on such Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer on which the Trustee shall be entitled to rely absolutely and without any enquiry or liability) (and for the avoidance of doubt, the order of priority shall be as set out in the Post-Enforcement Priority of Payments).
- (b) Any Note redeemed pursuant to Condition 9.5(a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding for the respective Class of Notes up to, but excluding, the relevant Interest Payment Date (**provided that** in relation to any Notes held by the Retention Holder, or any of its affiliates or nominees (in each case each party having provided written confirmation of their agreement thereto together with evidence of their holding of the relevant Notes) the redemption amounts payable by the Issuer to such person in respect of the EU Retention Notes may be set off (to the greatest extent possible and directly or by way of multi-party direction and set-off) against the purchase price payable to the Issuer for the purchase of the Mortgage Portfolio).

9.6 ***Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Options or Market Mortgage Portfolio Purchase***

- (a) Following the joint exercise of the Mortgage Portfolio Purchase Option or upon the occurrence of a Market Mortgage Portfolio Purchase and, in each case, on giving not more than 50 nor less than 2 Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 22 (*Notices*) and Certificate Condition 20 (*Notices*), and the Trustee, the consideration received by the Issuer will be applied in accordance with the relevant Priority of Payments on the immediately succeeding Interest Payment Date (which, for the avoidance of doubt, may be on the FORD or another Interest Payment Date thereafter) with the result that the Notes will be redeemed in full in accordance with this Condition 9.6.

- (b) Any Note redeemed pursuant to Condition 9.6(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the Interest Payment Date on which the redemption occurred (**provided that** in relation to any Notes held by any Seller, or any of its affiliates or nominees (in each case each party having provided written confirmation of their agreement thereto together with evidence of their holding of the Relevant Notes) the redemption amounts payable by the Issuer to such person may be set off (to the greatest extent possible) against the purchase price payable to the Issuer for the purchase of the Mortgage Portfolio.

9.7 **Calculation of Note Principal Payment and Principal Amount Outstanding:** On each Calculation Date, the Issuer shall calculate (or cause the Cash Manager to calculate):

- (a) the aggregate of any Note Principal Payment due in relation to each Note in each Class on the Interest Payment Date immediately succeeding such Calculation Date; and
- (b) the Principal Amount Outstanding of each Note in each Class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such Class),

and notify the Issuer, the Trustee, the Paying Agents, the Agent Bank and for so long as the Notes are listed on Euronext Dublin, Euronext Dublin in accordance with Condition 9.11 (*Notice of Calculation*).

9.8 **Calculations Final and Binding:** Each calculation by or on behalf of the Issuer of any Note Principal Payment and the Principal Amount Outstanding of a Note of each Class shall in each case (in the absence of manifest error) be final and binding on all persons.

9.9 **Trustee to determine Amounts in case of Issuer Default:** If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment and the Principal Amount Outstanding in relation to each Class in accordance with this Condition, such amounts may be calculated by the Trustee (without, in the absence of fraud, wilful default or gross negligence, any liability to any person accruing to the Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Cash Manager) and each such calculation shall be deemed to have been made by the Issuer. In each case, the Trustee may, at the expense of the Issuer employ an expert to make such calculations and any such calculations shall be deemed to have been made by the Issuer.

9.10 **Conclusiveness of Certificates and Legal Opinions:** Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 9.3 (*Optional Redemption in whole*) and Condition 9.4 (*Optional Redemption in whole for taxation reasons*) shall be relied on by the Trustee without enquiry or Liability to any other person and shall be conclusive and binding on the Noteholders, the Trustee and on the other Secured Creditors.

9.11 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment and Principal Amount Outstanding in relation to each Class to be notified immediately after calculation to the Trustee, the Agents and, for so long as the Notes are listed on Euronext Dublin, Euronext Dublin and will immediately cause details of each calculation of a Note Principal Payment and the Principal Amount Outstanding in relation to each Class to be published in accordance with the Notices Condition by no later than two Business Days prior to each Interest Payment Date.

9.12 **Notice irrevocable:** Any such notice as is referred to in Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.11 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) and in an amount equal to the Note Principal Payment

in respect of each Note calculated as at the related Calculation Date if effected pursuant to Condition 9.2 (*Mandatory Redemption in part*).

- 9.13 **Cancellation of redeemed Notes:** All Notes redeemed in full will be cancelled forthwith by the Issuer, together with all unmatured Coupons appertaining thereto or surrendered therewith, and no such Notes or Coupons may not be reissued or resold.

10. **Limited Recourse and Non-Petition**

10.1 If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
 - (ii) the service of an Enforcement Notice; or
- (b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any respective Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes and any payments in respect of the Certificates) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

- 10.2 Apart from the Trustee, none of the Noteholders or any other Secured Creditor (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer or its directors, officers, successors or assigns, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding up or liquidation proceedings or for the appointment of a liquidator, administrator, receiver or any other insolvency official in relation to the Issuer or in relation to the whole or any substantial part of the undertakings of the Issuer.

11. **Payments**

- 11.1 **Principal and Interest:** Payments of principal and interest shall be made by transfer to an account in Sterling, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.

- 11.2 **Record Date:** Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment. The person shown in the Register at the opening of business on the relevant record date in respect of a Note shall be the only person entitled to receive payments in respect of Notes represented by such Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

- 11.3 **Payments subject to Fiscal Laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

- 11.4 **Partial Payments:** If a Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note.

11.5 **Payments on Business Days:** If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day (unless such Business Day falls in the following calendar month, in which case it shall be brought forward to the immediately preceding Business Day) and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

12. **Taxation**

12.1 **Payments free of Tax:** All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed, levied, collected, withheld or assessed by the Issuer Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted. Notwithstanding any other provision in these Conditions, the Issuer, the Trustee and the Paying Agent shall be permitted to withhold or deduct any amounts required pursuant to a FATCA withholding.

12.2 **No payment of additional amounts:** None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction. None of the Issuer, the Trustee or the Paying Agent shall have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, the Trustee, a Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.

13. **Events of Default**

13.1 **Events of Default:** Subject to the other provisions of this Condition, each of the following events shall be treated as an Event of Default:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Most Senior Class within seven Business Days following the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class within fourteen Business Days following the due date for payment of such interest;
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of Notes, the Issuer Covenants, the Trust Deed, the Deed of Charge or any of the other Transaction Documents to which it is a party and such default (a) is, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class, (b) is, in the opinion of the Trustee, incapable of remedy, or (c) is, in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 days (or such longer period as the Trustee may permit) after the Trustee has given written notice of such default to the Issuer;
- (c) **Insolvency:** an Insolvency Event in respect of the Issuer occurs;
- (d) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or Trust Documents or any of the other Transaction Documents; and
- (e) **Misrepresentation:** any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Trustee may permit) (except that in any case where the 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 Trustee on the Issuer of notice requiring the same to be remedied.

- 13.2 ***Delivery of Enforcement Notice:*** If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

- (a) if so requested 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 outstanding; or
- (b) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding;

deliver an Enforcement Notice to the Issuer.

- 13.3 ***Conditions to delivery of Enforcement Notice:*** Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless:

- (a) in the case of the occurrence of any of the events mentioned in Condition 13.1(b) (*Breach of other obligations*) the Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding; and
- (b) it shall, in all circumstances, have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

- 13.4 ***Consequences of delivery of Enforcement Notice:*** Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued interest.

14. **Enforcement**

- 14.1 ***Proceedings:*** The Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class (including these Conditions), the Deed of Charge or under the other Transaction Documents or to enforce the Security, but it shall not be bound to do so unless:

- (a) so requested in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class outstanding; or
- (b) so directed by an Extraordinary Resolution of the holders of the Most Senior Class outstanding;

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

- 14.2 ***Restrictions on disposal of Issuer's assets:*** If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property (except in respect of any Liquidity Standby Drawing standing to the credit of the Liquidity Standby Ledger which shall be repaid to the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement) or any part thereof unless either:

- (a) the Issuer certifies to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without enquiry and without any Liability for doing so) that a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments; or

- (b) the Trustee is of the opinion, which shall be binding on the Noteholders and the other Secured Creditors, reached solely in reliance upon the advice of an investment bank or other financial adviser selected by the Trustee, (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Condition 14.2(b) shall not apply) that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments and the Trustee shall have no Liability to any person for the consequences of any such opinion reached in accordance with this Condition 14.2(b); and
 - (c) the Trustee shall not be bound to make the determination, or seek the advice of an investment bank or other financial adviser, contained in Condition 14.2(b) unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable for which it may incur by so doing and shall have no Liability to anyone for not so doing.
- 14.3 **Third Party Rights:** No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- 15. **No action by Noteholders, Certificateholders or any other Secured Creditor**
- 15.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security and no Noteholder, Certificateholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security and, in particular, none of the Noteholders, the Certificateholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:
 - (a) otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
 - (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders, Certificateholders or any other Secured Creditors;
 - (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or
 - (d) to take or join in the taking of any steps or proceedings which would result in the Priority of Payments not being observed,

unless, the Trustee, having become bound to enforce the performance of any of the Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings, fails to do so within 60 days or is unable to do so, and such failure or inability shall be continuing, provided that no Noteholder, Certificateholder or other Secured Creditor shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.
- 16. **Meetings of Noteholders**
- 16.1 **Convening:** The Trust Deed contains "*Provisions for Meetings of Noteholders*" for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.
- 16.2 **Separate and combined meetings:** The Trust Deed provides that:
 - (a) an Extraordinary Resolution which in the opinion of the Trustee affects the interests of the Noteholders of only one Class of Notes shall be transacted at a separate meeting of the Noteholders of that Class;

- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the interests of the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the holders of one Class of Notes and the holders of another Class of Notes shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes, as the Trustee shall determine in its absolute discretion; and
 - (c) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class of Notes and gives rise to any conflict of interest, actual or potential between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.
- 16.3 **Request from Noteholders:** A meeting of Noteholders of a particular Class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than 10 per cent. in aggregate of the Principal Amount Outstanding of the outstanding Notes of that Class. However, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without consent of the Issuer and, if applicable, certain other Transaction Parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.
- 16.4 **Quorum:** The quorum at any meeting convened to vote on:
- (a) an Ordinary Resolution, relating to a meeting of a particular Class or Classes of the Notes will be one or more persons present and holding or 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, at any adjourned meeting, one or more persons present and holding or representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding;
 - (b) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes will be one or more persons holding or representing, in aggregate, more than 50 per cent. of the Principal Amount Outstanding of the outstanding Notes in that Class or those Classes or, at any adjourned meeting, one or more persons holding or representing, in aggregate, not less than 25 per cent. of the Principal Amount Outstanding of the outstanding Notes so held or represented in such Class or those Classes; and
 - (c) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) will be one or more persons holding or representing not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes or, at any adjourned meeting, one or more persons holding or representing more than 50 per cent. in aggregate of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes.
- 16.5 **Relationship between Classes:**
- In relation to each Class of Notes:
- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (to the extent that there are outstanding Notes in each such other Classes);

- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, unless the 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 then outstanding;
- (c) any resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting; and
- (d) except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes.

16.6 **Resolutions in writing or by Electronic Consents:** A Written Resolution shall take effect as if it were an Extraordinary Resolution. Any resolution passed by way of Electronic Consents given by holders through the relevant clearing system(s) in accordance with these Conditions and the Trust Deed shall also be binding on the relevant Noteholders.

17. **Modification and Waiver**

17.1 **Modification:** the Trustee may at any time and from time to time, without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors (other than the Secured Creditors who are party to the relevant Transaction Document), concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Certificate Conditions, the Trust Documents, the Notes, the Certificates or the other Transaction Documents in relation to which its consent is required (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of a Reserved Matter) which, in the opinion of the Trustee will not be materially prejudicial to the holders of the Most Senior Class outstanding; or
- (b) any modification to these Conditions, the Certificate Conditions, the Trust Documents, the Notes, the Certificates or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error,

provided that, no material amendments to the LFP Related Provisions may be made without the consent of the Liquidity Facility Provider.

17.2 **Additional Right of Modification:**

Notwithstanding the provisions of Condition 17.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to proviso (iii) below, any other Secured Creditor, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) 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** the Issuer certifies in writing to the 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 (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (b) to enable the Issuer to enter into any new and/or amended bank account agreement, collection account agreement or liquidity facility agreement including (without limitation):

- (i) in connection with the appointment of a new liquidity facility provider, modifications to the calculation of the Base Rate, the LF Accrual Interest Period and such other consequential modifications to the Liquidity Facility Agreement, any Transaction Documents and the Conditions and/or the entry into such further documents which are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Cash Manager on its behalf) to facilitate the appointment of a new liquidity facility provider and reflect generally accepted market practice in the publicly listed asset backed markets with respect to the determination of the rate of interest in liquidity facilities materially similar to the Liquidity Facility; or
- (ii) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank, Collection Account Bank or Liquidity Facility Provider are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) in order to maintain the ratings of the Rated Notes at their then current ratings,

provided that the Issuer certifies to the Trustee (upon which the Trustee shall rely absolutely and without enquiry or liability) that any such new agreement and/or amendment would not have an adverse effect on the then current rating of the Most Senior Class and **provided that** the Trustee shall not be obliged to agree to any such new agreement and/or amendment which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee under the Transaction Documents and/or these Conditions and/or the Certificate Conditions;

- (c) for the purpose of complying with any changes after the Closing Date in the requirements of the CRA Regulation, the U.S. Credit Risk Retention Requirements, the EU Securitisation Regulation, the CRR, AIFMR and/or Solvency II (including any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) as amended from time to time, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (e) for the purposes of enabling the Issuer or any other person that is a Transaction Party to comply with the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), **provided that** the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
or
- (f) for the purpose of changing the reference rate from the Applicable Reference Rate in respect of each Class of Rated Notes to an alternative reference rate (any such rate, an "**Alternative Reference Rate**") and making such other amendments to these Conditions or any other Transaction Document as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the changes envisaged pursuant to this Condition 17.2(g) (for the avoidance of doubt, this may include modifications to when the Rate of Interest applicable to any Class of Notes is calculated and/or notified to Noteholders or other such consequential modifications) (a "**Reference Rate Modification**"), **provided that** the Issuer certifies to the Trustee in writing (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that:

- (i) the Reference Rate Modification is being undertaken due to any one or more of the following:
 - (A) a material disruption to the Applicable Reference Rate, a material change in the methodology of calculating the Applicable Reference Rate or the Applicable Reference Rate ceasing to exist or be published, or the administrator of the Applicable Reference Rate having used a fallback methodology for calculating the Applicable Reference Rate for a period of at least 30 calendar days; or
 - (B) the insolvency or cessation of business of the administrator of the Applicable Reference Rate (in circumstances where no successor administrator has been appointed); or
 - (C) a public statement by the administrator of the Applicable Reference Rate that it will cease publishing the Applicable Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Applicable Reference Rate) with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification; or
 - (D) a public statement by the supervisor of the administrator of the Applicable Reference Rate that the Applicable Reference Rate has been or will be permanently or indefinitely discontinued or there will be a material change in the methodology of calculating the Applicable Reference Rate with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification; or
 - (E) a public statement by the supervisor of the administrator of the Applicable Reference Rate that means the Applicable Reference Rate will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification; or
 - (F) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a Benchmark Rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of the Applicable Reference Rate; or
 - (G) it having become unlawful and/or impossible and/or impracticable for any Paying Agent, Agent Bank, the Issuer or the Cash Manager to calculate any payments due to be made to any Noteholder using the Applicable Reference Rate; or
 - (H) it being the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (A), (B) or (G) will occur or exist within six months of the proposed effective date of such Reference Rate Modification;
 - (I) the Alternative Reference Rate being adopted in a material number of publicly listed issues of asset-backed floating rate notes denominated in the same currency as any of the Notes; or
 - (J) a Reference Rate Modification is being proposed pursuant to Condition 17.2(j); and
- (g) the Alternative Reference Rate is any one or more of the following:

- (i) a benchmark rate with an equivalent term to the Applicable Reference Rate as published, endorsed, approved or recognised as a replacement to the Applicable Reference Rate by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an Alternative Reference Rate together with a specified adjustment factor which may increase or decrease the relevant Alternative Reference Rate); or
- (ii) a benchmark rate with an equivalent term utilised in a material number of publicly-listed new issues of asset backed floating rate notes denominated in sterling in the six months prior to the proposed effective date of such Reference Rate Modification; or
- (iii) such other benchmark rate as the Issuer reasonably determines, **provided that** this option may only be used if the Issuer certifies to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that, in the reasonable opinion of the Issuer, neither Condition 17.2(g)(ii)(A) nor Condition 17.2(g)(ii)(B) are applicable and/or practicable in the context of the transaction constituted by the Transaction Documents, and sets out the rationale in the Modification Certificate (as defined below) for choosing the proposed Alternative Reference Rate; and
- (iv) the same Alternative Reference Rate will be applied to all Classes of Rated Notes; and
- (v) the details of and the rationale for any Note Rate Maintenance Adjustment (as defined below) proposed in accordance with item (v)(C) of the proviso to Conditions 17.2(a) to (g) are as set out in the notice to Noteholders given pursuant to sub-paragraph (v) below; and
- (vi) the modifications proposed are required solely for the purpose of applying the Alternative Reference Rate and making consequential modifications to these Conditions or any Transaction Document which are, as reasonably determined by the Issuer necessary or advisable, and the modifications have been drafted solely to such effect; and
- (vii) CHL has agreed to pay, or to put the Issuer in funds to pay, all fees, costs and expenses (including legal fees and any initial or ongoing costs associated with the Reference Rate Modification) incurred by the Issuer and the Trustee or any other Transaction Party in connection with the Reference Rate Modification

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (g) above being a "**Modification Certificate**"), **provided that:**

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (ii) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose ranking in any Priority of Payments is affected has been obtained and, prior to the LF Cancellation Date only, in the case of material amendments to the LFP Related Provisions, the Liquidity Facility Provider provide their consent to such material amendments;
- (iv) either:

- (A) the Issuer obtains from each of the Rating Agencies a written RAC (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) 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); or
- (B) 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 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
- (v) the Issuer certifies in writing to the Trustee (which certificate may be in the Modification Certificate and upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 22 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and 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 or Principal Paying Agent 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 or Principal Paying Agent that such Noteholders do not consent to the modification. In the case of a Reference Rate Modification, the notice to Noteholders given pursuant to this sub-paragraph (v) shall confirm:
 - (A) the sub-paragraph(s) of Condition 17.2(g) under which the Reference Rate Modification is being proposed; and
 - (B) which Alternative Reference Rate is proposed to be adopted pursuant to Condition 17.2(g)(ii), and, where Condition 17.2(g)(ii)(C) is being applied, the rationale for choosing the proposed Alternative Reference Rate; and
 - (C) details of the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Notes which are the subject of the Reference Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Rate of Interest applicable to each such Class of Notes had no such Reference Rate Modification been effected (the "**Note Rate Maintenance Adjustment**"), **provided that:**
 - (1) in the event that the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates has published, endorsed, approved or recognised a note rate maintenance adjustment mechanism which could be used in the context of a transition from the Applicable Reference Rate to the Alternative Reference Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the notice to Noteholders the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Reference Rate Modification; or

- (2) in the event that it has become generally accepted market practice in the publicly listed asset backed floating rate notes to use a particular note rate maintenance adjustment mechanism in the context of a transition from the Applicable Reference Rate to the Alternative Reference Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the notice to Noteholders the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Reference Rate Modification; or
 - (3) in the event that neither (1) nor (2) above apply, the Issuer shall use reasonable endeavours to propose an alternative Note Rate Maintenance Adjustment as reasonably determined by the Issuer and shall set out the rationale for the proposal or otherwise the Issuer shall set out in the notice to Noteholders the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Reference Rate Modification; and
 - (4) if any Note Rate Maintenance Adjustment is proposed, the Note Rate Maintenance Adjustment applicable to each Class of Notes other than the Most Senior Class shall be at least equal to that applicable to the Most Senior Class. In circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Notes other than the Most Senior Class than that which is proposed for the Most Senior Class or another Class of Notes which ranks senior to the Class of Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, the Reference Rate Modification will not be made unless an Extraordinary Resolution is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*) by the Noteholders of each Class of Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made; and
 - (5) for the avoidance of doubt, the Note Rate Maintenance Adjustment may effect an increase or a decrease to the margin or may be set at zero; and
- (D) details of (i) other amendments which the Issuer proposes to make (if any) to these Conditions or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to this Condition 17.2 (*Additional Right of 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 or the Principal Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held, a copy of which notification the Principal Paying Agent shall promptly provide to the Issuer and the Trustee) 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 16 (*Meetings of Noteholders and Certificateholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- (h) Notwithstanding anything to the contrary in this Condition 17.2 (*Additional Right of Modification*) or any Transaction Document:
 - (A) when implementing any modification pursuant to this Condition 17.2 (*Additional Right of Modification*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, Certificateholders, any other Secured Creditor or any other person and shall act and rely absolutely, and without enquiry or Liability, on any certificate (including any Modification Certificates) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 17.2 (*Additional Right of Modification*) and shall not be liable to the Noteholders, Certificateholders, 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; and
 - (B) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee in the Transaction Documents and/or these Conditions.
 - (i) Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:
 - (A) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
 - (B) the Secured Creditors;
 - (C) the Noteholders in accordance with Condition 22 (*Notices*); and
 - (D) the Certificateholders in accordance with Certificate Condition 20 (*Notices*).
 - (j) Following the making of a Reference Rate Modification, if it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Reference Rate which had already been adopted by the Issuer in respect of the Notes pursuant to a Reference Rate Modification, the Issuer is entitled to propose a further Reference Rate Modification pursuant to this Condition 17.2 (*Additional Right of Modification*).
- 17.3 **Waiver:** In addition, the Trustee may, without the consent of the Noteholders, the Certificateholders or any other Secured Creditor authorise or waive any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Notes, the Certificates or any of the other Transaction Documents or determine that any Event of Default or Certificates Event of Default shall not be treated as such for the purposes of these Conditions, the Notes, the Certificate Conditions or any of the Transaction Documents if, in the opinion of the Trustee, the interests of the holders of the Most Senior Class outstanding will not be materially prejudiced by such waiver.
- 17.4 **Restriction on power to waive:** The Trustee shall not exercise any powers conferred upon it by Condition 17.3 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class outstanding (or, if there are no Notes outstanding, not less than 25 per cent. by number of the holders of the number of Certificates then in issue), but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall

authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of outstanding Notes and/or the holders of the Certificates then in issue (as the case may be) in accordance with Condition 16.5 (*Relationship between Classes*) and Certificate Condition 14.4 (*Relationship between Noteholders and Certificateholders*) (as applicable) have, by Extraordinary Resolution, so authorised its exercise.

17.5 **Notification:** Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the Rating Agencies and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

17.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*) or Condition 17.3 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

18. **Prescription**

18.1 **Principal:** Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.

18.2 **Interest:** Claims for interest in respect of Notes, shall become void where application for payment is made more than five years after the due date therefor.

19. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and Euronext Dublin requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

20. **Trustee and Agents**

20.1 **Trustee's right to Indemnity:** Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

20.2 **Trustee not responsible for loss or for monitoring:** The Trustee is not responsible for any loss, expense or Liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee (as applicable). The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

20.3 **Regard to classes of Noteholders:** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:

(a) have regard to the interests of each Class of Noteholders as a Class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

(b) in the event of a conflict of interests of holders of different Classes of Notes and the Certificates, have regard only to the interests of the holders of the Most Senior Class of Notes outstanding and will not have regard to any lower ranking Class of Notes or (following the redemption in full of all Classes of Notes) the Certificates or to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

- 20.4 ***Paying Agents solely agents of Issuer:*** In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.
- 20.5 ***Initial Paying Agents:*** The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.
21. **Substitution of Issuer**
- 21.1 ***Substitution of Issuer:*** The Trustee may, without the consent of the Noteholders, the Certificateholders or any other Secured Creditor, subject to such further conditions as are specified in the Trust Deed, concur with the Issuer to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Transaction Documents, the Notes, the Certificates and the Secured Amounts.
- 21.2 ***Notice of Substitution of Issuer:*** Not later than fourteen days after any substitution of the Issuer in accordance with this Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.
- 21.3 ***Change of Law:*** In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors to a change of the law governing the Notes, the Certificates and/or any of the Transaction Documents **provided that** such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class outstanding, **provided that** the Rating Agencies are notified by the Issuer. For the avoidance of doubt, a Transaction Document cannot be amended without the agreement of all the parties thereto.
- 21.4 ***No indemnity:*** No Noteholder or Certificateholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders or Certificateholders.
22. **Notices**
- 22.1 ***Valid Notices:*** For so long as the relevant Notes are in global form, any notice to Noteholders shall be validly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the relevant Class of Notes and shall be deemed to be given on the date on which it was so sent. While the Notes are represented by Definitive Notes, any notice to the holders thereof 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 Trustee shall approve in advance having a general circulation in the United Kingdom. So long as the relevant Notes are listed on the official list of Euronext Dublin and admitted to trading on its regulated market any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin by a notification in writing to its Company Announcements Office, and any notice so published shall be deemed to have been given on the date of publication.
- 22.2 ***Other Methods:*** The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and **provided that** notice of such other method is given to the Noteholders in such manner as the Trustee shall require.
23. **Non-Responsive Rating Agency**
- 23.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Trustee shall be entitled but not obliged to take into account any RAC that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby.

23.2 If a RAC 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 RAC or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:

- (a) (I) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such RAC or response necessary in the circumstances or that it does not, as a matter of practice or policy provide such RAC or response or (II) within 30 days of delivery of such request, no RAC or response is received and/or such request elicits no statement by such Rating Agency that such RAC or response could not be given; and
- (b) one Rating Agency gives such RAC or response based on the same facts,

then such condition to receive a RAC or response from each Rating Agency shall be deemed modified so that there shall be no requirement for the RAC or response from the Non-Responsive Rating Agency if the Cash Manager or the Servicer on behalf of the Issuer provides to the Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraphs (a)(I) or (II) and (b) above has occurred, the Issuer having sent a written request to each Rating Agency and the Trustee shall be entitled to rely upon such certificate absolutely and without enquiry or Liability to any person for so doing.

23.3 The Trustee shall be entitled to rely absolutely and without enquiry or Liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to this Condition 23. The 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 RAC 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 RAC or response from such Non-Responsive Rating Agency.

24. **Governing Law and Jurisdiction**

24.1 **Governing law:** The Transaction Documents (other than the Scottish Trust Security, any Scottish Sub-Securities, the Scottish Declaration of Trust and the Scottish Trust Transfer), the Notes, the Certificates and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law. The Scottish Trust Security, the Scottish Declaration of Trust, the Scottish Trust Transfer and any Scottish-Sub Securities are governed by and shall be construed in accordance with, Scots law.

24.2 **Jurisdiction:** The Courts of England and Wales are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Certificates and/or the Transaction Documents may be brought in such Courts. The Issuer has in each of the Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such Courts. Notwithstanding the above, the Trustee may take proceedings in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent proceedings in any number of jurisdictions.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. General

- 1.1 The 10,000,000 Class XB Certificates (the "**Class XB Certificates**" or the "**Certificates**", will be issued by Towd Point Mortgage Funding 2019 – Auburn 13 plc (registered number 12186738) (the "**Issuer**") on or about the Closing Date. Any reference in these Certificate Conditions to a Class of Certificates or Certificateholders shall be a reference to the Class XB Certificates, or to the holders thereof.
- 1.2 The Issuer has agreed to issue the Certificates subject to and with the benefit of the terms of the Trust Deed and the Agency Agreement. The security for the Certificates is created pursuant to, and on the terms set out in, the Deed of Charge.
- 1.3 The Agency Agreement records certain arrangements in relation to the payment of Certificate Payments with respect to the Class XB Certificates.
- 1.4 Certain provisions of these Certificate Conditions are summaries of the Trust Documents and the Incorporated Terms Memorandum and the Agency Agreement and are subject to their detailed provisions.
- 1.5 The Certificateholders are bound by the terms of the Trust Documents and the Incorporated Terms Memorandum, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.6 Copies of the Transaction Documents (other than the Scottish Trust) and the Memorandum and Articles of Association of the Issuer are available for inspection by Certificateholders, upon reasonable notice, during normal business hours at the principal office for the time being of the Trustee, being at the date hereof 125 Old Broad Street, London EC2N 1AR, United Kingdom and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below. Upon reasonable request, such Paying Agent will allow copies of such documents to be taken.

2. Definitions

- 2.1 Capitalised terms not otherwise defined in these Certificate Conditions and any rules of interpretation shall have the meanings given to them in the terms and conditions of the Notes.
- 2.2 **Transaction Documents and other agreements:** Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced.

3. Form and Denomination

- 3.1 Each Certificate will be represented by a definitive certificate in registered form (a "**Definitive Certificate**").
- 3.2 Transfers and exchanges of beneficial interests in such Definitive Certificate and entitlement to payments thereunder will be effected by the Registrar. Each Definitive Certificate will be registered in the name of the respective holder.
- 3.3 Definitive Certificates will be serially numbered and will be issued in registered form only.

4. Title

- 4.1 The holder registered in the Register of a respective Class of Certificate will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes

(including the making of any payments), as the absolute owner of such Certificate regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.

- 4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Certificates and the particulars of the Certificates held by them and of all transfers and redemptions of the Certificates.
- 4.3 No transfer of a Certificate will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Definitive Certificates and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Certificates and the detailed regulations concerning transfers of such Certificates contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Certificates. In no event will the transfer of a Definitive Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the United Kingdom or the Registrar to any holder of a Certificate who so requests (and who provides evidence of such holding where the Certificates are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- 4.5 A Definitive Certificate may be transferred in whole or in part upon the surrender of the relevant Definitive Certificate, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Certificate, a new Definitive Certificate, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- 4.6 Each new Definitive Certificate, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Certificate, to such address as may be specified in such request.
- 4.7 Registration of Definitive Certificates on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

5. **Status and Ranking**

- 5.1 **Status:** The Certificates constitute direct, secured and (subject to the limited recourse provision in Certificate Condition 8.8 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer, and represent the Issuer's obligation to pay any XB Payment amounts to the Class XB Certificateholders.
- 5.2 The Class XB Certificates rank *pari passu* without preference or priority among themselves in relation to payment of the XB Payments at all times, as provided in these Certificate Conditions and the Transaction Documents.
- 5.3 **Sole Obligations:** The Certificates are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.
- 5.4 **Priority of Payments.** Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Receipts and Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments (as applicable) and thereafter, in accordance with the Post-Enforcement Priority of Payments.

6. **Security**

- 6.1 **Security:** The Certificates are secured by the Security.

6.2 **Enforceability:** The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with (i) as long as there are Notes outstanding, Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*), and (ii) while there are no Notes outstanding and as long as there are Certificates in issue, Certificate Condition 11 (*Certificates Events of Default*) and subject to the matters referred to in Certificate Condition 12 (*Enforcement*).

7. **Issuer Covenants**

The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee or unless otherwise permitted by the Transaction Documents. So long as any Note remains outstanding or a Certificate remains in issue, the Issuer shall comply with the Issuer Covenants.

8. **Certificate Payments**

8.1 **Right to Certificate Payments:** The Class XB Certificates represents a *pro rata* entitlement to receive Certificate Payments by way of excess spread generated from the purchase by the Issuer of the Mortgage Portfolio, respectively.

8.2 **Payment:** A Certificate Payment shall be payable in respect of the Certificates on each Interest Payment Date as referred to below.

8.3 **Determination of Certificate Payment Amount:** The Cash Manager shall on each Calculation Date determine the Certificate Payment payable on the immediately following Interest Payment Date and the Certificate Payment Amount payable in respect of each Certificate on such Interest Payment Date.

8.4 **Publication of Certificate Payment and Certificate Payment Amount:** The Cash Manager shall cause the Certificate Payment and Certificate Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with the Notices Condition as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

8.5 **Amendments to Publications:** The Certificate Payment and Certificate Payment Amount (if any) so published on a given Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

8.6 **Determination or Calculation by Trustee:** If the Cash Manager does not at any time for any reason determine the Certificate Payment and the Certificate Payment Amount in accordance with this Certificate Condition 8 (*Certificate Payments*), the Trustee may (but without, save in the case of any wilful default, fraud or gross negligence by the Trustee, any Liability accruing to the Trustee as a result) determine the Certificate Payment and the Certificate Payment Amount in the manner, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Certificate Condition), it shall deem fair and reasonable in all the circumstances, and such determination and/or calculation shall be deemed to have been made by the Cash Manager. The Trustee may, at the expense of the Issuer, employ an expert to make the determination and/or the calculation and any such determination and/or calculation shall be deemed to have been made by the Cash Manager.

