

AUBURN 15 PLC

IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY US PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES.**

**IMPORTANT: You must read the following before continuing.**

The following applies to the offering circular attached to this electronic transmission (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from or on behalf of Auburn 15 plc (the "**Issuer**") as a result of such access. You acknowledge that delivery of this electronic transmission and the Offering Circular are confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission and/or the Offering Circular in any manner whatsoever 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.

THIS ELECTRONIC TRANSMISSION AND THE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND PERMITTED BY, REGULATION S UNDER THE US SECURITIES ACT OF 1933 ("**REGULATION S**"), AS AMENDED (THE "**US SECURITIES ACT**"), OR PURSUANT TO ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS ELECTRONIC TRANSMISSION AND/OR THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT AND/OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE SECURITIES REFERRED TO HEREIN (THE "**SECURITIES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT AND ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE NOTES ARE NOT TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER "**TRANSFER RESTRICTIONS**" HEREIN.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BANK OF AMERICA, N.A., LONDON BRANCH ("**BANA**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE US SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**US RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "US PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "US PERSONS" UNDER REGULATION S MAY BE US PERSONS UNDER THE US RISK RETENTION RULES. ANY PURCHASER OF THE NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR BENEFICIAL INTEREST THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (A) IS NOT A RISK RETENTION US PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF BANA), (B) IS ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH DEBT, AND (C) IS NOT ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION US

PERSON, RATHER THAN A RISK RETENTION US PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION US PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US RISK RETENTION RULES).

This electronic transmission and the Offering Circular are only addressed to and directed at persons in member states of the European Economic Area ("**EEA**"), other than the United Kingdom, who are qualified investors within the meaning of Article 2(e) of the Offering Circular Regulation (Regulation (EU) 2017/1129), as amended ("**Qualified Investors**"). In addition, in the United Kingdom, this electronic transmission and the Offering Circular are addressed to and directed only at, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This electronic transmission and the Offering Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA, other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the Offering Circular relate is available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA, other than the United Kingdom, and will be engaged in only with such persons.

**Confirmation of Your Representation:** This electronic transmission and the Offering Circular are delivered to you on the basis that you are deemed to have represented to the Issuer and Merrill Lynch International (the "**Arranger**" and "**Lead Manager**") that you have understood and agree to the terms set out herein, and (a) you are, or are acting for the account or benefit of, a person that is outside the United States for the purpose of Regulation S, or (b) you are a person in a member state of the EEA, other than the United Kingdom, and you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or Relevant Persons, to the extent that you are acting on behalf of persons or entities in the EEA or the United Kingdom, or (c) you are a person in the United Kingdom and you are a Relevant Person and/or a Relevant Person acting on behalf of Relevant Persons or Qualified Investors, to the extent that you are acting on behalf of persons or entities in the United Kingdom or in the EEA, or (iv) you are an institutional investor that is otherwise eligible to receive this electronic transmission and the Offering Circular. You shall also be deemed to have represented to the Issuer and the Arranger and Lead Manager that you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the Offering Circular on the basis that you are a person into whose possession the Offering Circular 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 Offering Circular, electronically or otherwise, to any other person. If you receive the Offering Circular by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive the Offering Circular in electronic format by e-mail, your use of such Offering Circular in electronic format and e-mail is at your own risk and it is your responsibility to take precautions to ensure that each is free from viruses and other items of a destructive nature.

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 to which this electronic transmission and the Offering Circular relates be made by a licensed broker or dealer and the Lead Manager or any affiliate of the Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Manager or affiliate on the behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted electronically may be altered or changed during the process of transmission and consequently none of the Issuer, the Arranger, the Lead Manager, the Retention Holder nor any other Transaction Party (as defined in the Offering Circular), any of their respective affiliates, or any person who controls any such person or any director, officer, employee or agent of any such person (or any affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer and the Lead Manager.

Neither the Lead Manager nor any of its affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the Offering Circular or for any other statement made or purported to be

made by it, or on its behalf, in connection with the Company or the Securities or the offering referred to herein. The Lead Manager and each of its affiliates disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the electronic transmission, the Offering Circular or any such statement. No representation or warranty, express or implied, is made by the Lead Manager or any of its affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the Offering Circular.

The Offering Circular is highly confidential and has been prepared by the Issuer solely for use in connection with the sale of the Securities. The Offering Circular 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 Offering Circular 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 Offering Circular, agrees to the foregoing and to make no photocopies of the Offering Circular 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 Offering Circular and all documents attached hereto to the Arranger and Lead Manager.

The Notes are offered subject to prior sale or withdrawal, cancellation or modification of this offering without notice. The Issuer and the Arranger and Lead Manager also reserve the right to reject any offer to purchase the Securities in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Securities 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 Offering Circular. You also acknowledge that you have not relied on the Arranger and Lead Manager, or any person affiliated with the Arranger and Lead Manager, in connection with the investigation of the accuracy of such information or your investment decision. The contents of the Offering Circular 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 Securities.

The Offering Circular 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 and the Lead Manager 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 Issuer or the Arranger and Lead Manager or any other person as to the legality of an investment in the Securities under any investment or similar laws or as to the classification or treatment of the Securities 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 Securities, and the consequences of such an investment.

The Notes have not been registered under the Securities Act or any state securities laws. The Notes may not be offered or sold within the United States to or for the account or benefit of any US 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 non-US Persons in accordance with Regulation S under the Securities Act. 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*".

## AUBURN 15 PLC

(incorporated with limited liability in England and Wales, registered under number 14022326)

Class of Debt <sup>(1)</sup>	Initial Class Principal Amount	Issue Price	Reference Rate	FORD <sup>(3)</sup>	Margin <sup>(4)</sup> (per annum)	Step-Up Margin <sup>(5)</sup> (per annum)	Final Ratings (S&P/Fitch) <sup>(6)</sup>	Final Maturity Date
A1	£372,431,000 <sup>(7)</sup>	100%	Compounded Daily SONIA	May 2027	0.85%	1.275%	AAA sf / AAA sf	July 2045
A1 NRR Loan Note <sup>(8)</sup>	£64,373,000 <sup>(9)</sup>	100%	Compounded Daily SONIA	May 2027	0.85%	1.275%	AAA sf / AAA sf	July 2045
A2 <sup>(2)</sup>	£55,206,000	100%	Compounded Daily SONIA	May 2027	1.10%	1.65%	AAA sf / AAA sf	July 2045
B	£55,206,000	100%	Compounded Daily SONIA	May 2027	1.30%	1.95%	AA sf / AA+ sf	July 2045
C	£48,305,000	99.18%	Compounded Daily SONIA	May 2027	1.30%	1.95%	A- sf / A- sf	July 2045
D	£13,801,000	97.57%	Compounded Daily SONIA	May 2027	1.50%	2.25%	BBB sf / BBB-sf	July 2045
E	£6,900,000	96.01%	Compounded Daily SONIA	May 2027	2.00%	3.00%	BB+ sf / BB+ sf	July 2045
F	£6,900,000	94.76%	Compounded Daily SONIA	May 2027	2.50%	3.50%	B+ sf / B+ sf	July 2045
Z	£41,404,000	N/A	Zero Coupon	May 2027	N/A	N/A	NR / NR	July 2045
X	£5,000,000	N/A	Compounded Daily SONIA	May 2027	2.00%	N/A	NR / NR	July 2045
S	N/A <sup>(10)</sup>	N/A	N/A <sup>(10)</sup>	N/A	N/A <sup>(10)</sup>	N/A <sup>(10)</sup>	NR / NR	N/A
RC1	N/A <sup>(10)</sup>	N/A	N/A <sup>(10)</sup>	N/A	N/A <sup>(10)</sup>	N/A <sup>(10)</sup>	NR / NR	N/A
RC2	N/A <sup>(10)</sup>	N/A	N/A <sup>(10)</sup>	N/A	N/A <sup>(10)</sup>	N/A <sup>(10)</sup>	NR / NR	N/A

<sup>(1)</sup> The Class A1 Notes and the Class A1 NRR Loan Note are, together, the "**Class A1 NRR Debt**" and, together with the Class A1 VRR Loan Note, the "**Class A1 Debt**". The Class A2 Notes and the Class A2 VRR Loan Note are, together, the "**Class A2 Debt**" and, together with the Class A1 Debt, the "**Class A Debt**". The Class B Notes and the Class B VRR Loan Note are, together, the "**Class B Debt**". The Class C Notes and the Class C VRR Loan Note are, together, the "**Class C Debt**". The Class D Notes and the Class D VRR Loan Note are, together, the "**Class D Debt**". The Class E Notes and the Class E VRR Loan Note are, together, the "**Class E Debt**". The Class F Notes and the Class F VRR Loan Note are, together, the "**Class F Debt**". The Class Z Notes and the Class Z VRR Loan Note are, together, the "**Class Z Debt**". The Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes are, together, the "**Notes**". The Class A1 VRR Loan Note, the Class A2 VRR Loan Note, the Class B VRR Loan Note, the Class C VRR Loan Note, the Class D VRR Loan Note, the Class E VRR Loan Note, the Class F VRR Loan Note and the Class Z VRR Loan Note are, together, the "**VRR Loan Notes**". The Class A1 NRR Debt, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class X Notes and the Class Z Notes are, together, the "**NRR Debt**". The Class A Debt, the Class B Debt, the Class C Debt, the Class D Debt, the Class E Debt, the Class F Debt, the Class Z Debt and the Class X Notes are, together, the "**Debt**". The Class S Certificates, the Class RC1 Certificates and the Class RC2 Certificates are, together, the "**Certificates**". The Notes and the Certificates are offered pursuant to Regulation S. For a description of the VRR Loan Notes, see the section entitled "*The VRR Loan Notes*".

<sup>(2)</sup> Prior to the service of an Enforcement Notice, interest due and payable on the Class A2 Debt will be paid *pro rata* and *pari passu* with the Class A1 Debt 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 Debt will be paid *pro rata* and *pari passu* with the Class A1 Debt in accordance with the Pre-Enforcement Principal Priority of Payments (provided that at all times PDL Principal Receipts will be paid first to the Class A1 Debt and second to the Class A2 Debt). Following the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Debt will be paid sequentially following the Class A1 Debt 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 Debt will be paid sequentially following the Class A1 Debt in accordance with the Post-Enforcement Priority of Payments.

<sup>(3)</sup> The first optional redemption date in respect of all the Debt (the "**FORD**") is the Interest Payment Date falling in May 2027. Interest Payment Dates will occur on the 20th day of each calendar month or, if that day is not a Business Day, the immediately following Business Day, unless that Business Day falls in the next calendar month, in which case it will instead be the immediately preceding Business Day, with the first Interest Payment Date being the Interest Payment Date falling in July 2024.

<sup>(4)</sup> The Rate of Interest payable on the Floating Rate Debt 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.

<sup>(5)</sup> The Rate of Interest payable on the Floating Rate Debt 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. The Class X Notes shall cease to bear interest from, and including, the FORD.

<sup>(6)</sup> A designation of "NR" means that the Rating Agencies are not expected to rate that Class of Debt as of the Closing Date. The Certificates are not expected to be rated by any Rating Agency.

<sup>(7)</sup> The initial Principal Amount Outstanding of the Class A1 Notes is prior to any Class A1 Conversion of the Class A1 NRR Loan Note. Upon Class A1 Conversion of the Class A1 NRR Loan Note (or a part thereof), the Principal Amount Outstanding of the Class A1 NRR Loan Note shall be redeemed, and further Class A1 Notes shall be issued, in equal amounts. In order to provide for such Class A1 Conversion of the Class A1 NRR Loan Note, the application made to Euronext Dublin in relation to the listing of the Class A1 Notes will be in a principal amount outstanding "up to £1,152,431,000" to allow for a future Class A1 Conversion of the Class A1 NRR Loan Note (in whole or in part) into Class A1 Notes.

<sup>(8)</sup> The Class A1 NRR Loan Note and the Class A1 Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in the Conditions, the Class A1 NRR Loan Note Agreement and the Transaction Documents. The Class A1 NRR Loan Note is not being offered under or pursuant to this Offering Circular and all references to the Class A1 NRR Loan Note are included in this Offering Circular for information purposes only.

- <sup>(9)</sup> On the Closing Date, the Original Class A1 NRR Loan Noteholder will subscribe for an initial principal amount of the Class A1 NRR Loan Note equal to £64,373,000. On the Further Purchase Date, the Original Class A1 NRR Loan Noteholder will subscribe for a further principal amount of the Class A1 NRR Loan Note of up to £715,627,000.
- <sup>(10)</sup> The Class S Certificates, the Class RC1 Certificates and the Class RC2 Certificates will not have a Principal Amount Outstanding and are not being offered under or pursuant to this Offering Circular and all references to the Class S Certificates, the Class RC1 Certificates and the Class RC2 Certificate are included in this Offering Circular for information purposes only. No Rate of Interest is earned on the Class S Certificates, the Class RC1 Certificates or the Class RC2 Certificate. The Class S Certificates, the Class RC1 Certificates and the Class RC2 Certificates represent *pro rata* entitlements to receive payment of the Class S Certificate Payments, the Class RC1 Certificate Payments and the Class RC2 Certificate Payments respectively. Payments on the Class S Certificates, the Class RC1 Certificates and the Class RC2 Certificates are payable in arrear on each Interest Payment Date.

**Arranger and Lead Manager**

BofA Securities\*

The date of this Offering Circular is 16 May 2024.