8.7 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Certificate Condition 8 (*Certificate Payments*), whether by the Cash Manager or the Trustee shall (in the absence of any manifest error) be binding on the Issuer and all Certificateholders and (in the absence of any Breach of Duty) no Liability to the Trustee or the Certificateholders shall attach to the Cash Manager or the Agents in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Certificate Condition 8 (*Certificate*

Payments). The Trustee shall have no Liability to any person in connection with the exercise or non-exercise of its powers, duties and discretions under this Certificate Condition 8 (*Certificate Payments*).

8.8 **Limited Recourse and Non-Petition**

If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
 - (ii) the service of an Enforcement Notice; or
- (b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Certificates (including Certificate Payments),

the proceeds of such Realisation are allocated in accordance with the applicable Priority of Payments to make a payment in respect of the Certificates and used to make such a payment, such amount shall cease to be due and payable by the Issuer and the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due to be paid in respect of the Certificates.

Apart from the Trustee, none of the Certificateholders or any other Secured Creditor (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer or its directors, officers, successors or assigns, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding up or liquidation proceedings or for the appointment of a liquidator, administrator, receiver or any other insolvency official in relation to the Issuer or in relation to the whole or any substantial part of the undertakings of the Issuer.

9. **Payments**

- 9.1 **Payments:** Payments shall be made by transfer to an account in Sterling, maintained by the payee with a bank in London and (in the case of final cancellation) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.
- 9.2 **Record Date:** Each payment in respect of a Certificate will be made to the person shown as the Certificateholder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment. The person shown in the Register at the opening of business on the relevant record date in respect of a Certificate shall be the only person entitled to receive payments in respect of the Certificates represented by such Certificate and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.
- 9.3 **Payments subject to fiscal laws:** All payments in respect of the Certificates are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 9.4 **Partial Payments:** If a Principal Paying Agent makes a partial payment in respect of any Certificate, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- 9.5 **Payments on Business Days:** If the due date for payment of any amount in respect of any Certificate is not a Business Day (unless such Business Day falls in the following calendar month, in which case it shall be brought forward to the immediately preceding Business Day), then the holder shall not be entitled to payment until the next succeeding Business Day and no further payments of additional amounts shall be due in respect of such Certificate.

- 9.6 ***Cancellation and Reissuance:*** The Certificates will be cancelled upon the earliest to occur of (i) the redemption in full of the Notes; and (ii) the Final Discharge Date.
10. **Taxation**
- 10.1 ***Payments free of Tax:*** All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed, levied, collected, withheld or assessed by the Issuer Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted. Notwithstanding any other provision in these Certificate Conditions, the Issuer, the Trustee and the Paying Agent shall be permitted to withhold or deduct any amounts required pursuant to a FATCA withholding.
- 10.2 ***No payment of additional amounts:*** None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Certificateholders as a result of any such Tax Deduction. None of the Issuer, the Trustee or the Paying Agent shall have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, the Trustee, a Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.
11. **Certificates Events of Default**
- 11.1 ***Certificates Events of Default:*** Subject to the other provisions of this Certificate Condition and subject to the Notes no longer being outstanding, each of the following events shall be treated as a Certificates Event of Default:
- (a) ***Non-payment:*** the Issuer fails to pay any amount due in respect of the Certificates within seven Business Days following the due date for payment of such amount;
 - (b) ***Breach of other obligations:*** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Certificates, the Issuer Covenants, the Trust Deed, the Deed of Charge or any of the other Transaction Documents to which it is a party and such default (a) is, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class outstanding, (b) is, in the opinion of the Trustee, incapable of remedy, or (c) is, in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 days (or such longer period as the Trustee may permit) after the Trustee has given written notice of such default to the Issuer;
 - (c) ***Insolvency:*** an Insolvency Event in respect of the Issuer occurs;
 - (d) ***Unlawfulness:*** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Certificates or Trust Documents or any of the other Transaction Documents; and
 - (e) ***Misrepresentation:*** any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class outstanding and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Trustee may permit) (except that in any case where the 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 Trustee on the Issuer of notice requiring the same to be remedied.
- 11.2 ***Delivery of Enforcement Notice:*** If a Certificates Event of Default occurs and is continuing and **provided that** at such time all of the Notes are no longer outstanding, the Trustee may at its discretion and shall:
- (a) if so requested in writing by the holders of at least 25 per cent. in number of the Certificates then in issue; or

(b) if so directed by an Extraordinary Resolution of the Certificateholders, deliver an Enforcement Notice to the Issuer.

11.3 **Conditions to delivery of Enforcement Notice:** Notwithstanding Certificate Condition 11.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless:

- (a) in the case of the occurrence of any of the events mentioned in Certificate Condition 11.1(b) (*Breach of other obligations*) the Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Certificateholders; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

11.4 **Consequences of delivery of Enforcement Notice:** Upon the delivery of an Enforcement Notice or an enforcement notice pursuant to Condition 13.2 (*Delivery of Enforcement Notice*), any Certificate Payments pursuant to the Certificates shall thereby immediately become due and payable, without further action or formality.

12. Enforcement

12.1 **Proceedings:** The Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class, the Certificates (including these Certificate Conditions), the Deed of Charge or under the other Transaction Documents or to enforce the Security, but it shall not be bound to do so unless:

- (a) whilst there are Notes outstanding, it is:
 - (i) so requested 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 then outstanding; or
 - (ii) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding; and
- (b) whilst there are no Notes outstanding but there are Certificates in issue, it is
 - (i) so requested in writing by the holders of at least 25 per cent. in number of the Certificates then in issue; or
 - (ii) so directed by an Extraordinary Resolution of the holders of the Certificates,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.2 **Directions to the Trustee:** If the Trustee shall take any action, step or proceeding described in Certificate Condition 12.1 (*Proceedings*) it may take such action, step or proceeding without having regard to the effect of such action on individual Certificateholders or any other Secured Creditor, **provided that** so long as any of the Notes are outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Certificateholders unless:

- (a) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders; or
- (b) (if the Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of each Class of Noteholders.

12.3 **Restrictions on disposal of Issuer's assets:** If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes or the

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Certificates, the Trustee will not be entitled to dispose of the Charged Property (except in respect of any Liquidity Standby Drawing standing to the credit of the Liquidity Standby Ledger which shall be repaid to the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement) or any part thereof unless either:

- (a) the Issuer certifies to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without enquiry and without any Liability for doing so) that a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments; or
- (b) the Trustee is of the opinion, which shall be binding on the Noteholders, the Certificateholders and the other Secured Creditors, reached solely in reliance upon the advice of an investment bank or other financial adviser selected by the Trustee, (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Certificate Condition 12.3(b) shall not apply) that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments and the Trustee shall have no Liability to any person for the consequences of any such opinion reached in accordance with this Certificate Condition 12.3(b); and
- (c) the Trustee shall not be bound to make the determination, or seek the advice of an investment bank or other financial adviser, contained in Certificate Condition 12.3(b) unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable for which it may incur by so doing and shall have no Liability to anyone for not so doing.

12.4 **Third Party Rights:** No person shall have any right to enforce any Certificate Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

13. **No action by Noteholders, Certificateholders or any other Secured Creditor**

13.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security and no Noteholder, Certificateholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security and, in particular, none of the Noteholders, the Certificateholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

- (a) otherwise than as permitted by these Certificate Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders, Certificateholders or any other Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or
- (d) to take or join in the taking of any steps or proceedings which would result in the Priority of Payments not being observed,

unless, the Trustee, having become bound to enforce the performance of any of the Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings, fails to do so within 60 days or is unable to do so, and such failure or inability shall be continuing, provided that no Noteholder, Certificateholder or other Secured Creditor shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

14. **Meetings of Certificateholders**

14.1 **Convening:** The Trust Deed contains "*Provisions for Meetings of Certificateholders*" for convening meetings of Certificateholders to consider matters relating to the Notes and the Certificates (as applicable), including the modification of any provision of these Certificate Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

14.2 **Request from Certificateholders:** A meeting of Certificateholders of each Class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Certificateholders holding not less than 10 per cent. in number of the relevant Class of Certificates then in issue. However, so long as no Certificates Event of Default has occurred and is continuing, the Certificateholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without consent of the Issuer and, if applicable, certain other Transaction Parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

14.3 **Quorum:** The quorum at any meeting convened to vote on:

- (a) an Ordinary Resolution, relating to a meeting of a particular Class or Classes of the Certificates will be one or more persons present and holding or representing in aggregate not less than 25 per cent. of the number of the relevant Class of Certificates then outstanding or, at any adjourned meeting, one or more persons present and holding or representing in aggregate not less than 10 per cent. of the number of the relevant Class of Certificates then outstanding;
- (b) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Certificates will be one or more persons holding or representing, in aggregate, more than 50 per cent. in number of each Class of the Certificates then in issue or, at any adjourned meeting, one or more persons present and holding or representing in aggregate not less than 25 per cent. in number of each Class of the Certificates then in issue; and
- (c) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Certificateholders) will be one or more persons holding or representing in aggregate not less than 75 per cent. in number of each Class of the Certificates then in issue or, at any adjourned meeting, one or more persons holding or representing in aggregate more than 50 per cent. in number of each Class of the Certificates then in issue.

14.4 **Relationship between Noteholders and Certificateholders:**

In relation to each Class of Notes and the Certificates:

- (a) subject to Certificate Condition 14.4(e), no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of any Class of the Certificates shall, to the extent there are Notes outstanding, be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each Class of Notes then outstanding in accordance with Condition 16 (*Meetings of Noteholders and Certificateholders*) unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the outstanding Notes;
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter that is passed by the holders of any Class of the Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each Class of Notes then outstanding in accordance with Condition 16 (*Meetings of Noteholders and Certificateholders*) unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the outstanding Notes;

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- (c) any resolution passed at a Meeting of Certificateholders duly convened and held in accordance with the Trust Deed shall be binding upon all of the Certificateholders, whether or not present at such Meeting and whether or not voting;
- (d) except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes then outstanding duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes and the Certificates; and
- (e) a matter which is a Reserved Matter affecting only the holders of a Class of the Certificates shall only require an Extraordinary Resolution of the holders of the relevant Class of Certificates then in issue and, for avoidance of doubt, shall not require an Extraordinary Resolution of the holders of any Class or Classes of Notes.

14.5 ***Resolutions in writing or by Electronic Consents:*** A Written Resolution shall take effect as if it were an Extraordinary Resolution.

15. **Modification and Waiver**

15.1 ***Modification:*** the Trustee may at any time and from time to time, without the consent or sanction of the Noteholders, Certificateholders or any other Secured Creditors (other than the Secured Creditors who are party to the relevant Transaction Document), concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Certificate Conditions, the Conditions, the Trust Documents, the Notes, the Certificates or the other Transaction Documents in relation to which its consent is required (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of a Reserved Matter) which, in the opinion of the Trustee will not be materially prejudicial to the holders of the Most Senior Class outstanding; or
- (b) any modification to these Certificate Conditions, the Conditions, the Trust Documents, the Notes, the Certificates or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error,

provided that, no material amendments to the LFP Related Provisions may be made without the consent of the Liquidity Facility Provider.

15.2 ***Additional Right of Modification:***

Notwithstanding the provisions of Certificate Condition 15.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to proviso (iii) below, any other Secured Creditor, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Certificate Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) 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** the Issuer certifies in writing to the 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 (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (b) to enable the Issuer to enter into any new and/or amended bank account agreement, collection account agreement or liquidity facility agreement including (without limitation):
 - (i) in connection with the appointment of a new liquidity facility provider, modifications to the calculation of the Base Rate, the LF Accrual Interest Period and such other consequential modifications to the Liquidity Facility Agreement,

any Transaction Documents and the Conditions and/or the entry into such further documents which are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Cash Manager on its behalf) to facilitate the appointment of a new liquidity facility provider and reflect generally accepted market practice in the publicly listed asset backed markets with respect to the determination of the rate of interest in liquidity facilities materially similar to the Liquidity Facility; or

- (ii) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank, Collection Account Bank or Liquidity Facility Provider are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) in order to maintain the ratings of the Rated Notes at their then current ratings),

provided that the Issuer certifies to the Trustee (upon which the Trustee shall rely absolutely and without enquiry or liability) that any such new agreement and/or amendment would not have an adverse effect on the then current rating of the Most Senior Class and **provided that** the Trustee shall not be obliged to agree to any such new agreement and/or amendment which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee under the Transaction Documents and/or the Conditions and/or these Certificate Conditions;

- (c) for the purpose of complying with any changes after the Closing Date in the CRA Regulation, the U.S. Credit Risk Retention Requirements, the EU Securitisation Regulation, the CRR, AIFMR and/or Solvency II (including any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) as amended from time to time, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, **provided that** the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (e) for the purposes of enabling the Issuer or any other person that is a Transaction Party to comply with the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), **provided that** the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability); or
- (f) for the purpose of changing the reference rate from the Applicable Reference Rate in respect of each Class of Rated Notes (and irrespective of whether any change is proposed to the Certificate Conditions) to an alternative reference rate (any such rate, an "**Alternative Reference Rate**") and making such other amendments to the Conditions of the Rated Notes or any other Transaction Document as are necessary or advisable in the reasonable judgment of the Issuer to facilitate the changes envisaged pursuant to this Certificate Condition 15.2(g) (for the avoidance of doubt, this may include modifications to when the Rate of Interest applicable to any Class of Notes is calculated and/or notified to Noteholders or other such consequential modifications) (a "**Reference Rate Modification**"), **provided that** the Issuer certifies to the Trustee in writing (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that:

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- (i) the Reference Rate Modification is being undertaken due to any one or more of the following:
- (A) a material disruption to the Applicable Reference Rate, a material change in the methodology of calculating the Applicable Reference Rate or the Applicable Reference Rate ceasing to exist or be published, or the administrator of the Applicable Reference Rate having used a fallback methodology for calculating the Applicable Reference Rate for a period of at least 30 calendar days; or
 - (B) the insolvency or cessation of business of the administrator of the Applicable Reference Rate (in circumstances where no successor administrator has been appointed); or
 - (C) a public statement by the administrator of the Applicable Reference Rate that it will cease publishing the Applicable Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Applicable Reference Rate) with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification; or
 - (D) a public statement by the supervisor of the administrator of the Applicable Reference Rate that the Applicable Reference Rate has been or will be permanently or indefinitely discontinued or there will be a material change in the methodology of calculating the Applicable Reference Rate with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification; or
 - (E) a public statement by the supervisor of the administrator of the Applicable Reference Rate that means the Applicable Reference Rate will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Reference Rate Modification; or
 - (F) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a Benchmark Rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of the Applicable Reference Rate; or
 - (G) it having become unlawful and/or impossible and/or impracticable for any Paying Agent, Agent Bank, the Issuer or the Cash Manager to calculate any payments due to be made to any Noteholder using the Applicable Reference Rate; or
 - (H) it being the reasonable expectation of the Issuer that any of the events specified in sub-paragraphs (A), (B) or (G) will occur or exist within six months of the proposed effective date of such Reference Rate Modification;
 - (I) the Alternative Reference Rate being adopted in a material number of publicly listed issues of asset-backed floating rate notes denominated in the same currency as any of the Notes; or
 - (J) a Reference Rate Modification is being proposed pursuant to Certificate Condition 15.2(j); and
- (ii) the Alternative Reference Rate is any one or more of the following:

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- (A) a benchmark rate with an equivalent term to the Applicable Reference Rate as published, endorsed, approved or recognised as a replacement to the Applicable Reference Rate by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an Alternative Reference Rate together with a specified adjustment factor which may increase or decrease the relevant Alternative Reference Rate); or
 - (B) a benchmark rate with an equivalent term utilised in a material number of publicly-listed new issues of asset backed floating rate notes denominated in sterling in the six months prior to the proposed effective date of such Reference Rate Modification; or
 - (C) such other benchmark rate as the Issuer reasonably determines, **provided that** this option may only be used if the Issuer certifies to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that, in the reasonable opinion of the Issuer, neither Certificate Condition 15.2(g)(ii)(A) nor Certificate Condition 15.2(g)(ii)(B) are applicable and/or practicable in the context of the transaction constituted by the Transaction Documents, and sets out the rationale in the Modification Certificate for choosing the proposed Alternative Reference Rate; and
- (iii) the same Alternative Reference Rate will be applied to all Classes of Rated Notes; and
 - (iv) the details of and the rationale for any Note Rate Maintenance Adjustment (as defined below) proposed in accordance with item (v)(C) of the proviso to Certificate Conditions 15.2(a) to (g) are as set out in the notice to Noteholders given pursuant to sub-paragraph (v) below; and
 - (v) the modifications proposed are required solely for the purpose of applying the Alternative Reference Rate and making consequential modifications to the Conditions of the Notes or any Transaction Document which are, as reasonably determined by the Issuer necessary or advisable, and the modifications have been drafted solely to such effect; and
 - (vi) CHL has agreed to pay, or to put the Issuer in funds to pay, all fees, costs and expenses (including legal fees and any initial or ongoing costs associated with the Reference Rate Modification) incurred by the Issuer and the Trustee or any other Transaction Party in connection with the Reference Rate Modification

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (g) above being a "**Modification Certificate**"), **provided that:**

- (vii) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (viii) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (ix) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose ranking in any Priority of Payments is affected has been obtained and, prior to the LF Cancellation Date only, in the case of material amendments to the LFP Related Provisions, the Liquidity Facility Provider provide their consent to such material amendments;
- (x) either:

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- (A) the Issuer obtains from each of the Rating Agencies a written RAC (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) 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); or
 - (B) 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 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
- (xi) the Issuer certifies in writing to the Trustee (which certificate may be in the Modification Certificate and upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that the Issuer has provided at least 30 calendar days' notice to the Certificateholders of each Class of the proposed modification in accordance with Certificate Condition 20 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Certificates, and Certificateholders representing at least 10 per cent. of the number of Certificates then in issue have not contacted the Issuer or Principal Paying Agent in writing within such notification period notifying the Issuer or Principal Paying Agent that such Certificateholders do not consent to the modification. In the case of a Reference Rate Modification, the notice to Certificateholders given pursuant to this sub-paragraph (v) shall confirm:
- (A) the sub-paragraph(s) of Certificate Condition 15.2(g) under which the Reference Rate Modification is being proposed; and
 - (B) which Alternative Reference Rate is proposed to be adopted pursuant to Certificate Condition 15.2(g)(ii), and, where Certificate Condition 15.2(g)(ii)(C) is being applied, the rationale for choosing the proposed Alternative Reference Rate; and
 - (C) details of, and rationale for, the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Rated Notes which are the subject of the Reference Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Rate of Interest applicable to each such Class of Notes had no such Reference Rate Modification been effected; and
 - (D) details of (i) other amendments which the Issuer proposes to make (if any) to the Conditions of the Notes or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to this Certificate Condition 15.2 (*Additional Right of Modification*).

If Certificateholders representing at least 10 per cent. of the number of Certificates then in issue have notified the Issuer or Principal Paying Agent in writing a copy of which notification the Principal Paying Agent shall promptly provide to the Issuer and the Trustee 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 Certificates then in issue is passed in favour of such modification in accordance with Certificate Condition 14 (*Meetings of Certificateholders*).

Objections made in writing must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Certificateholders holding of the Certificates.

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- (g) Notwithstanding anything to the contrary in this Certificate Condition 15.2 (*Additional Right of Modification*) or any Transaction Document:
- (i) when implementing any modification pursuant to this Certificate Condition 15.2 (*Additional Right of Modification*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, Certificateholders, any other Secured Creditor or any other person and shall act and rely absolutely, and without enquiry or Liability, on any certificate (including any Modification Certificates) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Certificate Condition 15.2 (*Additional Right of Modification*) and shall not be liable to the Noteholders, Certificateholders, 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; and
 - (ii) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee in the Transaction Documents and/or these Certificate Conditions.
- (h) 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;
 - (iii) the Noteholders in accordance with Condition 22 (*Notices*); and
 - (iv) the Certificateholders in accordance with Certificate Condition 20 (*Notices*).
- (i) Following the making of a Reference Rate Modification, if it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Reference Rate which had already been adopted by the Issuer in respect of the Rated Notes pursuant to a Reference Rate Modification, the Issuer is entitled to propose a further Reference Rate Modification pursuant to this Certificate Condition 15.2 (*Additional Right of Modification*).
- 15.3 **Waiver:** In addition, the Trustee may, without the consent of the Noteholders, the Certificateholders or any other Secured Creditor authorise or waive any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Notes, the Certificates or any of the other Transaction Documents or determine that any Event of Default or Certificates Event of Default shall not be treated as such for the purposes of these Certificate Conditions, the Notes, the Certificates or any of the other Transaction Documents if, in the opinion of the Trustee, the holders of the Most Senior Class outstanding will not be materially prejudiced by such waiver.
- 15.4 **Restriction on power to waive:** The Trustee shall not exercise any powers conferred upon it by Certificate Condition 15.3 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class then outstanding (or, if there are no Notes outstanding, not less than 25 per cent. by number of the holders of the Certificates then in issue), but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of outstanding Notes and/or the holders of the Certificates then in issue (as the case may be) in accordance with Condition 16.5 (*Relationship between Classes*)

and Certificate Condition 14.4 (*Relationship between Noteholders and Certificateholders*) (as applicable) have, by Extraordinary Resolution, so authorised its exercise.

- 15.5 **Notification:** Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the Rating Agencies, the Certificateholders and the other Secured Creditors in accordance with the Certificate Condition 20 (*Notices*) and the Transaction Documents, as soon as practicable after it has been made.
- 15.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Certificate Condition 15.1 (*Modification*) or Certificate Condition 15.3 (*Waiver*) shall be binding on the Noteholders, the Certificateholders and the other Secured Creditors.
16. **Prescription**
- 16.1 **Certificate Payments:** Claims in respect of Certificate Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Certificate Condition 16, 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 Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Certificate Condition 20 (*Notices*).

17. **Replacement of the Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

18. **Trustee and Agents**

- 18.1 **Trustee's right to Indemnity:** Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders and the Certificateholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.
- 18.2 **Trustee not responsible for loss or for monitoring:** The Trustee is not responsible for any loss, expense or Liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee (as applicable). The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.
- 18.3 **Regard to Classes of Noteholders:** In the exercise of its powers and discretions under these Certificate Conditions and the Trust Deed, the Trustee will:
- (a) have regard to the general interests of the Certificateholders and will not be responsible for any consequence for individual Certificateholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
 - (b) in the event of a conflict of interests of holders of different Classes of Notes and Certificates, have regard only to the interests of the holders of the Most Senior Class and will not have regard to any lower ranking Class of Notes or (following the redemption in full of all Classes of Notes) the Certificates or to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

- 18.4 ***Paying Agents solely agents of Issuer:*** In acting under the Agency Agreement and in connection with the Notes and the Certificates, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or the Certificateholders.
- 18.5 ***Initial Paying Agents:*** The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.
19. **Substitution of Issuer**
- 19.1 ***Substitution of Issuer:*** The Trustee may, without the consent of the Noteholders, the Certificateholders or any other Secured Creditor, subject to such further conditions as are specified in the Trust Deed, concur with the Issuer to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Transaction Documents, the Notes, the Certificates and the Secured Amounts.
- 19.2 ***Notice of Substitution of Issuer:*** Not later than fourteen days after any substitution of the Issuer in accordance with this Certificate Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.
- 19.3 ***Change of Law:*** In the case of a substitution pursuant to this Certificate Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors to a change of the law governing the Notes, the Certificates and/or any of the Transaction Documents **provided that** such change would not, in the opinion of the Trustee, be materially prejudicial (i) to the extent there are Notes outstanding, to the interests of the holders of the Most Senior Class outstanding, and (ii) while there are no Notes outstanding, to the interests of the Certificateholders **provided that** the Rating Agencies are notified by the Issuer. For the avoidance of doubt, a Transaction Document cannot be amended without the agreement of all the parties thereto.
- 19.4 ***No indemnity:*** No Noteholder or Certificateholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders or Certificateholders.
20. **Notices**
- 20.1 ***Communications in writing:*** Any notice to the Certificateholders shall be delivered in writing, in the English language, personally or sent by first class post (and air mail if overseas) or by fax or by email to the party due to receive the notice at its address, fax number or email address and marked for the attention of the person or persons set out in Register in respect of the relevant Certificate.
- 20.2 ***Time of receipt:*** Unless there is evidence that it was received earlier, a notice marked for the attention of the person specified in accordance with Condition 20.1 (*Communications in writing*) is deemed given:
- (a) if delivered personally, when left at the relevant address referred to in the Register;
 - (b) if sent by post, except air mail, two Business Days after posting it;
 - (c) if sent by air mail, six Business Days after posting it;
 - (d) if sent by fax, on completion of its transmission; and
 - (e) if sent by email, two Business Days after sending it,
- provided that in each case where personal delivery or delivery by fax occurs after 6:00 p.m. on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9:00 a.m. on the next following Business Day.

- 20.3 **Other methods of notification:** The Trustee shall be at liberty to sanction any other method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and **provided that** notice of such other method is given to the Certificateholders in such manner as the Trustee shall deem appropriate.
21. **Governing Law and Jurisdiction**
- 21.1 **Governing law:** The Transaction Documents (other than the Scottish Trust Security, any Scottish Sub Securities, the Scottish Declaration of Trust and the Scottish Trust Transfer), the Notes, the Certificates and these Certificate Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law. The Scottish Trust Security, the Scottish Declaration of Trust, the Scottish Trust Transfer and any Scottish-Sub Securities are governed by and shall be construed in accordance with, Scots law.
- 21.2 **Jurisdiction:** The Courts of England and Wales are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Certificates and/or the Transaction Documents may be brought in such Courts. The Issuer has in each of the Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such Courts. Notwithstanding the above, the Trustee may take proceedings in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent proceedings in any number of jurisdictions.

UNITED KINGDOM TAXATION

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes and United Kingdom stamp tax in relation to the issue and transfer of the Notes. It is based on current law and the published practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. This summary does not deal with any taxation implications of an investment in the Certificates other than in relation to United Kingdom stamp tax on the issue and transfer of the Certificates. Noteholders and Certificateholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders and Certificateholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes or the Certificates are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders and Certificateholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes and the Certificates even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Interest on the Notes

Withholding tax on payments of interest on the Notes

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and they are officially listed, in accordance with provisions corresponding to those generally applicable in the European Economic Area. Euronext Dublin is a recognised stock exchange for these purposes, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be officially listed in Ireland in accordance with provisions corresponding to those generally applicable in the European Economic Area and admitted to trading on the regulated market of Euronext Dublin.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

- (a) Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.
- (b) Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- (c) The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
- (d) The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the issuer pursuant to Condition 21 (*Substitution of Issuer*) of the Notes,

Certificate Condition 19 (*Substitution of Issuer*) or otherwise and does not consider the tax consequences of any such substitution.

United Kingdom Stamp Taxes

Provided that the Notes do not carry and will not at any time carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital, no United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or on a transfer of, or agreement to transfer, any Notes.

No United Kingdom stamp duty reserve tax should be payable on the issue of any Certificate or agreements to transfer any Certificate. No United Kingdom stamp duty should be payable on the issue of any Certificate. United Kingdom stamp duty may be payable on any instrument transferring a Certificate or on any documentary agreement to transfer any interest in a Certificate. If such an instrument or agreement were created then stamp duty would be chargeable at the rate of 0.5 per cent. of the stampable consideration for the transfer or agreement to transfer.

ERISA CONSIDERATIONS FOR INVESTORS

ERISA imposes certain requirements on "employee benefit plans" within the meaning of Section 3(3) of ERISA that is subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. ERISA also imposes limits on transactions between ERISA Plans and their service providers or other "parties in interest".

Each fiduciary of an ERISA Plan should consider ERISA and the regulations and guidance thereunder when considering an investment in the Notes. Fiduciaries of ERISA Plans, as well as other "plans" and arrangements within the meaning of Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code (together with ERISA Plans, "**Plans**"), should consider, among other items, the issues described below when deciding whether to acquire the Notes

Fiduciary Duty of Investing ERISA Plans

Under ERISA, any person who exercises discretionary authority or control respecting the management or disposition of the assets of an ERISA Plan is generally considered to be a fiduciary of such ERISA Plan. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, which should be taken into account with regards to each ERISA Plan's particular facts and circumstances. In considering an investment of an ERISA Plan's assets in the Notes, the ERISA Plan's fiduciary should determine, particularly in light of the risks and limited liquidity inherent in an investment in the Note, whether the investment would (i) satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA, (ii) be in accordance with the documents and instruments governing the ERISA Plan pursuant to Section 404(a)(1)(D) of ERISA and (iii) be prudent with respect to the offering's structure and the nature of its proposed investments.

When evaluating the prudence of an acquisition of the Notes, the ERISA Plan fiduciary should consider the U.S. Department of Labor (the "**DOL**") regulation on investment duties, which can be found at 29 C.F.R. § 2550.404a-1.

In addition, ERISA requires the fiduciary of an ERISA Plan to maintain indicia of ownership of the ERISA Plan's assets within the jurisdiction of the U.S. Federal District Courts. Fiduciaries of ERISA Plans should also consider ERISA's rules relating to delegation of control, and whether an investment in the Notes might constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Administrators of ERISA Plans that invest in the Notes may be required to report compensation, including indirect compensation, paid in connection with the ERISA Plan's investment in the Notes on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Prospectus of fees and compensation, including the fees paid to the Transaction Parties, are intended to satisfy the disclosure requirement for "eligible indirect compensation", for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

Prohibited Transactions

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of Plans and certain persons and their affiliates (referred to as "parties in interest" or "disqualified persons" within the meaning of ERISA and Section 4975 of the Code respectively and collectively, "**Parties in Interest**") having certain relationships to such Plans, including the Plan's fiduciaries and other service providers.

Whether or not the underlying assets of the Issuer are deemed to include the assets of a Plan, an investment in the Notes by a Plan with respect to which any of the Transaction Parties is considered a Party in Interest may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless a statutory or administrative exemption is applicable to the transaction.

The Transaction Parties may be "parties in interest" or "disqualified persons" with respect to many Plans. A prohibited transaction may arise if the Notes are acquired or held by a Plan with respect to which a Transaction Party is a Party in Interest. The applicability of any exemption to the prohibited transaction rules will depend in part on the type of fiduciary making the decision to invest in the Notes and the

circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction), Prohibited Transaction Class Exemption ("PTCE") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Each fiduciary of a Plan that proposes to invest in the Notes should consider, among other things, whether such investment would involve (i) a direct or indirect extension of credit to a Party in Interest, (ii) a sale or exchange of any property between a Plan and a Party in Interest or (iii) a transfer to, or use by or for the benefit of, a Party in Interest of the Plan's assets. In this regard, there can be no assurance that any of these or other exemptions will be available with respect to any particular transaction involving an investment in the Notes. Most of the exemptions do not provide relief from some or all of the self-dealing prohibitions under Section 406 of ERISA or Section 4975 of the Code.

Each fiduciary of a Plan that has engaged in a prohibited transaction may be required to, among other potential actions, (i) restore to the Plan any profit realized on the transaction, (ii) reimburse the Plan for any losses suffered by the Plan as a result of the transaction or (iii) unwind the transaction. Under Section 4975 of the Code, a Party in Interest may be required to pay excise taxes based on the amount involved in the transaction (including a one hundred per cent. (100%) excise tax if the transaction is not corrected within a certain time period).

The Plan Asset Regulation

Under the DOL regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), when a Plan invests in an "**equity interest**" in an entity (which is defined as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features) that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation by "Benefit Plan Investors" is not "significant".

Under the Plan Asset Regulation, an "**operating company**" is defined as an entity that is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. Equity participation in any entity by "Benefit Plan Investors" is "significant" " under the Plan Asset Regulation if, immediately after the most recent acquisition of any equity interest in the entity, twenty-five per cent. (25%) or more of the value of any class of equity interests in the entity is held by "Benefit Plan Investors". For purposes of this calculation, the value of any Note held by (i) persons, other than "Benefit Plan Investors", that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (ii) any "affiliates" within the meaning of paragraph (f)(3) of the Plan Asset Regulation of the foregoing (i) persons are excluded (with respect to the Issuer's assets, a "**Controlling Person**"). A "**Benefit Plan Investor**" means (i) a Plan or (ii) a person or entity whose underlying assets include, or are deemed to include under the Plan Asset Regulation or otherwise for purposes of Title I of ERISA or Section 4975 of the Code, "plan assets" by reason of a Plan's investment in the person or entity. For these purposes, an "**affiliate**" of a person includes any person, directly or indirectly, through one or more intermediaries, "controlling", "controlled" by, or under common "control" with the person, and "**control**", with respect to a person other than an individual, means the power to exercise a controlling influence over the management or policies of such person. It must be true immediately after each acquisition, transfer or disposition of the Notes that less than twenty-five per cent. (25%) of the value of any class of equity interests in the entity is held by Benefit Plan Investors in order for the assets of the Issuer to not be treated as "plan assets".