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\* BofA Securities means Merrill Lynch International

<b>Closing Date</b> .....	17 May 2024.  The Issuer will issue the Debt and the Certificates in the Classes set out above on the Closing Date.
<b>Standalone/programme issuance</b> .....	Standalone issuance.
<b>Underlying Assets</b> .....	The Issuer will make payments on the Debt and the Certificates from, among other things, payments of principal and revenue on a portfolio comprising mortgage loans secured over residential properties located in England, Wales, Scotland and Northern Ireland, which will be purchased by the Issuer on the Closing Date and on the Further Purchase Date.
<b>Credit Enhancement</b> ....	<ul style="list-style-type: none"> <li>• Subordination of junior ranking Debt;</li> <li>• Excess Available Revenue Receipts; and</li> <li>• Following service of an Enforcement Notice, all amounts credited to the Liquidity Reserve Fund subject to application in accordance with the Post-Enforcement Priority of Payments.</li> </ul>
<b>Liquidity Support</b> .....	<ul style="list-style-type: none"> <li>• Subordination of junior ranking Debt and the Certificates;</li> <li>• In respect of the Rated Debt, the availability of Principal Addition Amounts to pay interest due on the Most Senior Class of Debt then outstanding; and</li> <li>• In respect of the Class A Debt and, following the Class A Redemption Date, the Class B Debt (a) prior to the LF Cancellation Date, amounts available under the Liquidity Facility, and (b) from, and including, the Liquidity Facility Replacement Date to, and including, the Class B Redemption Date, amounts which comprise the Liquidity Reserve Fund Actual Amount.</li> </ul>
<b>Rating Agencies</b> .....	<p>Fitch Ratings Limited ("<b>Fitch</b>") and S&amp;P Global Ratings UK Limited ("<b>S&amp;P</b>") (the "<b>Rating Agencies</b>").</p> <p>As of the date of this Offering Circular, each of the Rating Agencies is a credit rating agency established in the United Kingdom (the "<b>UK</b>") and is registered under Regulation (EU) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "<b>UK CRA Regulation</b>").</p> <p>Fitch and S&amp;P are not established in the European Union and have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "<b>EU CRA Regulation</b>"). The ratings issued by Fitch and S&amp;P have been endorsed by Fitch Ratings Ireland Limited and S&amp;P Global Ratings Europe Limited, respectively, in accordance with the EU CRA Regulation. Each of Fitch Ratings Ireland Limited and S&amp;P Global Ratings Europe Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <a href="https://www.esma.europa.eu/supervision/credit-rating-agencies/risk">https://www.esma.europa.eu/supervision/credit-rating-agencies/risk</a>) in accordance with the EU CRA Regulation.</p>
<b>Credit Ratings</b> .....	<p>Ratings are expected to be assigned to the Rated Debt on or before the Closing Date.</p> <p>The Class X Notes, the Class Z Notes and the Certificates will not be rated by any of the Rating Agencies.</p>

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 Debt (including in respect of the Step-Up Margins) by S&P address, among other things:

- the likelihood of full and timely payments to the holders of the Class A Debt of interest on each Interest Payment Date in accordance with the Conditions and the Loan Note Agreements;
- the likelihood of full payment to the holders of the Rated Debt (other than the Class A Debt) of all payments of interest in relation to that Debt on or prior to the Final Maturity Date; and
- the likelihood of full and ultimate payment to the holders of the Rated Debt of principal in relation to the Rated Debt on or prior to the Final Maturity Date.

The ratings assigned to the Rated Debt (including in respect of the Step-Up Margins) by Fitch address, among other things:

- the likelihood of full and timely payments to the holders of the Class A Debt of interest on each Interest Payment Date in accordance with the Conditions and the Loan Note Agreements;
- the likelihood of full payment to the holders of the Rated Debt (other than the Class A Debt) of all payments of interest in relation to that Debt on or prior to the Final Maturity Date; and
- the likelihood of full and ultimate payment to the holders of the Rated Debt of principal in relation to the Rated Debt on or prior to the Final Maturity Date.

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

**Listing**..... This Offering Circular constitutes listing particulars in respect of the admission of the Notes to the official list (the "**Official List**") of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and to trading on its Global Exchange Market (the "**Global Exchange Market**").

This Offering Circular has been approved by Euronext Dublin and application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market. The Global Exchange Market is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). This document does not comprise a prospectus for the purposes of the EU Prospectus Regulation or the UK Prospectus Regulation.

Such approval relates to the Notes. Such approval should not be considered as an endorsement of the Issuer or the securities that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in the securities.

References in this Offering Circular 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 Global Exchange Market. None of the Loan Notes or the Certificates will be listed or admitted to trading.

**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, US 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 outside the United States to persons other than US 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 outside the United States to persons other than US Persons in reliance on Regulation S. For a description of certain further restrictions on offers, sales and transfers of Debt or Certificates in this Offering Circular, see "*Subscription and Sale*" and "*Transfers and Transfer Restrictions*".

Only the Notes are being offered pursuant to this Offering Circular. The Loan Notes and the Certificates are not being offered pursuant to this Offering Circular.

**Retention Undertaking.**

On the Closing Date, the Retention Holder, as an originator for the purposes of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), will undertake to the Issuer and the Trustee that it will retain a material net economic interest of at least 5 per cent. in the securitisation in accordance with:

- (a) Article 6(1) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (the "**UK Retention Requirement**"); and
- (b) Article 6(1) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (which does not take into account any relevant national measures) (the "**EU Retention Requirement**", and together with the UK Retention Requirement, the "**Retention Requirements**").

That interest will comprise the retention of not less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors in accordance with Article 6(3)(a) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 6(3)(a) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time). The Retention Requirements will be satisfied by the Retention Holder holding the VRR Loan Notes.

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 UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and/or the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time).

**US Risk Retention .....**

The transaction described in this Prospectus is not intended to involve the retention by a sponsor as defined under the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**US Risk Retention Rules**"), of at least 5 per cent. of the credit risk of the securitised assets for purposes of compliance with the US Risk Retention



Rules, but rather intends to rely on an exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions.

For further information regarding the US Risk Retention Rules, see "*Risk Factors – Certain Regulatory Considerations – US Risk Retention Rules*".

**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 Debt or the Certificates, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

**Benchmarks** ..... Interest payable on the Debt may be calculated by reference to SONIA, provided by the Bank of England.

As at the date of this Offering Circular, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the EU Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2017 by the International Organisation of Securities Commissions.

As at the date of this Offering Circular, the administrator of SONIA is not included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the UK Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmark issued in 2017 by the International Organisation of Securities Benchmarks.

**Certificates** ..... In addition to the Debt, the Issuer will issue the Certificates to the Seller (or the Seller's nominee) on the Closing Date. The Certificates represent the right to receive, as applicable, Class S Certificate Payments, Class RC1 Certificate Payments or Class RC2 Certificate Payments. The Certificates will not be listed or rated.

**Significant Investor** ..... On the Closing Date:

- Bank of America, N.A., London Branch (the "**Original Class A1 NRR Loan Noteholder**") is expected to subscribe the Class A1 NRR Loan Note;
- the Retention Holder will subscribe and retain all of the VRR Loan Notes; and
- the Certificates, the Class Z Notes and the Class X Notes will be issued to, or at the direction of, the Seller, representing the right to deferred consideration for the sale of the Mortgage Portfolio by the Seller to the Issuer.

**The "Risk Factors" section contains details of certain risks and other factors that should be given particular consideration before investing in the debt. Prospective investors should be aware of the issues set out in the section.**

## IMPORTANT NOTICES

### Responsibility Statements

The Debt and the Certificates will be obligations of the Issuer only. The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer, the information contained in this Offering Circular 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 Offering Circular has been accurately reproduced (and is clearly sourced where it appears in this Offering Circular) 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.

Capital Home Loans Limited accepts responsibility for the information set out in the section headed "*CHL – The Legal Title Holder, Servicer and Cash Manager*". To the best of the knowledge and belief of Capital Home Loans 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 Capital Home Loans Limited as to the accuracy or completeness of any information contained in this Offering Circular (other than in the section referred to above) or any other information supplied in connection with the Debt or their distribution.

Bank of America, N.A., London Branch accepts responsibility for the information set out in the section headed "*Bank of America, N.A., London Branch – The Liquidity Facility Provider*". To the best of the knowledge and belief of Bank of America, 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 Bank of America, N.A., London Branch as to the accuracy or completeness of any information contained in this Offering Circular (other than in the section referred to above) or any other information supplied in connection with the Debt or their distribution.

Each of U.S. Bank Trustees Limited, U.S. Bank Global Corporate Trust Limited and Elavon Financial Services DAC, UK Branch accepts responsibility for the information set out in the section headed "*U.S. Bank and Elavon – The Trustee, Principal Paying Agent, Agent Bank, Registrar, Loan Note Paying Agent and Loan Note Registrar*". To the best of the knowledge and belief of each of U.S. Bank Trustees Limited, U.S. Bank Global Corporate Trust Limited and Elavon Financial Services DAC, UK Branch, 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 any of U.S. Bank Trustees Limited, U.S. Bank Global Corporate Trust Limited and Elavon Financial Services DAC, UK Branch as to the accuracy or completeness of any information contained in this Offering Circular (other than in the section referred to above) or any other information supplied in connection with the Debt or their distribution.

### No Responsibility or Liability

Neither the delivery of this Offering Circular 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 Offering Circular since the date of this Offering Circular.

None of the Arranger, the Lead Manager, the Agents, the Issuer Account Bank, the Trustee, the Seller, the Retention Holder or the Liquidity Facility Provider (other than in relation to the sections headed "*U.S. Bank and Elavon – The Trustee, Principal Paying Agent, Agent Bank, Registrar, Loan Note Paying Agent and Loan Note Registrar*" and "*Bank of America, N.A., London Branch – The Liquidity Facility Provider*" as set out above) makes 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 Offering Circular or part thereof or any other document or agreement relating to the Debt and/or the Certificates or any Transaction Document or any other information provided by the Issuer in connection with the Debt and/or the Certificates. None of the Arranger, the Lead Manager, the Agents, the Issuer Account Bank, the Trustee, the Seller, the Retention Holder or the Liquidity Facility Provider accepts any liability in relation to the information contained in this Offering Circular or any other document or agreement relating to the

Notes and/or the Certificates or any Transaction Document or any other information provided by the Issuer in connection with the Notes and/or the Certificates. Each potential purchaser of Notes should determine the relevance of the information contained in this Offering Circular or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Arranger, the Lead Manager, the Agents, the Issuer Account Bank, the Trustee, the Seller, the Retention Holder or the Liquidity Facility Provider 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 and/or the Certificates of any information coming to the attention of the Arranger, the Lead Manager, the Agents, the Issuer Account Bank, the Trustee, the Seller, the Retention Holder or the Liquidity Facility Provider. None of the Arranger, the Lead Manager, the Agents, the Issuer Account Bank, the Trustee, the Seller, the Retention Holder or the Liquidity Facility Provider 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 Debt and/or the Certificates 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 Offering Circular, 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 Offering Circular 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 Offering Circular as a prospectus for the purposes of the Offering Circular Regulation by the Central Bank of Ireland, 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 Offering Circular 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 Offering Circular 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 Offering Circular comes are required by the Issuer, the Arranger and the Lead Manager 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-US Persons in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and the Certificates and distribution of this Offering Circular, 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 OR THE "BLUE SKY" LAWS OF ANY STATE OF THE UNITED STATES AND NEITHER THE NOTES NOR THE CERTIFICATES MAY BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US 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 DEBT AND THE CERTIFICATES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN US 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 OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN US PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERRABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS UNDER "*TRANSFER RESTRICTIONS*" HEREIN.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER US REGULATORY AUTHORITY AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. BY PURCHASING OR OTHERWISE

ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH NOTE OR BENEFICIAL INTEREST WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I) IS LOCATED OUTSIDE THE UNITED STATES AND (II) IS NOT A US PERSON WITHIN THE MEANING OF REGULATION S AND IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE IN COMPLIANCE WITH RULE 903 AND 904 OF REGULATION S. NEITHER THIS NOTE NOR A BENEFICIAL INTEREST IN THIS NOTE MAY BE RE-OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN A TRANSACTION IN WHICH THE TRANSFEREE (1) IS LOCATED OUTSIDE THE UNITED STATES AND (2) IS NOT A US PERSON WITHIN THE MEANING OF REGULATION S AND IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE IN COMPLIANCE WITH RULE 903 AND 904 OF REGULATION S.

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.

THERE IS NO UNDERTAKING TO REGISTER THE NOTES OR THE CERTIFICATES UNDER US STATE OR FEDERAL SECURITIES LAWS. AN OFFER OR SALE OF A GLOBAL NOTE WITHIN THE UNITED STATES MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S./ RISK RETENTION RULES BUT RATHER ARE INTENDED TO RELY ON AN EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S./ RISK RETENTION RULES REGARDING NON-US TRANSACTIONS, AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE ARRANGER, THE LEAD MANAGER OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BANK OF AMERICA, N.A., LONDON BRANCH AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE US RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "US PERSON" IN REGULATION S. ANY PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (A) IS NOT A RISK RETENTION US PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF BANK OF AMERICA, N.A., LONDON BRANCH), (B) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (C) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION US PERSON, RATHER THAN A RISK RETENTION US PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION US PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US RISK RETENTION RULES).

#### **Covered Fund Statement**

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

### **Certain Other Important Information**

None of the Issuer, the Arranger, the Lead Manager, the Retention Holder nor any other Transaction Party makes any representation to any prospective investor or purchaser of the Notes and/or the Certificates 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 Offering Circular 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 Lead Manager or the Retention Holder.

This Offering Circular 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 Offering Circular 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 Lead Manager or the Retention Holder other than as set out in the paragraph headed "*Listing*" on page (iii) of this Offering Circular 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 Offering Circular 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 DEBT 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 and Certificates will each be represented on issue by Global Notes or Global Certificates, 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 and Certificates may be issued in definitive certificate form only in limited circumstances.

The Loan Notes will be issued in definitive registered form. The Issuer will maintain a register, to be kept on the Issuer's behalf by the Loan Note Registrar (or any successor) in which the Loan Notes will be registered in the name of the relevant Loan Noteholders. The transfer of all or any portion of the interest in the Loan Notes may be effected only through the Loan Note Register maintained by the Loan Note Registrar. The Loan Notes are not being offered pursuant to this Offering Circular and references to the Loan Notes are included in this Offering Circular for information purposes only. The Class A1 NRR Loan Note may be converted into Class A1 Notes on any Interest Payment Date by the Issuer issuing further Class A1 Notes to the Converting Class A1 NRR Loan Noteholder, subject to certain conditions as described in this Offering Circular.

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 ARRANGER, THE LEAD MANAGER, THE RETENTION HOLDER NOR ANY OTHER TRANSACTION PARTY (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 Offering Circular 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 Offering Circular to "**Euro**", "**€**" or "**EUR**" are to the lawful currency for the time being of the European Union.

In this Offering Circular, 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 Offering Circular are forward-looking statements. Such statements appear in a number of places in this Offering Circular, 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 Offering Circular 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 Lead Manager, the Retention Holder nor any other Transaction Party 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 Lead Manager, the Retention Holder nor any other Transaction Party 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.

### **Prohibition of Sales to EEA Retail Investors**

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 (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II (as amended); or

- (b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes and the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes and the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

#### **Prohibition of Sales to UK Retail Investors**

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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the EU Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes and Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes and Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation

#### **EU MiFID II product governance**

Solely for the purposes of each 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 Directive 2014/65/EU as amended, ("**EU 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 and the Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU 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 manufacturers' target market assessment) and determining appropriate distribution channels.

#### **UK MiFIR product governance**

Solely for the purposes of each 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); 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 and Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes and Certificates (by either adopting or refining the manufacturers' 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 and Definitions**

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

Terms are defined only once in this Offering Circular. 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 Debt and the Certificates. These risk factors are material to an investment in the Debt and the Certificates and in the Issuer. Prospective Debtholders and Certificateholders should carefully read and consider all the information contained in this Offering Circular, including the risk factors set out in this section, prior to making any investment decision.*

*An investment in the Debt 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 Debtholders and Certificateholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Debt and the Certificates may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Debt 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 Debt and the Certificates.*

*Prospective Debtholders and Certificateholders should (i) read the detailed information set out in this Offering Circular 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 Debt 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 Offering Circular so as to arrive at their own independent evaluation of the investment and (iv) confirm that an investment in the Debt and the Certificates is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Debt 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 Debt and the Certificates involves the risk of a partial or total loss of investment.*

*Furthermore, the investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective Debtholder and Certificateholder should consult its legal advisers to determine whether and to what extent (i) the Debt is a legal investment for it, (ii) the Debt can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Debt. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Debt under any applicable risk-based capital or similar rules.*

*None of the Issuer, the Arranger, the Lead Manager, the Retention Holder or any other Transaction Party is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Debt or the Certificates and investors may not rely on any such entity. The Transaction Parties do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any of the Transaction Parties.*

*The following risk factors do not address risks relevant to prospective holders of the Class A1 NRR Loan Note, the VRR Loan Notes or the Certificates. Any risks set out herein which refer or apply to the Class A1 NRR Loan Note, the VRR Loan Notes and/or the Certificates are incidental and have been included for the benefit of prospective investors insofar as such risks may be relevant to any investment decision in respect of the Debt.*

## **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 Debt 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 Debt and the

Certificates will not be obligations of, and will not be guaranteed by, the Seller, the Legal Title Holder, the Arranger, the Lead Manager 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 Debt or the Certificates.

**Lack of liquidity of the Issuer could result in an insufficiency of funds on any Interest Payment Date: The Liquidity Facility and the Liquidity Reserve Fund are primarily limited to the Class A Debt and, following the Class A Redemption Date, the Class B Debt**

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 Debt and the Certificates.

Only the Class A Debt (prior to the Class A Redemption Date) and the Class B Debt (from, and including, the Class A Redemption Date to, and including, the Class B Redemption Date) 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 Liquidity Reserve Fund, the primary purpose of which will be to maintain timely current monthly interest payments to the holders of the Class A Debt, or as the case may be, the Class B Debt, 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. Thus, Noteholders should be aware that the Liquidity Reserve Fund will not be available to support or maintain payments under any other Classes of Debt or Certificates. Please see "*The Liquidity Facility and the Liquidity Reserve Fund may not be available to cover all losses and at all times*" below and "*Key Structural Features – Liquidity Support – Liquidity Facility Agreement and Liquidity 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 Debtholders 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 Debt and the Certificates.

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

The ability of the Issuer to meet its obligations to pay principal and interest on the Debt, 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 Debt, Principal Addition Amounts available to pay interest due on the Most Senior Class of Debt; (ii) on and from the Liquidity Facility Replacement Date (A) until the Class A Redemption Date, in respect of the Class A Debt only and (B) from, and including, the Class A Redemption Date to, and including, the Class B Redemption Date, in respect of the Class B Debt only, amounts available in respect of the Liquidity Reserve Fund, and (iii) prior to the LF Cancellation Date in respect of the Class A Debt and (from, and including, the Class A Redemption Date to, and including, the Class B Redemption Date) Class B Debt, amounts available under the Liquidity Facility. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Debt, 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 Debtholders, 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 Debt in full. The recourse of the Debtholders and the Certificateholders to the Charged Property following service of an Enforcement Notice is described below. The Issuer will have no recourse to the Seller, save as provided in the Mortgage Sale Agreement (see further the section entitled "*Sale of the Mortgage Portfolio*").

**There is a risk that the Liquidity Facility and the Liquidity Reserve Fund may not be available to cover all losses and at all times with respect to the Class A Debt**

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 Debt and, from, and including, the Class A Redemption Date to, and including, the Class B Redemption Date, the Class B Debt, 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 Liquidity Reserve Fund Actual Amounts (on and from the Liquidity Facility Replacement Date), will be equal to 1.70 per cent. of the greater of (a) the aggregate Principal Amount Outstanding of the Class A Debt and (b) aggregate Principal Amount Outstanding of the Class B Debt outstanding, on each relevant Interest Payment Date, and then will reduce to zero once the Class B Debt is redeemed in full. No liquidity support will be available under the Liquidity Facility and/or the Liquidity Reserve Fund in excess of that amount.

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 Debt (and, from, and including, the Class A Redemption Date to, and including, the Class B Redemption Date, the Class B Debt) and Liquidity Reserve Fund may be insufficient to do so.

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

### **The Debt and the Certificates are limited recourse non-petition obligations of the Issuer**

The Debt 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 Debt of each Class is 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 Debt and all claims ranking in priority to payments under the Debt 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 Debt 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 paragraph (b) above) under such Class of Debt (and any Class of Debt junior to that Class of Debt and any payments in respect of the Certificates) shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer and the Secured Creditors (which include the Debtholders) 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 Debtholders, principally payments of principal and interest (to the extent applicable) in respect of the Debt (and, in the case of the Floating Rate Debt, 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 Debt, 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 relevant 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 Debtholder 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 Debtholder 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 Debtholders 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 Debtholders, which may ultimately reduce the amount available for distribution to Debtholders.

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 Debtholders.

## **RISKS RELATED TO THE DEBT**

### **Interest Rate Risk**

The Mortgage Portfolio includes Mortgage Loans with Mortgage Rates determined based on Standard Variable Rate. In addition, the Mortgage Portfolio includes Tracker Rate Mortgage Loans. The Issuer is subject to the risk of a mismatch resulting from the rate of interest on the Standard Variable Rate Mortgage Loans and the Tracker Rate Mortgage Loans being determined on different bases than that on which the Debt Rate payable on the Debt 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 Debt 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 Debt (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 Debt (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 Debtholders, the Certificateholders and the Secured Creditors.

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

The yield to maturity of the Debt 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 payments of an indemnity amount in respect of the Mortgage Loans required to be made under the Mortgage Sale Agreement) on the Mortgage Loans and the price paid by the holders of the Debt 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, as well as any Permissible Modifications, Protective 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 Debt. See also the section entitled "*Sale of the Mortgage Portfolio*".

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 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, among other things, to reduce the Principal Amount Outstanding of the Debt 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 Debt 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 Holder may exercise the Mortgage Portfolio Purchase Option 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*), clause 10.6 (*Mandatory Redemption of the Loan Note following the exercise of a Risk Retention Regulatory Change Option*) of the Class A1 NRR Loan Note Agreement and clause 10.5 (*Mandatory Redemption of the Loan Note following the exercise of a Risk Retention Regulatory Change Option*) of the VRR Loan Note Agreement;
- on any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Debt (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the Principal Amount Outstanding of all of the Debt as at the Further Purchase Date, the Mortgage Portfolio Purchase Option Holder may exercise the Mortgage Portfolio Purchase Option pursuant to the Deed Poll or, if the Mortgage Portfolio Purchase Option Holder does not exercise the Mortgage Portfolio Purchase Option in those circumstances during the Interest Period commencing on the Interest Payment Date immediately following that Calculation Date or the two immediately subsequent Interest Periods, the Retention Holder may exercise the Clean-Up Call Option pursuant to the Deed Poll and in each case require the Issuer to redeem all of the Debt in accordance with Condition 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*), clause 10.4 (*Redemption of the Loan Note in full pursuant to 10 per cent. clean-up call*) of the Class A1 NRR Loan Note Agreement and clause 10.3 (*Redemption of the Loan Notes in full pursuant to 10 per cent. clean-up call*) of the VRR Loan Note Agreement; 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 Debt, 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 Retention Holder may require the Issuer to redeem all of the Debt in accordance with Condition 9.4 (*Optional Redemption in whole for taxation reasons*), clause 10.5 (*Optional Redemption of the Loan Notes in whole for taxation reasons*) of the Class A1 NRR Loan Note Agreement and clause 10.4 (*Optional Redemption of the Loan Notes in whole for taxation reasons*) of the VRR Loan Note Agreement.

Following the exercise of such options, no make-whole amount or other early repayment fee will be paid to the Debtholders if any such option is exercised by the relevant person. None of the Issuer, the Retention Holder, the Seller, the Mortgage Portfolio Purchase Option Holder 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 Debt will be redeemed in full, and the Certificates will be cancelled on or following the dates set out above.

Any redemption of the Debt 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 Debt 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 Debt and the Class A2 Debt**

In certain circumstances payments to the Class A2 Debtholders will be subordinated to payments to the Class A1 Debtholders in accordance with the following subordination rules: (a) prior to the service of an Enforcement Notice, interest due and payable on the Class A2 Debt will be paid *pro rata* and *pari passu* with the Class A1 Debt 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 Debt will be paid *pro rata* and *pari passu* with the Class A1 Debt in accordance with the Pre-Enforcement Principal Priority of Payments (**provided that** at all times PDL Principal Receipts will be paid first to the Class A1 Debt and second to the Class A2 Debt); (c) following the occurrence of a Class A2 PDL Trigger Event, principal due and payable on the Class A2 Debt will be paid sequentially to the Class A1 Debt in accordance with the Pre-Enforcement Principal Priority of Payments; (d) following the service of an Enforcement Notice, interest and principal due and payable on the Class A2 Debt 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 Debt amortising more quickly than the Class A2 Debt. Further, there is no assurance that these subordination rules will protect the holders of the Debt and the Certificates from all risk of loss.

The priority of the Class A Debt is further set out in "*Key Structural Features – Ledgers and Priorities of Payments*".

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

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

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

Within each Class of Debt and Certificates, that Debt or those Certificates will rank *pari passu* without preference or priority among itself or themselves in relation to payments of interest and principal at all.

The Class RC1 Certificates rank *pari passu* without preference among themselves and with the Class RC2 Certificates in relation to payment of the Class RC1 Certificate Payment amount at all times but shall be subordinated to all Classes of Debt.

The Class RC2 Certificates rank *pari passu* without preference among themselves and with the Class RC1 Certificates in relation to payment of the Class RC2 Certificate Payment amount at all times but shall be subordinated to all Classes of Debt.

Payments of principal in respect of all Classes of Debt 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 Liquidity Reserve Fund.

In addition to the above, payments on the Debt 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, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Cash Manager, the Liquidity Facility Provider and the Agents) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Fees*" below.

The priority of the Debt and the Certificates is further set out in "*Key Structural Features – Ledgers and Priority of Payments*".

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

**There may be insufficient funds available to repay in full the Debt 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 Debt, 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, and (B) the Liquidity Reserve Fund Actual Amount) 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 Debt's Principal Deficiency Sub-Ledger in reverse order of priority until such time as the amount recorded to the relevant Class of Debt's Principal Deficiency Sub-Ledger is the aggregate Principal Amount Outstanding of the relevant Class of Debt as more fully described in the section titled "*Summary of Credit Structure and Cashflows*".

It is expected that during the course of the life of the Debt, 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 Debt; and
- there may be insufficient Available Revenue Receipts and Available Principal Receipts to repay each or any Class of the Debt and all amounts due in respect of the Certificates on or prior to the Final Maturity Date of the Debt.

**If the Issuer has insufficient funds on an Interest Payment Date, there will be a deferral of interest payments in respect of the Subordinated Debt**

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 Debt 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 8.11 (*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 Debt 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 8.11 (*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 Debt 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 Debt then the relevant Debtholders 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 Debt 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 Debt is required to be redeemed in accordance with Condition 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*), clause 10.4 (*Redemption of the Loan Notes in full pursuant to 10 per cent. clean-up call*) of the Class A1 NRR Loan Note Agreement and clause 10.3 (*Redemption of the Loan Notes in full pursuant to 10 per cent. clean-up call*) of the VRR Loan Note Agreement, Condition 9.4 (*Optional Redemption in whole for taxation reasons*), clause 10.5 (*Optional Redemption of the Loan Notes in whole for taxation reasons*) of the Class A1 NRR Loan Note Agreement and clause 10.4 (*Optional Redemption of the Loan Notes in whole for taxation reasons*) of the VRR Loan Note Agreement, Condition 9.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), clause 10.6 (*Mandatory Redemption of the Loan Note following the exercise of a Risk Retention Regulatory Change Option*) of the Class A1 NRR Loan Note Agreement and clause 10.5 (*Mandatory Redemption of the Loan Note following the exercise of a Risk Retention Regulatory Change Option*) of the VRR Loan Note Agreement or Condition 9.6 (*Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Option or Market Mortgage Portfolio Purchase*), clause 10.7 (*Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Option or Market Mortgage Portfolio Purchase*) of the Class A1 NRR Loan Note Agreement and clause 10.6 (*Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Option or Market Mortgage Portfolio Purchase*) of the VRR Loan Note Agreement. As such, the Trustee will not be able to accelerate the Subordinated Debt until after the Final Maturity Date (subject to the grace periods thereunder) or such earlier date on which the Debt is redeemed in accordance with the Conditions set out above, clause 10 (*Redemption*) of the Class A1 NRR Loan Note Agreement and clause 10 (*Redemption*) of the VRR Loan Note Agreement, 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, Debtholders 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 of Debt 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 Debt and the Certificates are subject to a credit risk**

As of the Portfolio Reference Date, approximately 9.20% 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 (meaning the relevant Borrower is in an amount equal to at least one monthly payment past due on the relevant Mortgage Loan) and approximately 3.21% 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). 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 Debtholders 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 Debt and payments due in respect of the Certificates.

**Ratings of the Rated Debt may be qualified, downgraded or withdrawn after your purchase of the Rated Debt, 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 Debt do not address the possibility that the holders of that Debt 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 Debt 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 Debt.

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 Ratings 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 Offering Circular is to the ratings assigned by the Rating Agencies only.