While there is little pertinent authority in this area and no assurance can be given, the Issuer does not intend to treat the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes or the Class D Notes ("**ERISA-Eligible Securities**") as equity interests for the purposes of the Plan Asset Regulation as to which the look-through rule of the Plan Asset Regulation applies.

Similar Plans

"Governmental plans" within the meaning of Section 3(32) of ERISA, "church plans" within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code, non-U.S. plans described in Section 4(b)(4) of ERISA and other employee benefit plans that are not Benefit Plan Investors, while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code, may nevertheless be subject to any U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Law**"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for and the availability of any exemptive relief under any Similar Law.

Representations and Warranties

Any Notes or Certificates that are not ERISA-Eligible Securities may not be purchased or held by any Benefit Plan Investor, and each purchaser or subsequent transferee of such Notes or Certificates will be deemed by such purchase or acquisition to have represented, warranted and agreed that, for so long as it holds such Notes or Certificates or any interest therein, (a) it is not and will not be, and is not and will not be acting on behalf, of a Benefit Plan Investor or a plan that is subject to Similar Law, or (b) it is a plan subject to Similar Law and its acquisition, holding and transfer or other disposition of any such Notes or Certificates will not result in a violation of Similar Law.

Each purchaser or subsequent transferee of ERISA-Eligible Securities will be deemed by such purchase or acquisition to have represented, warranted and agreed that, for so long as it holds such Note or any interest therein, either (a) it is not and will not be, and is not and will not be acting on behalf of, a Benefit Plan Investor or (b) its acquisition, holding and transfer or other disposition of such Notes or any interest therein will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code or a violation of any Similar Law. In addition, each purchaser and transferee of any ERISA-Eligible Security or any interest therein that is a Benefit Plan Investor will be deemed to represent, warrant and agree that (x) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor or any fiduciary or other person investing on behalf of the Benefit Plan Investor, or who otherwise has discretion or control over the investment and management of "plan assets" (a "**Plan Fiduciary**"), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the ERISA-Eligible Security or any interest therein, (y) none of the Transaction Parties is acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the ERISA-Eligible Security or any interest therein and (z) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Whether or not the underlying assets of the Issuer are deemed to be "plan assets", an investment in the ERISA-Eligible Securities by a Benefit Plan Investor is subject to Title I of ERISA or Section 4975 of the Code. Accordingly, Plan Fiduciaries should consult their own counsel as to the consequences under ERISA and the Code of an investment in the ERISA-Eligible Securities. Fiduciaries of other plans, in consultation with their advisors, should consider the impact of their applicable Similar Laws on an investment in the Notes or Certificates and the considerations discussed above.

The sale of ERISA-Eligible Securities to a Plan is in no respect a representation by the Issuer, the Paying Agent, the Registrar or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

WITHHOLDING OF U.S. TAX ON ACCOUNT OF FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or a relevant IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthrough payment" in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Potential investors should consult their own tax advisers regarding how these rules may apply to any 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 to a holder of Notes as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

U.S. FEDERAL INCOME TAXATION

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below). This discussion only addresses a U.S. Holder that acquires a Note at original issuance for its issue price (defined below) and that will hold the Note as a capital asset. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation:

- (a) financial institutions;
- (b) insurance companies;
- (c) dealers or traders in stocks, securities, notional principal contracts or currencies;
- (d) tax-exempt entities;
- (e) regulated investment companies;
- (f) real estate investment trusts;
- (g) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- (h) entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- (i) certain former citizens or residents of the United States; and
- (j) investors that have a "functional currency" other than the U.S. dollar.

This discussion also does not address alternative minimum tax or net investment income tax consequences, or the indirect effects on the holders of equity interests in holders of Notes, nor does it describe state, local, non-U.S. or other U.S. tax laws (e.g. estate and gift tax).

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed U.S. Treasury regulations, published rulings and court decisions, all as of the date hereof and subject to change at any time, possibly with retroactive effect.

No rulings will be sought from the U.S. Internal Revenue Service (the "**IRS**") on any of the issues discussed in this section and there can be no assurance that the IRS or courts will agree with the conclusions expressed herein. Accordingly, prospective investors are encouraged to consult their own tax advisors as to the U.S. federal income tax consequences to the prospective investor of the purchase, ownership and disposition of the Notes to them, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.

As used in this section, the term "**U.S. Holder**" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- (a) an individual who is a citizen or resident of the United States;
- (b) an entity treated as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- (c) any estate the income of which is subject to U.S. federal income tax regardless of the source of its income;
or
- (d) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons, as defined in the Code, have the authority to control all substantial decisions of the trust.

If a holder of a Note is an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Entities or arrangements treated as partnerships owning a Note and partners in such partnerships

should consult their own tax advisors as to the particular U.S. federal income tax consequences of owning and disposing of a Note.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES INCLUDING THE APPLICABILITY OF STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Special Rules Applicable to Certain Accrual Method Taxpayers

Pursuant to recent legislation (which, in the case of Notes issued with original issue discount for U.S. federal income tax purposes, is effective for taxable years beginning after December 31, 2018), an accrual method taxpayer that reports revenues on an "applicable financial statement" generally must recognise income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in the applicable financial statements. This rule could potentially require such a taxpayer to recognise income for U.S. federal income tax purposes with respect to Notes prior to the time such income otherwise would be recognised pursuant to the rules described below. However, recently released proposed regulations generally would exclude, among other items, original issue discount (whether or not de minimis) from the applicability of this rule. Although the proposed regulations generally will not be effective until taxable years beginning after the date on which they are issued in final form, taxpayers generally are permitted to elect to rely on their provisions currently. U.S. Holders should consult their tax advisors regarding the potential applicability of these rules to their investment in the Notes.

Characterisation of the Notes

Upon issuance of the Rated Notes, Clifford Chance US LLP, based on certain assumptions including that the Rated Notes receive their expected ratings, will deliver an opinion to the effect that, although there is no authority regarding the treatment of instruments that are substantially similar to the Rated Notes, when issued, the Class A Notes, Class B Notes and Class C Notes will, and the Class D Notes should, be treated as debt for U.S. federal income tax purposes. This opinion is not binding on the IRS, and no assurance can be given that the characterisation of the Rated Notes as indebtedness will prevail if the issue were challenged by the IRS. The Issuer intends to treat all of the Rated Notes, including the Class E Notes, as indebtedness for U.S. federal income tax purposes. Each beneficial owner of a Rated Note, by acceptance of such Rated Note, will be deemed to agree to treat such Rated Note as indebtedness for U.S. federal income tax purposes. Prospective U.S. Holders of the Rated Notes should consult their own tax advisors as to the effect of a recharacterisation of the Rated Notes as equity interests in the Issuer, including the tax consequences of the Issuer being treated as a passive foreign investment company or a controlled foreign corporation for U.S. federal income tax purposes. Except as otherwise stated below, the remainder of this discussion assumes the Rated Notes will be treated as indebtedness for U.S. federal income tax purposes.

The Issuer has agreed, and by its acceptance of any Class Z Notes and NIM Notes (the "**Equity Notes**"), each beneficial owner of Equity Notes will be deemed to have agreed, to treat such Equity Notes as equity in the Issuer for U.S. federal income tax purposes. Prospective U.S. Holders of Equity Notes should consult their own tax advisors as to the proper characterisation of the Equity Notes in light of their particular circumstances. The balance of this discussion assumes that the Equity Notes will properly be characterised as equity in the Issuer.

Taxation of U.S. Holders of the Rated Notes

The following discussion only applies to Notes that are treated as debt for U.S. federal income tax and does not apply to the Equity Notes.

Qualified Stated Interest and Original Issue Discount

Qualified Stated Interest

U.S. Holders of Rated Notes generally will be required to include in gross income the U.S. dollar value of payments of "qualified stated interest" accrued or received on their Rated Notes, in accordance with their usual method of tax accounting, as ordinary interest income. The amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of

receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in a currency other than the U.S. dollar ("**Foreign Currency**") in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of a Note) denominated in a Foreign Currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

"Qualified stated interest" generally is stated interest that is unconditionally payable at least annually at a single fixed rate or certain floating rates. Interest is considered "unconditionally payable" if reasonable legal remedies exist to compel timely payment or terms and conditions of the debt instrument make the likelihood of late payment (other than late payment that occurs within a reasonable grace period) or non-payment (ignoring the possibility of non-payment due to default, insolvency or similar circumstances) a remote contingency. Interest payments on the Rated Notes other than the Class A Notes (the "**Deferrable Notes**") that are not made on a relevant Interest Payment Date will generally be deferred ("**Deferred Interest**") until the first Interest Payment Date thereafter on which funds are available to the Issuer to fund the payment of such Deferred Interest to the extent of such available funds (See "*Terms and Conditions of the Notes – Interest – Accrual of Interest*"). Although the IRS could take the position that no interest payments on some or all of the Deferrable Notes is qualified stated interest, the Issuer intends to report payments of stated interest on each of the Class A Notes and the Deferrable Notes as qualified stated interest. The remainder of this discussion assumes that the stated interest on the Class A Notes and the Deferrable Notes is properly treated as qualified stated interest. Potential investors should consult their own tax advisers as to the U.S. federal income tax consequences to them if the stated interest on the Deferrable Notes is not qualified stated interest.

Original Issue Discount

If a Rated Note is treated as issued with original issue discount ("**OID**"), a U.S. Holder must include a portion of the OID in gross income as foreign source interest in each taxable year or portion thereof in which the U.S. Holder holds the Rated Note, generally in advance of the cash payment in respect of the OID. The amount of a Rated Note's OID is the excess of the Rated Note's stated redemption price at maturity over its issue price. Notwithstanding the foregoing, a Rated Note will not be treated as issued with OID if such excess is less than 0.25 per cent. of the Rated Note's stated redemption price at maturity, or the weighted average maturity (as determined under applicable U.S. Treasury regulations) in the case of an instalment obligation, multiplied by the number of complete years to its maturity. Generally, the issue price of a Rated Note is the first price at which a substantial amount of the Rated Notes included in the issue of which such Rated Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. In general, the stated redemption price at maturity of a Rated Note is the total of all payments (including interest payments) provided by the Rated Notes that are not payments of qualified stated interest. If the discount on a Rated Note is less than the above threshold, such discount will be treated as *de minimis* OID and generally will be included in income on a *pro rata* basis as principal payments are made on the Rated Note. Prospective investors should consult their own tax advisers regarding the calculation of OID on the Rated Notes.

If a Rated Note is treated as having been issued with OID (a "**Discount Note**"), a U.S. Holder holding such Discount Note will be required to determine the accrual of OID under a method prescribed by Code Section 1272(a)(6) (the "**1272(a)(6) Method**"). Under the 1272(a)(6) Method, accruals of OID on a Discount Note will be calculated using an assumption as to the expected payments on the Discount Note. Adjustments are then made to the amount of discount accruing in each taxable year in which the actual prepayment rate differs from the prepayment assumption. The prepayment assumption is to be determined in a manner prescribed in U.S. Treasury

regulations; however, these regulations have not been issued. The legislative history states that it is intended that the prepayment assumption used to price a debt instrument will also be used to calculate the OID on such instrument. Prospective investors should consult their own tax advisors regarding the application of these rules and the impact of any prepayments under the Mortgage Loans.

As an alternative to the above treatments, U.S. Holders may elect to include in gross income all interest with respect to the Rated Notes, including stated interest, OID, *de minimis* OID and unstated interest using the method described above for OID. OID for each accrual period will be determined in the applicable Foreign Currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale, exchange or retirement of a Rated Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Solely for purposes of the OID rules, the Issuer will assume that the Notes will be retired no later than the FORD. Notwithstanding the preceding sentence, if the Notes are not retired on or before the FORD then the Issuer will treat such Notes as having been reissued on the date of the FORD, solely for purposes of applying the OID rules. If any Rated Notes are deemed retired and reissued, then such deemed reissued Notes may be treated as issued with OID (taking into account the effects of not exercising the call option, such as an increased coupon).

The OID rules are complex and U.S. Holders should consult their own tax advisers regarding the application of the OID rules in their particular circumstances.

Sale, Exchange or Retirement of the Rated Notes

Upon a sale, exchange or retirement of a Rated Note (other than if they are deemed retired and reissued solely for purposes of the OID rules as described above under “*Qualified Stated Interest and Original Issue Discount -- Original Issue Discount*”), a U.S. Holder generally will recognise gain or loss equal to the difference between the amount realised and the U.S. Holder's adjusted tax basis in the Rated Note. In general, a U.S. Holder of a Rated Note will have an adjusted tax basis in such Rated Note equal to the cost of the Rated Note to such U.S. Holder, increased by any amounts includible in income by the U.S. Holder as OID, and reduced by any payments thereon other than payments of qualified stated interest. The U.S. dollar cost of a Rated Note purchased with a Foreign Currency generally will be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Rated Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realised does not include amounts attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Such gain or loss generally will be long-term capital gain or loss if the U.S. Holder has held the Rated Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual U.S. Holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations. The amount realised on a sale, exchange or retirement for an amount in a Foreign Currency will be the U.S. dollar value of this amount on the date of sale, exchange or retirement, or the settlement date for the sale, in the case of Rated Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange or retirement of a Rated Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Rated Note (i) on the date of sale, exchange or retirement and (ii) the date on which the U.S. Holder acquired the Rated Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

Alternative Characterisation of the Rated Notes as Equity

The IRS could seek to recharacterise the Rated Notes as equity in the Issuer for U.S. federal income tax purposes. This recharacterisation is less likely for the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes than for the Class D Notes and the Class E Notes. If a class of Rated Notes were treated as equity, the U.S. federal income tax consequences to those U.S. Holders of such class of Rated Notes would be as described under “*Taxation of U.S. Holders of the Equity Notes*”, below.

In addition, if any of the Rated Notes, in particular the Class D Notes and the Class E Notes, are recharacterised as equity in the Issuer, gain on the sale of such Notes would be subject to the rules applicable to passive foreign investment companies described below. U.S. Holders of Class D Notes and Class E Notes may be able to mitigate the consequences of the passive foreign investment companies rules by filing a "protective" QEF election (as such term is defined below) with respect to their Class D Notes and Class E Notes. The Issuer will cause its independent accountants to provide U.S. Holders of Class D Notes and Class E Notes upon request by and at the expense of a U.S. Holder, with the information reasonably available to the Issuer that such U.S. Holder reasonably requests to permit such U.S. Holder to make a "protective" QEF election with respect to the Issuer. U.S. Holders of Class D Notes and Class E Notes should consult their tax advisors regarding the implications to them if their Rated Notes are treated as equity in the Issuer for U.S. federal income tax purposes and whether to make a "protective" QEF election with respect to their Class D Notes and Class E Notes.

Taxation of U.S. Holders of the Equity Notes

The following discussion only applies to the Equity Notes and does not apply to any Rated Notes treated as debt for U.S. federal income tax purposes.

Investment in a Passive Foreign Investment Company

In general, a non-U.S. corporation will be classified as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either, (i) 75 per cent. or more of its gross income in a taxable year is passive income, or (ii) at least 50 per cent. of the average value of its assets is attributable to assets that are held for the production of, or produce, passive income. Passive income generally includes interest and certain capital gains.

Based on the assets that the Issuer expects to hold and the income anticipated thereon, it is highly likely that the Issuer will be classified as a PFIC for U.S. federal income tax purposes for its current taxable year and in the foreseeable future, and the remainder of this discussion so assumes. U.S. Holders of Equity Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC (subject to the discussion under "*U.S. Shareholders of a Controlled Foreign Corporation*", below).

A U.S. Holder who holds Equity Notes during any taxable year in which the Issuer is a PFIC and has not elected to treat the Issuer as a "qualified electing fund" (as described below), generally will be subject to adverse tax treatment.

Gain recognized on a disposition of Equity Notes by a U.S. Holder will be allocated ratably over the U.S. Holder's holding period for the Equity Notes. The amount allocated to the taxable year of the disposition will be taxed as ordinary income. The amounts allocated to each other taxable year will be taxed at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge will be imposed on the resulting tax liability. Any loss recognised on the disposition of such Equity Notes will be capital loss and will be long-term capital loss if the U.S. Holder held the Equity Notes for more than one year. The deductibility of capital losses is subject to limitations. The total amount of gain or loss will equal the difference between the U.S. Holder's tax basis in the Equity Notes disposed of and the amount realised on the disposition, in each case as determined in U.S. dollars. Certain U.S. Holders may recognise foreign currency gain or loss as a result of fluctuations in the foreign exchange rate between the date of the sale of the Equity Notes and the settlement date.

To the extent that any distribution received by a U.S. Holder on its Equity Notes exceeds 125 per cent. of the average of the annual distributions received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, the distribution will be subject to taxation in the same manner as gains as described in the preceding paragraph.

A U.S. Holder may mitigate the PFIC consequences described above by making a "qualified electing fund" ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. A U.S. Holder who makes this election must annually include in income (i) as ordinary income, its *pro rata* share of the amount of the Issuer's ordinary earnings for the taxable year; and (ii) as long-term capital gain, its *pro rata* share of the amount of the Issuer's net capital gain for the taxable year. These amounts are translated into U.S. dollars using the average exchange rate for the taxable year of the Issuer.

Amounts distributed to a U.S. Holder of an Equity Note that are paid out of the Issuer's earnings and profits which were previously included in income by a U.S. Holder generally should not be subject to tax. This amount is

translated into U.S. dollars at the spot rate on the date of the distribution. To the extent the exchange rate has changed since these amounts were included in income by the U.S. Holder, the U.S. Holder generally should have ordinary income or loss. In general, a U.S. Holder of an Equity Note who has made a QEF election will recognise gain or loss upon the disposition of the Equity Note equal to the difference between the amount realised and such holder's adjusted tax basis in such Equity Note, both as determined in U.S. dollars. Initially, the tax basis of a U.S. Holder should equal the U.S. dollar amount paid for an Equity Note. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of a QEF election and decreased by any amounts not subject to tax at the time of distribution. Investors should consult their own tax advisors regarding the application of the foreign currency rules to their investment in the Equity Notes.

In order to make a QEF election, a U.S. Holder must receive certain information from the Issuer. The Issuer will cause its independent accountants to provide a U.S. Holder of Equity Notes, upon request by and at the expense of such U.S. Holder, with the information reasonably available to the Issuer that such U.S. Holder reasonably requests to permit such U.S. Holder to make a QEF election with respect to the Issuer.

If the Issuer is a PFIC and a U.S. Holder of an Equity Note has not made a QEF election, such U.S. Holder must file an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. If a U.S. Holder does not file an IRS Form 8621, the statute of limitations on the assessment and collection of U.S. federal income taxes of such U.S. Holder for the related tax year may not close before the date which is three years after the date on which such report is filed.

Prospective investors should consult their own tax advisors regarding the potential application of the PFIC rules to their investment in the Equity Notes.

U.S. Shareholders of a Controlled Foreign Corporation

Depending on the degree of ownership of the Equity Notes and other equity interests in the Issuer by U.S. Holders, the Issuer may be classified as a controlled foreign corporation ("**CFC**") for U.S. federal income tax purposes. In general, a foreign corporation is a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to combined voting power or value, are owned, directly or indirectly, by "U.S. shareholders". A U.S. shareholder for this purpose is any United States person, as defined in the Code, that owns, or is treated as owning under specified attribution rules, 10 per cent. or more of the combined voting power or value of all classes of shares of a foreign corporation. If more than 50 per cent. of the Equity Notes and other equity securities of the Issuer are owned directly, indirectly or constructively by such U.S. shareholders, the Issuer would be a CFC. Due to the application of certain constructive ownership rules (among other factors), it is possible that the Issuer may not have access to sufficient information to determine whether it is a CFC for any taxable year.

If the Issuer were treated as a CFC, a U.S. shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year from the Issuer in an amount equal to the U.S. shareholder's *pro rata* share of the Issuer's "subpart F income". These amounts are translated into U.S. dollars using the average exchange rate for the taxable year of the Issuer. Among other items, and subject to certain exceptions, "subpart F income" includes interest and gains from the sale of securities. It is likely that, if the Issuer were to constitute a CFC, substantially all of its income would be subpart F income.

In addition, distributions of previously taxed amounts included as dividends by a U.S. shareholder generally will not be treated as income to the U.S. shareholder when distributed. Instead, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions. Investors should consult their own tax advisors regarding the application of these foreign currency rules to their investment in the Equity Notes.

In general, if the Issuer were a CFC, a U.S. shareholder will recognise gain or loss upon the disposition of the Equity Note equal to the difference between the amount realised and such holder's adjusted tax basis in such Equity Note, both as determined in U.S. dollars. Initially, the tax basis of a U.S. shareholder should equal the U.S. dollar amount paid for the Equity Note. Such basis will be increased by amounts taxable to such U.S. shareholder by virtue of the CFC rules, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital.

If the Issuer were treated as a CFC, any gain realised by a U.S. shareholder upon the disposition of Equity Notes would be treated as ordinary income to the extent of such U.S. shareholder's *pro rata* share of current and accumulated earnings and profits of the Issuer. In this respect, earnings and profits would not include any amounts

previously taxed to the U.S. shareholder pursuant to the CFC rules. Any gain in excess of those current and accumulated earnings and profits generally will be long-term capital gain or loss if the U.S. shareholder held the Equity Notes for more than one year at the time of the disposition. In certain circumstances, U.S. shareholders who are individuals may be entitled to preferential treatment for net long-term capital gains, but the deductibility of capital losses is subject to limitations.

If the Issuer were a CFC, for the period during which a U.S. Holder of Equity Notes is a U.S. shareholder of the Issuer, such holder generally would be taxable on the Issuer's subpart F income under rules described in the preceding paragraphs and not under the PFIC rules previously described. A U.S. Holder that is a U.S. shareholder of the Issuer subject to the CFC rules for only a portion of the time during which it holds Equity Notes should consult its own tax advisor regarding the interaction of the PFIC and CFC rules.

U.S. shareholders are also subject to additional U.S. tax form filing requirements. U.S. Holders that might be subject to these rules should consult their own tax advisers about the application to their particular circumstances.

Distributions on the Equity Notes

Subject to the PFIC rules and the CFC rules above, distributions (including deemed distributions on preferred stock described below) generally will be treated as dividends for U.S. federal income tax purposes to the extent they are made out of the Issuer's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted basis in the Equity Notes and thereafter as gain from the sale or other disposition of the Equity Notes. Because the Issuer is not expected to calculate its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. holders as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Issuer. Dividends generally will not be eligible for the dividends received deduction generally available to U.S. corporations under the Code. In light of the discussion in "*Investments in a Passive Foreign Investment Company*" above, non-corporate U.S. Holders should expect that dividends will not constitute "qualified dividend income" eligible for preferential tax rates. Distributions paid in a Foreign Currency generally will be translated into U.S. dollars by reference to the exchange rate in effect on the day the distribution is received by the U.S. Holder, regardless of whether the distribution is converted to U.S. dollars at that time.

The Equity Notes may be considered "preferred stock" for U.S. federal income tax purposes. "**Preferred stock**" generally refers to stock (including debt securities treated as stock for U.S. federal income tax purposes) which, in relation to other classes of stock outstanding, enjoys certain limited rights and privileges (generally associated with specified dividend and liquidation priorities) and does not participate in corporate growth to any significant extent. Subject to the discussion of the PFIC rules and CFC rules above, if any of the Equity Notes are treated as preferred stock and the issue price of an Equity Note is less than its principal amount, the difference (the "**Redemption Premium**") generally is treated as a constructive distribution (or series of constructive distributions) of additional stock on preferred stock to the U.S. Holder that is taken into account under principles similar to the OID rules discussed above under "*Taxation of the U.S. Holders of Rated Notes – Qualified Stated Interest and Original Issue Discount*." However, this general rule does not apply if the Redemption Premium does not exceed a *de minimis* amount, as determined under the OID rules discussed above under "*Taxation of the U.S. Holders of Rated Notes – Qualified Stated Interest and Original Issue Discount*." U.S. Holders should consult their own tax advisers regarding the application of the preferred stock OID rules to their investment in the Equity Notes.

Back-up Withholding and Information Reporting or Other Reporting Requirements

Payments of principal, and interest on, and the proceeds of sale or other disposition of Notes, as well as dividends and other proceeds with respect to Equity Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

In general, U.S. Holders that acquire Notes for cash may be required to file IRS Form 926 and to supply certain additional information to the IRS if (i) such U.S. Holder owns (directly or indirectly) immediately after the

transfer, at least 10 per cent. by vote or value of the Issuer or (ii) the transfer when aggregated with all related transfers under applicable U.S. Treasury regulations exceeds \$100,000. In addition, a U.S. Holder of Equity Notes that owns (actually or constructively) at least 10 per cent. by vote or value of the Issuer may be required to file an information return on IRS Form 5471. A U.S. Holder of Equity Notes generally is required to provide additional information regarding the Issuer annually on IRS Form 5471 if it owns (actually or constructively) more than 50 per cent. (by vote or value) of the equity of the Issuer.

Prospective investors in the Equity Notes should consult with their own tax advisers regarding whether they are required to file IRS Form 8886 in respect of this transaction. Such filing generally will be required if such investors file U.S. federal income tax returns or U.S. federal information returns and recognise losses in excess of a specified threshold. Such filing will also generally be required by a U.S. Holder of the Equity Notes if the Issuer both participates in certain types of transactions that are treated as "reportable transactions", such as a transaction in which its loss exceeds a specified threshold, and either (x) such U.S. Holders owns 10 per cent. or more of the aggregate amount of the Equity Notes and makes a QEF election with respect to the Issuer or (y) the Issuer is treated as a CFC and such U.S. Holder is a U.S. shareholder of the Issuer. If the Issuer does participate in a reportable transaction, it will make reasonable efforts to make such information available.

The penalty for failing to properly comply with these reporting requirements can be very significant and be materially adverse to an investor. U.S. Holders should consult their own tax advisers regarding any filing requirements that may be applicable to their acquisition, ownership and disposition of the Notes.

SUBSCRIPTION AND SALE

The Joint Lead Managers and the Retention Holder (or a wholly owned subsidiary (or subsidiaries in respect of the EU Retention Notes only) incorporated in England and Wales or The Netherlands (as applicable)) have, pursuant to a subscription agreement dated 10 October 2019 amongst the Retention Holder, the Arranger, the Bookrunner, the Joint Lead Managers and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to procure subscriptions and payments for or subscribe and pay for on the Closing Date:

- (a) In the case of the Joint Lead Managers:
 - (i) £1,182,909,000 of the Class A1 Notes at the issue price of 99.556 per cent. of the aggregate principal amount of the Class A1 Notes;
- (b) in the case of the Retention Holder (or a wholly-owned affiliate):
 - (i) £62,259,000 of the Class A1 Notes at the issue price of 99.556 per cent. of the aggregate principal amount of the Class A1 Notes;
 - (ii) £39,816,000 of the Class A2 Notes at the issue price of 99.508 per cent. of the aggregate principal amount of the Class A2 Notes;
 - (iii) £50,676,000 of the Class B Notes at the issue price of 98.547 per cent. of the aggregate principal amount of the Class B Notes;
 - (iv) £25,338,000 of the Class C Notes at the issue price of 98.697 per cent. of the aggregate principal amount of the Class C Notes;
 - (v) £21,718,000 of the Class D Notes at the issue price of 98.991 per cent. of the aggregate principal amount of the Class D Notes;
 - (vi) £14,479,000 of the Class E Notes at the issue price of 98.995 per cent. of the aggregate principal amount of the Class E Notes;
 - (vii) £50,676,000 of the Class Z Notes at the issue price of 73.630 per cent. of the aggregate principal amount of the Class Z Notes; and
 - (viii) £5,000,000 of the Class XA Notes at the issue price of 100.000 per cent. of the aggregate principal amount of the Class XA Notes.

The Issuer will also issue the Certificates in the form of Regulation S Definitive Certificates to a nominee of the Sellers on the Closing Date.

The Issuer has agreed to indemnify the Retention Holder, the Joint Lead Managers, the Arranger and the Bookrunner against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC will subscribe for the Rule 144A Global Notes on a several but not joint basis. Each of Merrill Lynch International and Wells Fargo Securities International Limited will subscribe for the Notes offered pursuant to Regulation S on a joint and several basis.

Subject to any terms and conditions set forth in the Subscription Agreement, the Retention Holder (or a wholly-owned affiliate thereof) may retain any portions of Notes in which it has agreed to subscribe (other than the U.S. Required Risk Retention Interest), or may sell them on (or following) the Closing Date pursuant to separate placement agreements entered into with one or more of the Joint Lead Managers.

Any offers and sales of Notes will be made in negotiated transactions or otherwise at varying prices to be determined at the relevant time of sale. As a result, the purchase price paid by an investor in a portion of the Notes may be higher or lower than the price paid by a different investor in the same Class sold in this offering.

Other than admission of the Notes to the official list of Euronext Dublin and admission to trading on its regulated market, no action has been taken by the Issuer, the Arranger, the Bookrunner, the Joint Lead Managers, CHL, the Co-Sponsor, the Sellers or the Retention Holder, which would or has been intended to permit a public offering of the Notes or Certificates, or possession or distribution of this Prospectus or other offering material relating to the Notes and Certificates, in any country or jurisdiction where action for that purpose is required.

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 or Certificates in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Offers and Sales

The Notes and the Certificates (including interests therein represented by a Global Note, a Definitive Note, a Book-Entry Interest or a Definitive Certificate) have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below. Neither the Issuer nor any other person is required to register or qualify the Notes or the Certificates or to provide registration rights to any investor therein. The Notes and the Certificates are initially being offered and sold to U.S. Persons who are QIBs (each for itself or for the account or benefit of other QIBs) pursuant to Rule 144A and outside the United States to persons other than U.S. Persons pursuant to Regulation S.

The Notes and the Certificates may not be reoffered, resold, pledged or otherwise transferred except, subject to the restrictions on transfer described herein, (A)(i) to a person whom the transferor reasonably believes is a QIB in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act, or (ii) to a non-U.S. Person in accordance with Rule 903 or 904 of Regulation S, and (B) in accordance with all applicable securities laws of any state of the United States or other applicable jurisdiction. Prospective purchasers are hereby notified that sellers of the Notes and Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act.

Ownership of interests in Regulation S Global Notes will be limited to persons who have accounts with Euroclear or Clearstream, Luxembourg, or persons who hold interests through Euroclear or Clearstream, Luxembourg, and any sale or transfer of such interests to U.S. Persons shall not be permitted unless such resale or transfer is made pursuant to Rule 144A as described in "*Description of the Notes in Global Form – Transfers and Transfer Restrictions*". Any offers, sales or deliveries of Notes or Certificates to U.S. Persons by an investor holding such Notes or Certificates in the form of Regulation S Global Note or Regulation S Definitive Certificate may, except as described in "*Description of the Notes in Global Form – Transfers and Transfer Restrictions*", constitute a violation of U.S. law.

Subject to the restrictions applicable to all sales of Notes or Certificates, there is no restriction on the Issuer, the Seller or any of their respective affiliates from purchasing any Notes or Certificates.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes and the Certificates (which term for the purposes of this section will be deemed to include any interests in the Notes or Certificates, as applicable, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) it understands that the Notes or Certificates, as applicable, are only being offered in a transaction that does not require registration under the Securities Act and the Notes and Certificates have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and accordingly, may not be reoffered, resold, pledged or otherwise transferred to, for the account or benefit of, U.S. Persons except in accordance with the restrictions described below;
- (b) (i) in the case of the Rule 144A Global Notes and the Rule 144A Definitive Certificates, it is a QIB and is acquiring such Notes or Certificates, as applicable, for its own account or as a fiduciary or agent for others (which others must also be QIBs) for investment purposes and not for distribution in violation of the Securities Act, it is able to bear the economic risk of an investment in such Notes or Certificates, as applicable, and has such knowledge and experience in financial and business

matters as to be capable of evaluating the merits and risks of purchasing the Notes or Certificates, as applicable, and it is aware, and each beneficial owner of such Notes or Certificates, as applicable, has been advised, that the sale of such Notes or Certificates, as applicable, is being made in reliance on Rule 144A; or (ii) in the case of the Regulation S Global Note or a Regulation S Definitive Certificate, it is not a U.S. Person (within the meaning of Regulation S) and is acquiring such Notes or Certificates, as applicable, in an "offshore transaction" (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;

- (c) it understands that the Issuer has not been registered under the Investment Company Act;
- (d) if it decides to resell or otherwise transfer Rule 144A Global Notes or the Rule 144A Definitive Certificates, as applicable, then it agrees that it will resell or transfer such Notes or Certificates, as applicable, only: (A) to the Issuer; (B) so long as such Notes or Certificates, as applicable, are eligible for resale pursuant to Rule 144A or another exemption from registration under the Securities Act, to a person whom it reasonably believes is a QIB acquiring the Rule 144A Global Notes or the Rule 144A Definitive Certificates, as applicable, for its own account, or as a fiduciary or agent for others (which others must also be QIBs), to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A or another available exemption from the registration requirements of the Securities Act; or (C) to a non-U.S. Person acquiring the Notes or Certificates, as applicable, in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with all applicable securities laws of any state of the United States or other jurisdiction, **provided**, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (e) it will, and will require each subsequent holder to, notify any purchaser of the Notes or Certificates, as applicable, from it of the resale restrictions referred to in paragraph (d) above, if then applicable;
- (f) each purchaser and subsequent transferee of any ERISA-Eligible Security will be deemed by such purchase or acquisition to have represented, warranted and agreed that, for so long as it holds such a Note or any interest therein that either (A) it is not and will not be, and is not and will not be acting on behalf of, a Benefit Plan Investor or a plan subject to Similar Law or (B) its acquisition, holding and transfer or other disposition of any such Note or any interest therein will not result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code or a violation of any Similar Law;
- (g) each purchaser and subsequent transferee of any Notes or Certificates (or any interest therein) that are not an ERISA-Eligible Security will be deemed by such purchase or acquisition of any such Note or Certificate (or any interest therein), as applicable, to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Note or Certificate (or any interest therein), as applicable, through and including the date on which the purchaser or transferee disposes of such Note or Certificate (or any interest therein), as applicable, that it is not and will not be a Benefit Plan Investor or a plan subject to Similar Law and that in purchasing and holding such Note or Certificate (or any interest therein), as applicable, it is not and will not be acting on behalf of a Benefit Plan Investor or a plan subject to Similar Law or its acquisition, holding and transfer or other disposition of such Notes or Certificates (or any interest therein), as applicable will not result in a violation of Similar Law;
- (h) each purchaser and transferee of any ERISA-Eligible Security or any interest therein that is a Benefit Plan Investor will be deemed to represent, warrant and agree that (A) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor or Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the ERISA-Eligible Security or any interest therein, (B) none of the Transaction Parties is acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the ERISA-Eligible Security or any interest therein and (C) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction;
- (i) it understands that the Notes and Certificates offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes or Rule 144A Definitive Certificates, as applicable. Before any

interest in the Rule 144A Global Note or Rule 144A Definitive Certificates, as applicable, may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note or Regulation S Definitive Certificates, as applicable, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;

- (j) each purchaser also understands that the Notes or the Certificates, as applicable, offered in reliance on Regulation S will be represented by the Regulation S Global Notes or Regulation S Definitive Certificates, as applicable. Before any interest in the Regulation S Global Note or Regulation S Definitive Certificates, as applicable may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note or Regulation S Definitive Certificates, as applicable, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws; and
- (k) it understands that the Issuer, the Registrar, the Arranger, the Bookrunner and the Co-Sponsor and their affiliates and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained in this section. If it is acquiring any Notes or Certificates for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

United Kingdom

Each of the Arranger, the Bookrunner, the Joint Lead Managers, the Seller and the Issuer has represented and agreed 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.

Each of the Arranger, the Bookrunner, the Joint Lead Managers, the Seller and the Issuer has acknowledged that, save for having obtained the approval of the Central Bank of Ireland of this Prospectus as a prospectus in accordance with the requirement of the Prospectus Regulation and implementing measures in Ireland, having applied for the admission of the Notes to the official list of Euronext Dublin and admission to trading on its regulated market, no further action has been or will be taken in any jurisdiction by the Arranger, the Bookrunner, the Joint Lead Managers, the Seller, the Co-Sponsors or the Issuer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

United States

Each of the Arranger, the Bookrunner and the Joint Lead Managers have acknowledged that any Notes or Certificates that are not ERISA-Eligible Securities are not designed for, and may not be purchased or held by, any Benefit Plan Investor and each purchaser of such Notes or Certificates will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Notes or Certificates will not be, a Benefit Plan Investor.

Each of the Arranger, the Bookrunner and the Joint Lead Managers have acknowledged, in the Subscription Agreement, that the Notes and the Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and therefore may not be offered or sold, directly or indirectly, to, or for the account or benefit of, U.S. Persons except, with respect to the Rule 144A Global Notes only, to persons that are QIBs (each for its own account or the account or benefit of other QIBs) in reliance on Rule 144A in accordance with any applicable laws of any state within the United States or any other jurisdiction, or federal securities laws. In addition, the Notes cannot be resold

in the United States, or outside of the United States to U.S. Persons, except in accordance with the applicable transfer restrictions described herein.

Each of the Arranger, the Bookrunner and the Joint Lead Managers have agreed that with respect to the relevant Regulation S Global Notes for which it has subscribed it will only offer or sell the Regulation S Global Notes during the 40 days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**") in accordance with Rule 903 or 904 of Regulation S and otherwise to QIBs in reliance on Rule 144A or another available exemption.

The Arranger, the Bookrunner and each Joint Lead Manager has further agreed that it will have sent to each affiliate or person receiving a selling commission, fee or other remuneration that purchases Regulation S Global Notes from it 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 to substantially the following effect:

"The securities covered hereby 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 or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except to QIBs in accordance with Rule 144A or another available exemption from or in a transaction not subject to the registration requirements of the Securities Act.

In addition, until 40 days after the completion of the distribution of the Notes, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering), except in accordance with Regulation S or Rule 144A (if available) or pursuant to an exemption from or in a transaction not subject to registration under the Securities Act, may violate the registration requirements of the Securities Act."

In addition, an offer or sale of the Notes within the United States by the Arranger, the Bookrunner or any Joint Lead Managers (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than to QIBs in compliance with Rule 144A or pursuant to another exemption from the registration requirements under the Securities Act.

Accordingly, the Arranger, the Bookrunner and the Joint Lead Managers have agreed that with respect to the relevant Rule 144A Global Notes for which it has subscribed, it will directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of Notes only to QIBs in reliance on Rule 144A and each purchaser of Notes is hereby notified that the Arranger, the Bookrunner, the Co-Sponsors and the Joint Lead Managers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Rule 144A Global Notes is £250,000.

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Issuer, the Arranger, the Bookrunner and the Joint Lead Managers and the Co-Sponsors reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. Person, other than any QIB to whom an offer has been made directly by the Arranger, the Bookrunner, a Joint Lead Manager and the Co-Sponsors or, in each case, its U.S. broker-dealer affiliate. Distribution of this Prospectus to any U.S. Person, other than a QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorised and prohibited, and any disclosure without the prior written consent of the Issuer of any of its contents to any U.S. Person, other than a QIB and those persons, if any, retained to advise such QIB, is prohibited.

Each of the Arranger, the Bookrunner, the Joint Lead Managers and the Co-Sponsors have acknowledged that Regulation S Global Note may not be purchased or held by any Benefit Plan Investor and each

purchaser of any such Note will be deemed to have represented, warranted and agreed, for so long as it holds such Note that it is not and will not be, such a Benefit Plan Investor.

Ireland

Each of the Arranger, the Bookrunner, the Joint Lead Managers, the Seller and the Issuer has represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (as amended), including, without limitation, Parts 7 and 152 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2012 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1998;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Regulation (EU) 2017/1129 and any rules issued under Section 51 of the Irish 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 in respect of the Notes, otherwise than in conformity with the provisions of the Irish 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 EEA which has implemented the Prospectus Regulation (each, a "**Relevant Member State**"), each of the Arranger, the Bookrunner, the Issuer, the Joint Lead Managers and the Seller has represented and agreed that with effect from and including the date on which the Prospectus Regulation 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 Regulation;
- (b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, 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 Regulation,

provided that no such offer of Notes will require the Issuer and the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 16 of the Prospectus Regulation.

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 Regulation in that Member State.

Prohibition of Sales to EEA Retail Investors

The Joint Lead Managers have each 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:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) from the date of application of the PRIIPs Regulation, a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) from the date of application of the PRIIPs Regulation, a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended, the "**FIEA**") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement. A transferor of the Notes shall not transfer or resell the Notes except where the transferor transfers or resells all the Notes *en bloc* to one transferee.

General

Other than admission of the Notes to the official list of Euronext Dublin, no action has been taken by the Arranger, the Bookrunner, the Joint Lead Managers, the Seller, the Co-Sponsors and the Issuer 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 Arranger, the Bookrunner, the Joint Lead Managers, the Seller and the Issuer has undertaken that it will not, directly or indirectly, offer or sell any Notes or Certificates or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes or the Certificates in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Legends on Global Notes and Definitive Certificates

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Regulation S Global Note and Regulation S Definitive Certificate (*mutatis mutandis*) will bear a legend substantially as set forth below:

NEITHER THIS [NOTE][CERTIFICATE] NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "**INVESTMENT COMPANY**" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

ANY TRANSFER OF THIS [NOTE][CERTIFICATE] MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")). EACH HOLDER OR SUBSEQUENT HOLDER OF THIS [NOTE] [CERTIFICATE] WILL BE DEEMED TO HAVE

MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE TRUST DEED. ANY PURPORTED TRANSFER OF THIS [NOTE][CERTIFICATE] THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS [NOTE][CERTIFICATE] SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE [COMMON SAFEKEEPER][COMMON DEPOSITORY] OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [NOTE][CERTIFICATE] SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

[INSERT FOR NON ERISA ELIGIBLE [NOTES][CERTIFICATES]]

BY ITS ACQUISITION AND HOLDING OF THIS [NOTE][CERTIFICATE] EACH HOLDER OF THIS [NOTE][CERTIFICATE] OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT, FOR SO LONG AS IT HOLDS THIS [NOTE][CERTIFICATE] OR ANY INTEREST THEREIN, EITHER (A) IT IS NOT AND WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, (I) AN "**EMPLOYEE BENEFIT PLAN**" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "**PLAN**" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF THE FOREGOING EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (COLLECTIVELY, THE "**BENEFIT PLAN INVESTORS**") OR (IV) A "GOVERNMENTAL PLAN" WITHIN THE MEANING OF SECTION 3(32) OF ERISA, A "CHURCH PLAN" WITHIN THE MEANING OF SECTION 3(33) OF ERISA THAT HAS MADE NO ELECTION UNDER SECTION 410(d) OF THE CODE, A NON-U.S. PLAN DESCRIBED IN SECTION 4(b)(4) OF ERISA OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR (B) IT IS A PLAN SUBJECT TO SIMILAR LAW AND ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [NOTE][CERTIFICATE] OR ANY INTEREST HEREIN DOES NOT AND WILL NOT VIOLATE ANY APPLICABLE SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS [NOTE][CERTIFICATE] THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

[INSERT FOR ERISA ELIGIBLE NOTES]

EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST THEREIN, BY ITS ACQUISITION OF SUCH NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT, FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST THEREIN, EITHER (A) IT IS NOT AND WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, (I) AN "**EMPLOYEE BENEFIT PLAN**" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "**PLAN**" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF THE FOREGOING EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (COLLECTIVELY, THE "**BENEFIT PLAN INVESTORS**") OR (IV) A "GOVERNMENTAL PLAN" WITHIN THE MEANING OF SECTION 3(32) OF ERISA, A "CHURCH PLAN" WITHIN THE MEANING OF SECTION 3(33) OF ERISA THAT HAS MADE NO ELECTION UNDER SECTION 410(d) OF THE CODE, A NON-U.S. PLAN DESCRIBED IN SECTION 4(b)(4) OF ERISA OR AN EMPLOYEE BENEFIT PLAN THAT

IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER TITLE I OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.

EACH BENEFIT PLAN INVESTOR THAT PURCHASES THIS NOTE, INCLUDING ANY FIDUCIARY PURCHASING THIS NOTE ON BEHALF OF A BENEFIT PLAN INVESTOR OR WHO REPRESENTS THE BENEFIT PLAN INVESTOR WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF THE NOTES OR ANY INTEREST THEREIN THAT: (1) NONE OF ISSUER, THE PAYING AGENT, THE REGISTRAR OR THEIR RESPECTIVE AFFILIATES (EACH, A "**TRANSACTION PARTY**") HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR, OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF "PLAN ASSETS" (A "**PLAN FIDUCIARY**"), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO INVEST IN THE NOTES OR ANY INTEREST THEREIN, (2) NONE OF THE TRANSACTION PARTIES IS ACTING AS A "FIDUCIARY", AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(e)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S INVESTMENT IN THE NOTES OR ANY INTEREST THEREIN AND (3) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Rule 144A Global Note and each Rule 144A Definitive Certificate (*mutatis mutandis*) will bear a legend substantially as set forth below:

NEITHER THIS [NOTE][CERTIFICATE] NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "**INVESTMENT COMPANY**" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THE HOLDER OF THIS [NOTE][CERTIFICATE] AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS [NOTE][CERTIFICATE] MAY BE (A) OFFERED AND SOLD ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, A "**QIB**"), IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, AND (B) RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB, ACTING FOR THEIR OWN ACCOUNT, OR FOR THE ACCOUNT OR BENEFIT OF ONE OR MORE QIBS, IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR JURISDICTION OF THE UNITED STATES. EACH HOLDER OR SUBSEQUENT HOLDER OF THIS [NOTE] [CERTIFICATE] WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE TRUST DEED. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS [NOTE][CERTIFICATE] FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. ANY PURPORTED TRANSFER OF THIS [NOTE][CERTIFICATE] THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS [NOTE][CERTIFICATE] SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO SUCH NOMINEES OR TO A SUCCESSOR THEREOF OR SUCH

SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [NOTE][CERTIFICATE] SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THE [NOTES][CERTIFICATES] MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. TERMS WHICH ARE USED IN THIS LEGEND AND NOT OTHERWISE DEFINED HEREIN, HAVE THE MEANINGS GIVEN TO THEM UNDER SUCH RULE.

[INSERT FOR NON ERISA ELIGIBLE [NOTES][CERTIFICATES]]

BY ITS ACQUISITION AND HOLDING OF THIS [NOTE][CERTIFICATE] EACH HOLDER OF THIS [NOTE][CERTIFICATE] OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT, FOR SO LONG AS IT HOLDS THIS [NOTE][CERTIFICATE] OR ANY INTEREST THEREIN, (A) IT IS NOT AND WILL NOT BE, AND IS NOT AND WILL NOT BE ACTING ON BEHALF OF, (I) AN "**EMPLOYEE BENEFIT PLAN**" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "**PLAN**" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF THE FOREGOING EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (COLLECTIVELY, THE "**BENEFIT PLAN INVESTORS**") OR (IV) A "GOVERNMENTAL PLAN" WITHIN THE MEANING OF SECTION 3(32) OF ERISA, A "CHURCH PLAN" WITHIN THE MEANING OF SECTION 3(33) OF ERISA THAT HAS MADE NO ELECTION UNDER SECTION 410(d) OF THE CODE, A NON-U.S. PLAN DESCRIBED IN SECTION 4(b)(4) OF ERISA OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [NOTE][CERTIFICATE] OR ANY INTEREST HEREIN DOES NOT AND WILL NOT VIOLATE ANY APPLICABLE SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS [NOTE][CERTIFICATE] THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

[INSERT FOR ERISA ELIGIBLE NOTES]

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Because of the foregoing restrictions, purchasers of Notes or the Certificates, as applicable, are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

LISTING AND GENERAL INFORMATION

- (a) 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 its regulated market will be granted on or about 17 October 2019. The Certificates will not be listed.
- (b) This Prospectus is valid for a period of twelve months from the date of approval. The obligation to prepare a supplement to this Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply when the Prospectus is no longer valid. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the closing of the offer period or the time when trading of such securities on a regulated market begins, whichever occurs later.
- (c) 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 is aware), since the date of their respective incorporation 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).
- (d) The auditors for the Issuer are KPMG LLP which is a member of the Institute of Chartered Accountants in England and Wales. So long as the Notes are admitted to trading on Euronext Dublin's regulated market, the most recently published audited annual accounts of the Issuer from time to time shall be filed with Euronext Dublin and shall be available at the Specified Office of the Principal Paying Agent in London.
- (e) For so long as the Notes are admitted to the official list of Euronext Dublin, the Issuer shall maintain a Paying Agent in the United Kingdom.
- (f) The financial year end of the Issuer is 31 December. The first statutory accounts of the Issuer will be prepared for the period ending 31 December 2020.
- (g) The Issuer does not publish interim accounts.
- (h) Since 3 September 2019 (being the date of incorporation), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.
- (i) Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
- (j) The issue of the Notes and the Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on or about 8 October 2019.
- (k) The following Notes and Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Codes:

<u>Class</u>	<u>Regulation S ISIN</u>	<u>Regulation S Common Code</u>	<u>Rule 144A ISIN</u>	<u>Rule 144A Common Code</u>
Notes				
A1	XS2053911181	205391118	XS2053911264	205391126
A2	XS2062950311	206295031	XS2062950584	206295058
B	XS2053911348	205391134	XS2053911421	205391142
C	XS2053911850	205391185	XS2053911934	205391193
D	XS2053912155	205391215	XS2053912239	205391223
E	XS2053912312	205391231	XS2053913393	205391339
Z	XS2053913716	205391371	XS2053913807	205391380
XA	XS2053913989	205391398	XS2053914011	205391401

- (l) From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin's regulated market: (A) copies of the Transaction Documents may be inspected online at

www.euroabs.com; and (B) the Memorandum and Articles of Association of the Issuer may be inspected in physical form at the offices of the Issuer at Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ, in each case for the life of the transaction set out herein:

- (i) the Memorandum and Articles of Association of the Issuer; and
- (ii) copies of each of the Transaction Documents.

Upon reasonable request, the Principal Paying Agent will allow copies of such documents to be taken.

- (m) In accordance with the Cash Management Agreement, the Cash Manager will (with the assistance of the Servicer and the Issuer) prepare and publish an Investor Report on a monthly basis in respect of the Mortgage Portfolio and the Notes containing, *inter alia*, certain aggregated loan data in relation to the Mortgage Portfolio in respect of the relevant Collection Period and information in relation to the Notes including, but not limited to, the ratings of the Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments, required counterparty information and the Retention Holder's holding of the Notes and Certificates and confirmation of the Retention Holder's compliance with Article 6 of the EU Securitisation Regulation as confirmed in each case to the Cash Manager by the Seller or the Issuer. The monthly Investor Reports will be published by the Servicer on the website of EuroABS (in its capacity as a Securitisation Repository) at www.euroabs.com and by the Cash Manager on the Cash Manager's website at www.chlmortgages.co.uk. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. In addition, loan level information will be provided on a quarterly basis and published by the Servicer on the website of EuroABS (in its capacity as a Securitisation Repository) at www.euroabs.com. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes, the Certificates or the Mortgage Loans. The first Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a monthly basis.
- (n) The Issuer confirms that the Mortgage Loans backing the issue of the Notes and the Certificates 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 and the Certificates. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
- (o) Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the official list of Euronext Dublin or to trading on the regulated market of Euronext Dublin.
- (p) The total expenses to be paid in relation to admission of the Notes to the official list of Euronext Dublin and trading on the regulated market of Euronext Dublin are estimated to be approximately €14,000.
- (q) A liability cash flow model relating to the Transaction will be made available on the website of EuroABS at www.euroabs.com on or around the date on which the first Investor Report is to be published.
- (r) The Issuer will:
 - (i) make available (or procure the availability of) the Transaction Documents required by Article 7(1)(b) of the EU Securitisation Regulation;
 - (ii) publish (or procure the publication of) details of any inside information as required by and in accordance with Article 7(1)(f) of the EU Securitisation Regulation and any significant event information required by and in accordance with Article 7(1)(g) of the EU Securitisation Regulation; and
 - (iii) The information set out in paragraphs (i) and (ii) above shall (subject to the same being provided to the Cash Manager in a form acceptable to it) be published by the Cash Manager at www.chlmortgages.com and by the Servicer on the website of EuroABS at

www.euroabs.com (in its capacity as a Securitisation Repository). For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus.

- (s) The Issuer's LEI code is 635400HPLEYAA7LW8Q98.
- (t) Any website referred to in this document does not form part of the Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

GLOSSARY

"Account Bank Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Legal Title Holder, the Sellers, the Cash Manager, the Issuer Account Bank and the Trustee.
"Accrued Interest"	means as at any date of determination on or after the Closing Date and in relation to any Mortgage Loan, interest on such Mortgage Loan (not being interest which is currently payable on such date of determination) which has accrued (but is not yet due and payable) from and including the Monthly Payment Date immediately prior to such date of determination to and including that date of determination.
"Additional Interest"	means the interest which accrues on Deferred Required Interest pursuant to Condition 8 (<i>Interest</i>).
"Adjustable Rate Mortgage Loans"	means any Mortgage Loan as of the Provisional Cut-off Date that does not have a fixed rate of interest as its index.
"Affected Investor"	means each of EU-regulated credit institutions, EU-regulated investment firms, certain alternative investment fund managers, EU regulated insurers or reinsurers, certain investment companies authorized in accordance with Directive 2009/65/EC, managing companies as defined in Directive 2009/65/EC, institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions subject thereto.
"Agency Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Agents and the Trustee.
"Agents"	means the Agent Bank, the Paying Agents and the Registrar (or any successors duly appointed) and " Agent " means any one of them.
"Aggregate Expense Compensation Fee"	means on each Interest Payment Date, the aggregate of the following for the 3 immediately preceding Collection Periods, being the product of (i) $\frac{1}{12}$ th of the Aggregate Expense Fee Rate and (ii) the Capital Balance of the Mortgage Loans as at opening of business on the first day of the related Collection Period (or in respect of the First Interest Payment Date, the Closing Date).
"Aggregate Expense Fee Rate"	means 0.30 per cent. per annum.
"AIFMD"	means the Alternative Investment Fund Managers Directive (Directive 2011/61/EU).
"AIFMR"	means Regulation (European Union) No 231/2013.
"Ancillary Rights"	means in relation to a Right, all ancillary rights, accretions and supplements to such Right, including any guarantees or indemnities in respect of such Right.
"Applicable Reference Rate"	means in respect of the Notes, Compounded Daily SONIA or such other alternative reference rate from time to time.
"Applicable Servicer Fee Cap"	means, in relation to the Servicer and the Back-Up Servicer, (A) the Servicer Fee Cap multiplied by (B) the SFC Relevant Percentage of that party.

"Appointee"	means any delegate, agent, nominee, custodian, attorney or manager appointed or employed by the Trustee pursuant to the provisions of the Trust Documents and other Transaction Documents.
"Arrears of Interest"	means as at any date of determination on or after the Closing Date and in relation to any Mortgage Loan, the aggregate of all interest (other than Capitalised Arrears or Accrued Interest) on such Mortgage Loan which is currently due, payable and unpaid on that date.
"AU10 Mortgage Loans"	means the English Mortgage Loans beneficially owned by Towd Point Mortgage Funding 2016 – Auburn 10 plc immediately prior to their sale to the Issuer by the relevant Seller.
"AU10 Mortgage Portfolio"	means the portfolio of AU10 Mortgage Loans, their Related Security and all moneys derived therefrom purchased or to be purchased by the Issuer from the relevant Seller on the Closing Date.
"Authorised Investments"	<p>means:</p> <ul style="list-style-type: none"> (a) Sterling gilt-edged securities; and (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper), <p>provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and either:</p> <ul style="list-style-type: none"> (i) such investments (A) have a maturity date of 60 days or less and mature before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 60 days, whichever is sooner, and (C) are rated at least A-1 by S&P and AA- or F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating); or (ii) such investments (A) have a maturity date of 90 days or less and mature before the next following Interest Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 90 days, whichever is sooner, and (C) are rated at least A-1+ by S&P and AA- or F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating), <p>and provided further that, for the avoidance of doubt, where such investments would be in a money market fund or would result in the recharacterisation of the Notes or any transaction as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 2(4) and 2(10), respectively, of the EU Securitisation Regulation (as amended and/or supplemented</p>

from time to time), such investments shall not qualify as "**Authorised Investments**".

"Authorised Underpayment" means a monthly payment by a Borrower which is less than the Monthly Payment that would, but for such underpayment, be required for that month which, in respect of a Flexible Mortgage Loan is funded by, and does not exceed the amount of any, Overpayments previously made by the Borrower in respect of such Flexible Mortgage Loan or is otherwise permitted by the Legal Title Holder in accordance with the relevant Mortgage Conditions which does not constitute an Unauthorised Underpayment.

"Availability Period" means the period from and including the Closing Date to and including the date which is the earliest of:

- (a) the date falling 364 days after the Closing Date, subject to any extension made under the terms of the Liquidity Facility Agreement;
- (b) the Class A Redemption Date;
- (c) the Final Maturity Date; and
- (d) the date on which the Commitment is cancelled in full.

"Available Principal Receipts" means for any Interest Payment Date (without double counting):

- (a) Principal Receipts on the Mortgage Loans (excluding any PTSB Principal Receipts) received during the three immediately preceding Collection Periods;
- (b) amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (4) and/or (5) and/or (7) and/or (9) and/or (11) and/or (13) and/or (15) of the Pre-Enforcement Revenue Priority of Payments and item (5) and (6) of the Pre-Enforcement Expenses Priority of Payments on such Interest Payment Date;
- (c) any amount to be applied as Available Principal Receipts in accordance with Condition 8.13(c)(i) (*Determinations and Reconciliations*); and
- (d) on and from the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, amounts standing to the credit of the Excess Cashflow Reserve Fund (after applying the Excess Cashflow Reserve Fund in accordance with paragraph (e) of Available Revenue Receipts);

less:

- (e) the amount of Principal Receipts used during the three immediately preceding Collection Periods to fund the purchase of any Flexible Drawings but in an aggregate amount not exceeding such Principal Receipts.

"Available Revenue Receipts"

means for any Interest Payment Date (without double counting):

- (a) Revenue Receipts on the Mortgage Loans (excluding any PTSB Revenue Receipts) received during the three immediately preceding Collection Periods or, if any of the immediately preceding three Collection Periods is a Determination Period, Calculated Revenue Receipts (excluding in each case an amount to be applied as Available Principal Receipts in accordance with Condition 8.13(c)(i) (*Determinations and Reconciliations*) on the relevant Interest Payment Date);
- (b) interest payable to the Issuer on the Deposit Account (including in respect of any Liquidity Standby Drawings credited to the Deposit Account) and income from any Authorised Investments received during the three immediately preceding Collection Periods;
- (c) (A) prior to the LF Cancellation Date, any Liquidity Drawing (where for the avoidance of doubt, "Liquidity Drawing" does not include any Liquidity Standby Drawing) and (B) on and from the Liquidity Facility Replacement Date, the Class A Liquidity Reserve Fund Actual Amount, but only to the extent necessary (after applying all other Available Revenue Receipts and any Principal Addition Amounts to do so (assuming for the purpose of this paragraph (c) that this paragraph (c) had not applied)) to make payments in the Pre-Enforcement Revenue Priority of Payments to the extent there is a shortfall to meet items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt. If the LF Cancellation Date has not yet occurred the Class A Liquidity Reserve Fund Actual Amount will be applied first before any Liquidity Drawing is made;
- (d) Principal Addition Amounts to be applied as Available Revenue Receipts (prior to the application of Liquidity Drawings and the Class A Liquidity Reserve Fund Actual Amount in accordance with paragraph (c) above and amounts standing to the credit of the Excess Cashflow Reserve Fund in accordance with paragraph (e) below, but following the application of amounts standing to (i) the credit of the Class B Liquidity Reserve Fund where the Class B Notes are the Most Senior Class and (ii) the credit of the Class C Liquidity Reserve Fund where the Class C Notes are the Most Senior Class) to pay a PAA Deficit;
- (e) amounts standing to the credit of the Excess Cashflow Reserve Fund up to (and including) the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, but only to the extent necessary (after applying all other Available Revenue Receipts, all amounts standing to the credit of the Class B Liquidity Reserve Fund in respect of the Class B Notes, all amounts standing to the credit of the Class C Liquidity Reserve Fund in respect of the Class C Notes and any Principal Addition Amounts to do so (assuming for the purpose of this paragraph (e) that paragraph (f) had not

applied)) to pay items (6), (8), (10) and (12) of the Pre-Enforcement Revenue Priority of Payments;

- (f) any amount applied as Available Revenue Receipts in accordance with Condition 8.13(c)(ii) (*Determinations and Reconciliations*);
- (g) other net income of the Issuer received during the three immediately preceding Collection Periods (other than any Principal Receipts);
- (h) (on and from the Class A Redemption Date), the amount by which the Expense Reserve Fund exceeds the amounts required to satisfy items (1) to (9) of the Pre-Enforcement Expenses Priority of Payments;
- (i) any Excess Liquidity Amounts;
- (j) amounts standing to the credit of the Class B Liquidity Reserve Fund up to (and including) the earlier of the Class B Redemption Date and the Final Maturity Date, to pay item (6) of the Pre-Enforcement Revenue Priority of Payments;
- (k) amount standing to the credit of the Class C Liquidity Reserve Fund up to (and including) the earlier of the Class C Redemption Date and the Final Maturity Date, to pay item (8) of the Pre-Enforcement Revenue Priority of Payments;
- (l) any Excess Class B Liquidity Amounts; and
- (m) any Excess Class C Liquidity Amounts;

less:

- (n) Permitted Withdrawals.

"Back-Up Servicing Agreement"

means the agreement so named dated on or about the Closing Date between the Back-Up Servicer, the Back-Up Servicer Facilitator, the Servicer, each Seller, the Legal Title Holder, the Issuer and the Trustee pursuant to which the Back-Up Servicer will be appointed as back-up servicer in relation to the Mortgage Loans or any agreement entered into between the Issuer, the Trustee and any replacement Back-Up Servicer.

"Back-Up Servicer Fee"

means the fee payable by the Issuer to the Back-Up Servicer pursuant to the Back-Up Servicing Agreement.

"Bank of England Base Rate" or "BBR"

means the rate set of the Bank of England.

"Basel III"

means the Basel III reform package approved by the Basel Committee on Banking Supervision.

"BofA Merrill Lynch"

means Merrill Lynch International acting in its capacity as Arranger, Joint Lead Manager and Bookrunner.

"Benchmarks Regulation"

means the EU Benchmarks Regulation (Regulation (EU) 2016/1011).

"Benefit"	<p>in respect of any asset, agreement, property or right (each a "Right" for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:</p> <ul style="list-style-type: none"> (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right; (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account; (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights; (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach.
"Benefit Plan Investors"	(f) means investors in employee benefit plans under or investment in the person or entity under the Code.
"Borrower"	means, in relation to a Mortgage Loan, the individual or individuals, or a corporate specified as such in the relevant Mortgage Conditions together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or part of it.
"Breach of Duty"	means in relation to any person (other than the Trustee, the Issuer Account Bank, the Back- Up Cash Manager and the Agents), a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and in relation to the Trustee, the Issuer Account Bank, the Back-Up Cash Manager and each Agent means a wilful default, fraud or gross negligence by the Trustee, the Issuer Account Bank, the Back-Up Cash Manager or the relevant Agent (as the case may be).
"Buildings Insurance Policies"	means all buildings insurance policies relating to Properties taken out (a) in the name of the relevant Borrower and (b) in the name of the landlord in the case of leasehold Properties where the relevant landlord is responsible for insuring the Property and each a "Buildings Insurance Policy" .