The ratings assigned to the Rated Debt by each Rating Agency are based on, among other things, the deposit rating and/or 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 Debt. 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 Debt and, as a consequence, the resale price of the Rated Debt for use in liquidity schemes established by, *inter alios*, the Bank of England.

In general, UK regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the United Kingdom and registered under the UK 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-United Kingdom credit rating agencies, unless the relevant credit ratings are endorsed by an UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). No ratings have been sought from credit rating agencies established in the European Union and registered under the EU CRA Regulation.

**Rating Agency Confirmation in relation to the Rated Debt 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 Debt. 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 Debt.

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 Debt 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 holders of the Rated Debt. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Rated Debt 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 holders of the Rated Debt), the Issuer, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the holders of the Rated Debt), 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 Debt as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Debt may have an adverse effect on the value of the Rated Debt.

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 24 (*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 Debtholders 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, Debtholders 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.

### **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 Debt. Interest on the Debt 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 the Debt which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Debt.

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 Debt and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Debt. Changes in the manner of administration of SONIA could result in amendments to the Conditions, early redemption, delisting (in relation to the Notes) or other consequences in relation to the Debt. 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.

## **GEOGRAPHICAL, POLITICAL AND MARKET RISKS**

### **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 mortgage-backed securities similar to the Notes has at times experienced limited liquidity resulting from reduced investor demand for such securities. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

Whilst central bank schemes such as, amongst others, the Bank of England's Sterling Monetary Framework, the Funding for Lending Scheme or the European Central Bank's liquidity schemes provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral which apply and will apply in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities.

In addition, potential investors should be aware that global markets are experiencing a period of volatility and concerns relating to credit risk, as well as continuing economic, monetary and political conditions, which could affect any secondary market for instruments similar to the Notes.

Recent global social, health, political and economic events and trends can impact market certainty which in turn can negatively affect any secondary market for instruments similar to the Notes.

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 Debt 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 or the Closing Date. Downturns in the performance of the United Kingdom economy (due to the local, national and/or global macroeconomics factors) generally may have a negative effect on the housing market. In addition, any natural disasters, or widespread health crises (such as a pandemic or epidemic), governmental policies, action or inaction in response to such crises or such potential crises and/or the fear of such crises, whether in the United Kingdom or in any other jurisdictions, may lead to a deterioration of the economic conditions in the United Kingdom and also globally and may reduce the value of the affected properties. A fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by the Issuer where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. 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 Debt. Approximately 0.08% 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%. 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*" below 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 Debt and the Certificates.

### **Market Volatility**

During periods of market turmoil, there has been volatility and disruption of the capital and credit markets and significant declines in the property markets. Recent global social, political and economic events and trends, including current geopolitical risks around Russia's invasion of Ukraine and the escalation of the conflict in the Middle East which could impact the UK economy, in particular by pushing up energy and oil prices and increasing inflation, have resulted in increased uncertainty in the currency and credit markets. The uncertainty caused by these, and other events and trends has resulted in, and may continue to result in, further increased volatility in the financial markets.

### **Geographic Concentration Risks**

97.11% of the Mortgage Loans are secured by English Mortgages, 0.00% of the Mortgage Loans are secured by Scottish Mortgages and 2.89% of the Mortgage Loans are secured by Northern Irish Mortgages

and (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 Debt 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. Since 6 April 2018, the rates and thresholds for income tax that apply to the non-savings and non-dividend income of Scottish taxpayers have differed from those applied throughout the rest of the UK. At that time, the basic rate of tax was split into three tiers (a starter rate, a basic rate and an intermediate rate). The higher and top rates of tax have also both increased, most recently in April 2024 to 42% and 48% respectively. In addition, a new advanced rate was introduced from 6 April 2024 which sits between the higher and top rates and which attracts a rate of 45%. The changes mean that certain taxpayers in Scotland pay a higher level of tax than borrowers in the same income bracket in England and Wales. This may affect some borrowers' ability to pay amounts when due on the Scottish Mortgage Loans which, in turn, may adversely affect the ability of the Issuer to make payments of the Debt.

## **RISKS RELATED TO THE SALE OF THE MORTGAGE PORTFOLIO**

### **Searches, Investigations and Warranties in relation to the Mortgage Loans**

The Issuer, the Trustee, the Arranger and the Lead Manager have not undertaken, nor will they undertake, any investigations, searches or other actions in respect of the Mortgage Loans, and their Related Security. The Issuer will rely instead on the warranties given by the Seller in the Mortgage Sale Agreement (the "**Warranties**"). Mortgage Loans which have undergone no or 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. Although the Seller and/or entities on its behalf undertook certain due diligence in respect of the Mortgage Loans at the time of acquisition and will give certain representations and warranties in respect of the Mortgage Loans sold by the Seller, neither the Seller nor the Retention Holder was the originating lender of any of the Mortgage Loans. Please refer to "*Knowledge of matters with respect to the Mortgage Loans represented in Warranties*" below for further information.

In connection with the acquisition of the Mortgage Portfolio, the Seller and/or the Retention Holder and/or entities on their behalf undertook or have the benefit of the following due diligence and verifications with respect to the Mortgage Portfolio:

- (a) review and the delivery in relation to the Mortgage Portfolio in connection with the issuance of the Debt by the Issuer of:
  - (i) an agreed upon procedures report in respect of the Mortgage Loans;
  - (ii) a management due diligence call prior to the Closing Date with CHL in its capacity as Servicer; and



- (b) review undertaken by the Servicer of the Warranties so as to advise the Seller on a no liability basis as to whether any disclosure against such Warranties should be considered by the Seller.

In particular, whilst the VDR Documents were available to the Seller and the Retention Holder during the acquisition process and were reviewed on behalf of the Seller, none of the Seller or the Retention Holder has independently verified whether such documentation was complete in respect of the Originator. The Seller and the Retention Holder were not able to obtain copies of all relevant policies and procedures.

For the purposes of the above, "**VDR Documents**" shall mean the documents disclosed by the Originator to the Retention Holder in a virtual data room made available by the Retention Holder, including certain of the standard documentation relating to the Auburn 12 Mortgage Portfolio, the Auburn 13 Mortgage Portfolio, and the Auburn 14 Mortgage Portfolio, a report setting out details of borrower complaints received by the Originator since 2018, a copy of the servicing policies relating to the Auburn 12 Mortgage Portfolio, the Auburn 13 Mortgage Portfolio, and the Auburn 14 Mortgage Portfolio, and copies of any other lending documentation, including the lending criteria and underwriting policy, relating to the Auburn 12 Mortgage Portfolio, the Auburn 13 Mortgage Portfolio, or the Auburn 14 Mortgage Portfolio which were available to the Originator having conducted commercially reasonable searches.

Other than by way of the due diligence exercise undertaken by the Seller and/or entities on its behalf as described above, neither the Seller nor the Retention Holder has direct knowledge as to whether certain Warranties (including the Warranties which relate to the origination process) are correct or not. Accordingly, since neither the Seller nor the Retention Holder has direct knowledge as to matters relating to the actual origination of the Mortgage Loans, the Seller may not have actual knowledge of any relevant matters which give rise to a breach of warranty. Therefore, certain warranties are qualified by reference to the awareness of the Seller. It may in addition be practically difficult for the Seller (or the Servicer) to detect a breach of warranty in respect of the Mortgage Loans sold by the Seller to the extent that the same relates to a matter outside of the immediate knowledge of the Seller (or the Servicer), as there is no ongoing active involvement of the Originator to monitor or notify any defect in relation to the circumstances of the Mortgage Loans. The Servicer will have no obligation to monitor compliance with the Warranties following the Closing Date or those warranties given by the Seller pursuant to the Mortgage Sale Agreement. None of the Servicer, the Seller, the Retention Holder, the Legal Title Holder, the Arranger, the Lead Manager, the Trustee, the Agents or the Issuer will monitor compliance with the Warranties.

Unless the Seller, in its sole discretion, elects to repurchase a Mortgage Loan which is the subject of a breach of one or more of the Warranties pursuant to the terms of the Mortgage Sale Agreement, 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 the Seller to 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.

The amount payable by the Seller pursuant to such indemnity shall not exceed an aggregate amount equal to all sums due or owing under the relevant Warranted Mortgage Loan (including Accrued Interest and Arrears of Interest) as at the date of the breach (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). There can be no assurance that (taking into account, amongst other things, the fact that the Seller is a special purpose vehicle which is not expected to have substantial, if any, assets or other resources as at the Closing Date) the Seller will honour, or have the financial resources to honour its obligation to indemnify under any of these circumstances when the obligation to 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 Debt.

In addition, as the amount of any Liabilities is based upon the amount of, among other things, 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. If, at the appropriate time of ascertainment of the quantum of any amount payable by the Seller to the Issuer or the Trustee, the Seller cannot reach agreement with the Issuer as to

such quantum, an independent auditor of internationally recognised standing will be appointed to determine the amount of such quantum. Accordingly, any indemnity payment required to be made by the Seller in respect of any breach of 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 Debt.

Further, the liability of the Seller in respect of any breach of any Mortgage Loan Warranty is subject to certain time and quantum limitations pursuant to the terms of the Mortgage Sale Agreement. In particular:

- (a) claims in respect of a breach of a Mortgage Loan Warranty may only be made during the period of 18 months following the Closing Date or, in relation to Mortgage Loans in the Auburn 13 Portfolio, the Further Purchase Date;
- (b) the Seller will have no liability to the Issuer unless the amount of damages to which the Issuer would be entitled as a result of that Warranty Claim is greater than £10,000 per Mortgage Loan that is the subject of that Warranty Claim;
- (c) where a number of Warranty Claims arises out of the same or similar set of facts or circumstances, and each such individual claim would not exceed the threshold set out in paragraph (b) above, the Seller will have no liability to the Issuer unless the amount of damages to which the Issuer would be entitled as a result of such aggregated Warranty Claim is greater than £250,000;
- (d) the Seller will have no liability to the Issuer for any Warranty Claim unless the amount of all agreed and determined Warranty Claims (excluding claims that do not fall under paragraphs (b) and (c)) is greater than £2,500,000; and
- (e) the maximum aggregate liability of the Seller in respect of breaches of Mortgage Loan Warranty and any other breach by the Seller of the terms of the Mortgage Sale Agreement is an amount equal to £10,000,000.

The Seller is a special purpose vehicle and, other than the Mortgage Portfolio which the Seller will acquire and sell to the Issuer on the Closing Date and the Further Purchase Date pursuant to the Mortgage Sale Agreement and certain reserves the Seller has in place to meet its anticipated ongoing administrative and corporate expenses, the Seller is not expected to have other resources. As such, the Seller may have no assets or other resources available to it to make any indemnity payments under the Mortgage Sale Agreement or any other Transaction Document at any time after the Closing Date. The obligations of the Seller are not guaranteed nor will they be the responsibility of any person other than the Seller (and, specifically, will not be the responsibility of the Retention Holder, the Arranger or the Lead Manager), and, as such neither the Issuer nor the Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to discharge its obligations to make any indemnity payments under the Mortgage Sale Agreement or any other Transaction Document. Any such failure could negatively impact the ability of the Issuer to make payment of interest and/or principal in respect of the Debt and payments due in respect of the Certificates. Accordingly, there can be no assurance that the Seller will have the financial resources to comply with its obligation to indemnify under any of these circumstances when the obligation to indemnify becomes due. Such obligation is not the responsibility of any person other than the Seller, and neither the Issuer nor the Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligation.

## GENERAL RISKS RELATED TO THE MORTGAGE LOANS

### **Terms of Balloon Mortgage Loans may be amended resulting in the Issuer and Debtholders receiving earlier or later redemption payments on the relevant Mortgage Loan and the relevant Debt**

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 (a) 97.86% Interest Only Mortgage Loans, (b) 0.20% Part-and-part Mortgage Loans, and (c) 1.94% 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. Moreover, the Mortgage Conditions in respect of Interest Only Mortgage Loans do not require a Borrower to put in place alternative funding arrangements.

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 Mortgage 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 Debt 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 Debt 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 Debtholders receiving principal payments on the relevant Mortgage Loan and effectively redeeming the relevant Debt 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.

Furthermore, the FCA is currently reviewing its guidance, FG13/7, on dealing fairly with interest-only mortgage customers who risk being unable to repay their loan in light of the Consumer Duty. This may lead to the Servicer needing to provide more support to Borrowers with interest-only loans which may in turn increase the number of Mortgage Loans for which support continues to be required even after the Mortgage Loan has reached the end of its term. This will increase, even further, the concentration of Interest Only Mortgage Loan which occurs naturally as the Mortgage Portfolio amortises. Where conversions to repayment loans are only affordable if supported by extended terms, this could extend the profile of the repayment of principal on Interest Only Mortgage Loans.

#### **Permissible Modifications and Flexible Drawings**

Under the Servicing Agreement, the Issuer and the Legal Title Holder have agreed that the Legal Title Holder or the Servicer shall not make an offer to any Borrower for a Product Switch. However, the Legal Title Holder or the Servicer may agree to certain modifications to the terms of a Mortgage Loan (as

described in "*Sale of the Mortgage Portfolio—Permissible Modifications*") that would not constitute a Product Switch (the "**Permissible Modifications**"). The Legal Title Holder may, in limited circumstances, accept porting requests from Borrowers. The Legal Title Holder will not offer Further Advances, other than further advances for the purposes of protecting and safeguarding Legal Title Holder's and Issuer's interest in the relevant Property (including for the purposes of payment of ground rents and service charges) (the "**Protective Further Advances**"). In addition, Borrowers with Flexible Mortgage Loans may, in limited circumstances set out in "*The Mortgage Portfolio - Flexible Drawings*" below be entitled to require the Legal Title Holder to advance Flexible Drawings.

Any such modification 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 number of requests for Flexible Drawings or any Permissible Modifications 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 Legal Title Holder 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 for 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 Debtholders 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 Debt 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.

### **Non-disclosure of broker commissions**

Certain of the Mortgage Loans were originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the relevant original lenders may have paid commissions to such intermediaries in the form of a procuration fee. There is a risk that where these commissions have not been disclosed a Borrower may, depending on the circumstances of the case, have a claim against the Legal Title Holder in respect of the affected Mortgage Loan.

In the event of a successful claim where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, the courts have ordered (and it is likely that a court may order) payment to such Borrower of the amount of commission paid in respect of the affected Mortgage Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the Borrower in the circumstances).