"Business Day"	means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.
"BUS Original Amount"	means any amounts due and payable to the Back-Up Servicer (including any Transfer Costs which the Servicer has failed to pay) and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer or any such amount to become due and payable to the Back-Up Servicer in the immediately succeeding Interest Period under the provisions of the Back-Up Servicing Agreement.
"Buy to Let Mortgage Loans"	means mortgage loans originated by CHL which are intended for individual or corporate Borrowers who may be either (i) Self-Certified Borrowers or (ii) Full Status Borrowers and where for both the loan size is calculated based on verification of the sustainable gross monthly rental income (as assessed by a valuer from the originator's panel of approved valuers) of the Borrower, which must be at least 115 per cent. of the gross monthly interest charge, and who wish to use the Mortgage Loan as a means to purchase or re-mortgage residential property for the purpose of letting to third parties.
"Calculated Principal Receipts"	means, in respect of any Determination Period, the product of (i) 1 minus the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period.
"Calculated Revenue Receipts"	means, in respect of any Determination Period, as the product of (i) the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period.
"Calculation Date"	means, in relation to an Interest Payment Date, the third Business Day prior to such Interest Payment Date.
"Capital Balance"	means in respect of a Mortgage Loan at any date the principal balance of that Mortgage Loan.
"Capitalised Arrears"	means, in relation to a Mortgage Loan, on any date, amounts (excluding Arrears of Interest or amounts comprising Capitalised Expenses) which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of such Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.
"Capitalised Expenses"	means for any Mortgage Loan at any date, expenses which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of that Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.
"Capped Rate Mortgage Loans"	means the Mortgage Loans subject to a maximum rate of interest, being the lesser of the Legal Title Holder's SVR or a specified capped rate.
"Cash Management Agreement"	means the agreement so named entered into on or about the Closing Date between the Cash Manager, the Issuer, the Legal Title Holder, the Servicer and the Trustee and/or any successor or replacement cash management agreement entered into by the Issuer from time to time.
"CCA"	means Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time).
"Certificate Conditions"	means, in relation to the Certificates, the terms and conditions to be endorsed on the Certificates in, or substantially in, the form set out in Schedule 12 (<i>Terms and Conditions of the Certificates</i>) to the Trust

	Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Certificate Condition shall be construed accordingly.
"Certificate of Title"	means a solicitor's or licensed conveyancer's report or certificate of title obtained by or on behalf of CHL in respect of each Property substantially in the form of the <i>pro-forma</i> set out in the Standard Documentation.
"Certificate Payment"	means the XB Payment.
"Certificate Payment Amount"	means, for a Class of Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Certificate Payment in respect of the relevant Class for that date, divided by the number of Certificates of the relevant Class then in issue.
"Certificateholders"	means the persons who for the time being are the holders of the Certificates.
"Certificates"	means the Class XB Certificates.
"Certificates Event of Default"	means any one of the events specified in Certificate Condition 11 (<i>Certificates Events of Default</i>).
"Charged Accounts"	means the Issuer Accounts and any bank or other account in which the Issuer may at any time acquire a Benefit and over which the Issuer has created an Encumbrance in favour of the Trustee pursuant to the Deed of Charge.
"Charged Property"	means all the property of the Issuer which is subject to the Security.
"Charges"	means the security granted (by way of deposit) by the Borrowers, in favour of the Legal Title Holder, in respect of any Life Policies for the payment of the Mortgage Loans.
"Class"	means a respective class of Notes or Certificates.
"Class A1 Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class A1 Notes.
"Class A2 Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class A2 Notes.
"Class A Liquidity Reserve Fund"	means a fund which comprises any Class A Liquidity Reserve Fund Actual Amounts.
"Class A Liquidity Reserve Fund Actual Amount"	means: <ul style="list-style-type: none"> (a) on any Interest Payment Date up to but excluding the Liquidity Facility Replacement Date, the amount available to be credited to the Class A Liquidity Reserve Fund on that date in accordance with item (7) of the Pre-Enforcement Expenses Priority of Payments; and (b) on and from the Liquidity Facility Replacement Date, the lesser of (A) the Liquidity Reserve Target; and (B) the amount available to be credited to the Class A Liquidity Reserve Fund on that date in accordance with (x) first, item (7) of the Pre-

	Enforcement Expenses Priority of Payments, (y) second, item (14) of the Pre-Enforcement Revenue Priority of Payment; and (z) third, (disregarding for these purposes any Class A Liquidity Reserve Fund Actual Amount applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments.
"Class A Liquidity Reserve Fund Ledger"	means the ledger so named to be set up by the Cash Manager on the Deposit Account in accordance with the terms of the Cash Management Agreement.
"Class A Redemption Date"	means the later of the Class A1 Redemption Date and the Class A2 Redemption Date.
"Class A1 Noteholders"	means the persons who for the time being are the holders of the Class A1 Notes.
"Class A2 PDL Trigger Event"	means the credit of an amount to the Class A2 Principal Deficiency Sub-Ledger.
"Class A1 Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A1 Notes.
"Class A1 Redemption Date"	means the date on which the Class A1 Notes are redeemed in full.
"Class A2 Noteholders"	means the persons who for the time being are the holders of the Class A2 Notes.
"Class A2 Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A2 Notes.
"Class A2 Redemption Date"	means the date on which the Class A2 Notes are redeemed in full.
"Class B Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class B Notes.
"Class B Liquidity Reserve Fund"	means a fund which comprises the Class B Liquidity Reserve Fund Required Amount.
"Class B Liquidity Reserve Fund Ledger"	means the ledger so named to be set up by the Cash Manager on the Deposit Account in accordance with the terms of the Cash Management Agreement.
"Class B Liquidity Reserve Fund Required Amount"	means: <ul style="list-style-type: none"> (a) on the Closing Date, an amount equal to 1.75 per cent. of the Principal Amount Outstanding of the Class B Notes as at the Closing Date; (b) in respect of each Interest Payment Date following the Closing Date up to (but excluding) the Class B Redemption Date, an amount equal to 1.75 per cent. of the Principal Amount Outstanding of the Class B Notes as at the immediately preceding Interest Payment Date; and (c) thereafter, zero.
"Class B Noteholders"	means the persons who for the time being are the holders of the Class B Notes.

"Class B Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes.
"Class B Redemption Date"	means the date on which the Class B Notes are redeemed in full.
"Class C Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class C Notes.
"Class C Liquidity Reserve Fund"	means a fund which comprises the Class C Liquidity Reserve Fund Required Amount.
"Class C Liquidity Reserve Fund Ledger"	means the ledger so named to be set up by the Cash Manager on the Deposit Account in accordance with the terms of the Cash Management Agreement.
"Class C Liquidity Reserve Fund Required Amount"	means: <ul style="list-style-type: none"> (a) on the Closing Date, an amount equal to 2.00 per cent. of the Principal Amount Outstanding of the Class C Notes as at the Closing Date; (b) in respect of each Interest Payment Date following the Closing Date up to (but excluding) the Class C Redemption Date, an amount equal to 2.00 per cent. of the Principal Amount Outstanding of the Class C Notes as at the immediately preceding Interest Payment Date; and (c) thereafter, zero.
"Class C Noteholders"	means the persons who for the time being are the holders of the Class C Notes.
"Class C Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class C Notes.
"Class C Redemption Date"	means the date on which the Class C Notes are redeemed in full.
"Class D Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class D Notes.
"Class D Noteholders"	means the persons who for the time being are the holders of the Class D Notes.
"Class D Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class D Notes.
"Class E Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class E Notes.
"Class E Noteholders"	means the persons who for the time being are the holders of the Class E Notes.
"Class E Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class E Notes.
"Class XA Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class XA Notes.

"Class XA Noteholders"	means the persons who for the time being are holders of the Class XA Notes.
"Class Z Global Note"	means the Rule 144A or Regulation S global note (as the context may require) in fully registered form without interest coupons or principal receipts attached, representing the Class Z Notes.
"Class Z Noteholders"	means the persons who for the time being are holders of the Class Z Notes.
"Class Z Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes.
"Clearing System Business Day"	means a day on which each Clearing System for which the Notes are being held is open for business.
"Clearing Systems"	means Clearstream, Luxembourg and Euroclear.
"Closing Date"	means 17 October 2019 or such other date as the Issuer, the Arranger, the Bookrunner, the Co-Sponsors, the Joint Lead Managers and the Sellers may agree.
"CMA"	means the Competition and Market Authority of the United Kingdom.
"CML's Lenders' Handbook"	means the CML's Lenders' Handbook for England and Wales, the CML Lenders' Handbook for Northern Ireland or the CML's Lenders' Handbook for Scotland as the case may be.
"Code"	means the U.S. Internal Revenue Code of 1986, as amended.
"Collection Account"	means an account in the name of the Legal Title Holder held with the Collection Account Bank into which collections are paid by Borrowers from time to time.
"Collection Account Agreement"	means the agreement so named dated on or about the Closing Date between the Legal Title Holder, the Issuer, the Servicer, the Trustee, each Seller and the Collection Account Bank in respect of the Collection Account.
"Collection Account Bank Rating"	means: <ul style="list-style-type: none"> (a) in the case of S&P, a long-term, unsecured, unsubordinated and unguaranteed debt rating of BBB+; and (b) in the case of Fitch, a short-term issuer default rating of at least F2 or a long-term issuer default rating of at least BBB+, or such other lower rating which is consistent with the then current rating methodology of the relevant Rating Agency in respect of the then current ratings of the Rated Notes.
"Collection Account Declaration of Trust"	means the deed entered into on or about the Closing Date, between (<i>inter alios</i>) the Issuer, the Legal Title Holder and the Collection Account Bank whereby the Legal Title Holder declared a trust over the Collection Account (including all amounts standing to the credit of the Collection Account) in favour of the Issuer.
"Collection Account Trust"	means the trust declared by the Legal Title Holder over the Collection Account in favour of amongst others, the Issuer.
"Collection Period"	means each period from (and including) the first day in a calendar month (or, in the case of the first Collection Period, from (but

excluding) the Cut-off Date) to (and including) the last day of that same calendar month (or in the case of the first Collection Period, the last day of October 2019).

"Commitment"

means the commitment of the Liquidity Facility Provider to the extent not cancelled, transferred or reduced under the Liquidity Facility Agreement, on the date of the Liquidity Facility Agreement and on each Interest Payment Date thereafter an amount equal to the Liquidity Facility Required Amount.

"Compounded Daily SONIA"

means the rate of return of a daily compound interest investment (with the daily SONIA Reference Rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank on the related Interest Determination Date, as follows, and the resulting percentage will be rounded upwards, if necessary, to five decimal places:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"d" means the number of calendar days in the relevant Interest Period;

"d₀" means the number of Business Days in the relevant Interest Period;

"i" means a series of whole numbers from 1 to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"n_i" means, for any day i, means the number of calendar days from and including such day i up to but excluding the following Business Day; and

"SONIA_{i-5LBD}" means, in respect of any Business Day falling in the relevant Interest Period, the Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day i.

"SONIA Reference Rate" means, in respect of any Business Day, a reference rate equal to the daily SONIA rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the relevant Screen or, if the relevant Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

"CONC"

means the Consumer Credit Sourcebook of the United Kingdom.

"Conditions"

means, in relation to the Notes, the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in Schedule 11 (*Terms and Conditions of the Notes*) to the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly.

"Consumer Buy-to-Let Mortgage Loan"

means a mortgage loan regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime as defined by the Mortgage Credit Directive Order 2015.

"Contingency Policies"

means the certain contingency policies of insurance effected by CHL with various insurance companies.

"Controlling Person"	means a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of an entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any "affiliate" of such a person (as defined in the Plan Asset Regulation)).
"Corporate Services Agreement"	means the agreement so named dated on or about the Closing Date between, amongst others, the Corporate Services Provider, the Issuer and the Sellers.
"Coupons"	means the interest coupons related to the Notes in definitive form.
"CPR"	means on any Calculation Date, the annualised principal prepayment rate of all the Loans during the previous three Collection Periods calculated as follows: $1 - (1 - R^4)$ <p>where</p> <p>R = (expressed as a percentage) (i) the total principal prepayments received by the Issuer during the immediately preceding three Collection Periods <i>divided by</i> (ii) (x) the aggregate Current Balance of the Mortgage Loans <i>less</i> (y) the aggregate Current Balance of any defaulted Mortgage Loans and the amount of any scheduled Principal Receipts as at the first day of first of the three Collection Periods.</p>
"CRA Regulation"	Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
"CRD IV"	means the CRR together with the CRD, published in the Official Journal of the European Union on 27 June 2013.
"CRR"	means the Capital Requirements Regulation (EU) No. 575/2013 as amended by the CRR Amending Regulation.
"CRR Amending Regulation"	means Regulation (EU) 2017/2401.
"Current Balance"	means, for each Mortgage Loan, at any given date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Mortgage Loan as at such date (but avoiding double counting) including: <ul style="list-style-type: none"> (a) the original principal amount advanced to the relevant Borrower (including any Further Advance or Flexible Drawing) advanced on or before the given date due to the relevant Borrower and secured or intended to be secured by the related Mortgage; (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or capitalised in accordance with the Legal Title Holder's normal charging practices and any applicable regulatory obligation (including, without limitation, any Capitalised Arrears and Capitalised Expenses) and added to the amounts secured or intended to be secured by the related Mortgage; and (c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or

accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or in accordance with the Legal Title Holder's normal charging practices and any applicable regulatory obligations but which is secured or intended to be secured by the related Mortgage,

as at the end of the Business Day immediately preceding that given date, minus any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any Flexible Drawings or Further Advances committed to be made but not made by the end of the Business Day immediately preceding that given date.

"Current Interest"	means, with respect to any Class of Notes and any Interest Payment Date, the amount equal to (A) the product of (i) the actual number of days in the relevant Interest Period; (ii) the applicable Note Rate in relation to such Class of Notes for such Interest Payment Date; and (iii) the Principal Amount Outstanding of such Class of Notes immediately prior to such Interest Payment Date; divided by (B) 365.
"Cut-off Date"	means 30 September 2019.
"Data Tape"	means the loan level collateral file as of the Portfolio Reference Date.
"Day Count Fraction"	means, in respect of an Interest Period, the actual number of days in such period divided by 365.
"Deed of Charge"	means the deed so named entered into on or about the Closing Date between, amongst others, the Issuer and the Trustee.
"Deed Poll"	means the deed poll dated the Closing Date executed by the Issuer in favour of the Mortgage Portfolio Purchase Option Holders and the Market Sale Option Holder from time to time.
"Deferred Required Interest"	shall mean any interest deferred pursuant to Condition 8.12(a) (<i>Subordination by Deferral – Interest</i>).
"Definitive Certificate"	means any individual note certificate issued to a Certificateholder in respect of its holding of the Certificates in, or substantially in, the form set out in the Trust Deed.
"Definitive Note"	means any individual note certificate issued to a Noteholder in respect of its holding of the Notes in, or substantially in, the form set out in the Trust Deed.
"Deposit Account"	means the account in the name of the Issuer held at the Issuer Account Bank, or such additional or replacement bank account at such other account bank and/or other banks as may for the time being be in place with the prior consent of the Trustee and designated as such.
"Determination Period"	means a Collection Period in respect of which the Cash Manager does not receive a Servicer Report.
"Direct Debit"	means a written instruction of a Borrower authorising its bank to honour a request of the Originator or the Legal Title Holder, as applicable, to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Legal Title Holder or Originator, as applicable.

"Direct Debit Liability Amount"	means (i) any amount credited to the Collection Account (including under the Direct Debiting Scheme) which has not been received as cleared funds or has otherwise been recalled and (ii) any amounts required to satisfy any of the obligations and/or liabilities incurred by the Collection Account Bank under the Direct Debiting Scheme in respect of direct debit indemnity claims, where any such amount has not been paid to the Collection Account Bank pursuant to the Collection Account Declaration of Trust.
"Direct Debiting Scheme"	means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.
"Downgrade Event"	occurs if, at any time, the Liquidity Facility Provider fails to maintain any of the LF Provider Ratings.
"Drawings Date"	means the date that the Flexible Drawing is made by the Legal Title Holder or the Servicer to the relevant Borrower.
"EEA"	means the European Economic Area.
"Electronic Consent"	means consent given by way of electronic consents communicated through the electronic communications system of the relevant clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant clearing system(s).
"Eligible Product"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " in this Prospectus.
"Encumbrance"	means: <ul style="list-style-type: none"> (a) a mortgage, standard security, assignation in security, charge, pledge, lien or other encumbrance securing any obligation of any person; (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.
"Enforcement Notice"	means a notice delivered by the Trustee to the Issuer in accordance with Condition 13 (<i>Events of Default</i>) and/or Certificate Condition 11 (<i>Certificates Events of Default</i>) which declares the Notes or, as applicable, the Certificates to be immediately due and payable.
"English Mortgage Loan"	means a residential mortgage loan in relation to Properties located in England and Wales, secured by a Mortgage and its Related Security, sold or to be sold to the Issuer on the Closing pursuant to the Mortgage Sale Agreements including, where the context so requires, any Further Advance or Flexible Drawing made by the Legal Title Holder to a Borrower prior to the Closing Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Flexible Drawing sold or to be sold (as applicable) to the Issuer by the Legal Title Holder after the Closing Date and any mortgage loan which is the subject of a Product Switch but excluding (for the avoidance of doubt) a Mortgage Loan and its Related Security which is repurchased by the Seller pursuant to

	the Mortgage Sale Agreements and is no longer beneficially owned by the Issuer.
"English Mortgage"	means a first ranking legal charge over freehold or leasehold Properties located in England and Wales which is security for a Mortgage Loan.
"English Property"	means a Property located in England and Wales.
"ERISA"	means the U.S. Employee Retirement Income Security Act of 1974, as amended.
"ESMA"	means the European Securities and Markets Authority.
"EU Retention Notes "	means 5 per cent. of the Principal Amount Outstanding of each Class of Notes in accordance with Article 6(3)(a) of the EU Securitisation Regulation.
"EU Securitisation Regulation"	means Regulation (EU) 2017/2402 known as the General Framework for Securitisation and the related regulatory technical standards and guidance.
"Event of Default"	means any one of the events specified in Condition 13 (<i>Events of Default</i>).
"EVI"	shall have the meaning given to it in the section entitled " <i>Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements</i> " on page 88 of this Prospectus.
"Excess Cashflow Reserve Fund"	means the excess cashflow reserve fund established on and from the FORD, and funded through the application of Available Revenue Receipts on each Interest Payment Date in accordance with item (17) of the Pre-Enforcement Revenue Priority of Payments and which will be available to pay interest due and payable in respect of the Subordinated Rated Notes in accordance with items (5), (7), (9) and (11) (after applying any Principal Addition Amounts towards any PAA deficit on such Interest Payment Date).
"Excess Cashflow Reserve Fund Ledger"	means the ledger so named to be set up by the Cash Manager on the Deposit Account in accordance with the terms of the Cash Management Agreement.
"Excess Class B Liquidity Amount"	means, on any Interest Payment Date, the amount (if positive) by which the amount credited to the Class B Liquidity Reserve Fund Ledger exceeds the Class B Liquidity Reserve Fund Required Amount.
"Excess Class C Liquidity Amount"	means, on any Interest Payment Date, the amount (if positive) by which the amount credited to the Class C Liquidity Reserve Fund Ledger exceeds the Class C Liquidity Reserve Fund Required Amount.
"Excess Liquidity Amount"	means, on any Interest Payment Date, the amount (if positive) by which the amount credited to the Class A Liquidity Reserve Fund Ledger, together with the Class A Liquidity Reserve Fund Actual Amount recorded in the Class A Liquidity Reserve Fund Ledger as at the last Interest Payment Date, exceeds the Liquidity Reserve Target.
"Exchange Act"	means the U.S. Securities Exchange Act of 1934, as amended.
"Exchange Date"	means the first day following the expiry of forty days after the Closing Date.
"Exercise Notice"	means a notice to be delivered by a Mortgage Portfolio Purchase Option Holder or Market Sale Option Holder, as applicable, in

	accordance with the Deed Poll to exercise the Mortgage Portfolio Purchase Option or the Market Sale Option (as applicable).
"Expense Reserve Fund"	means the expense reserve fund established from the First Interest Payment Date and funded through the application of Available Revenue Receipts on each Interest Payment Date in accordance with item (1) of the Pre-Enforcement Revenue Priority of Payments and which will be available to pay amounts in accordance with the Pre-Enforcement Expenses Priority of Payments.
"Expense Reserve Fund Ledger"	means the ledger so named to be set up by the Cash Manager on the Deposit Account in accordance with the terms of the Cash Management Agreement.
"Extension Refusal"	means the refusal by the Liquidity Facility Provider to grant an extension of the Liquidity Facility under the terms of the Liquidity Facility Agreement or the failure by the Liquidity Facility Provider to deliver a notice to the Issuer in relation to such extension in accordance with the terms of the Liquidity Facility Agreement.
"Extraordinary Resolution"	means: (i) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders and Certificateholders by a majority of not less than 75 per cent. of the votes cast; (ii) a Written Resolution; or (iii) consent given by way of Electronic Consent by or on behalf of the Noteholders or the Certificateholders (as the case may be) in the case of the Noteholders, of not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding or, in the case of the Certificateholders, of not less than 75 per cent. by number of the Certificates then in issue.
"FATCA"	means Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.
"FATCA withholding"	means an agreement to deduct or withhold described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
"FCA"	means the United Kingdom Financial Conduct Authority or any replacement or successor body thereof.
"FCA Handbook"	means the handbook of rules and guidance of the FCA as in force from time to time.
"Final Discharge Date"	means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts and/or all other monies and other liabilities due or owing by the Issuer have been paid or discharged in full.
"Final Maturity Date"	means the Interest Payment Date falling in July 2045.
"Final Rated Notes Redemption Date"	means the date on which all Rated Notes are redeemed in full.

"First Interest Payment Date"	means the IPD falling in January 2020.
"Fitch"	means Fitch Ratings Limited and any successor to its rating business.
"Flexible Drawing"	means in relation to a Flexible Mortgage Loan, any further drawing of moneys made by a Borrower under that Flexible Mortgage Loan which the Borrower is contractually permitted to demand but only to the extent of any previous Overpayment made in respect of such Flexible Mortgage Loan.
"Flexible Drawings Conditions"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " in this Prospectus.
"Flexible Drawing Purchase Price"	means the purchase price for a Flexible Drawing, being an amount equal to the Current Balance of the relevant Flexible Drawing.
"Flexible Mortgage Loan"	means a type of Mortgage Loan product that typically incorporates features that give the Borrower options (which may be subject to certain conditions) to, amongst other things, make Flexible Drawings and/or to overpay or underpay interest and principal in a given month and/or to take a Payment Holiday.
"Floating Rate Notes"	means the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class XA Notes.
"Floating Rate of Interest"	means the Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of the relevant Class of Floating Rate Notes, subject to a minimum of zero.
"FORD"	means the first optional redemption date which is the Interest Payment date falling in October 2022.
"Form ABS-15G Report"	means a report submitted by FirstKey on Form ABS-15G containing the findings and conclusions of a report generated by a third party to provide due diligence services obtained by any of the Seller, the Joint Lead Managers or the Issuer within the meaning of Rule 15Ga-2 and Rule 17g-10 of the Exchange Act, as applicable, and meeting all other requirements of Rule 15Ga-2.
"FOS"	means the Financial Ombudsman Service.
"FSMA"	means the Financial Services and Markets Act 2000 (as amended).
"Full Status Borrowers"	means Borrowers who are employed for the purposes of the Originator's Lending Criteria.
"Further Advance"	means, in relation to a Mortgage Loan, any advance of further money, other than a Flexible Drawing, following a request from the relevant Borrower and which is secured by the same Property as the Mortgage Loan where the lender has a discretion as to whether to accept that request, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.
"Global Notes"	means the Class A1 Global Note, the Class A2 Global Note, the Class B Global Note, the Class C Global Note, the Class D Global Note, the Class E Global Note, the Class XA Global Note and the Class Z Global Note.

"Guarantee"	means a guarantee provided in support of the obligations of a Borrower under a Mortgage Loan.
"Guarantor"	means an individual who has provided a Guarantee in support of the obligations of a Borrower under a Mortgage Loan.
"HMRC"	means Her Majesty's Revenue and Customs.
"Incorporated Terms Memorandum"	means the memorandum so named dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties.
"Initial Advance"	means, in relation to a Mortgage Loan, the original principal amount together with the amount of any retention advanced to the relevant Borrower after completion of the Mortgage, and it may include any fees (if capitalised).
"Insolvency Event"	means, in relation to a company: <ul style="list-style-type: none"> (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period of permitted deferral), or suspends making payments on any of its debts; (b) a moratorium is declared in respect of any indebtedness of such company; (c) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; (d) any corporate action, legal proceedings or other procedure or step is taken in relation to the following events: <ul style="list-style-type: none"> (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company except, in the case of the Issuer, the application to the Court under paragraph 12 or the filing of notice of intention to appoint an administrator under paragraph 26 of Schedule B1 to the Insolvency Act by the Issuer or its directors, or the appointment of an administrative receiver by the Trustee following any such application or notice; (ii) an encumbrancer or other security holder (excluding, in relation to the Issuer, by the Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company; (iii) the making of an arrangement, composition or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or

- (iv) any distress, diligence, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); and
- (e) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (d) above, in any jurisdiction.
- "Insolvency Official"** means, in relation to a company, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding) provisional liquidator, administrator, examiner, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.
- "Insurance Policies"** means the Buildings Insurance Policies and the Contingency Policies relating to the Mortgage Loans from time to time.
- "Interest Amount"** means in respect of a Note for any Interest Period the amount of interest calculated (under Condition 8.4 (*Calculation of Interest Amount*)) on the related Interest Determination Date in respect of such Note for such Interest Period by:
- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Note Rate; and
- (b) then multiplying the amount so calculated in paragraph (a) by the relevant Day Count Fraction,
- and rounding the resultant figure to the nearest Minimum Amount.
- For the avoidance of any doubt, the Class Z Notes will not receive any Interest Amounts.
- "Interest Determination Date"** means the date falling 5 Business Days prior to each Interest Payment Date and, in relation to an Interest Period, the **"related Interest Determination Date"** means the Interest Determination Date which falls 5 Business Days prior to the Interest Payment Date at the end of such Interest Period.
- "Interest Determination Ratio"** means (i) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports or, where there are not at least three previous Servicer Reports, any previous Servicer Reports received in the preceding Collection Periods, divided by (ii) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports.
- "Interest Only Mortgage Loan"** means a Mortgage Loan in relation to which the principal amount is not repayable before maturity.
- "Interest Payment Date" or "IPD"** means the 20th of each of January, April, July and October, commencing on the First Interest Payment Date, **provided that** if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day unless it would as a result fall

	into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day.
"Interest Period"	means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date and, in relation to an Interest Determination Date, the "Related Interest Period" means the Interest Period in which such Interest Determination Date falls.
"Investment Company Act"	means the Investment Company Act of 1940, as amended.
"Investor Report"	means the monthly report in respect of the Issuer provided by the Cash Manager to the Issuer, the Trustee, the Seller, the Legal Title Holder, the Servicer, the Back-Up Servicer, the Back-Up Cash Manager, the Liquidity Facility Provider, the Rating Agencies, Bloomberg and any prospective investors in the Notes and the Certificates on a monthly basis pursuant to the Cash Management Agreement. The first such Investor Report shall be published within one month of the First Interest Payment Date and thereafter shall be published on a monthly basis, pursuant to the Cash Management Agreement.
"Irish Permanent Mortgage Loans"	means the Mortgage Loans originated by Irish Permanent plc.
"Issuer Account Bank Rating"	means in respect of the Issuer Account Bank: <ul style="list-style-type: none"> (a) in the case of S&P, a long-term unsecured, unsubordinated and unguaranteed debt rating of at least A; and (b) in the case of Fitch, a short term issuer default rating of at least F1 or a long term issuer default rating of at least A, or (in each case) such other credit rating as would not adversely affect the then current ratings of the Rated Notes.
"Issuer Accounts"	means the Deposit Account and any additional bank accounts in the name of the Issuer established or to be established pursuant to the Account Bank Agreement.
"Issuer Covenants"	means the covenants of the Issuer set out in Schedule 9 (<i>Issuer Covenants</i>) of the Incorporated Terms Memorandum.
"Issuer Jurisdiction"	means England and Wales (and the United Kingdom for tax purposes) or such other jurisdiction in which the Issuer or any Issuer substitute (as contemplated by Condition 21 (<i>Substitution of Issuer</i>)) is incorporated and/or subject to taxation.
"Issuer Profit Amount"	means (i) £10,500 on each Interest Payment Date falling after the Closing Date up to (and including) the Interest Payment Date falling in July 2020 and (ii) £250 on each Interest Payment Date thereafter, in each case to be credited to the Deposit Account and to be retained by the Issuer as profit in respect of the business of the Issuer.
"Issuer Profit Ledger"	means the ledger maintained by the Cash Manager on behalf of the Issuer 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 as a debit any amount used to discharge any tax liability of the Issuer.

"Issuer Trust Share"	means the Issuer's share in the Collection Account Trust at any relevant time.
"Land Registry"	means the Land Registry of England and Wales, the Registers of Scotland, the Land Registry of Northern Ireland and/or the Registry of Deeds for Northern Ireland.
"Latest Valuation"	means, with respect to a Property, the original valuation or, if applicable, the most recent indexed valuation carried out with respect to such Property.
"Legal Title Holder Power of Attorney"	means each power of attorney granted by the Legal Title Holder in favour of the Issuer and the Trustee on the Closing Date in substantially the same form as that set out in the Mortgage Sale Agreements.
"LF Cancellation Date"	means the earlier of: <ul style="list-style-type: none"> (a) LRF Date; (b) expiry of the Availability Period; and (c) Class A Redemption Date.
"LF Provider Ratings"	means, in respect of the Liquidity Facility Provider: <ul style="list-style-type: none"> (a) a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P; and (b) a short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A by Fitch.
"LFP Excess Amount"	has the meaning given to it in item (2) of the Pre-Enforcement Revenue Priority of Payments.
"LFP Related Provisions"	means: (i) items (1) and (2) of the Pre-Enforcement Revenue Priority of Payments; (ii) items (1) and (2) of the Pre-Enforcement Principal Priority of Payments; (iii) items (1) to (3) of the Post-Enforcement Priority of Payments; (iv) items (1) to (3) of the Pre-Enforcement Expenses Priority of Payments; or (v) the date of payment of amounts due under any Priority of Payments, a change of which is prejudicial to the Liquidity Facility Provider, or which would have the effect of or which relates to an increase in the amount of commitments under the Liquidity Facility or a reduction in the amount of any payment of principal, interest, fees or commission payable to the Liquidity Facility Provider.
"Liabilities"	means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, decrees, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and any Taxes and penalties incurred by that person.
"Life Policies"	means such policies of life assurance (if any), in each case in respect of a Borrower, (including any Substitute Life Policies) as may have been deposited by way of collateral security in respect of Interest Only Mortgage Loans for the payment of the sums secured under such Mortgage Loans.
"Liquidity Documents"	means: <ul style="list-style-type: none"> (a) the Liquidity Facility Agreement;

	(b) the Liquidity Facility Fee Letter;
	(c) a Transfer Certificate; and
	(d) any other document designated as such by the Liquidity Facility Provider, the Trustee and the Issuer.
"Liquidity Drawing"	means a drawing by the Issuer under the Liquidity Facility in an amount equal to any shortfall in Available Revenue Receipts determined by the Cash Manager (after first taking into account any Principal Addition Amounts to cure any PAA Deficit and any Class A Liquidity Reserve Fund Actual Amounts available for application) to pay items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments (disregarding items (5) to (9) of the Pre-Enforcement Expenses Priority of Payments) without double-counting for the avoidance of doubt.
"Liquidity Facility"	means the liquidity facility made available by the Liquidity Facility Provider to the Issuer pursuant to the terms of the Liquidity Facility Agreement.
"Liquidity Facility Agreement"	means the agreement so named between, <i>inter alia</i> , the Liquidity Facility Provider, the Issuer and the Cash Manager dated on or about the Closing Date.
"Liquidity Facility Event of Default"	means an event of default as specified under the Liquidity Facility Agreement.
"Liquidity Facility Fee Letter"	means the letter dated on or about the Closing Date between the Issuer and the Liquidity Facility Provider relating to the fees payable under the Liquidity Facility Agreement.
"Liquidity Facility Replacement Date"	means the IPD falling in October 2025, which is the twenty-fourth (24th) IPD.
"Liquidity Facility Required Amount"	means: <ul style="list-style-type: none"> (a) prior to the Liquidity Facility Replacement Date, the Liquidity Reserve Target; or (b) on and from the Liquidity Facility Replacement Date, the excess of (i) the Liquidity Reserve Target over (ii) the aggregate of all amounts credited to the Class A Liquidity Reserve Fund Ledger on the current Interest Payment Date and all prior Interest Payment Dates (disregarding any debit entries made to the Class A Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date), (c) provided that if the Liquidity Facility Required Amount is less than zero, it shall be deemed to be zero.
"Liquidity Facility Undrawn Amount"	means the excess of (i) Liquidity Facility Required Amount over (ii) the amount drawn under the Liquidity Facility.