If there was a failure to disclose the existence of the commission to a Borrower (i.e. where the commission is "fully secret") the remedy is likely to be greater and may include rescission of the contract where a Borrower can make counter-restitution.

Alongside any claim relating to undisclosed commissions, where the Mortgage Loan is not a Regulated Mortgage Contract there is the additional risk that a Borrower could claim the relationship between the Borrower and legal title holder of the affected Mortgage Loan gives rise to an unfair relationship, and therefore may be subject to a claim under sections 140A – 140C of the Consumer Credit Act. If such a claim was successful, the court may impose a range of remedies in favour of a Borrower, including repayment of sums paid by such a Borrower, rendering the agreement or security unenforceable, or otherwise altering the terms of the agreement.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook has required the disclosure of broker commissions for Regulated Mortgage Contracts from 31 October 2004. Accordingly, the risk of non-disclosure of broker commissions is greater for Owner Occupied Mortgage Loans originated prior to 31 October 2004, of which there are 170 included in the Provisional Portfolio as at the Portfolio Reference Date.

If there were any successful non-disclosure of broker commission claims (in terms of the existence or amount of such broker commission) or unfair relationship claims made by Borrowers in respect of any Mortgage Loans and the court ordered that financial redress or rescission be made in respect of such Mortgage Loans, such redress or rescission may adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans and the realisable value of the Mortgage Portfolio and/or the Issuer's ability to make payment in full on the debt when due.

### **Basis mismatch**

The Rate of Interest on each Class of Floating Rate Debt adjusts monthly based on Compounded Daily SONIA whereas the Mortgage Rates on the Provisional Mortgage Portfolio may adjust less frequently and adjust with reference to a standard variable rate or the Bank of England Base Rate. 100% of the Provisional Mortgage Portfolio (calculated by reference to the Current Balance of the Provisional Mortgage Portfolio as at the Portfolio Reference Date) are adjustable rate Mortgage Loans, having interest rates that adjust with reference to a rate other than Compounded Daily SONIA. As a result, there is a degree of basis risk associated with the Floating Rate Debt. Basis risk is the risk that shortfalls might occur due to a mis-match for both the rate adjustment frequency and index on the Floating Rate Debt and the Mortgage Loans.

Approximately 99.27% 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% 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 Rate Mortgage Loans included in the Provisional Mortgage Portfolio will be reset on a monthly 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 Floating Rate Debt in the transaction, especially if the corresponding increase (or decrease) between the (a) rate on the Tracker Rate Mortgage Loans and/or, as applicable, the Standard Variable Rate Mortgage Loans (plus the applicable margin) and (b) the Reference Rate (plus the applicable Margin on the Floating Rate Debt) is not in the same proportion to each other.

**Risk of losses associated with high Indexed LTV Mortgage Loans and declining property values**

As of the date of this Offering Circular, approximately 0.08% 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 a current 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%. 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.

An investment in securities such as the Notes and the Certificates that generally represent a secured debt obligation (the security being in respect of Mortgage 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 Mortgage 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 Mortgage Loans until the end of the maturity of the Notes, and the outstanding balances of the Mortgage 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.

**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, Scotland and Northern Ireland 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.

**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**

There are approximately 4.98% of 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) 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 Debt and the Certificates.

**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 9.20% 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 1 month or more, and approximately 3.21% 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 affect their ability to repay their Mortgage Loan. Unemployment, loss of earnings, illness, divorce, increases in the cost of living as a result of, among other things, energy costs, inflation or increase in taxes and national insurance contributions 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 their Mortgage Loans. Certain national and international macroeconomic factors may also affect the financial circumstances of a Borrower, such as Borrower's ability to repay its Mortgage Loan and thus the economic performance of the Mortgage Loans. For example, recent global social, health, political and economic events and trends, including the Russian invasion of Ukraine and the escalation of the conflict in the Middle East, can impact the UK economy by causing higher rates of inflation than seen in recent years and higher rates of interest than seen in recent years. An increase in a Borrower's cost of living due to such higher levels of inflation and higher interest rates may also lead to an increase in delinquencies and bankruptcies of Borrowers. Certain Borrowers may be, or may become, unemployed throughout the life of the Mortgage Loan taken out by them, which could affect their ability to make payments and repayments under such Mortgage Loan. Additionally, Borrowers who are self-employed may have an income stream which is more susceptible to change (including the reduction or loss of future earnings due to illness, loss of business, tax laws or general economic conditions) than Borrowers who are in full time employment. Each such Borrower may consequently be more likely to fall into payment difficulties. 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 an owner-occupied 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 Debt 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.

#### **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 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.

#### **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.

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

- (a) 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 and their Related Security on trust for the Seller; and



- (b) the 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 be held by the Legal Title Holder (as applicable) and will not be transferred to the Issuer until certain trigger events occur under the terms of the Servicing Agreement (see "*Sale of the Mortgage Portfolio*" below).

The Issuer has not applied and will not apply (until the occurrence of certain perfection events) to the relevant Land Registry 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 such 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 the Servicing 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 the Servicing 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 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 Servicing 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 Debt.

**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 Legal Title Holder holds Contingency Policies to cover the risks of a Borrower failing to have buildings insurance and an interest in a policy ("**Properties in Possession Cover**") to give the Legal Title Holder certain protection in respect of the risks associated with repossessed properties. Pursuant to the Servicing Agreement, the Legal Title Holder is required to transfer the proceeds of any claims under a Contingency Policy or under the Properties in Possession Cover to the

Issuer and, until such time the transfer has been made, hold such proceeds on trust for the Issuer. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under any Contingency Policy, any Properties in Possession Cover or 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.

### **Mortgage Prisoners**

In January 2018, the FCA published its Thematic Review (TR18/1) on the fair treatment of existing interest only mortgage customers. 93.96% of the Owner-Occupied Mortgage Loans in the Provisional Mortgage Portfolio are Interest Only Mortgage Loans. 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**").

On 26 March 2019, the FCA launched a consultation paper "CP 19/14; Changes to Mortgage Responsible Lending". In this CP, the FCA set out its concerns that some consumers cannot switch to a more affordable mortgage despite being up to date with their mortgage payments. The FCA concluded that consumers in this position, or who could be in this position in the future, are suffering harm, as they are paying higher than necessary mortgage payments.

On 28 October 2019, the FCA issued a policy statement "PS 19/27 Changes to Mortgage Responsible Lending Rules and Guidance". This PS proposes to remove barriers to consumers switching to a more affordable mortgage. The FCA proposed changes to its responsible lending rules to allow lenders to use a more proportionate affordability assessment for borrowers who are up to date with their existing mortgage and want to switch to a more affordable mortgage without borrowing more. The proposals also aimed to reduce the time and costs of switching. This PS also provides that inactive lenders, and administrators acting for unregulated entities, have to review their customer books and develop and implement a communication strategy for relevant borrowers; this will include contacting borrowers informing them that they may be able to switch to a more affordable mortgage and directing them to any relevant information.

A plan for transferring mortgage prisoners onto new mortgages is still being worked through by the Treasury and FCA.

In the fourth quarter of 2019, the UK Mortgage Prisoner Action Group launched a claim to get compensation for more than 200,000 borrowers who have been paying what they claim to be unreasonably high mortgage interest rates for the past decade since their mortgage lender has been either nationalised or loans transferred to a different lender who does not allow them to switch to a better deal. The action is brought on behalf of the current and former Northern Rock and Bradford & Bingley mortgage holders.

COVID-19 has had a significant impact on the mortgage market. Lenders have reported that they will be unable to offer a range of switching options or support re-mortgaging for mortgage prisoners as quickly as it was initially anticipated.

On 31 January 2020, the FCA published Policy Statement 20/01 which details the FCA's feedback and final rules in response to consultation paper "CP19/17: Consultation on mortgage advice and selling standards". The Policy Statement contains the final rules for changes to the FCA's mortgage advice and selling standards to address three harms identified through a previous market study carried out by the FCA. These were that:

- (a) the FCA's advice rules and guidance are a barrier to the development of tools to help consumers choose and buy a mortgage.
- (b) consumers who would like to buy a mortgage on an execution-only basis find it difficult to do so because they are diverted to advice and because execution-only sales channels are not always easy to use.

- (c) many consumers are overpaying for their mortgages, even when they get advice.

To address these harms, the final rules:

- (a) change its Perimeter Guidance on mortgage advice to make clear that tools that allow search and filtering based on objective criteria are not necessarily giving advice, and to more closely align to the recently updated guidance on advising on retail investments.
- (b) permit more interaction with customers before firms are required to give advice.
- (c) make other changes that may help firms making their execution-only sales channels easier to use.
- (d) require advisers, if they recommend a mortgage which is not the cheapest of the mortgages that meet the customer's needs and circumstances, to explain why they have not recommended a cheaper mortgage.

Subject to the transitional rules that ran to 30 July 2020, these changes to rules and guidance came into force on 31 January 2020.

In November 2021, the FCA published its consultation paper titled "Mortgage Prisoner Review" (CP576) (the "**Mortgage Prisoner Review**"), which provides specific data on the number of individuals identified as 'mortgage prisoners' in the UK. The Mortgage Prisoner Review has been laid before the UK Parliament with the intention that the UK Government and wider industry may use the data set out in the Mortgage Prisoner Review to determine whether further practical and proportionate measures may be introduced to help mortgage prisoners.

Failure to comply with FCA guidance and rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under a Mortgage Loan. Any such claim or set-off may adversely affect the Issuer's ability to make payments under the Debt.

#### **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. Certain borrowers may not be able to find refinancing opportunities due to changed financial circumstances or stricter underwriting requirements in the marketplace or limited or lack of ongoing availability of certain types of loan products (for example, high loan-to-value interest-only products). 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.

#### **Issuer may not have direct rights against third parties**

The Seller has assigned its causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement 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 Declaration of Trust and Scottish Trust Transfer. However, the Seller was not the originator of the Mortgage Loans and the said rights may therefore not have been effectively assigned to it by the Auburn 12 Issuer, Auburn 13 Issuer or Auburn 14 Issuer (as the case may be) or held on trust for it by the Auburn 12 Issuer, Auburn 13 Issuer or Auburn 14 Issuer (as the case may be), as further described in "*Knowledge of matters with respect to the Mortgage Loans represented in Warranties*" below. 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.

#### **Neither the Seller nor the Retention Holder is the originator**

Neither the Seller nor the Retention Holder is the originator of any of the Mortgage Loans. The Seller has or will acquire the beneficial title to:

- (a) the Mortgage Loans in the Auburn 12 Mortgage Portfolio from the Auburn 12 Issuer who, in turn, acquired the Mortgage Loans in the Auburn 12 Mortgage Portfolio from the Originator;
- (b) the Mortgage Loans in the Auburn 13 Mortgage Portfolio from the Auburn 13 Issuer who, in turn, acquired the Mortgage Loans in the Auburn 13 Mortgage Portfolio from the Originator; and
- (c) the Mortgage Loans in the Auburn 14 Mortgage Portfolio from the Auburn 14 Issuer who, in turn, acquired the Mortgage Loans in the Auburn 14 Mortgage Portfolio from the Originator,

in each case, as described in the section entitled "*The Mortgage Portfolio*".

#### **Lending Criteria**

As at the date of this Offering Circular, the Lending Criteria will have been applied (subject to minor changes made prior to such date) in respect of the Mortgage Loans originated by CHL (of which the Provisional Mortgage Portfolio is mostly comprised) (including Buy to Let Mortgage Loans, as to which see "*Risk of losses associated with Buy to Let Mortgage Loans*" above) and will apply in respect of all Flexible Mortgage Loans and Permissible Modification. The criteria consider, among other things, a Borrower's credit history, repayment ability and debt-service-to-income ratio, as well as the value of the Property and the value of the relevant rental stream. However, there can be no assurance that the Lending Criteria will not be varied in the future. See "*The Mortgage Portfolio*" below. 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 porting, payment holidays, Flexible Drawings and Permissible Modification.

#### **Lending Criteria in respect of the Irish Permanent Mortgage Loans**

There are two Irish Permanent Mortgage Loans in the Provisional Mortgage Portfolio with an aggregate Current Balance of £72,854.97 as of the Portfolio Reference Date. These Mortgage Loans were originated directly 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 Loans, as a result of not being involved in the origination process, not all matters relating to the origination of the Mortgage Loan are known to the parties (including CHL) 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 Mortgage Sale Agreement but no value will be attributed to the Irish Permanent Mortgage Loans in determining the purchase price of the Mortgage Portfolio. As a result, any adverse performance in respect of the Irish Permanent Mortgage Loans will have no impact on the return on the Notes. For further information, see "*The Mortgage Portfolio*".

## 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 Debt (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 Debtholders and Certificateholders may be disrupted and Debtholders and/or Certificateholders may be adversely affected.

### The Servicer

The Servicer will be appointed by the Issuer on the Closing Date to administer the Mortgage Loans from and after the Closing Date.

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 a successor servicer in accordance with the terms of the 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 successor 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 Debt. 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 Debt.

If the appointment of the Servicer is terminated or if the Servicer is unable to perform the Services following a Servicer Termination Event, there can be no assurance that a successor 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 successor 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 successor servicer to fully perform the required services would depend, among other things, on the information 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.

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

### Certain material interests

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

In addition to the interests described in this Offering Circular, the Arranger and Lead Manager and its respective related entities, associates, officers or employees (for the purposes of this paragraph, each a "**Lead Manager Related Person**"):

- (a) may from time to time be a Debtholder and/or Certificateholder or have other interests with respect to the Debt or the Certificates and they may also have interests relating to other arrangements with respect to a Noteholder or a Note, a Certificateholder or a Certificate or any other Transaction Party;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Debt or Certificates;

- (c) may purchase all or some of the Debt or Certificates and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions (which may include financing of the risk retention), investment management, corporate and investment banking and research in various capacities in respect of the Debt, the Certificates, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

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

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

#### **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 Debt, 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 12 (*Certificates Events of Default*) of clause 16 (*Events of Default*) of the Class A1 NRR Loan Note Agreement or clause 16 (*Events of Default*) of the VRR Loan Note Agreement 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 Debt then outstanding (or if no Debt remains 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 Debtholders 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 Offering Circular, 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 Debt 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 Debtholders and/or Certificateholders may not be required in relation to such amendments and/or waivers even though they may be impacted by such decisions.