"Liquidity Reserve Target"	means:
	(a) on the Closing Date, an amount equal to 1.70 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date;
	(b) on any Interest Payment Date up to (but excluding) the Class A Redemption Date, an amount equal to 1.70 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at immediately preceding Interest Payment Date; and
	(c) thereafter, zero.
"Liquidity Standby Drawing"	means a drawing under the Liquidity Facility requested by the Issuer following a Downgrade Event or an Extension Refusal which has occurred and is outstanding in an amount equal to the then outstanding undrawn Commitment of the Liquidity Facility.
"Liquidity Standby Ledger"	means the ledger so named to be set up by the Cash Manager on the Deposit Account in accordance with the terms of the Cash Management Agreement.
"Loan"	has the meaning given to it in the Liquidity Facility Agreement.
"Losses"	means the aggregate of:
	(a) all realised losses (to the extent not already fully compensated for in accordance with the terms of the Mortgage Sale Agreements) on the Mortgage Loans which are not recovered from the proceeds following the sale of the Property to which such Mortgage Loan relates; and
	(b) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Mortgage Loan unless this is fully compensated under the provisions of the Mortgage Sale Agreements.
"LRF Date"	means the first Interest Payment Date on or after the Liquidity Facility Replacement Date on which the aggregate of all amounts credited to the Class A Liquidity Reserve Fund Ledger on such Interest Payment Date and all prior Interest Payment Dates (disregarding any debit entries made to the Class A Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date) is equal to or greater than the Liquidity Reserve Target.
"LTL"	means loan to total lend ratio.
"LTV"	means loan to value ratio.
"Margin"	means the respective margin per annum as set out below:
	(a) for the Class A Notes, 0.90 per cent per annum;
	(b) for the Class B Notes, 1.20 per cent per annum;
	(c) for the Class C Notes, 1.50 per cent per annum;
	(d) for the Class D Notes, 1.85 per cent per annum;
	(e) for the Class E Notes, 2.10 per cent per annum; and
	(f) for the Class XA Notes, 2.50 per cent per annum.

"Market Mortgage Portfolio Purchase"	means in the event that the Mortgage Portfolio Option Holders do not elect to exercise the Mortgage Portfolio Purchase Options, the sale of the Mortgage Portfolio resulting from the Market Sale Option Holders directing a sale of the Mortgage Portfolio by directing the Issuer to appoint CERH or its nominee as a portfolio manager to conduct such sale on behalf of the Issuer subject to the terms and conditions set out in the Deed Poll.
"Market Sale Options"	means an option held by each Market Sale Option Holder pursuant to the Deed Poll to direct the Issuer to appoint the Seller or its nominee as a portfolio manager to conduct a sale of the Mortgage Portfolio on behalf of the Issuer subject to the terms and conditions set out in the Deed Poll.
"Market Sale Option Holder"	means each person nominated as the grantee of the Market Sale Option by each Seller (or any person to whom the Market Sale Option has been assigned pursuant to Clause 18 (<i>Assignment</i>) of the Deed Poll) and "Market Sale Option Holders" means both of them.
"Material Adverse Effect"	<p>means, as the context specifies:</p> <ul style="list-style-type: none"> <li data-bbox="630 766 1334 823">(a) a material adverse effect on the validity or enforceability of any of the Transaction Documents; <li data-bbox="630 850 1334 1150">(b) in respect of a Transaction Party, a material adverse effect on: <ul style="list-style-type: none"> <li data-bbox="711 907 1334 984">(i) the business, operations, assets, property, condition (financial or otherwise) or prospects of such Transaction Party; <li data-bbox="711 1012 1334 1068">(ii) the ability of such Transaction Party to perform its obligations under any of the Transaction Documents; <li data-bbox="711 1096 1334 1152">(iii) the rights or remedies of such Transaction Party under any of the Transaction Documents; <li data-bbox="630 1178 1334 1318">(c) in the context of the Assigned Rights, a material adverse effect on the interests of the Issuer or the Trustee in the Assigned Rights, or on the ability of the Issuer (or the Servicer on the Issuer's behalf) to collect under the Mortgage Loans or on the ability of the Trustee to enforce its Security; or <li data-bbox="630 1346 1334 1402">(d) a material adverse effect on the validity or enforceability of any of the Notes.
"Meeting"	means (i) a meeting of Noteholders of any Class or Classes or (ii) a meeting of Certificateholders, in each case, whether originally convened or resumed following an adjournment.
"Minimum Amount"	means £0.01.
"Minimum Denomination"	<p>means, in respect of the Notes represented by the Global Notes and (if issued) the Definitive Notes, for so long as Euroclear and Clearstream, Luxembourg (as applicable) so permit:</p> <ul style="list-style-type: none"> <li data-bbox="630 1705 1334 1761">(a) in respect of the Rule 144A Global Notes, £250,000 and integral multiples of £1,000 in excess thereof; or <li data-bbox="630 1789 1334 1845">(b) in respect of the Regulation S Global Notes £100,000 and integral multiples of £1,000 in excess thereof.

"Minimum Mortgage Portfolio Sale Price"	<p>shall be equal to an amount not less than:</p> <ul style="list-style-type: none"> (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon calculated as at the Interest Payment Date immediately following the date on which the Market Sale Option is expected to be completed; <i>plus</i> (b) any fees, costs, amounts and expenses of the Issuer payable senior to the Class XB Certificates in the relevant Priority of Payments (but disregarding any amount to be paid to the Liquidity Facility Provider from amounts standing to the credit of the Liquidity Standby Ledger); <i>less</i> (c) any amounts standing to the credit of the Deposit Account (but disregarding any amounts standing to the credit of the Liquidity Standby Ledger) as at the most recent Servicer Report.
"Monthly Payment"	means the amount scheduled to be repaid by a Borrower in respect of its Mortgage Loan in any given month as required by the applicable Mortgage Conditions to which such Mortgage Loan is subject.
"Monthly Payment Date"	means the date in each month on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Mortgage Loan under the applicable Mortgage Conditions or, if any such day is not a Business Day, the next following Business Day, except where such next following Business Day falls in a different month in which case, the preceding Business Day.
"Mortgage"	means a first ranking legal charge or standard security over a freehold, leasehold or long lease Property located in England, Wales, Northern Ireland or Scotland (as applicable) which is security for a Mortgage Loan.
"Mortgage Conditions"	means the terms and conditions applicable to a Mortgage Loan and/or Mortgage as contained in CHL's "Mortgage Conditions" booklet and/or Irish Permanent Plc's "Mortgage Conditions" (as applicable) that are applicable from time to time.
"Mortgage Loan Agreement"	means a loan agreement in respect of a Mortgage Loan.
"Mortgage Loans"	means the English Mortgage Loans, the Northern Irish Mortgage Loans and the Scottish Mortgage Loans, and "Mortgage Loan" means any one of them.
"Mortgage Loan Files"	means the file or files relating to each Mortgage Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing, <i>inter alia</i> , correspondence between the Borrower and CHL and including mortgage documentation applicable to the Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's Certificate of Title.
"Mortgage Portfolio"	means the combined mortgage portfolio of (i) the AU10 Mortgage Portfolio and (ii) the Warehouse Mortgage Portfolio.
"Mortgage Portfolio Purchase Options"	means the options held by each Mortgage Portfolio Purchase Option Holder enabling them, upon joint exercise, to require the Issuer to (i) sell and transfer to the Mortgage Portfolio Purchase Option Holders or

their nominee(s) (in the respective proportions set out in the Deed Poll) the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio (ii) transfer to the Mortgage Portfolio Purchase Option Holders (or their nominee(s)) the right to legal title to the Mortgage Portfolio Purchase Option Mortgage Loans and their Related Security (in the respective proportions set out in the Deed Poll); (iii) procure that the Legal Title Holder transfer legal title to the Mortgage Portfolio Purchase Option Holder or its nominee specified as such in the Exercise Notice; and (iv) serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to vest or transfer legal title in and to the Mortgage Portfolio Purchase Option Mortgage Loans in the Mortgage Portfolio Purchase Option Holders or their nominee(s) (in the respective proportions set out in the Deed Poll), in each case subject to the terms of the Deed Poll.

"Mortgage Portfolio Purchase Option Holder"

means each Seller or the person nominated as such by the relevant Seller in accordance with the terms of the relevant Mortgage Sale Agreement (or any permitted assignee), and **"Mortgage Portfolio Purchase Option Holders"** means both of them.

"Mortgage Portfolio Purchase Option Completion Date"

means the Interest Payment Date identified as the date on which the purchase of the whole beneficial title and (if applicable) the transfer of the whole legal title to all Mortgage Loans and Related Security in the Mortgage Portfolio to the Mortgage Portfolio Purchase Option Holder or their nominee(s) is expected to be completed pursuant to the terms of the Deed Poll.

"Mortgage Portfolio Purchase Option Purchase Price"

means the purchase price for the AU10 Mortgage Portfolio and the Warehouse Mortgage Portfolio under the Mortgage Portfolio Purchase Option or the Risk Retention Regulatory Change Option (as applicable), such combined amount being in aggregate equal to:

- (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon calculated as of the Interest Payment Date immediately following the date on which the Mortgage Portfolio Purchase Option or the Risk Retention Regulatory Change Option (as applicable) is expected to be completed; plus
- (b) any fees, costs, amounts and expenses of the Issuer payable senior to the Class XB Certificates in the relevant Priority of Payments (but disregarding any amounts to be paid to the Liquidity Facility Provider from amounts standing to the credit of the Liquidity Standby Ledger); less
- (c) any amounts standing to the credit of the Deposit Account (but disregarding any amounts standing to the credit of the Liquidity Standby Ledger) as at the most recent Servicer Report,

provided that the Mortgage Portfolio Purchase Option Purchase Price may be set off (directly or by way of multi-party payment direction and set-off) against any amounts due or to become due to the Mortgage Portfolio Purchase Option Holders (in each case each party having provided written confirmation of their agreement thereto together with evidence of their holding of the relevant Notes) on the following Interest Payment Date in respect of any Notes held by such person.

"Mortgage Rate"	means, in relation to any Mortgage Loan and in relation to any Interest Payment Date, the annual rate of interest payable on such Mortgage Loan in accordance with the relevant Mortgage Conditions.
"Mortgage Sale Agreement"	means (as applicable): <ul style="list-style-type: none"> (a) the agreement so named dated on or about the Closing Date between the Legal Title Holder, CHL as Seller, the Issuer, the Trustee and the Servicer in relation to the sale of the AU10 Mortgage Portfolio to the Issuer; or (b) the agreement so named dated on or about the Closing Date between the Legal Title Holder, CERH GR2 as Seller, the Issuer, the Trustee and the Servicer in relation to the sale of the Warehouse Mortgage Portfolio to the Issuer, <p>each a "Mortgage Sale Agreement" and together, the "Mortgage Sale Agreements".</p>
"Most Senior Class"	means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes or Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class Z Notes or, or if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class Z Notes then outstanding, the Class XA Notes, or if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Z Notes or Class XA Notes then outstanding or if there are no Notes then outstanding, the Class XB Certificates.
"New Liquidity Facility Provider"	means any person to whom the rights and obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement are transferred and which is a "Qualifying Lender" in accordance with the terms of the Liquidity Facility Agreement and which have the LF Provider Ratings.
"NIM Notes"	means the Class XA Notes.
"Non Cash Re-Draws"	means the ability of a Borrower to make Authorised Underpayments and take Payment Holidays.
"Non-Responsive Rating Agency"	has the meaning given to it in Condition 23.2 (<i>Non-Responsive Rating Agency</i>).
"Northern Irish Mortgage"	means a first ranking legal charge over freehold or leasehold Properties located in Northern Ireland which is security for a Mortgage Loan.
"Northern Irish Mortgage Loan"	means a residential mortgage loan in relation to Properties located in Northern Ireland, secured by a Mortgage and its Related Security, sold or to be sold to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreements including, where the context so requires, any Further Advance or Flexible Drawing made by the Legal Title Holder to a Borrower prior to the Closing Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Flexible Drawing sold or to be sold (as applicable) to the Issuer by the Legal Title Holder after the Closing Date and any mortgage loan which is the subject of a Product Switch but excluding (for the avoidance of doubt) a Mortgage Loan and its Related Security which is repurchased by the Seller pursuant to

	the Mortgage Sale Agreements and is no longer beneficially owned by the Issuer.
"Note"	means, together, the £1,245,168,000 Class A1 Mortgage Backed Floating Rate Notes due July 2045 (the " Class A1 Notes "), the £39,816,000 Class A2 Mortgage Backed Floating Rate Notes due July 2045 (the " Class A2 Notes ") and together with the Class A1 Notes, the " Class A Notes ", the £50,676,000 Class B Mortgage Backed Floating Rate Notes due July 2045 (the " Class B Notes "), the £25,338,000 Class C Mortgage Backed Floating Rate Notes due July 2045 (the " Class C Notes "), the £21,718,000 Class D Mortgage Backed Floating Rate Notes due July 2045 (the " Class D Notes "), the £14,479,000 Class E Mortgage Backed Floating Rate Notes due July 2045 (the " Class E Notes "), the £5,000,000 Class XA Mortgage Backed Floating Rate Notes due July 2045 (the " Class XA Notes ") and the £50,676,000 Class Z Mortgage Backed Notes due July 2045 (the " Class Z Notes ").
"Note Principal Payment"	means in respect of any Note on any Interest Payment Date, the principal amount redeemable in respect of such a Note, which shall be a proportion of the amount of Available Principal Receipts required as at that Interest Payment Date pursuant to the Pre-Enforcement Principal Priority of Payments to be applied in redemption of the relevant Class of Notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of such Class of Notes rounded down to the nearest Minimum Amount provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.
"Note Rate"	for each Interest Period means in respect of each Class of Floating Rate Notes, the Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of such Class, subject to a minimum of zero.
"Noteholder"	means the Class A1 Noteholders, the Class A2 Noteholder, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class XA Noteholders and the Class Z Noteholders or, where the context otherwise requires, the holders of Notes of a particular Class or Classes, as the case may be.
"Notice of Non-Satisfaction Delivery Date"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " in this Prospectus.
"Notice of Non-Satisfaction of Flexible Drawings Conditions"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " in this Prospectus.
"Notice of Non-Satisfaction of Product Switch Conditions"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " in this Prospectus.
"Notices Condition"	means, in the case of the Notes, Condition 22 (<i>Notices</i>) and, in the case of the Certificates, Certificate Condition 20 (<i>Notices</i>).
"Notices Details"	means, in relation to any Party, the provisions set out in Schedule 9 (<i>Notice Details</i>) to the Incorporated Terms Memorandum.
"Ordinary Resolution"	means: (i) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders and Certificateholders by a majority of not less than 50.1 per cent. of the votes cast; (ii) a Written Resolution; or (iii) consent given by way of

Electronic Consent by or on behalf of the Noteholders or the Certificateholders (as the case may be) in the case of the Noteholders, of not less than 50.1 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding or, in the case of the Certificateholders, of not less than 50.1 per cent. by number of the Certificates then in issue.

"Originator"

means:

- (a) in relation to the Mortgage Loans other than the Irish Permanent Mortgage Loans, Capital Home Loans Limited; and
- (b) in relation to the Irish Permanent Mortgage Loans, Irish Permanent plc.

"Outstanding" or "outstanding"

means:

- (a) in relation to the Notes, all the Notes other than:
 - (i) those which have been redeemed in full and cancelled in accordance with the Conditions;
 - (ii) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to, or to the order of, the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
 - (iii) those which have been redeemed or surrendered for cancellation as provided in Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*) and notice of the cancellation of which has been given to the Trustee;
 - (iv) those which have become void under the Conditions;
 - (v) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and
 - (vi) any Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions,

provided that for each of the following purposes, namely:

- (vii) the right to attend and vote at any meeting of Noteholders;

- (viii) the determination of how many and which Notes are for the time being outstanding for the purposes of clause 13 (*Waiver*), clause 14 (*Modifications*), clause 17 (*Proceedings and Actions by the Trustee*), clause 25 (*Appointment of Trustees*) and clause 26 (*Notice of a New Trustee*) of the Trust Deed and Condition 13 (*Events of Default*), Condition 14 (*Enforcement*), Condition 16 (*Meetings of Noteholders and Certificateholders*) and Condition 17 (*Modification and Waiver*) and the Provisions for Meetings of Noteholders and Certificateholders; and
- (ix) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Seller, any holding company of the Seller or any other subsidiary of such holding company (the "**Relevant Persons**") where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding 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;

- (b) in relation to the Certificates, all the Certificates issued from time to time other than:
 - (i) those Certificates which have become void or in respect of which claims have become prescribed, in each case under Certificate Condition 16 (*Prescription*);
 - (ii) those mutilated or defaced Certificates which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Certificate Condition 17 (*Replacement of the Certificates*); and
 - (iii) for the purpose only of ascertaining the number of Certificates outstanding and without prejudice to the status for any other purpose of the relevant instrument those Certificates which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Certificate Condition 17 (*Replacement of the Certificates*) with respect to the Certificates;

provided that for each of the following purposes, namely:

- (iv) the right to attend and vote at any meeting of Certificateholders;
- (v) the determination of how many and which Certificates are for the time being outstanding for the purposes of clause 13 (*Waiver*), clause 14 (*Modifications*), clause 17 (*Proceedings and Actions by the Trustee*), clause 25 (*Appointment of Trustees*) and clause 26 (*Notice of a New Trustee*) of the Trust Deed and Certificate Condition 11 (*Certificates Events of Default*), Certificate Condition 12 (*Enforcement*), Certificate Condition 14 (*Meetings of Certificateholders*) and Certificate Condition 15 (*Modification and Waiver*) and the Provisions for Meetings of Noteholders and Certificateholders; and
- (vi) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Certificateholders or any of them,
- (vii) those Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner (the "**Relevant Certificates**"), shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Seller, any holding company of the Seller or any other subsidiary of such holding company (the "**Relevant Persons**") where all of the Relevant Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case the Relevant Certificates shall be deemed to remain outstanding, save that if there is any Certificates ranking *pari passu* with, or junior to, the Relevant Certificates and one or more Relevant Persons are not the beneficial owners of all such Certificates, then the Relevant Certificates shall be deemed not to remain outstanding.

"Overpayment"

means in respect of any Mortgage Loan, any additional amounts of principal receipts received in a month above the regular, scheduled Monthly Payment, paid by the relevant Borrower which:

- (a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower; and
- (b) reduces the Current Balance of such Mortgage Loan;

"PAA Deficit"

means a deficit (but disregarding for these purposes, items (c), (d) and (e) of the definition of Available Revenue Receipts), available to pay:

- (a) if the Class A Notes are the Most Senior Class, items (1) to (3) of the Pre-Enforcement Revenue Priority of Payments until all amounts payable thereunder are paid in full;
- (b) if the Class B Notes are the Most Senior Class, items (1) to (2) and (6) of the Pre-Enforcement Revenue Priority of Payments;

	(c)	if the Class C Notes are the Most Senior Class, items (1) to (2) and (8) of the Pre-Enforcement Revenue Priority of Payments;
	(d)	if the Class D Notes are the Most Senior Class, items (1) to (2) and (10) of the Pre-Enforcement Revenue Priority of Payments;
	(e)	if the Class E Notes are the Most Senior Class, items (1) to (2) and (12) of the Pre-Enforcement Revenue Priority of Payment; and
	(f)	if the Class Z Notes are the Most Senior Class, items (1) to (2) of the Pre-Enforcement Revenue Priority of Payments.
"Part-and-part Mortgage Loans"		means Repayment Mortgage Loans that have an additional Interest Only Mortgage Loan.
"Participants"		means persons that have accounts with Euroclear or Clearstream, Luxembourg.
"Paying Agents"		means the Principal Paying Agent and any other paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes and the Certificates under the Agency Agreement.
"Payment Holiday"		means in respect of any Mortgage Loan, a period of one or more Monthly Payment Dates when the relevant Borrower under such Mortgage Loan is permitted by the lender in accordance with the relevant Mortgage Conditions not to make its regular Monthly Payment which does not constitute an Unauthorised Payment Holiday.
"PDL Principal Receipts"		means amounts constituting Available Principal Receipts pursuant to paragraph (b) of the definition thereof.
"Perfection Trigger Event"		means any of the events in the subsection entitled " <i>Perfection Trigger Events</i> " in the section entitled " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreements</i> ".
"Permitted Withdrawals"		means:
	(a)	payments of certain insurance premiums, as well as payments of the ground rent, service charges, agent fees, general fees, occupancy, receivership set up fees, security, solicitors costs, tradesmen and utilities payments made by the Servicer in accordance with the Legal Title Holder's Policies and the Servicing Agreement;
	(b)	amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account;
	(c)	payment when due (but subject to any right to refuse or withhold payment or any right of set-off that has arisen by reason of the Borrower's breach of the terms of the relevant Mortgage) of any revenue amount payable to a Borrower under the Mortgage Conditions applicable to such Borrower (including following any overpayment by such Borrower); and
	(d)	any amount received from a Borrower at any time (including upon redemption of the relevant Mortgage Loan) for the express purpose of payment being made to a third party or the

	Legal Title Holder for the provision of a service to that Borrower or the Legal Title Holder.
"Port"	means the transfer of the Mortgage in respect of a Mortgage Loan from an existing Property to a new Property where the new Property provides replacement security for the repayment by the Borrower of the relevant Mortgage Loan.
"Portfolio Reference Date"	means 31 July 2019.
"Portfolio Selection Date"	means 30 September 2019.
"Post-Enforcement Priority of Payments"	has the meaning as set out on page 158 of this Prospectus.
"PPI"	means payment protection insurance.
"Pre-Enforcement Expenses Priority of Payments"	has the meaning set out on page 155 of this Prospectus.
"Pre-Enforcement Principal Priority of Payments"	has the meaning set out on page 157 of this Prospectus.
"Pre-Enforcement Revenue Priority of Payments"	has the meaning set out on page 154 of this Prospectus.
"PRIIPs Regulation"	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014.
"Principal Addition Amount"	means, in respect of any Interest Payment Date prior to the redemption in full of the Rated Notes, the amount of Available Principal Receipts to be applied by the Issuer in accordance with item (1) of the Pre-Enforcement Principal Priority of Payments to cure a PAA Deficit.
"Principal Amount Outstanding"	means, on any day: <ul style="list-style-type: none"> (a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and been paid) on or prior to that day; (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes outstanding in such Class; and (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of Class.
"Principal Deficiency Ledger"	means the Principal Deficiency Ledger comprising the Class A1 Principal Deficiency Sub-Ledger (relating to the Class A1 Notes), the Class A2 Principal Deficiency Sub-Ledger (relating to the Class A2 Notes), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes), the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes), the Class D Principal Deficiency Sub-Ledger (relating to the Class D Notes), the Class E Principal Deficiency Sub-Ledger (relating to the Class E Notes) and the Class Z Principal Deficiency Sub-Ledger (relating to the Class Z Notes) maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from, without duplication (i) Losses allocated to the Notes; (ii) Principal Addition Amounts; and (iii) any Available

	Principal Receipts applied in accordance with items (2) to (4) of the Pre-Enforcement Principal Priority of Payments.
"Principal Deficiency Sub-Ledger"	means any of the Class A1 Principal Deficiency Sub-Ledger, the Class A2 Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger, the Class D Principal Deficiency Sub-Ledger, the Class E Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger.
"Principal Ledger"	means the ledger maintained by the Cash Manager on behalf of the Issuer which records all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the provisions of the Cash Management Agreement and in particular with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).
"Principal Receipts"	means payments received by the Issuer representing: <ul style="list-style-type: none"> (a) any payment in respect of principal received in respect of any Mortgage Loan (including Capitalised Arrears and Capitalised Expenses but excluding Accrued Interest and Arrears of Interest); (b) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including the proceeds of sale of the relevant Property but excluding any recoveries of principal from defaulting Borrowers under Mortgage Loans, in respect of which enforcement procedures have been completed); (c) any payment pursuant to any Insurance Policy in respect of a Property in connection with a Mortgage Loan, in the Mortgage Portfolio; (d) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan; (e) proceeds of the repurchase of any Mortgage Loan, by the Seller from the Issuer pursuant to the Mortgage Sale Agreements (excluding, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon and other interest amounts in respect of the Mortgage Loans as at the relevant repurchase date); (f) any other payments received which are not classified as Revenue Receipts; and (g) on the First Interest Payment Date, a positive amount (if any) equal to the difference between: (i) the gross proceeds of issuance of the Notes; and (ii) the aggregate of the Purchase Price, the amount credited to the Class B Liquidity Reserve Fund Ledger and to the Class C Liquidity Reserve Fund Ledger on the Closing Date, and any other amounts paid or payable by the Issuer out of proceeds of issuance of the Notes.
"Priority of Payments" or "Priorities of Payments"	means the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments, the Pre-Enforcement Expenses Priority of Payments, and the Post-Enforcement Priority of Payments.

"Product Switch"	means a variation to the financial terms and conditions of any Mortgage Loan but excluding: <ul style="list-style-type: none"> (a) variation agreed with a Borrower to control or manage arrears on a Mortgage Loan; (b) variation imposed by statute; (c) a change from interest-only to repayment Mortgage Loans; (d) a transfer of equity; (e) any change to a Borrower under the Mortgage Loan or the addition of a new Borrower under a Mortgage Loan; and/or (f) the Borrower's interest rate is amended to the SVR rate upon formal breach by the Borrower of its contractual terms or conditions at the discretion of the Legal Title Holder.
"Product Switch Conditions"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreements</i> " in this Prospectus.
"Property"	means a freehold, heritable or leasehold property which is subject to a Mortgage.
"Prospectus Regulation"	means Directive 2017/1129/EC (as amended).
"Provisional Mortgage Portfolio"	means, as of the Portfolio Reference Date, a portfolio comprised of 11,956 Mortgage Loans with an aggregate Current Balance of £1,470,551,799.76.
"Prudent Mortgage Lender"	means the manner of a reasonably prudent mortgage lender lending to borrowers in England, Wales, Scotland or Northern Ireland where the Mortgage Loan is secured over residential property.
"Prudent Mortgage Servicer"	means a leading residential mortgage servicer who is acting prudently in servicing residential mortgage loans and their collateral security in respect of residential property in England, Wales, Scotland or Northern Ireland and which have in all material respects the same or similar characteristics to the Mortgage Portfolio and are administered to standards, criteria and procedures as ought to have been applied in relation to the Mortgage Portfolio or, if the relevant content in the relevant Servicing Agreement relates to a specific Mortgage Loan, as ought to have been applied in relation to such Mortgage Loan.
"PTSB Principal Receipts"	means all Principal Receipts allocated to the Irish Permanent Mortgage Loans.
"PTSB Revenue Receipts"	means all Revenue Receipts (other than in respect of paragraph (e) thereof) allocated to the Irish Permanent Mortgage Loans.
"Purchase Price"	means an amount equal to: (i) an amount equal to £1,430,958,583 (less the fees and expenses incurred by the Issuer in connection with the Transaction and issuance of the Notes) due on the Closing Date comprising the aggregate amount agreed to be paid by the Issuer to the Sellers in the proportions allocated pursuant to the Mortgage Sale Agreements; (ii) <i>less</i> , to the extent required, an amount sufficient to ensure that the Issuer has sufficient available funds after paying the Purchase Price to fund the Class B Liquidity Reserve up to the Class B Liquidity Reserve Fund Required Amount; and (iii) <i>less</i> , to the extent required, an amount sufficient to ensure that the Issuer has sufficient available funds after paying the Purchase Price and after

	funding the Class B Liquidity Reserve under limb (ii) above, to fund the Class C Liquidity Reserve up to the Class C Liquidity Reserve Fund Required Amount.
"Repayment Mortgage Loans"	means Mortgage Loans in relation to which monthly instalments, which can cover both interest and principal, are payable until the mortgage is fully repaid by its maturity.
"QIB"	means a "qualified institutional buyer" within the meaning of Rule 144A.
"Rate of Interest"	means: <ul style="list-style-type: none"> (a) in the case of the Notes other than the Class Z Notes, the Floating Rate of Interest; and (b) no interest will be payable on the Class Z Notes.
"Rated Notes"	means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.
"Rating Agencies"	means S&P and Fitch and, in each case, "Rating Agency" means any of them.
"Rating Agency Confirmation" or "RAC"	means any written confirmation or affirmation (in any form acceptable to the Trustee) from the relevant Rating Agencies of the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby.
"Realisation"	means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.
"Receiver"	means any receiver, manager, administrator, receiver or manager, or administrative receiver appointed in respect of the Issuer by the Issuer at the request of the Trustee or by the Trustee in accordance with the Deed of Charge.
"Reconciliation Amount"	means in respect of any Collection Period which is a Determination Period, (i) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (ii) the Calculated Principal Receipts in respect of such Collection Period, plus (iii) any Reconciliation Amount not applied in previous Collection Periods.
"Reference Rate"	means the Compounded Daily SONIA provided that: <ul style="list-style-type: none"> (a) if, in respect of any Business Day in the relevant Interest Period, the Agent Bank (or such other party responsible for the calculation of the rate of interest) determines that the SONIA Reference Rate is not available on the relevant Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's bank rate (the "Bank Rate") prevailing at close of business on the relevant Interest Determination Date; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which the SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if

there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate;

- (b) notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to: (i) how the SONIA Reference Rate is to be determined; or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank in conjunction with the Issuer (or the Servicer on behalf of the Issuer) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA, for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors; and
- (c) in the event that the Compounded Daily SONIA cannot be determined in accordance with the foregoing provisions by the Agent Bank (or such other party responsible for the calculation of the rate of interest), the Compounded Daily SONIA shall be: (i) that determined as at the last preceding Interest Determination Date; or (ii) if there is no such preceding Interest Determination Date, the initial Compounded Daily SONIA applicable for the first Interest Period had the notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Closing Date.

"Registers of Northern Ireland"	means the Land Registry of Northern Ireland and/or the Registry of Deeds (as applicable).
"Registers of Scotland"	means the Land Register of Scotland and/or the Scottish General Register of Sasines (as applicable).
"Regulated Credit Agreement"	means a mortgage loan regulated by the CCA as a regulated credit agreement – as defined by article 60B of the RAO.
"Regulated Mortgage Contract"	means a mortgage loan regulated by FSMA as a regulated mortgage contract – as defined by article 61 of the RAO.
"Regulation S"	means Regulation S under the Securities Act.
"Regulation S Definitive Certificate"	means the Definitive Certificates issued pursuant to Regulation S.
"Regulation S Global Notes"	means the Class A1 Global Note, the Class A2 Global Note, the Class B Global Note, the Class C Global Note, the Class D Global Note, the Class E Global Note, the Class XA Global Note and the Class Z Global Note of the Regulation S Global Notes.
"Related Security"	<p>means, in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Mortgage Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreements including (without limitation):</p> <ul style="list-style-type: none"> (a) the benefit of all affidavits, declarations, consents, renunciations, guarantees, indemnities, waivers, ranking agreements and postponements (including, without limitation, deeds of consent relating to the relevant Property) from occupiers and other persons having an interest in or rights in connection with the relevant Property;

- (b) each right of action of the Seller against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of any Mortgage Loan and its Related Security or affecting the decision of CHL to make or offer to make all or part of the Mortgage Loan; and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant Insurance Policies, Life Policies and Charges) deposited, charged, obtained, or held in connection with the Mortgage Loan, Mortgage and/or Property and relevant Mortgage Loan Files.

"Relevant Margin" means, for each Class of Floating Rate Notes (a) up to and including the FORD, the Margin; and (b) thereafter, the Step-Up Margin.

"Relevant Percentage" means, in respect of each Seller, the following percentage number:

$$\text{Relevant Percentage} = \left(\frac{a}{b} \right) \times 100$$

Where:

"a" means the aggregate Current Balance of the Mortgage Loans sold by the relevant Seller to the Issuer (as at the Cut-Off Date); and

"b" means the total aggregate Current Balance of the Mortgage Portfolio sold to the Issuer by the Sellers (as at the Cut-Off Date).

"Relevant Period" means, in relation to each Interest Determination Date, the length in months of the related Interest Period.

"Repayment Mortgage Loans" means Mortgage Loans in relation to which monthly instalments, which can cover both interest and principal, are payable until the mortgage is fully repaid by its maturity.

"Replacement Servicing Agreement" means the replacement servicing agreement entered into between *inter alios* any replacement Servicer, the Seller, the Legal Title Holder, the Back-Up Servicer Facilitator and the Trustee from time to time.

"Representative Amount" means £10,000,000.

"Repurchase Price" has the meaning given to it in the section "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreement*" in this Prospectus.

"Request" has the meaning given to it in the Liquidity Facility Agreement.

"Required Interest" means, in relation to an Interest Payment Date and any Class of Subordinated Rated Notes, an amount equal to the Current Interest for such Class of Subordinated Rated Notes.

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest or any other amount in respect of the Notes of, or any Class of for any payment in respect of the Certificates including,

- without limitation, any Certificate Payment, to modify the amount of principal or interest or any other amount due on any date or require any other additional amount and/or premium to be paid in respect of the Notes of any Class or any payment in respect of the Certificates (including, without limitation, any Certificate Payment Amount) or to alter the method of calculating the amount of any payment in respect of the Notes of any Class or the Certificates (including, without limitation the Certificate Payment Amount) (other than a Reference Rate Modification);
- (b) (except in accordance with Condition 21 (*Substitution of Issuer*) or Certificate Condition 19 (*Substitution of the Issuer*) and clause 15 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes of any Class or the Certificates for, or the conversion of such Notes or Certificates into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
 - (c) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted under the Transaction Documents and provided that no modification relating to the Aggregate Expense Compensation Fee shall be a Reserved Matter);
 - (d) to change the definition of FORD;
 - (e) to change the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Condition 9.3(a)(ii) (*Optional Redemption in whole*) (save for any change which is of a formal, minor or technical nature or is made to correct a manifest error);
 - (f) to make any change to the provisions concerning limited recourse and non-petition in relation to the Issuer, including Condition 10 (*Limited Recourse and Non-Petition*) and Certificate Condition 8.6 (*Limited Recourse and Non-Petition*);
 - (g) to make any change to Condition 7.2 (*Issuer Covenants*);
 - (h) to change the currency in which amounts due in respect of the Notes or the Certificates are payable;
 - (i) to alter the Priority of Payments in respect of the Notes or the Certificates;
 - (j) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;
 - (k) to amend this definition; or
 - (l) any change to any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing, provided that no modification relating to Aggregate Expense Compensation Fee shall be a Reserved Matter.

"Revenue Ledger"	means the ledger maintained by the Cash Manager on behalf of the Issuer which records all Revenue Receipts and proceeds of all Liquidity Drawings received by the Issuer and distribution of the same in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).
"Revenue Receipts"	<p>means payments received by the Issuer directly or from the Legal Title Holder representing:</p> <ul style="list-style-type: none"> <li data-bbox="617 430 1333 514">(a) payments of interest (including Arrears of Interest and Accrued Interest but excluding Capitalised Arrears) and fees due from time to time under the Mortgage Loans; <li data-bbox="617 535 1333 619">(b) recoveries of interest and outstanding fees (excluding Capitalised Arrears and Capitalised Expenses, if any) from defaulting Borrowers under Mortgage Loans; <li data-bbox="617 640 1333 724">(c) recoveries of interest and/or principal from defaulting Borrowers under Mortgage Loans, in respect of which enforcement procedures have been completed; <li data-bbox="617 745 1333 955">(d) the proceeds of the repurchase of any Mortgage Loan or an indemnity by the Seller from the Issuer pursuant to the relevant Mortgage Sale Agreement to the extent such proceeds are attributable to Accrued Interest, Arrears of Interest and other interest amounts in respect of the Mortgage Loans (excluding, for the avoidance of doubt, Capitalised Arrears) as at the relevant transfer date; <li data-bbox="617 976 1333 1354">(e) in respect of the exercise of the Mortgage Portfolio Purchase Options or a Market Mortgage Portfolio Purchase, amounts received from a third party purchaser or amounts received from the Mortgage Portfolio Purchase Option Holders, as applicable, to be applied as Revenue Receipts including accrued interest, fees, costs and expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 9.4 (<i>Optional Redemption in whole for taxation reasons</i>), Condition 9.3 (<i>Optional Redemption in whole</i>) or Condition 9.6 (<i>Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Options or Market Mortgage Portfolio Purchase</i>); and <li data-bbox="617 1375 1333 1438">(f) any early repayment charges which have been paid by the Borrower in respect of the Mortgage Loans.
"Risk Retention Regulatory Change Event"	means any change in or the adoption of any new law, rule or regulation which as a matter of law has a binding effect on the Seller after the Closing Date which would impose a positive obligation on it to subscribe for any Notes over and above those required to be maintained by it under its risk retention undertaking.
"Risk Retention Regulatory Change Option"	means the option of the Seller in the relevant Mortgage Sale Agreement to acquire all but not some of the Mortgage Portfolio following a Risk Retention Regulatory Change Event.
"Rounded Arithmetic Mean"	means the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards).
"Rule 144A "	means Rule 144A under the Securities Act.

"Rule 144A Definitive Certificate"	means the Definitive Certificate issued pursuant to Rule 144A.
"Rule 144A Global Notes"	means the Class A1 Global Note, the Class A2 Global Note, the Class B Global Note, the Class C Global Note, the Class D Global Note, the Class E Global Note, the Class XA Global Note and the Class Z Global Note of the Rule 144A Global Notes.
"Sanctions"	means any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or Her Majesty's Treasury.
"S&P"	means Standard & Poor's Credit Market Services Europe Limited and any successor to its rating business.
"Self-Certified Borrowers"	means Borrowers that are self-employed for the purposes of the Originator's Lending Criteria.
"Servicer Fee"	means the fee payable by the Issuer to the Servicer pursuant to the Servicing Agreement.
"Servicing Agreement"	means the servicing agreement relating to the servicing of the Mortgage Loans between the Issuer, the Servicer, the Trustee and the Corporate Services Provider dated the Closing Date.
"Scottish Declaration of Trust"	means the Scots law declaration of trust over the right, title, benefit and interest in the Scottish Mortgage Loans and their Related Security in favour of CERH GR2 dated on or about the Closing Date, CERH GR2's interest in which will be assigned by it to the Issuer on or about the Closing Date pursuant to the Scottish Trust Transfer.
"Scottish Mortgage"	means a first ranking standard security granted in respect of a Scottish Property and which is security for a Scottish Mortgage Loan.
"Scottish Mortgage Loan"	means a residential mortgage loan in relation to a Scottish Property, secured by a Scottish Mortgage and its Related Security, sold or to be sold to the Issuer on the Closing Date pursuant to the Warehouse Mortgage Sale Agreement including, where the context so requires, any Further Advance or Flexible Drawing made by the Legal Title Holder to a Borrower prior to the Closing Date and sold to the Issuer pursuant to the Warehouse Mortgage Sale Agreement, each Flexible Drawing sold or to be sold (as applicable) to the Issuer by the Legal Title Holder after the Closing Date and any mortgage loan which is the subject of a Product Switch but excluding (for the avoidance of doubt) a relevant Scottish Mortgage Loan and its Related Security which is repurchased by CERH pursuant to the Warehouse Mortgage Sale Agreement and is no longer beneficially owned by the Issuer.
"Scottish Property"	means a Property located in Scotland.
"Scottish Sub-Securities "	means each standard security to be executed pursuant to the Deed of Charge.
"Scottish Trust"	means the trust created pursuant to the Scottish Declaration of Trust.
"Scottish Trust Transfer"	means the Scots law assignment by CERH GR2 of its interest as beneficiary under the Scottish Declaration of Trust to the Issuer granted pursuant to the Warehouse Mortgage Sale Agreement, dated on or about the Closing Date.

" Scottish Trust Security "	means the Scots law assignation in security granted by the Issuer in favour of the Trustee in respect of its beneficial title and interest in and under the Scottish Trust, pursuant to the Deed of Charge and substantially in the form set out therein.
" Screen "	means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or, if that service ceases to display such information, such page as displays such information on such service as may replace such screen.
" SEC "	means the U.S. Securities and Exchange Commission.
" Secured Amounts "	means the aggregate of all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes, the Certificates or the Transaction Documents.
" Secured Creditors "	means the Trustee in its own capacity, any Receiver or any Appointee appointed by the Trustee, each in its own capacity, the Agent Bank, the Paying Agents, the Registrar, the Corporate Services Provider, the Servicer, the Back-Up Servicer (and any replacement of the Servicer or the Back-Up Servicer), the Back-Up Servicer Facilitator, the Back-Up Cash Manager, the Liquidity Facility Provider, the Cash Manager (and any replacement of the Cash Manager), the Collection Account Bank, the Issuer Account Bank, any bank at which any other account in the name of the Issuer is held, the Noteholders and the Certificateholders and any party named as such in a Transaction Document.
" Securities Act "	means the U.S. Securities Act of 1933, as amended.
" Securitisation Repository "	means a "securitisation repository" under Article 2(23) of the EU Securitisation Regulation and being a website that confirms (or, as of the Closing Date, intends to conform) with the requirements set out in Article 7(2) of the Securitisation Regulation.
" Security "	means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge in favour of the Secured Creditors.
" Seller "	means: <ul style="list-style-type: none"> (a) in respect of the Warehouse Mortgage Portfolio, CERH GR2; or (b) in respect of the AU10 Mortgage Portfolio, CHL, as applicable, and " Sellers " means both of them.
" Seller Power of Attorney "	means each power of attorney granted by the Seller in favour of the Issuer and the Trustee on the Closing Date in substantially the same form as that set out in the relevant Mortgage Sale Agreement.
" Senior Expenses "	means the amounts due and payable under items (1) and (2) of the Pre-Enforcement Expenses Priority of Payments.
" Servicer Fee Cap "	means, on each Interest Payment Date, the excess of (i) the Aggregate Expense Compensation Fee over (ii) $\frac{3}{12}$ ^{ths} of the scheduled per annum Senior Expenses.

"Servicer Reports"	means the reports to be provided by the Servicer in accordance with the terms of the Servicing Agreement.
"Servicing Services"	means the services to be provided by the Servicer set out in each Servicing Agreement including but not limited to those set out in Schedule 1 (<i>The Services</i>) to each Servicing Agreement.
"SFC Relevant Percentage"	means: <ul style="list-style-type: none"> (a) in relation to the Servicer, (A) the Servicer Original Amount divided by (B) the aggregate of the BUS Original Amount and the Servicer Original Amount; and (b) in relation to the Back-Up Servicer, (A) the BUS Original Amount divided by (B) the aggregate amount of the BUS Original Amount and the Servicer Original Amount.
"Similar Law"	(c) means any U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions of ERISA and the Code
"Solvency II"	means Article 254 of Regulation (EU) No 2015/35.
"SONIA"	means the Sterling Overnight Interbank Average Rate.
"Specified Office"	means, in relation to any Agent: <ul style="list-style-type: none"> (a) the office specified against its name in the Notices Details; or (b) such other office as such Agent may specify in accordance with the provisions of the Agency Agreement.
"SPV Criteria"	means the criteria established from time to time by the Rating Agencies for a single purpose company in the Issuer Jurisdiction.
"Standard Documentation"	means the standard documentation of the Originator, a list of which is set out in the Mortgage Sale Agreements.
"Standard Variable Rate" or "SVR"	means, as applicable, the Legal Title Holder's standard variable mortgage base rate and/or the standard variable mortgage base rate applicable to Mortgage Loans in accordance with the Mortgage Conditions.
"Standard Variable Rate Mortgage Loans"	means the Mortgage Loans which are subject to the Standard Variable Rate subject to the provisions of the Servicing Agreement.
"Step-Up Margin"	means the respective margin per annum as set out below: <ul style="list-style-type: none"> (a) for the Class A Notes, 1.35 per cent per annum; (b) for the Class B Notes, 1.80 per cent per annum; (c) for the Class C Notes, 2.25 per cent per annum; (d) for the Class D Notes, 2.775 per cent per annum; (e) for the Class E Notes, 3.10 per cent per annum; and (f) for the Class XA Notes, 2.50 per cent per annum.

"Subordinated Noteholders"	means the holders of the Subordinated Notes.
"Subordinated Notes"	means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class Z Notes.
"Subordinated Rated Notes"	means the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.
"Subordinated Servicing Fees"	means in any three Collection Periods, the amount by which the fees payable to the Servicer and the Back-Up Servicer in those three Collection Periods exceed the Servicer Fee Cap for the same three Collection Periods.
"Substituted Obligor"	means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria.
"Switch Date"	means the relevant date of the granting of the Product Switch.
"Tax"	shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any Tax Authority in the United Kingdom and Ireland and "Taxes", "taxation", "taxable" and comparable expressions shall be construed accordingly.
"Tax Authority"	means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, Her Majesty's Revenue and Customs).
"Tax Deduction"	means any deduction or withholding for or on account of Tax.
"Tracker Rate Mortgage Loans"	means the Mortgage Loans which are Bank of England-linked mortgages and the applicable rate of interest is calculated by reference to the Bank of England Base Rate or by reference to a combination of the Bank of England Base Rate and the appropriate loan to value ratio.
"Transaction Documents"	means the Account Bank Agreement, the Servicing Agreement, the Agency Agreement, the Cash Management Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed of Charge (and any documents entered into pursuant to the Deed of Charge including the Scottish Trust Security and Scottish Sub Securities), the Incorporated Terms Memorandum, the Mortgage Sale Agreements, the Scottish Declaration of Trust, the Scottish Trust Transfer, the Legal Title Holder Power of Attorney, the Seller Power of Attorney, the Trust Deed, the Back-Up Servicing Agreement, the Back-Up Cash Management Agreement, the Liquidity Facility Agreement, the Deed Poll 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 the Certificates and any other document designated as such (other than the Subscription Agreement).
"Transaction Party"	means any person who is a party to a Transaction Document and "Transaction Parties" means some or all of them.
"Transfer Certificate"	means a certificate, substantially in the form scheduled to the Liquidity Facility Agreement, with such amendments as the Liquidity Facility Provider may approve or reasonably require or any other form agreed between the Liquidity Facility Provider, the Issuer and the Trustee.

"Trust Deed"	means the deed so named dated on or about the Closing Date between the Issuer and the Trustee and any document expressed to be supplemental to the Trust Deed.
"Trust Documents"	means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or (as applicable) the Deed of Charge and expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable).
"TSC Regulations"	means the Taxation of Securitisation Companies Regulations 2006.
"Unauthorised Payment Holiday"	means in respect of any Mortgage Loan, any period when the relevant Borrower under such Mortgage Loan is permitted by the lender, not to make its regular Monthly Payment and such Payment Holiday is not contractually required to be permitted pursuant to the relevant Mortgage Conditions.
"U.S. Credit Risk Retention Requirements"	shall have the meaning given to it in the section entitled " <i>U.S. Risk Retention</i> " on page iv of this Prospectus.
"U.S. Required Risk Retention Interest"	shall have the meaning given to it in the section entitled " <i>Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements</i> " on page 90 of this Prospectus.
"U.S. Person"	means a "U.S. person" as such term is defined under Regulation S under the Securities Act.
"UTCCR"	means the Unfair Terms in Consumer Contracts Regulations 1994 and 1999.
"Valuation Report"	means the valuation report or reports for mortgage purposes, obtained by the Originator from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Servicer and which has been approved by the relevant officers of CHL.
"Volcker Rule"	means the Section 13 of the Bank Holding Company Act of 1956, as amended, and the regulations adopted thereunder.
"Warehouse Mortgage Loans"	means the Mortgage Loans beneficially owned by Auburn Warehouse Borrower 4 Limited immediately prior to their sale to the Issuer by the relevant Seller.
"Warehouse Mortgage Portfolio"	means the portfolio of Warehouse Mortgage Loans, their Related Security and all moneys derived therefrom purchased or to be purchased by the Issuer from CERH GR2 on the Closing Date.
"Written Resolution"	means a resolution in writing signed by or on behalf of the holders of 75 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding or of 75 per cent. of the number of Certificates then in issue who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Noteholders and Certificateholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes or the Certificates.
"XB Payment"	means, on any date of determination: <ul style="list-style-type: none"> (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date from the Closing Date, the amount by which (i) Available Revenue Receipts exceeds the amounts

- required to satisfy items (1) to (19) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date and (ii) Available Principal Receipts exceeds the amounts required to satisfy items (1) to (13) (inclusive) of the Pre-Enforcement Principal Priority of Payments on that Interest Payment Date;
- (ii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (1) to (14) of the Post-Enforcement Priority of Payments on that date; and
 - (iii) following the earlier of the Final Rated Notes Redemption Date and the Final Maturity Date, all amounts standing to the credit of the Excess Cashflow Reserve Fund to the extent available following application in priority.

**ANNEX A
STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO**

The statistical and other information contained in this section has been compiled by reference to the Provisional Mortgage Portfolio of 31 July 2019 (being the "**Portfolio Reference Date**") which is comprised of 11,956 Mortgage Loan Accounts with an aggregate Current Balance of £1,470,551,799.76.

The Provisional Mortgage Portfolio and statistical and other information contained in this section includes five Irish Permanent Mortgage Loans to be assigned to the Issuer in accordance with the Warehouse Mortgage Sale Agreement but in respect of which no value will be attributed in determining the purchase price of the Mortgage Portfolio.

The Mortgage Loans included in the Provisional Mortgage Portfolio were previously owned by the Seller, as further described in the section entitled "*The Mortgage Portfolio*".

The Mortgage Portfolio consists of Mortgage Loans which will be selected by the Seller from the Provisional Mortgage Portfolio on the Portfolio Selection Date after removing: (i) Mortgage Loans which are scheduled to redeem prior to the Closing Date; and (ii) Mortgage Loans which at any time prior to the Closing Date are found not to comply with the warranties to be given in respect of the Mortgage Loans on the Closing Date as set out in each Mortgage Sale Agreement.

The information contained in this section has not been updated to reflect any decrease in the size of the Mortgage Portfolio from that of the Provisional Mortgage Portfolio.

Except as otherwise indicated, these tables have been prepared using the Current Balance as of the Portfolio Reference Date. Columns may not add up to the total due to rounding.

As of the Portfolio Reference Date, the Provisional Mortgage Portfolio had the following characteristics:

Key Collateral Highlights⁽¹⁾

	TPMF 2016- Auburn10	Auburn Warehouse Borrower 4	Aggregate Mortgage Portfolio
Total Unpaid Principal Balance	£918,764,579.64	£551,787,220.12	£1,470,551,799.76
Sets of Borrowers.....	5,265	3,420	8,462
Number of Properties.....	6,647	4,265	10,912
Number of Mortgage Loan Accounts.....	7,236	4,720	11,956
Average Loan Balance ⁽²⁾	126,971	116,904	122,997
Maximum Loan Balance.....	1,993,537	1,080,712	1,993,537
Weighted Average Original Loan to Value (%).....	79.77	82.41	80.76
Weighted Average Indexed Current Loan to Value (%) ⁽³⁾	55.79	66.20	59.70
Weighted Average Interest Rate (%).....	2.31	2.05	2.21
Weighted Average Seasoning (Months).....	153	151	152
Weighted Average Remaining Term (Months).....	90	124	103
BBR (%).....	99.12	99.52	99.27
SVR (%).....	0.88	0.48	0.73
Interest Only (%) ⁽⁴⁾	94.67	98.59	96.14
Current Loans (%).....	98.99	98.04	98.63
1 Month in Arrears (%) ⁽⁵⁾	0.40	0.84	0.57
2 Months in Arrears (%) ⁽⁵⁾	0.39	0.41	0.40
3+ Months in Arrears (%) ⁽⁵⁾	0.22	0.71	0.40

⁽¹⁾ As at the Portfolio Reference Date

⁽²⁾ Calculated on the current balance of the mortgage loan accounts

⁽³⁾ Indexed using Nationwide House Price Index as of 31 December 2018

⁽⁴⁾ Figure includes part-and-part loans

⁽⁵⁾ Month in Arrears ratio is calculated as missed payment divided by the payment due. 1 Month in Arrears means the Month in Arrears ratio of between 1 (inclusive) and 2 (exclusive). 2 Months in Arrears means the Month in Arrears ratio of between 2 (inclusive) and 3 (exclusive) and so on.

ANNEX A
STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

Provisional Pool Split

The following table shows the provisional pool split as of the Portfolio Reference Date.

Provisional Pool Split ⁽¹⁾	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽²⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
TPMF 2016- Auburn10	7,236	918,764,580	62.48	2.31	1.52	126,971	90	153	79.77	55.79
Auburn 4 Warehouse	4,720	551,787,220	37.52	2.05	1.28	116,904	124	151	82.41	66.20
		1,470,551,800								
Total:	11,956	0	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ TPFM 2016-Auburn10 will be redeemed in full and the Auburn 4 Warehouse will repay its outstanding debt in full on or after the Closing Date using the proceeds of the sale of the Mortgage Portfolio to TPFM 2019-AU13 in accordance with their respective terms.

⁽²⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Unpaid Principal Balances

The following table shows the range of unpaid Principal Balances of the Mortgage Loans as of the Portfolio Reference Date.

Unpaid Principal Balances	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
<= 50,000.....	2,102	54,215,087	3.69	2.29	1.22	25,792	93	168	75.10	45.55
50,001 to 100,000.	3,679	279,928,733	19.04	2.16	1.37	76,088	101	156	79.85	65.62
100,001 to 150,000	3,073	373,387,406	25.39	2.21	1.44	121,506	104	152	80.95	62.70
150,001 to 200,000	1,431	245,108,664	16.67	2.22	1.44	171,285	105	151	81.62	57.78
200,001 to 250,000	733	162,152,702	11.03	2.21	1.44	221,218	106	150	82.46	57.48
250,001 to 300,000	354	95,826,350	6.52	2.28	1.49	270,696	102	149	82.56	58.51
300,001 to 350,000	195	62,666,145	4.26	2.22	1.45	321,365	91	150	81.81	57.61
350,001 to 400,000	125	46,777,070	3.18	2.20	1.45	374,217	104	150	80.82	55.27
400,001 to 450,000	72	30,278,379	2.06	2.29	1.54	420,533	98	148	80.33	54.94
450,001 to 500,000	50	23,500,867	1.60	2.14	1.39	470,017	99	151	80.40	54.45
500,001 >=.....	142	96,710,397	6.58	2.25	1.50	681,059	109	148	78.48	54.92
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Indexed Current Loan to Value Ratios (ICLTVs)

The following table shows the range of ICLTVs of the Mortgage Loans calculated by dividing the aggregate Current Balance of all Mortgage Loans (including capitalised interest and capitalised fees) as of the Portfolio Reference Date by the latest valuation amount of the Property securing the Mortgage Loans indexed using the Nationwide House Price Index as of 31 December 2018. The weighted average ICLTV as of the Portfolio Reference Date of the Mortgage Loans is 59.70 per cent.

Indexed Current LTV	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
<= 50.00.....	3,424	383,989,893	26.11	2.20	1.37	112,147	98	160	74.58	39.98
50.01 to 55.00.	1,168	203,727,291	13.85	2.26	1.48	174,424	106	151	80.87	52.83
55.01 to 60.00	1,094	165,501,008	11.25	2.21	1.44	151,281	105	150	82.08	57.37
60.01 to 65.00	1,207	157,555,257	10.71	2.21	1.44	130,535	100	151	82.41	62.40
65.01 to 70.00	1,345	170,842,352	11.62	2.22	1.45	127,020	104	148	82.91	67.53
70.01 to 75.00	1,161	134,152,461	9.12	2.24	1.46	115,549	101	149	83.47	72.38
75.01 to 80.00	993	104,126,615	7.08	2.16	1.40	104,861	101	152	84.22	77.44
80.01 to 85.00	730	71,943,314	4.89	2.12	1.35	98,552	114	147	84.74	82.31
85.01 to 90.00	490	47,341,411	3.22	2.28	1.52	96,615	110	146	86.91	87.16
90.01 to 95.00	246	21,507,734	1.46	2.32	1.56	87,430	121	144	87.60	91.64
95.01 to 100.00	65	6,023,434	0.41	2.24	1.49	92,668	105	146	86.97	96.87
100.01 >=.....	33	3,841,029	0.26	2.20	1.45	116,395	113	149	84.87	113.39
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

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(1) For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Months in Arrears

The following table shows the Months in Arrears of the Mortgage Loans as of the Portfolio Reference Date.

Months in Arrears ⁽¹⁾	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽²⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
		1,450,476,37								
Current.....	11,808	4	98.63	2.21	1.43	122,838	103	152	80.73	59.62
1 Month in Arrears	50	8,331,259	0.57	2.53	1.53	166,625	120	150	81.32	60.09
2 Months in Arrears	41	5,832,735	0.40	2.30	1.46	142,262	114	147	82.77	61.13
3+ Months in Arrears.....	57	5,911,432	0.40	2.28	1.36	103,709	85	151	85.75	78.07
Total:.....	11,956	1,470,551,80	100.00	2.21	1.43	122,997	103	152	80.76	59.70

(1) Months in Arrears are calculated in accordance with standard market practice in the UK. A loan is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments. In making an arrears determination, the servicer calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination and the sum of all payments actually made by that borrower up to that date of determination. If the result arrived at by dividing that difference (if any) by the amount of the required monthly payment equals or exceeds one the loan is deemed to be in arrears. Arrears classification is determined based on the number of full monthly payments that have been missed, hence the term Months in Arrears. A borrower that has missed payments that in the aggregate equal or exceed two monthly payments (but for which the aggregate of missed payments is less than three monthly payments) would be classified as being between two Months in Arrears, and so on.

(2) For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Geographical Distribution of Properties

The following table shows the distribution of geographic region of Properties securing the Mortgage Loans throughout the United Kingdom as of the Portfolio Reference Date.

Geographic Region	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Greater London.....	2,395	430,166,286	29.25	2.26	1.46	179,610	106	153	80.25	46.11
South East.....	2,278	327,864,990	22.30	2.21	1.44	143,927	101	152	80.78	56.02
North West.....	1,643	147,752,306	10.05	2.16	1.38	89,928	102	152	81.95	75.08
South West.....	1,107	139,780,136	9.51	2.22	1.44	126,269	92	152	79.75	61.46
Yorkshire & Humberside.....	1,043	98,220,775	6.68	2.18	1.40	94,171	108	150	81.17	74.69
West Midlands.....	867	85,160,477	5.79	2.14	1.38	98,224	109	152	82.12	66.92
East Midlands.....	814	81,712,786	5.56	2.20	1.42	100,384	104	151	82.07	65.57
East of England.....	377	45,985,104	3.13	2.26	1.49	121,976	111	148	81.48	61.71
Wales.....	467	44,664,742	3.04	2.20	1.42	95,642	99	152	79.65	72.52
North East.....	474	38,555,876	2.62	2.18	1.42	81,342	97	150	82.74	82.62
Northern Ireland.....	486	30,428,692	2.07	2.10	1.23	62,610	98	165	75.91	73.47
Scotland.....	5	259,629	0.02	2.45	1.08	51,926	30	201	78.09	42.70
Total:.....	11,956	1,470,551,80	100.00	2.21	1.43	122,997	103	152	80.76	59.70

(1) For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Range of Loan Age

The following table shows the range of the number of months since the completion dates of the Mortgage Loans as of the Portfolio Reference Date.

Range of Loan Age (months)	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
<= 120.....	8	400,618	0.03	3.18	1.08	50,077	69	70	57.24	40.79
121 to 140.....	2,452	362,805,608	24.67	2.31	1.54	147,963	110	136	79.81	61.87
141 to 160.....	5,798	738,868,425	50.24	2.19	1.43	127,435	107	149	81.94	61.94
161 to 180.....	2,718	306,871,590	20.87	2.12	1.34	112,903	91	168	79.92	55.99

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Range of Loan Age (months)	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
181 to 200	287	29,980,399	2.04	2.16	1.29	104,461	83	189	80.45	46.33
201 to 220	320	17,267,212	1.17	2.25	1.20	53,960	66	211	75.17	33.13
221 to 240	207	8,827,433	0.60	2.65	1.01	42,645	55	231	69.62	31.23
241 to 260	101	4,218,895	0.29	3.41	0.72	41,771	54	248	68.69	28.33
261 to 280	32	1,024,142	0.07	2.78	0.67	32,004	27	270	76.91	19.68
281 to 300	33	287,476	0.02	5.16	0.06	8,711	12	288	72.61	12.03
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Remaining Term

The following table shows the range of the number of months until the maturity dates of all the Mortgage Loans as of the Portfolio Reference Date. The weighted average remaining term as of the Portfolio Reference Date of the Mortgage Loans is 103 months.

Range of Remaining Term to Maturity (months)	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
<= 0	83	11,443,586	0.78	2.22	1.37	137,875	-6	149	79.20	62.64
1 to 20	698	66,297,817	4.51	2.09	1.24	94,983	12	163	79.76	57.96
21 to 40	1,128	136,111,986	9.26	2.15	1.35	120,667	31	153	79.37	59.72
41 to 60	880	106,250,710	7.23	2.22	1.40	120,739	48	152	79.33	57.60
61 to 80	1,373	145,909,428	9.92	2.13	1.32	106,271	72	164	79.37	56.42
81 to 100	1,882	243,519,505	16.56	2.26	1.48	129,394	92	150	81.12	60.96
101 to 120	1,030	142,998,634	9.72	2.27	1.50	138,834	107	146	78.65	58.43
121 to 140	1,558	162,374,352	11.04	2.16	1.38	104,220	132	164	80.29	56.70
141 to 160	2,481	332,616,830	22.62	2.24	1.47	134,066	152	148	83.07	62.32
161 to 180	700	105,483,725	7.17	2.30	1.54	150,691	164	137	81.58	61.74
181 >=	143	17,545,228	1.19	2.18	1.43	122,694	221	151	84.09	62.99
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Repayment Type

The following table shows the repayment type of the Mortgage Loans as of the Portfolio Reference Date.

Repayment Type	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Interest Only	10,605	1,407,100,468	95.69	2.21	1.43	132,683	102	152	80.88	60.86
Repayment...	1,300	56,803,788	3.86	2.22	1.32	43,695	127	160	77.53	31.05
Part & Part...	51	6,647,544	0.45	2.37	1.43	130,344	89	157	83.48	59.28
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Current Interest Rates

The following table shows the range of current interest rates for the Mortgage Loans as of the Portfolio Reference Date. The weighted average Current Interest rate as of the Portfolio Reference Date of the Mortgage Loans is 2.21 per cent.

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Current Interest Rate (%)	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
<= 0.50.....	1	23,052	0.00	0.00	-5.50	23,052	3	261	49.70	6.12
1.01 to 1.50	950	110,940,789	7.54	1.28	0.53	116,780	99	155	78.99	58.20
1.51 to 2.00	4,326	449,114,838	30.54	1.97	1.22	103,818	89	159	80.14	58.26
2.01 to 2.50	6,210	864,860,501	58.81	2.40	1.65	139,269	110	148	81.65	61.11
2.51 to 3.00	168	32,120,812	2.18	2.63	1.88	191,195	112	137	75.31	54.35
3.01 to 3.50	13	2,461,025	0.17	3.31	2.56	189,310	141	137	71.47	55.46
3.51 to 4.00	2	315,699	0.02	3.74	2.99	157,849	92	131	73.85	50.16
5.01 to 5.50	275	10,404,326	0.71	5.50	0.00	37,834	76	194	71.70	39.71
6.01 >=.....	11	310,758	0.02	6.50	0.00	28,251	50	242	80.14	18.68
Total:.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Interest Rate Index for Mortgage Loans

The table below shows the types of interest rate indices applicable to the Mortgage Loans as of the Portfolio Reference Date.

Current Interest Rate Index	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
BoE Base Rate	11,669	1,459,813,66	99.27	2.19	1.44	125,102	103	152	80.82	59.85
Standard Variable Rate.....	287	10,738,136	0.73	5.52	-0.01	37,415	76	196	71.90	39.03
Total:.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Interest Rate Margin for Mortgage Loans

The table below shows the range of Mortgage Loan margins for the Mortgage Loans as of the Portfolio Reference Date. All of the Mortgage Loans are adjustable rate based on the respective interest rate index plus margin. The weighted average current Mortgage Loan margin for active adjustable rate Mortgage Loans as of the Portfolio Reference Date of the Mortgage Loans is 1.43 per cent.