#### **Significant investor**

Significant concentrations of holdings of the Debt and/or the Certificates may occur. In holding some or all of the Debt, any investor holding such concentrations may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions (but, if applicable, having regard to and subject always to the VRR Entrenched Rights, the Class S Entrenched Rights and the Class RC Entrenched Rights). In addition, it is expected that on the Closing Date:

- (a) the Retention Holder will purchase and retain (i) all of the Class A1 NRR Loan Notes and (ii) all of the VRR Loan Notes; and
- (b) the Certificates, the Class Z Notes and the Class X Notes will be issued to the Seller or its nominee, representing the right to deferred consideration for the sale of the Mortgage Portfolio by the Seller to the Issuer.

Therefore, given this significant concentration of holdings no assurance can be given that any subsequent Debtholder will have influence to block or pass certain Debtholder resolutions.

### **RIGHTS OF DEBTHOLDERS, CERTIFICATEHOLDERS AND SECURED CREDITORS**

#### **Risks relating to negative consent of Debtholders 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 Debtholders, 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 and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) 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** Debtholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Debt then outstanding have not notified the Issuer, the Principal Paying Agent or the Loan Note Paying Agent (as applicable) that they do not consent to the modification. As such, Debtholders and Certificateholders should be aware that the relevant modification may be effected regardless of their objections if the amount of Debtholders objecting represent less than 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Debts then outstanding.

In addition, in relation to material amendments to the LFP Related Provisions, prior to the LF Cancellation Date only, the consent of the Liquidity Facility Provider shall be required. Thus, Debtholders 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 Debtholders, 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 Debtholders and Certificateholders, Modification and Waivers**

The Conditions and the Certificate Conditions contain provisions for calling meetings of Debtholders and Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Debtholders and Certificateholders including Debtholders and Certificateholders who did not attend and vote at the relevant meeting and Debtholders 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 any provision of the Trust Documents referred to in the definition of a Reserved Matter and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights), or (subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) 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, Debtholders 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 Debtholders following a request for consent having been given to the Debtholders or the Certificateholders but an insufficient number of Debtholders or Certificateholders notifying the Issuer, the Principal Paying Agent or the Loan Note Paying Agent (as applicable) that they do not consent to such amendments (see "*Rights of Debtholders, Certificateholders and Secured Creditors – Risks relating to negative consent of Debtholders and Certificateholders in respect of amendments to the Transaction Documents under certain circumstances*" above). Debtholders and Certificateholders should be aware that such amendments may therefore be effected regardless of their objections, if the number of objecting Debtholders or Certificateholders are insufficient.

#### **Conflict between Debtholders, Certificateholders and other Secured Creditors**

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Debtholders, 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 is Debt outstanding, the holders of the Most Senior Class of Debt and will not have regard to any lower ranking Class of Debt or the Certificates and (ii) whilst there is no Debt 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 the Debt 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 UK Retention Requirement and the EU Retention Requirement and, either directly or through a majority-owned affiliate. 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 Debtholders and Certificateholders when exercising their rights under the Debt and the Certificates (with respect to not only the securities held to satisfy the required risk retention, but also any other Debt or the Certificates which they may own) and may, subject to certain restrictions, exercise voting rights in respect of the Debt and the Certificates held by it in a manner which may be prejudicial to other Debtholders or Certificateholders. As such, the Retention Holder will be a Relevant Person.

#### **Potential for conflicts among the Retention Holder and the Arranger and Lead Manager**

On or after the Closing Date, the Retention Holder may obtain funding to help finance the economic interest to some or all of the VRR Loan Notes to be acquired by the Retention Holder pursuant to the risk retention undertaking. Such funding may be provided by the Lead Manager or Arranger.

The Arranger and the Lead Manager 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 and the Lead Manager may provide also include financing and, as such, the Arranger and the Lead Manager may have and/or may provide financing directly or indirectly to the Retention Holder and/or any of its affiliates and related entities and such financing may directly or indirectly involve financing the VRR Loan Notes. In the case of any such financing, the Arranger and the Lead Manager may have received security over assets of the Retention Holder and/or its affiliates, including security over the VRR Loan Notes, resulting in the Arranger and the Lead Manager having enforcement rights and remedies which may include the right to appropriate or sell the VRR Loan Notes. In carrying out such sale, the Arranger and the Lead Manager would not be required to have regard to any retention requirements, including the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), and any such sale may therefore from such time cause the transaction described in this Offering Circular to cease to be compliant with such requirements, which with respect to the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), may result in adverse regulatory capital treatment for certain investors in relation to their holding of the Debt and/or the Certificates.

### **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 Seller's particular sector in that market or specifically in

relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the group and its businesses and operations.

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 Debtholders 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 Seller has confirmed that, in respect of the Mortgage Loans, there have been no successful Borrower complaints brought before the Financial Ombudsman Service to date. 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 Debt 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 restricts a landlord's ability to regain possession of the property to a number of specific eviction grounds and Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 imposes additional requirements on heritable creditors in relation to the enforcement of standard securities over residential property in Scotland. In Northern Ireland, the Private Tenancies Act (Northern Ireland) 2022 came into effect on 1 April 2023 and provided for increased minimum notice periods required under notices to quit (which range from 8 weeks to 7 months, depending on how long the tenancy has been in existence). 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 Debt 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 Financial Ombudsman or any other regulatory authority will arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments may mean there are additional regulatory obligations in respect of the Mortgage Loans or for the Seller, 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 Debt 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) regulated by the Consumer Credit Act 1974 (the "CCA") as a regulated credit agreement, as defined under Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "RAO") (a "**Regulated Credit Agreement**");
- (c) regulated by the Financial Services and Markets Act 2000 (the "FSMA") as a regulated mortgage contract (as defined by Article 61 RAO) (a "**Regulated Mortgage Contract**"); or

- (d) regulated as a consumer buy-to-let ("**CBTL**") mortgage contract under the consumer buy-to-let regime, as defined by the Mortgage Credit Directive Order 2015 (a "**Consumer Buy-to-Let Mortgage Loans**").

Although a majority of the Mortgage Loans which are buy-to-let loans should be unregulated there is no guarantee of this classification and there is a risk that they could be categorised under one of the different regulatory regimes noted above. 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, all of which may adversely affect the ability of the Issuer to make payment in full on the Notes when due.

### **Unfair Terms in Consumer Contracts Regulations and the CRA**

In the United Kingdom, the UTCCR (as defined below) 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 Consumer Rights Act 2015 ("**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 even if the consumer has not 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 to 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 of Schedule 2 to the CRA 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 or the Financial Ombudsman 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 Debt and Certificates. See "*Mortgage Regulation in the United Kingdom*" more generally for certain regulatory considerations and risks.

### **FCA Consumer Duty**

The FCA has introduced a new consumer duty requiring authorised firms to act to deliver good customer outcomes for retail customers (the "**Consumer Duty**"). The Consumer Duty is set out in Principle 12 and PRIN 2A of the Principles for Business section of the FCA Handbook and related FCA rules and guidance. The FCA published its final guidance FG22/5 on the Consumer Duty in July 2022. The Consumer Duty came into force on 31 July 2023 for new and existing products or services that are open to sale or renewal and will apply from 31 July 2024 for closed products or services with the aim of setting higher standards of care that regulated firms should give to retail consumers in financial markets. The Consumer Duty focusses on the governance of products and services, price and value, consumer understanding and consumer support. In a speech delivered by Nisha Arora on 1 November 2023 (FCA Director of Consumer & Retail Policy) Arora stated that the Consumer Duty will remain a top priority for the FCA going forward. Firms are expected to learn and improve continuously and must evidence this in their annual board report. If (for example) the obligations relating to fair value or not causing harm are not met in relation to the Provisional Mortgage Portfolio, it could adversely affect the amounts received or recoverable in relation to the Provisional Mortgage Portfolio. This may adversely affect the ability of the Issuer to make payments in full on the Debt when due.

## **CERTAIN REGULATORY CONSIDERATIONS**

### **UK Securitisation Regulation and EU Securitisation Regulation**

In Europe, the European authorities adopted the EU Securitisation Regulation on 28 December 2017. The EU Securitisation Regulation has applied from 1 January 2019 and is a cross-sectoral regulation that replaces a number of previous regulatory requirements which applied to certain categories of investors in securitisations. By virtue of the European Union (Withdrawal) Act 2018, the EU Securitisation Regulation forms part of UK law.

The Securitisation Regulations provide for revised risk retention and disclosure requirements (now imposed variously on a securitisation special purpose entity, originator, sponsor and/or original lender of a securitisation) as well as new and enhanced due diligence requirements for Affected Investors (as defined below), which apply prior to acquiring the relevant securitisation position and on an ongoing basis whilst the Affected Investor holds the securitisation position. For information on how the Retention Holder complies with the risk retention requirements of the Securitisation Regulations, see "*Certain Regulatory Disclosure — Risk retention requirements under the Securitisation Regulations*".

Following the onshoring of the EU Securitisation Regulation by virtue of the European Union (Withdrawal) Act 2018, the FCA has published the updated disclosure templates for purposes of the UK Securitisation Regulation (the "**FCA Templates**") and on 11 January 2022 the FCA announced that the obligation to report public securitisations within the scope of the UK Securitisation Regulation to a securitisation repository that is registered and supervised by the FCA applies from 17 January 2022.

Some divergence between the European Union and the United Kingdom regimes already exists and the further divergence in the future between the European Union and the United Kingdom regimes is expected, following the legislative reforms relating to the UK Securitisation Regulation introduced under FSMA 2023 The Securitisation Regulations 2024 (SI 2024/102) ("**SI 2024**") made on 29 January 2024 provide that upon the repeal of the current UK Securitisation Regulation pursuant to FSMA 2023, the securitisation regulatory framework of the UK will be moved to a combination of SI 2024 and the regulator rulebooks of the FCA and PRA. On 30 April 2024, the FCA Policy Statement and the PRA Policy Statement (together, the "**Regulator Rules**") were published. The Regulator Rules are stated to be applicable from 1 November 2024 and, under the transitional provisions contained in them, the Regulator Rules will not apply to securitisation transactions that close before 1 November 2024. This accords with the draft Securitisation

(Amendment) Regulations 2024 (the "**Draft Amending SI**") laid before both Houses of Parliament on 22 April 2024 which contemplates the repeal of the UK Securitisation Regulation commencing on 1 November 2024. As with the Regulator Rules, the due diligence rules for occupational pension schemes contained in the Draft Amending SI are not expected to apply to investments in the Notes or Certificates due to the savings provisions the Draft Amending SI proposes to insert as regulation 52A of SI 2024.

Each Affected Investor that is required to comply with Article 5 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or Article 5 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (as applicable) is required to independently assess and determine the sufficiency of the information described in this Offering Circular and which may otherwise be made available to investors for the purposes of its initial and ongoing compliance with Article 5 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or Article 5 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (as applicable). Should an Affected Investor determine that they have insufficient information in order to comply with their own due diligence obligations under Article 5 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or Article 5 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (as applicable), there is no obligation on the Issuer, the Seller or any other party (including, for the avoidance of doubt, the Arranger, the Lead Manager or the Retention Holder) to provide further information to meet such insufficiency.

Aspects of the requirements of the EU Securitisation Regulation, in the case of European-regulated investors, and of the UK Securitisation Regulation, in the case of UK-regulated investors, and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of requirements applicable to them and are required to independently assess and determine the sufficiency of the information described in this Offering Circular generally for the purposes of complying with such due diligence requirements under the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), in the case of European-regulated investors, and of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), in the case of UK-regulated investors.

Failure to comply with one or more of the requirements of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (including, *inter alia*, those highlighted above) may result in various penalties including, in the case of investors subject to regulatory capital requirements, the imposition of a penal capital charge. Such non-compliance may also negatively impact the price and liquidity of the Notes in the secondary market.

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

In the UK, Europe, the US and elsewhere, there has been, and continues to be, 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 Arranger, the Lead Manager, the Retention Holder nor 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.

#### **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 Offering Circular and, *inter alia*, the issue of the Debt and the ratings which are to be assigned to the Rated Debt are based on the law and administrative practice in effect as at the date of this Offering Circular 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 Offering Circular 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 Debt. 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 Debt held for risk retention purposes**

On or after the Closing Date, the Retention Holder may directly or indirectly obtain funding to finance its economic exposure to some or all of the VRR Loan Notes required to be retained by it as originator in compliance with (a) Article 6(1) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and (b) Article 6(1) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time). Such financing may require the grant of a security interest over the financed VRR Loan Notes and the posting of a daily mark-to-market margin by the 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 VRR Loan Notes. In carrying out any such sale or appropriation, the financing counterparty would not be required to have regard for the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and any such sale or appropriation may therefore cause the Retention Holder not to be in compliance with the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and/or the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time). In such an event, with respect to the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), Debt 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 the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), the price and liquidity of the Debt held by an investor in the secondary market could be negatively impacted, as certain investors may not be able to purchase the Debt due to their non-compliance and investors generally may be unwilling or unable to acquire Debt that is non-compliant.

### **US Risk Retention Rules**

The US Risk Retention Rules 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 US Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction will not involve risk retention by a sponsor for the purposes of the US Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 20 of the US Risk Retention Rules regarding non-US transactions. Such non-US transactions must meet certain requirements, including that (a) the transaction is not required to be and is not registered under the Securities Act; (b) no more than 10% of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to Risk Retention US Persons or for the account or benefit of Risk Retention US Persons; (c) neither the sponsor nor the issuer of the securitisation transaction is organised under US law or is a branch located in the United States of a non-US entity; and (d) no more than 25% of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Transaction provides that the Notes may not be purchased by Risk Retention US Persons except in accordance with the exemption under Section 20 and with the prior written consent of the Seller. Prospective investors should note that the definition of "US person" in the US Risk Retention Rules is different from the definition of US person under Regulation S and that an investor could be a Risk Retention US Person but not a "US person" under Regulation S.

The consequences of non-compliance with the US Risk Retention Rules are unclear, but investors should note could adversely affect the liquidity and/or value of the Notes.

### **Increased prudential regulation for certain investors in the Notes**

Governmental and regulatory authorities in the United Kingdom, the European Union, the United States and elsewhere have introduced additional capital and funding requirements and are implementing other measures including increased regulatory control in their respective financial sectors.

Basel III has been implemented in the United Kingdom through UK CRD IV. The UK 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 United Kingdom. Together the UK CRR and UK CRD reinforce capital standards and establish a leverage ratio backstop.