Margin (%)	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
<= 0.25.....	287	10,738,136	0.73	5.52	-0.01	37,415	76	196	71.90	39.03
0.26 to 0.50	803	95,584,105	6.50	1.24	0.49	119,034	100	153	79.01	59.03
0.51 to 0.75	147	15,356,684	1.04	1.50	0.75	104,467	90	166	78.85	53.05
0.76 to 1.00	373	36,697,466	2.50	1.72	0.97	98,385	90	162	81.19	55.61
1.01 to 1.25	3,953	412,417,372	28.05	1.99	1.24	104,330	89	159	80.04	58.50
1.26 to 1.50	584	80,333,887	5.46	2.21	1.46	137,558	100	153	81.64	61.04
1.51 to 1.75	5,626	784,526,614	53.35	2.42	1.67	139,447	111	148	81.65	61.11
1.76 to 2.00	159	31,174,645	2.12	2.62	1.87	196,067	112	136	75.07	54.14
2.01 >=.....	24	3,722,891	0.25	3.26	2.51	155,120	128	144	74.62	56.42
Total:.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

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Bankruptcy or Individual Voluntary Arrangements (IVA)

The following table shows the Mortgage Loans that belong in the "Bankruptcy or Individual Voluntary Arrangements" category as of the Portfolio Reference Date.

Bankruptcy or Individual Voluntary Arrangement (IVAs)	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
No.....	11,759	1,443,853,378	98.18	2.21	1.43	122,787	103	152	80.69	59.55
Yes.....	197	26,698,422	1.82	2.22	1.38	135,525	98	154	84.33	68.00
Total:.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Property Type

The following table shows the types of Properties securing the Mortgage Loans at the Portfolio Reference Date.

Property Type	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Residential (House, detached or semi-detached).....	7,206	803,558,112	54.64	2.20	1.41	111,512	103	153	81.10	61.66
Residential (Flat/Apartment).....	4,173	595,380,716	40.49	2.22	1.45	142,675	102	151	80.49	57.82
Other.....	577	71,612,972	4.87	2.24	1.42	124,113	104	157	79.17	53.33
Total:.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Years since Arrears

The following table shows the years since arrears as of the Portfolio Reference Date.

Years Since Arrears	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
In Arrears.....	148	20,075,426	1.37	2.39	1.46	135,645	108	150	83.04	65.69
Greater than 00 Years	203	25,785,927	1.75	2.27	1.45	127,024	95	151	82.43	64.59
Greater than 01 Years	91	10,768,718	0.73	2.36	1.48	118,338	107	149	82.75	65.94
Greater than 02 Years	66	8,716,411	0.59	2.28	1.53	132,067	104	149	84.45	66.72
Greater than 03 Years	74	10,759,297	0.73	2.34	1.52	145,396	120	147	83.65	66.03
Greater than 04 Years	88	14,011,511	0.95	2.29	1.46	159,222	110	152	82.46	61.60
Greater than 05 Years	63	9,725,811	0.66	2.31	1.39	154,378	97	156	81.76	62.82
Greater than 06 Years	77	13,583,181	0.92	2.19	1.44	176,405	113	151	83.92	63.20
Greater than 07 Years	59	8,545,491	0.58	2.38	1.45	144,839	106	154	82.59	62.35
Greater than 08 Years	56	9,758,950	0.66	2.26	1.51	174,267	114	152	81.54	57.42
Greater than 09 years	101	16,234,596	1.10	2.38	1.58	160,739	119	146	84.95	65.56
Greater or equal to 10 Years or Clean for Life.....	10,930	1,322,586,481	89.94	2.20	1.42	121,005	102	152	80.50	59.21
Total:.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

ANNEX A

STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

Mortgage Loan Purpose

The following table shows the purpose of the Mortgage Loans in the Provisional Mortgage Portfolio.

Loan Purpose	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%)⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Re-mortgage	4,969	741,515,977	50.42	2.19	1.42	149,228	102	151	78.46	58.09
Purchase.....	5,941	689,093,953	46.86	2.23	1.44	115,990	105	154	83.44	61.55
Equity Release	1,046	39,941,870	2.72	2.19	1.32	38,185	83	156	77.08	57.53
Total.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

ANNEX A
STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

Ownership Type

The following table shows the ownership type of the Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio.

Ownership Type	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Freehold.....	7,204	931,433,129	63.34	2.20	1.42	129,294	103	152	80.46	60.52
Leasehold.....	4,746	538,687,545	36.63	2.23	1.43	113,503	103	152	81.27	58.29
Feudal.....	6	431,126	0.03	2.27	1.15	71,854	43	192	80.84	50.31
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Occupancy Type

The following table shows the occupancy types of the Properties securing the Mortgage Loans as of the Portfolio Reference Date.

Occupancy Type	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Buy-to-let.....	11,253	1,394,056,063	94.80	2.22	1.44	123,883	103	152	80.47	59.81
Owner Occupied ..	703	76,495,736	5.20	2.07	1.19	108,813	94	164	85.94	57.68
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

Origination Year

The following table shows the range of years in which the Mortgage Loans in the Provisional Mortgage Portfolio were originated.

Origination Year	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) ⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
1994.....	6	68,833	0.00	4.15	0.25	11,472	5	297	90.84	28.44
1995.....	25	145,470	0.01	5.47	0.01	5,819	12	288	54.71	4.05
1996.....	15	562,531	0.04	3.52	0.72	37,502	22	277	79.60	21.59
1997.....	27	752,241	0.05	3.30	0.40	27,861	34	263	73.33	16.86
1998.....	62	2,467,836	0.17	3.72	0.69	39,804	58	251	67.34	28.31
1999.....	95	4,118,793	0.28	2.77	0.83	43,356	49	240	70.93	29.70
2000.....	124	5,278,157	0.36	2.63	1.08	42,566	56	229	68.98	30.88
2001.....	190	10,195,670	0.69	2.23	1.12	53,661	65	216	75.37	32.82
2002.....	171	9,300,715	0.63	2.22	1.28	54,390	65	205	74.19	34.76
2003.....	171	17,608,906	1.20	2.21	1.27	102,976	77	192	81.08	45.17
2004.....	567	60,836,351	4.14	2.11	1.35	107,295	89	178	77.93	50.99
2005.....	1,836	211,296,707	14.37	2.15	1.36	115,085	92	167	80.31	56.65
2006.....	2,704	314,671,679	21.40	1.99	1.24	116,373	99	156	81.02	59.56
2007.....	4,108	554,982,330	37.74	2.31	1.54	135,098	111	145	82.30	63.42
2008.....	1,847	277,864,963	18.90	2.30	1.54	150,441	109	135	79.29	60.93
2012.....	5	113,244	0.01	5.50	0.00	22,649	38	87	79.05	47.88
2013.....	2	85,399	0.01	1.93	1.18	42,700	75	69	47.74	31.29
2014.....	1	201,975	0.01	2.40	1.65	201,975	84	60	49.03	40.83
Total:	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

ANNEX A
STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

Direct Debit Status

The following table shows the status of the direct debits applicable to the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Direct Debit Status	Number of Loans	Total Unpaid Principal Balance (£)	Total Unpaid Principal Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%)⁽¹⁾	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current Loan to Value (%)
Live.....	11,252	1,378,397,852	93.73	2.21	1.43	122,502	103	152	80.63	59.37
Cancelled	704	92,153,947	6.27	2.26	1.44	130,900	102	150	82.71	64.55
Total.....	11,956	1,470,551,800	100.00	2.21	1.43	122,997	103	152	80.76	59.70

⁽¹⁾ For Mortgage Loans indexed to (x) standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 5.50 per cent. per annum, with the exception of 11 loans that were originated as discreet products that had an element of self-certification, the Mortgage Loan margin is assumed to be the current interest rate less 6.50 per cent. per annum, and (y) Bank of England Base Rate, the Mortgage Loan margin is assumed to be the current interest rate less 0.75 per cent. per annum.

**ANNEX B
HISTORICAL PERFORMANCE OF THE WIDER MORTGAGE PORTFOLIO**

CHL provided the following information relating to the historical performance of the Mortgage Loans originated by the Originator. A summary of this data is provided in the following tables, for which the Originator accepts no responsibility.

The information consists of CPR, Loss Severity and Months in Arrears and no assurance can be made as to the performance of a particular pool of loans, whether similar to the information shown below for loans originated during any particular period or otherwise.

CPR

The table below sets out on a monthly basis the annualised constant prepayment rate ("CPR") for the mortgage loans in the (i) Towd Point Mortgage Funding – Auburn 10 plc ("TPMF 2016 – Auburn 10") securitisation from January 2016 (its first quarterly interest payment date was January 2017 and its first optional redemption date is in October 2019), (ii) the Auburn Warehouse Borrower 4 Limited warehouse from July 2017 and (iii) the aggregate combined Mortgage Portfolio from July 2017. CPR means the annualised ratio of the prepayment balance of loans to the closing balance of all loans in the relevant quarter.

TPMF 2016 - Auburn 10		Auburn Warehouse Borrower 4 Limited		Aggregate Mortgage Portfolio	
<i>Month</i>	<i>CPR</i>	<i>Month</i>	<i>CPR</i>	<i>Month</i>	<i>CPR</i>
Jan-16	5.94%				
Feb-16	7.01%				
Mar-16	8.59%				
Apr-16	9.96%				
May-16	8.33%				
Jun-16	6.21%				
Jul-16	4.83%				
Aug-16	6.17%				
Sep-16	6.25%				
Oct-16	6.51%				
Nov-16	5.75%				
Dec-16	6.13%				
Jan-17	6.02%				
Feb-17	5.56%				
Mar-17	6.25%				
Apr-17	6.40%				
May-17	7.16%				
Jun-17	6.89%				
Jul-17	7.54%	Jul-17	4.79%	Jul-17	6.59%
Aug-17	7.46%	Aug-17	5.79%	Aug-17	6.89%
Sep-17	6.63%	Sep-17	6.44%	Sep-17	6.55%
Oct-17	6.78%	Oct-17	5.41%	Oct-17	6.32%
Nov-17	6.78%	Nov-17	3.79%	Nov-17	5.75%
Dec-17	6.97%	Dec-17	3.16%	Dec-17	5.64%
Jan-18	4.56%	Jan-18	5.52%	Jan-18	4.91%
Feb-18	4.02%	Feb-18	5.48%	Feb-18	4.56%
Mar-18	4.06%	Mar-18	5.25%	Mar-18	4.48%
Apr-18	6.02%	Apr-18	3.90%	Apr-18	5.25%
May-18	6.36%	May-18	5.10%	May-18	5.90%
Jun-18	7.27%	Jun-18	5.48%	Jun-18	6.63%
Jul-18	8.51%	Jul-18	4.87%	Jul-18	7.20%
Aug-18	9.82%	Aug-18	4.41%	Aug-18	7.88%
Sep-18	8.18%	Sep-18	4.21%	Sep-18	6.74%
Oct-18	7.80%	Oct-18	4.41%	Oct-18	6.55%
Nov-18	7.42%	Nov-18	4.25%	Nov-18	6.29%
Dec-18	8.33%	Dec-18	4.06%	Dec-18	6.78%
Jan-19	6.74%	Jan-19	3.47%	Jan-19	5.56%
Feb-19	6.10%	Feb-19	4.02%	Feb-19	5.33%
Mar-19	6.10%	Mar-19	4.83%	Mar-19	5.64%
Apr-19	7.54%	Apr-19	5.48%	Apr-19	6.78%
May-19	7.35%	May-19	5.14%	May-19	6.51%
Jun-19	8.03%	Jun-19	5.06%	Jun-19	6.93%
Jul-19	8.51%	Jul-19	4.91%	Jul-19	7.16%
Aug-19	8.74%	Aug-19	5.14%	Aug-19	7.39%

Loss Severity

ANNEX B
HISTORICAL PERFORMANCE OF THE WIDER MORTGAGE PORTFOLIO

The table below sets out the monthly annualised loss severity ("**Loss Severity**") for the aggregate combined Mortgage Portfolio from July 2017 to July 2019. Loss Severity is calculated, for any mortgage loan relating to a repossessed property, as the ratio of losses in the relevant month to the balance of the loan after repossession and prior to sale.

Month	Weighted Average Loss Severity %	Number of Sales
Jul-17.....	7.27%	3
Aug-17.....	19.90%	3
Dec-17.....	30.92%	1
Jan-18.....	31.65%	2
Feb-18.....	45.39%	2
Mar-18.....	60.79%	1
Apr-18.....	33.30%	2
May-18.....	21.14%	2
Jul-18.....	13.98%	1
Nov-18.....	23.80%	1
Dec-18.....	39.26%	1
Jan-19.....	20.25%	1
Feb-19.....	37.69%	1
Mar-19.....	0.00%	1
Jul-19.....	65.65%	1
Total.....	24.55%	23

Months in Arrears

The table below sets out, on a monthly basis, the ratio of the outstanding number of delinquent loans over the total number of loans outstanding in the given month, by number of months in arrears.

TPMF 2016 - Auburn 10 portfolio

Month	>=1M (#)	>=1M (%)	>=3M (#)	>=3M (%)	>=6M (#)	>=6M (%)	>=12 M (#)	>=12 M (%)	Arrears Balance (£)	Arrears Bal / Mort Bal (%)
Jan-16.....	33	0.35%	10	0.11%	6	0.06%	3	0.03%	31,231.72	0.00%
Feb-16.....	54	0.57%	11	0.12%	6	0.06%	3	0.03%	40,923.01	0.00%
Mar-16.....	39	0.42%	12	0.13%	4	0.04%	3	0.03%	36,109.25	0.00%
Apr-16.....	36	0.39%	15	0.16%	4	0.04%	3	0.03%	38,612.33	0.00%
May-16.....	41	0.45%	15	0.16%	6	0.07%	2	0.02%	43,602.04	0.00%
Jun-16.....	44	0.48%	17	0.19%	8	0.09%	2	0.02%	45,579.24	0.00%
Jul-16.....	51	0.56%	19	0.21%	9	0.10%	2	0.02%	49,454.21	0.00%
Aug-16.....	51	0.57%	16	0.18%	8	0.09%	1	0.01%	54,086.83	0.00%
Sep-16.....	54	0.61%	19	0.21%	7	0.08%	1	0.01%	57,834.30	0.00%
Oct-16.....	37	0.42%	9	0.10%	0	0.00%	0	0.00%	25,181.98	0.00%
Nov-16.....	29	0.33%	9	0.10%	1	0.01%	0	0.00%	23,605.77	0.00%
Dec-16.....	33	0.38%	8	0.09%	1	0.01%	0	0.00%	23,909.43	0.00%
Jan-17.....	26	0.30%	8	0.09%	2	0.02%	0	0.00%	22,051.38	0.00%
Feb-17.....	34	0.39%	8	0.09%	2	0.02%	0	0.00%	28,469.80	0.00%
Mar-17.....	23	0.27%	6	0.07%	2	0.02%	0	0.00%	27,114.10	0.00%
Apr-17.....	44	0.52%	8	0.09%	2	0.02%	0	0.00%	38,229.20	0.00%
May-17.....	38	0.45%	5	0.06%	2	0.02%	0	0.00%	30,953.71	0.00%
Jun-17.....	35	0.42%	11	0.13%	2	0.02%	0	0.00%	37,156.35	0.00%
Jul-17.....	40	0.48%	12	0.15%	3	0.04%	1	0.01%	42,727.55	0.00%
Aug-17.....	48	0.59%	16	0.20%	3	0.04%	0	0.00%	48,012.89	0.00%
Sep-17.....	46	0.57%	20	0.25%	5	0.06%	0	0.00%	49,420.60	0.00%
Oct-17.....	46	0.57%	23	0.29%	8	0.10%	0	0.00%	54,321.14	0.00%
Nov-17.....	42	0.53%	20	0.25%	9	0.11%	0	0.00%	46,556.30	0.00%
Dec-17.....	53	0.67%	24	0.30%	11	0.14%	0	0.00%	55,739.82	0.01%
Jan-18.....	48	0.61%	21	0.27%	9	0.11%	0	0.00%	58,907.44	0.01%
Feb-18.....	48	0.62%	27	0.35%	14	0.18%	0	0.00%	67,240.28	0.01%
Mar-18.....	50	0.65%	26	0.34%	12	0.16%	0	0.00%	71,521.53	0.01%
Apr-18.....	46	0.60%	25	0.33%	13	0.17%	0	0.00%	70,744.73	0.01%
May-18.....	37	0.49%	23	0.30%	14	0.18%	0	0.00%	36,924.43	0.00%
Jun-18.....	79	1.05%	26	0.35%	14	0.19%	2	0.03%	57,743.47	0.01%
Jul-18.....	58	0.78%	21	0.28%	15	0.20%	2	0.03%	48,171.83	0.00%
Aug-18.....	54	0.73%	24	0.33%	15	0.20%	4	0.05%	48,688.62	0.00%
Sep-18.....	72	0.98%	23	0.31%	18	0.25%	4	0.05%	60,681.96	0.01%
Oct-18.....	53	0.73%	20	0.28%	12	0.17%	2	0.03%	55,405.85	0.01%
Nov-18.....	57	0.80%	20	0.28%	12	0.17%	2	0.03%	63,923.58	0.01%
Dec-18.....	53	0.75%	23	0.32%	15	0.21%	4	0.06%	74,564.21	0.01%
Jan-19.....	47	0.67%	25	0.35%	15	0.21%	5	0.07%	72,533.91	0.01%
Feb-19.....	62	0.89%	19	0.27%	12	0.17%	4	0.06%	77,046.52	0.01%

HISTORICAL PERFORMANCE OF THE WIDER MORTGAGE PORTFOLIO

Month	>=1M (#)	>=1M (%)	>=3M (#)	>=3M (%)	>=6M (#)	>=6M (%)	>=12 M (#)	>=12 M (%)	Arrears Balance (£)	Arrears Bal / Mort Bal (%)
Mar-19.....	57	0.82%	20	0.29%	11	0.16%	3	0.04%	64,721.55	0.01%
Apr-19.....	55	0.80%	20	0.29%	11	0.16%	4	0.06%	71,677.24	0.01%
May-19.....	50	0.73%	18	0.26%	9	0.13%	3	0.04%	70,349.51	0.01%
Jun-19.....	58	0.86%	22	0.33%	10	0.15%	5	0.07%	79,766.69	0.01%
Jul-19.....	58	0.87%	21	0.32%	13	0.20%	6	0.09%	82,323.11	0.01%
Aug-19.....	59	0.90%	27	0.41%	14	0.21%	6	0.09%	91,064.11	0.01%

Auburn Warehouse Borrower 4 Limited portfolio

Month	>=1M (#)	>=1M (%)	>=3M (#)	>=3M (%)	>=6M (#)	>=6M (%)	>=12M (#)	>=12M (%)	Arrears Balance (£)	Arrears Bal / Mort Bal (%)
Jun-17.....	60	1.26%	28	0.59%	16	0.33%	10	0.21%	70,881.74	0.01%
Jul-17.....	58	1.22%	30	0.63%	20	0.42%	10	0.21%	74,190.26	0.01%
Aug-17.....	60	1.27%	30	0.63%	20	0.42%	8	0.17%	70,238.00	0.01%
Sep-17.....	62	1.32%	29	0.62%	20	0.43%	8	0.17%	75,970.86	0.01%
Oct-17.....	71	1.51%	36	0.77%	21	0.45%	9	0.19%	83,631.02	0.01%
Nov-17.....	63	1.35%	40	0.86%	24	0.51%	10	0.21%	86,252.15	0.01%
Dec-17.....	68	1.46%	39	0.84%	20	0.43%	10	0.22%	90,468.06	0.01%
Jan-18.....	68	1.47%	36	0.78%	21	0.45%	7	0.15%	93,846.08	0.02%
Feb-18.....	77	1.67%	37	0.80%	26	0.56%	8	0.17%	102,398.33	0.02%
Mar-18.....	63	1.38%	35	0.76%	22	0.48%	9	0.20%	88,524.74	0.01%
Apr-18.....	54	1.18%	32	0.70%	21	0.46%	7	0.15%	77,141.37	0.01%
May-18.....	60	1.32%	28	0.62%	18	0.40%	7	0.15%	66,971.67	0.01%
Jun-18.....	83	1.84%	25	0.55%	19	0.42%	7	0.15%	75,121.37	0.01%
Jul-18.....	60	1.33%	24	0.53%	17	0.38%	8	0.18%	72,190.76	0.01%
Aug-18.....	64	1.43%	26	0.58%	15	0.33%	6	0.13%	69,474.71	0.01%
Sep-18.....	76	1.70%	28	0.63%	16	0.36%	8	0.18%	76,210.15	0.01%
Oct-18.....	60	1.35%	26	0.58%	16	0.36%	6	0.13%	76,317.83	0.01%
Nov-18.....	61	1.38%	29	0.65%	16	0.36%	6	0.14%	81,165.62	0.01%
Dec-18.....	80	1.81%	26	0.59%	13	0.29%	5	0.11%	71,875.34	0.01%
Jan-19.....	70	1.59%	27	0.61%	13	0.30%	6	0.14%	69,195.96	0.01%
Feb-19.....	76	1.74%	29	0.66%	17	0.39%	5	0.11%	73,778.00	0.01%
Mar-19.....	90	2.07%	27	0.62%	13	0.30%	5	0.11%	78,348.15	0.01%
Apr-19.....	68	1.57%	31	0.71%	13	0.30%	5	0.12%	78,266.09	0.01%
May-19.....	68	1.57%	30	0.69%	13	0.30%	4	0.09%	77,053.72	0.01%
Jun-19.....	84	1.96%	31	0.72%	14	0.33%	6	0.14%	88,465.54	0.02%
Jul-19.....	73	1.71%	32	0.75%	16	0.38%	5	0.12%	86,065.50	0.02%
Aug-19.....	84	1.98%	33	0.78%	19	0.45%	8	0.19%	92,083.89	0.02%

Aggregate Mortgage Portfolio

Month	>=1M (#)	>=1M (%)	>=3M (#)	>=3M (%)	>=6M (#)	>=6M (%)	>=12M (#)	>=12M (%)	Arrears Balance (£)	Arrears Bal / Mort Bal (%)
Jun-17.....	95	0.72%	39	0.30%	18	0.14%	10	0.08%	108,038.09	0.01%
Jul-17.....	98	0.75%	42	0.32%	23	0.18%	11	0.08%	116,917.81	0.01%
Aug-17.....	108	0.84%	46	0.36%	23	0.18%	8	0.06%	118,250.89	0.01%
Sep-17.....	108	0.84%	49	0.38%	25	0.19%	8	0.06%	125,391.46	0.01%
Oct-17.....	117	0.92%	59	0.46%	29	0.23%	9	0.07%	137,952.16	0.01%
Nov-17.....	105	0.83%	60	0.47%	33	0.26%	10	0.08%	132,808.45	0.01%
Dec-17.....	121	0.96%	63	0.50%	31	0.25%	10	0.08%	146,207.88	0.01%
Jan-18.....	116	0.93%	57	0.46%	30	0.24%	7	0.06%	152,753.52	0.01%
Feb-18.....	125	1.01%	64	0.52%	40	0.32%	8	0.06%	169,638.61	0.01%
Mar-18.....	113	0.92%	61	0.50%	34	0.28%	9	0.07%	160,046.27	0.01%
Apr-18.....	100	0.82%	57	0.47%	34	0.28%	7	0.06%	147,886.10	0.01%
May-18.....	97	0.80%	51	0.42%	32	0.26%	7	0.06%	103,896.10	0.01%
Jun-18.....	162	1.34%	51	0.42%	33	0.27%	9	0.07%	132,864.84	0.01%
Jul-18.....	118	0.99%	45	0.38%	32	0.27%	10	0.08%	120,362.59	0.01%
Aug-18.....	118	1.00%	50	0.42%	30	0.25%	10	0.08%	118,163.33	0.01%
Sep-18.....	148	1.26%	51	0.43%	34	0.29%	12	0.10%	136,892.11	0.01%
Oct-18.....	113	0.97%	46	0.39%	28	0.24%	8	0.07%	131,723.68	0.01%
Nov-18.....	118	1.02%	49	0.42%	28	0.24%	8	0.07%	145,089.20	0.01%
Dec-18.....	133	1.16%	49	0.43%	28	0.24%	9	0.08%	146,439.55	0.01%
Jan-19.....	117	1.02%	52	0.45%	28	0.24%	11	0.10%	141,729.87	0.01%
Feb-19.....	138	1.21%	48	0.42%	29	0.26%	9	0.08%	150,824.52	0.01%
Mar-19.....	147	1.30%	47	0.42%	24	0.21%	8	0.07%	143,069.70	0.01%
Apr-19.....	123	1.10%	51	0.46%	24	0.21%	9	0.08%	149,943.33	0.01%
May-19.....	118	1.06%	48	0.43%	22	0.20%	7	0.06%	147,403.23	0.01%
Jun-19.....	142	1.29%	53	0.48%	24	0.22%	11	0.10%	168,232.23	0.01%

ANNEX B

HISTORICAL PERFORMANCE OF THE WIDER MORTGAGE PORTFOLIO

Month	>=1M	>=1M	>=3M	>=3M	>=6M	>=6M	>=12M	>=12M	Arrears	Arrears
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)	Balance (£)	Bal / Mort Bal (%)
Jul-19	131	1.20%	53	0.49%	29	0.27%	11	0.10%	168,388.61	0.01%
Aug-19	143	1.32%	60	0.55%	33	0.30%	14	0.13%	183,148.00	0.01%

**ANNEX C
CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET**

The United Kingdom housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. No assurance can be given that the Mortgage Loans in the Mortgage Portfolio are or will be representative of the performance of the UK housing market. For information relating to the loans contained in the Provisional Mortgage Portfolio (from which the Mortgage Portfolio will be selected), see further the section entitled "Statistical Information on the Provisional Mortgage Portfolio".

1. Arrears and Repossession Rates for UK buy-to-let mortgages

The table below sets out the (i) > 3 months in arrears rate and (ii) repossession rate of buy-to-let ("BTL") properties in the United Kingdom since 2007. RoR in the table below refers to receipt of rent.

Year	Number of BTL Mortgages outstanding (at end of period)	> 3 months arrears rate (excluding RoR) at end of period	> 3 months arrears rate (including RoR) at end of period	Repossession Rate
2007.....	1,025,500	0.73%	0.78%	0.20%
2008.....	1,168,800	2.31%	2.99%	0.26%
2009.....	1,246,900	2.01%	2.99%	0.38%
2010.....	1,309,400	1.67%	2.42%	0.35%
2011.....	1,387,800	1.37%	1.78%	0.44%
2012.....	1,449,000	1.14%	1.37%	0.48%
2013.....	1,528,200	0.92%	1.08%	0.37%
2014.....	1,654,400	0.69%	0.79%	0.29%
2015.....	1,782,900	0.58%	0.63%	0.17%
2016.....	1,856,200	0.46%	0.51%	0.13%
2017.....	1,889,500	0.39%	0.43%	0.14%
2018.....	1,911,700	0.37%	0.41%	0.12%

Source: UK Finance

2. Quarterly Retail Price Index and House Price Index

Date	UK Retail Price Index		Nationwide House Price Index	
	Index	Annual Change	Index	Annual Change
30 September 2001	174.0	1.8%	181.6	12.5%
31 December 2001	173.8	1.0%	184.6	13.4%
31 March 2002	173.9	1.2%	190.2	13.6%
30 June 2002	176.0	1.2%	206.5	18.1%
30 September 2002	176.6	1.5%	221.1	21.7%
31 December 2002	178.2	2.6%	231.3	25.3%
31 March 2003	179.2	3.1%	239.3	25.8%
30 June 2003	181.3	3.0%	250.1	21.1%
30 September 2003	181.8	2.9%	258.9	17.1%
31 December 2003	182.9	2.7%	267.1	15.5%
31 March 2004	183.8	2.6%	277.3	15.9%
30 June 2004	186.3	2.8%	296.2	18.4%
30 September 2004	187.4	3.1%	306.2	18.3%
31 December 2004	189.2	3.4%	304.1	13.9%
31 March 2005	189.7	3.2%	304.8	9.9%
30 June 2005	191.9	3.0%	314.2	6.1%
30 September 2005	192.6	2.8%	314.4	2.7%
31 December 2005	193.7	2.4%	314.0	3.2%
31 March 2006	194.2	2.4%	319.8	4.9%
30 June 2006	197.6	2.9%	329.2	4.8%
30 September 2006	199.3	3.4%	336.1	6.9%
31 December 2006	201.4	4.0%	343.2	9.3%
31 March 2007	203.0	4.5%	350.2	9.5%
30 June 2007	206.3	4.4%	362.7	10.2%
30 September 2007	207.1	3.9%	367.3	9.3%

ANNEX C

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

<i>Date</i>	UK Retail Price Index		Nationwide House Price Index	
	<i>Index</i>	<i>Annual Change</i>	<i>Index</i>	<i>Annual Change</i>
31 December 2007.....	209.8	4.2%	367.0	6.9%
31 March 2008.....	211.1	4.0%	357.8	2.2%
30 June 2008.....	215.3	4.4%	348.1	-4.0%
30 September 2008.....	217.4	4.9%	329.5	-10.3%
31 December 2008.....	215.5	2.7%	312.9	-14.7%
31 March 2009.....	210.9	-0.1%	298.7	-16.5%
30 June 2009.....	212.6	-1.3%	307.3	-11.7%
30 September 2009.....	214.4	-1.4%	319.5	-3.0%
31 December 2009.....	216.9	0.6%	323.4	3.4%
31 March 2010.....	219.3	4.0%	324.9	8.8%
30 June 2010.....	223.5	5.1%	336.6	9.5%
30 September 2010.....	224.5	4.7%	333.9	4.5%
31 December 2010.....	227.0	4.7%	325.1	0.5%
31 March 2011.....	230.9	5.3%	323.9	-0.3%
30 June 2011.....	234.9	5.1%	332.7	-1.2%
30 September 2011.....	236.2	5.2%	332.3	-0.5%
31 December 2011.....	238.6	5.1%	328.7	1.1%
31 March 2012.....	239.6	3.7%	324.6	0.2%
30 June 2012.....	242.2	3.1%	329.1	-1.1%
30 September 2012.....	243.1	2.9%	327.0	-1.6%
31 December 2012.....	246.0	3.1%	325.0	-1.1%
31 March 2013.....	247.4	3.3%	325.3	0.2%
30 June 2013.....	249.7	3.1%	333.7	1.4%
30 September 2013.....	250.9	3.2%	341.0	4.3%
31 December 2013.....	252.5	2.6%	348.0	7.1%
31 March 2014.....	253.9	2.6%	355.3	9.2%
30 June 2014.....	256.0	2.5%	372.1	11.5%
30 September 2014.....	256.9	2.4%	376.7	10.5%
31 December 2014.....	257.4	2.0%	377.0	8.3%
31 March 2015.....	256.4	1.0%	376.2	5.9%
30 June 2015.....	258.5	1.0%	387.5	4.1%
30 September 2015.....	259.3	1.0%	390.5	3.7%
31 December 2015.....	260.0	1.0%	393.1	4.3%
31 March 2016.....	260.0	1.4%	396.1	5.3%
30 June 2016.....	262.2	1.4%	407.4	5.1%
30 September 2016.....	264.2	1.9%	411.6	5.4%
31 December 2016.....	265.8	2.2%	410.8	4.5%
31 March 2017.....	267.7	3.0%	412.3	4.1%
30 June 2017.....	271.5	3.6%	418.9	2.8%
30 September 2017.....	274.2	3.8%	422.3	2.6%
31 December 2017.....	276.4	4.0%	421.8	2.7%
31 March 2018.....	277.5	3.6%	422.5	2.5%
30 June 2018.....	280.6	3.4%	428.1	2.2%
30 September 2018.....	283.3	3.3%	431.1	2.1%
31 December 2018.....	284.9	3.1%	427.3	1.3%
31 March 2019.....	284.4	2.5%	424.3	0.4%
30 June 2019.....	289.0	3.0%	430.7	0.6%

Source: Office for National Statistics, Nationwide Building Society.

The percentage change in the table above is calculated in accordance with the following formula:

$(X/Y)-1$, where X is equal to the reference quarter's index value and Y is equal to the index value of the previous year's corresponding quarter.

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ANNEX C
CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

you in connection with that information. Anyone relying on the information does so at their own risk.

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