Basel 3.1 reforms agreed at international level in December 2017 are yet to be implemented by major jurisdictions. These reforms introduce further measures to enhance prudential regulatory standards, supervision and risk management including enhanced rules on credit risk and introduction of an "output floor" for banks using internal models to calculate market risk. The European Union is implementing Basel 3.1 reforms via amendments to EU CRD IV and EU CRR, which will start to apply from 1 January 2025. The United Kingdom and United States have indicated their implementation of Basel 3.1 measures will start to apply from 1 July 2025.

The changes under UK CRD IV, Basel III and Basel 3.1, as described above, present a low 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 affect the liquidity and/or value of the Notes. However, it remains uncertain how these changes will impact financial institutions and entities involved in securitisations of assets originated by such financial institutions, including the Issuer.

## **CERTAIN INSOLVENCY RISKS**

### **UK 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 Debt. 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, as amended (the "**Insolvency Act**") (in Northern Ireland, the Insolvency (Northern Ireland) Order 1989, as amended (the "**Insolvency Order**")) 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 (and, in Northern Ireland, the Insolvency Order), 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 Debtholders 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 Debtholders 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. It should be noted that no such concept of recharacterisation of charges exists under Scots law.

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 Order) requires a "prescribed part" (up to a maximum amount of £800,000) 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 Debtholders which could have a material adverse effect on the Issuer's ability to make payments under the Debt 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 (in Northern Ireland, the Insolvency Order) 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 Debt 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 Debtholders 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 Debt 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 Debtholders and the Certificateholders.

**Withholding tax**

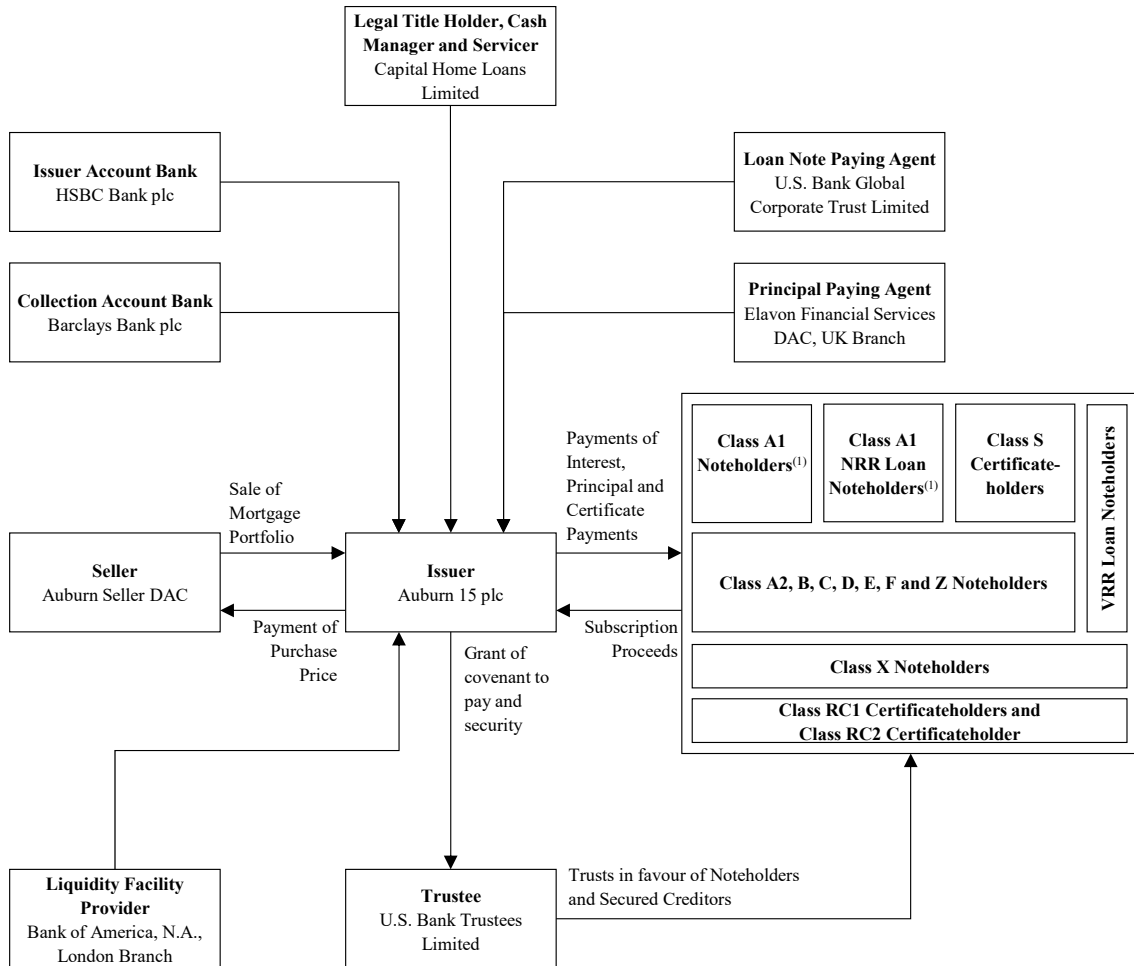
In the event that any withholding or deduction for or on account of United Kingdom income tax is imposed in respect of payments made to the Debtholders under the Debt, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Debtholders for the lesser amounts and therefore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

**Effects of change of taxation law**

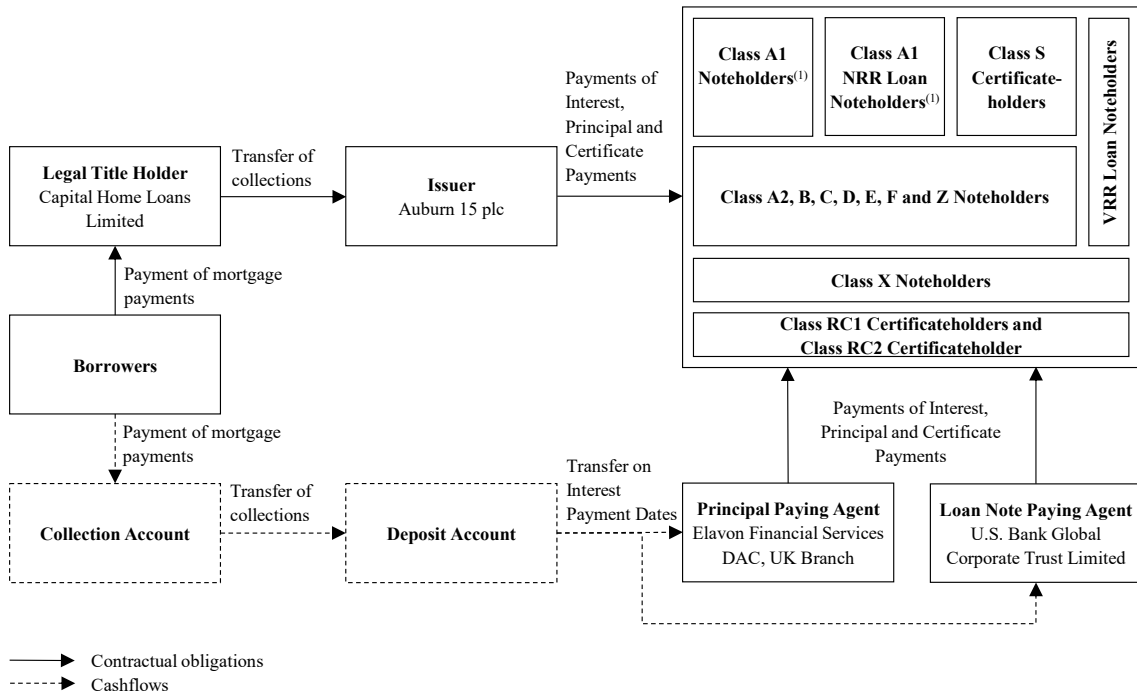
The structure of the transaction as described in this Offering Circular and, *inter alia*, the issue of the Debt is based on the law and administrative practice in effect as at the date of this Offering Circular as it affects the parties to the transaction and the Mortgage Portfolio, and having regard 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 Offering Circular 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 Debt.

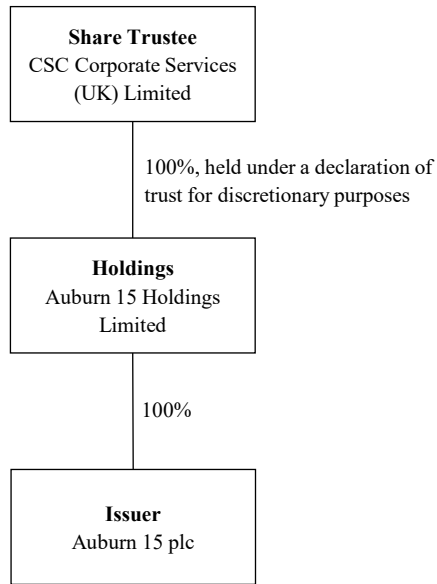
## DIAGRAMMATIC OVERVIEWS

### 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 Offering Circular.*

### TRANSACTION PARTIES ON THE CLOSING DATE

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
<b>Issuer</b> .....	Auburn 15 plc	10th Floor 5 Churchill Place London E14 5HU United Kingdom	N/A  See the section entitled " <i>The Issuer</i> " for further information.
<b>Holdings</b> .....	Auburn 15 Holdings Limited	10th Floor 5 Churchill Place London E14 5HU United Kingdom	N/A  See the section entitled " <i>Holdings</i> " for further information.
<b>Legal Title Holder, Servicer, Manager and Originator</b> .....	Capital Home Loans Limited	Admiral House Harlington Way Fleet Hampshire GU51 4YA United Kingdom	Servicing Agreement and Cash Management Agreement  See the sections entitled " <i>CHL – The Legal Title Holder, Servicer, Cash Manager and Originator</i> ", " <i>Servicing</i> ", " <i>The Mortgage Portfolio</i> " and " <i>Cash Management</i> " for further information.
<b>Seller</b> .....	Auburn Seller DAC	1-2 Victoria Buildings Haddington Road Dublin D04 XN32 Ireland	Mortgage Sale Agreement  See the sections entitled " <i>Auburn Seller DAC – The Seller</i> " and " <i>Mortgage Portfolio</i> " for further information.
<b>Retention Holder</b> .....	Bank of America, N.A., London Branch	2 King Edward Street London EC1A 1HQ	N/A  See the section entitled " <i>The VRR Loan Notes</i> " for further information.
<b>Liquidity Facility Provider</b> .....	Bank of America, N.A., London Branch	2 King Edward Street London EC1A 1HQ	Liquidity Facility Agreement  See the sections entitled " <i>Liquidity Facility Agreement and Liquidity Reserve Fund</i> " and " <i>Bank of America, N.A., London Branch –</i>

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
			<i>The Liquidity Facility Provider" for further information.</i>
<b>Principal Paying Agent, Agent Bank and Registrar .....</b>	Elavon Financial Services DAC, UK Branch	Fifth Floor 125 Old Broad Street London EC2N 1AR United Kingdom	Agency Agreement and, in the case of the Agent Bank, the Loan Note Agreements  See the sections entitled " <i>U.S. Bank and Elavon – The Trustee, Principal Paying Agent, Agent Bank, Registrar, Loan Note Paying Agent and Loan Note Registrar</i> " for further information.
<b>Loan Note Paying Agent and Loan Note Registrar .....</b>	U.S. Bank Global Corporate Trust Limited	Fifth Floor 125 Old Broad Street London EC2N 1AR United Kingdom	Loan Note Agreements  See the sections entitled " <i>U.S. Bank and Elavon – The Trustee, Principal Paying Agent, Agent Bank, Registrar, Loan Note Paying Agent and Loan Note Registrar</i> " for further information.
<b>Issuer Account Bank ...</b>	HSBC Bank plc	8 Canada Square London E14 5HQ	Account Bank Agreement
<b>Trustee.....</b>	U.S. Bank Trustees Limited	Fifth Floor 125 Old Broad Street London EC2N 1AR United Kingdom	Trust Deed and Deed of Charge  See the sections entitled " <i>Terms and Conditions of the Notes</i> ", " <i>Terms and Conditions of the Certificates</i> " and " <i>U.S. Bank and Elavon – The Trustee, Principal Paying Agent, Agent Bank, Registrar, Loan Note Paying Agent and Loan Note Registrar</i> " for further information.
<b>Collection Account Bank.....</b>	Barclays Bank PLC	1 Churchill Place, London E14 5HP	Collection Account Agreements
<b>Corporate Services Provider and Back-Up Servicer Facilitator ...</b>	CSC Capital Markets (UK) Limited	10th Floor 5 Churchill Place London E14 5HU United Kingdom	Corporate Services Agreement  Servicing Agreement  See the sections entitled " <i>The Issuer</i> " and

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed / Further Information</b>
			"Servicing" for further information.
<b>Share Trustee .....</b>	CSC Corporate Services (UK) Limited	10th Floor 5 Churchill Place London E14 5HU United Kingdom	Share Trust Deed
<b>Back-Up Cash Manager Facilitator .....</b>	CSC Capital Markets (UK) Limited	10th Floor 5 Churchill Place London E14 5HU United Kingdom	Cash Management Agreement
<b>Arranger .....</b>	Merrill Lynch International	Bank of America Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ United Kingdom	Subscription Agreement
<b>Lead Manager.....</b>	Merrill Lynch International	Bank of America Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ United Kingdom	Subscription Agreement  See the section entitled "Subscription and Sale" for further information.
<b>Auditors of the Issuer..</b>	MHA	2 London Wall Place London EC2Y 5AU	N/A
<b>Irish Listing Agent.....</b>	Arthur Cox Listing Services Limited	Ten Earlsfort Terrace Dublin 2 Ireland	N/A
<b>Rating Agencies .....</b>	Fitch Ratings Ltd	30 North Colonnade London E14 5GN	Rated Debt only
	S&P Global Ratings UK Limited	4th Floor Ropemaker Place 25 Ropemaker Street London EC2Y 9LY	Rated Debt only
<b>Clearstream.....</b>	Clearstream Banking <i>société anonyme</i>	42 Avenue J.F. Kennedy 1855 Luxembourg	
<b>Euroclear.....</b>	Euroclear Bank S.A./N.V.	1 Boulevard du Roi Albert II B 1210 Brussels Belgium	



## FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	Class A1 Notes	Class A1 NRR Loan Note	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes	Class X Notes	Class S Certificates	Class RC1 Certificates	Class RC2 Certificates
<b>Initial Principal Amount/Initial Amount</b>	£372,431,000	£64,373,000 <sup>1</sup>	£55,206,000	£55,206,000	£48,305,000	£13,801,000	£6,900,000	£6,900,000	£41,404,000	£5,000,000	1,000,000	1,000,000	1,000,000
<b>Note Credit Enhancement</b>	Subordination of the Class A2 Debt, Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class A2 Debt, Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class E Debt, Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class F Debt, Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class Z Debt, Class X Notes and excess Available Revenue Receipts	Subordination of the Class X Notes and excess Available Revenue Receipts	Subordination of excess Available Revenue Receipts	N/A	N/A	N/A
<b>Benefit of Liquidity Facility</b>	Yes	Yes	Yes	Yes	No	No	No	No	No	No	Yes	No	No
<b>Liquidity Support</b>	(i) Principal Addition Amounts and (ii) at all times subordination in payment of the Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes, the RC1 Certificates and the RC2 Certificates, following the	(i) Principal Addition Amounts and (ii) at all times subordination in payment of the Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes, the RC1 Certificates and the RC2 Certificates and, following	(i) Principal Addition Amounts and (ii) at all times subordination in payment of the Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes, the RC1 Certificates and the RC2 Certificates.	(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 Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes the RC1 Certificates and	(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 Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes the RC1 Certificates and	(i) Where the Class D Notes are the Most Senior Class, Principal Addition Amounts and (ii) at all times subordination in payment of the Class E Debt, Class F Debt, Class Z Debt, Class X Notes the RC1 Certificates and the RC2 Certificates.	(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 F Debt, Class Z Debt, Class X Notes, the RC1 Certificates and the RC2 Certificates.	(i) Where the Class F Notes are the Most Senior Class, Principal Addition Amounts and (ii) at all times subordination in payment of the Class Z Debt, Class X Notes, the RC1 Certificates and the RC2 Certificates.	At all times subordination in payment of the Class X Notes, the RC1 Certificates and the RC2 Certificates.	At all times subordination in payment of the RC1 Certificates and the RC2 Certificates.	(i) Principal Addition Amounts and (ii) at all times subordination in payment of the Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt, Class Z Debt, Class X Notes, the RC1 Certificates and the RC2 Certificates and, following	N/A	N/A

<sup>1</sup> On the Closing Date, the Original Class A1 NRR Loan Noteholder will subscribe for an initial principal amount of the Class A1 NRR Loan Note equal to £64,373,000. On the Further Purchase Date, the Original Class A1 NRR Loan Noteholder will subscribe for a further principal amount of the Class A1 NRR Loan Note of up to £715,627,000.

	Class A1 Notes	Class A1 NRR Loan Note	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes	Class X Notes	Class S Certificates	Class RC1 Certificates	Class RC2 Certificates
	service of an Enforcement Notice, subordination of the Class A2 Debt.  On and from the Liquidity Facility Replacement Date and prior to the Class A Redemption Date, Liquidity Reserve Fund Actual Amounts and (prior to LF Cancellation Date) the Liquidity Facility	the service of an Enforcement Notice, subordination of the Class A2 Debt.  On and from the Liquidity Facility Replacement Date and prior to the Class A Redemption Date, Liquidity Reserve Fund Actual Amounts and (prior to LF Cancellation Date) the Liquidity Facility	On and from the Liquidity Facility Replacement Date, and prior to the Class A Redemption Date Liquidity Reserve Fund Actual Amounts and (prior to LF Cancellation Date) the Liquidity Facility	the RC2 Certificates.  Following the Class A Redemption Date and prior to the Class B Redemption Date, on and from the Liquidity Facility Replacement Date, Liquidity Reserve Fund Actual Amounts and (prior to LF Cancellation Date) the Liquidity Facility	the RC2 Certificates.						the service of an Enforcement Notice, subordination of the Class A2 Debt.  On and from the Liquidity Facility Replacement Date and prior to the Class A Redemption Date, 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")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")	(subject to conditions as set out in "Key Structural Features – Credit Enhancement, Liquidity Support and Cashflows")		
<b>Issue Price</b>	100%	100%	100%	100%	99.18%	97.57%	96.01%	94.76%	N/A	N/A	N/A	N/A	N/A
<b>Rate of Interest (per annum) on and prior to the FORD</b>	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Reference Rate plus Margin	Zero Coupon	Reference Rate plus Margin	N/A	N/A	N/A
<b>Rate of Interest (per annum) following the FORD</b>	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	Reference Rate plus Step-Up Margin	Reference Rate plus Step-Up Margin	Zero Coupon	Zero Coupon	N/A	N/A	N/A

	Class A1 Notes	Class A1 NRR Loan Note	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes	Class X Notes	Class S Certificates	Class RC1 Certificates	Class RC2 Certificates
<b>Reference Rate</b>	Compounded Daily SONIA	Compounded Daily SONIA	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	N/A	N/A
<b>Margin</b>	0.85%	0.85%	1.10%	1.30%	1.30%	1.50%	2.00%	2.50%	N/A	2.00%	N/A	Class RC1 Certificate Payment	N/A
<b>Step-Up Margin</b>	1.275%	1.275%	1.65%	1.95%	1.95%	2.25%	3.00%	3.50%	N/A	N/A	Class S Certificate Payment	N/A	Class RC2 Certificate Payment
<b>Interest Accrual Method</b>	Actual/365 (Fixed)	Actual/365 (Fixed)	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	N/A	N/A
<b>Calculation Date</b>	The third Business Day prior to each Interest Payment Date												
<b>Interest Payment Dates</b>	Interest and principal will be payable monthly in arrear on the 20th day of each calendar month												
<b>Business Day Convention</b>	Modified following												
<b>First Interest Payment Date</b>	The Interest Payment Date falling in July 2024	In respect of the principal amount of the Class A1 NRR Loan Note issued on the Closing Date, the Interest Payment Date falling in July 2024.  In respect of the principal amount of the Class A1 NRR Loan Note issued on the Further Purchase Date, the Interest Payment Date	The Interest Payment Date falling in July 2024										

	Class A1 Notes	Class A1 NRR Loan Note	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes	Class X Notes	Class S Certificates	Class RC1 Certificates	Class RC2 Certificates
		falling in August 2024.											
<b>First Interest Period</b>	The period from the Closing Date to the Interest Payment Date falling in July 2024	<p>In respect of the principal amount of the Class A1 NRR Loan Note issued on the Closing Date, the period from the Closing Date to the Interest Payment Date falling in July 2024.</p> <p>In respect of the principal amount of the Class A1 NRR Loan Note issued on the Further Purchase Date, the period from the Further Purchase Date to the Interest Payment Date falling in August 2024.</p>	The period from the Closing Date to the Interest Payment Date falling in July 2024										
<b>FORD</b>	The Interest Payment Date falling in May 2027										N/A	N/A	N/A
<b>Pre-FORD Redemption profile</b>	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> ).										N/A	N/A	N/A

	Class A1 Notes	Class A1 NRR Loan Note	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z Notes	Class X Notes	Class S Certificates	Class RC1 Certificates	Class RC2 Certificates
<b>Post-FORD Redemption profile</b>	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> ).										N/A	N/A	N/A
<b>Other Early Redemption in Full Events</b>	Tax/Illegality/Clean-up call. Please refer to Condition 9 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i> ).										N/A	N/A	N/A
<b>Final Maturity Date</b>	The Interest Payment Date falling in July 2045.										N/A	N/A	N/A
<b>Form of the Notes / Certificates</b>	Registered Global Notes	Definitive Registered Notes	Registered Global Notes								Registered Global Certificates		
<b>Application for Listing</b>	Ireland	N/A	Ireland								N/A	N/A	N/A
<b>ISIN</b>	XS2813764540	N/A	XS2813764979	XS2813765190	XS2813765356	XS2813765513	XS2813765786	XS2813765869	XS2813766081	XS2813766164	XS2813316986	XS2814878257	XS2814878414
<b>Common Code</b>	281376454	N/A	281376497	281376519	281376535	281376551	281376578	281376586	281376608	281376616	281331698	281487825	281487841
<b>Minimum Denomination</b>	£100,000 and integral multiples of £1,000 in excess thereof										Minimum units of 1 and integral multiples of 1 in excess thereof		
<b>Final Ratings (Rating Agency)</b>	AAA sf / AAA sf (S&P/Fitch)	AAA sf / AAA sf (S&P/Fitch)	AAA sf / AAA sf (S&P/Fitch)	AA sf / AA+ sf (S&P/Fitch)	A- sf / A- sf (S&P/Fitch)	BBB sf / BBB- sf (S&P/Fitch)	BB+ sf / BB+ sf (S&P/Fitch)	B+ sf / B+ sf (S&P/Fitch)	Not rated	Not rated	Not rated	Not rated	Not rated

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

<b>Form, Registration and Transfer of the Notes.</b>	<p>The Notes of each Class sold outside the United States to non-US 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 Closing 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 "<i>Description of the Notes in Global Form</i>".</p> <p>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, US 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 outside the United States to persons other than US Persons in reliance on Regulation S. The Notes may be resold or otherwise transferred, subject to other restrictions on transfer described herein, only outside the United States to persons other than US Persons in reliance on Regulation S.</p> <p>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 "<i>Description of the Notes in Global Form</i>" and "<i>Transfers and Transfer Restrictions</i>". 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 "<i>Transfers and Transfer Restrictions</i>". 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 "<i>Terms and Conditions of the Notes – 4. Title and Transfer</i>".</p> <p>Except in the limited circumstances described herein, Definitive Notes will not be issued in exchange for beneficial interests in the Global Notes. See "<i>Description of the Notes in Global Form – Issuance of Definitive Notes</i>".</p> <p>The 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.</p>
<b>Class A1 NRR Loan Note</b> .....	<p>On the Closing Date, the Issuer will enter into a Class A1 NRR Loan Note Agreement (the "<b>Class A1 NRR Loan Note Agreement</b>"). The Class A1 NRR Loan Note will be issued in definitive registered form.</p> <p>On the Closing Date, the Original Class A1 NRR Loan Noteholder will subscribe for an initial principal amount of the Class A1 NRR Loan Note equal to £64,373,000. On the Further Purchase Date, the Original Class A1 NRR Loan Noteholder will subscribe for a further principal amount of the Class A1 NRR Loan Note of up to £715,627,000.</p>
<b>Class A1 NRR Loan Note and Class A1 VRR Loan Note drawn in part</b> .....	<p>The Class A1 NRR Loan Note and the Class A1 VRR Loan Note will not be issued in whole on the Closing Date. In particular:</p> <p>(a) on the Closing Date, the Issuer will issue, and the Original Class A1 NRR Loan Noteholder will subscribe for, an initial principal amount of the Class A1 NRR Loan Note equal to £64,373,000 (the "<b>Class A1 NRR Loan Note Closing Date Drawdown</b>") and the Issuer will</p>

issue, and the Retention Holder will subscribe for, an initial principal amount of the Class A1 VRR Loan Note equal to £22,990,000 (the "**Class A1 VRR Loan Note Closing Date Drawdown**") and, together with the Class A1 NRR Loan Note Closing Date Drawdown, the "**Class A1 Loan Note Closing Date Drawdowns**"). The Issuer will apply the subscription proceeds of the Class A1 Loan Note Closing Date Drawdowns towards payment of the Purchase Price payable by it on the Closing Date in connection with the acquisition of the Auburn 12 Mortgage Portfolio and Auburn 14 Mortgage Portfolio and any Closing Date Expenses; and

- (b) on the Further Purchase Date, the Issuer will issue, and the Original Class A1 NRR Loan Noteholder will subscribe for, a further principal amount of the Class A1 NRR Loan Note of up to £715,627,000 (the "**Class A1 NRR Loan Note Further Purchase Date Drawdown**") and the Issuer will issue, and the Retention Holder will subscribe for, an further principal amount of the Class A1 VRR Loan Note of up to £37,665,000 (the "**Class A1 VRR Loan Note Further Purchase Date Drawdown**") and, together with the Class A1 NRR Loan Note Further Purchase Date Drawdown, the "**Class A1 Loan Note Further Purchase Date Drawdowns**"). The Issuer will apply the subscription proceeds of the Class A1 Loan Note Further Purchase Date Drawdowns towards payment of the Further Purchase Price payable by it on the Further Purchase Date in connection with the acquisition of the Auburn 13 Mortgage Portfolio and any Further Purchase Date Expenses.

Payments of interest and principal in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note issued as part of the Class A1 Loan Note Closing Date Drawdowns and the Class A1 Loan Note Further Purchase Date Drawdowns will be subject to the following:

- (a) the first Interest Period in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note issued as part of the Class A1 Loan Note Closing Date Drawdowns will be the period from, and including, the Closing Date to, but excluding, the Interest Payment Date falling in July 2024; and
- (b) the first Interest Period in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note issued as part of the Class A1 Loan Note Further Purchase Date Drawdowns will be the period from, and including, the Further Purchase Date to, but excluding, the Interest Payment Date falling in August 2024.

Accordingly:

- (a) on the Interest Payment Date falling in July 2024:
- (i) accrued interest in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note issued as part of the Class A1 Loan Note Closing Date Drawdowns in respect of the Interest Period from, and including, the Closing Date to, but excluding, the Interest Payment Date falling in July 2024 will be paid in accordance with the applicable Priority of Payments; and
- (ii) no accrued interest in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class

A1 VRR Loan Note issued as part of the Class A1 Loan Note  
Further Purchase Date Drawdowns will be paid;

- (b) on the Interest Payment Date falling in August 2024:
- (i) accrued interest in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note issued as part of the Class A1 Loan Note Closing Date Drawdowns in respect of the Interest Period from, and including, the Interest Payment Date falling in July 2024 to, but excluding, the Interest Payment Date falling in August 2024 will be paid in accordance with the applicable Priority of Payments; and
  - (ii) accrued interest in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note issued as part of the Class A1 Loan Note Closing Date Drawdowns in respect of the Interest Period from, and including, the Further Purchase Date to, but excluding, the Interest Payment Date falling in August 2024 will be paid in accordance with the applicable Priority of Payments; and
- (c) on each subsequent Interest Payment Date, accrued interest in relation to the Principal Amount Outstanding of the Class A1 NRR Loan Note and the Class A1 VRR Loan Note in respect of the Interest Period from, and including, the immediately preceding Interest Payment Date to, but excluding, that Interest Payment Date will be paid in accordance with the applicable Priority of Payments.

**Class A1 NRR Loan  
Note Conversion.....**

Subject to certain conditions set out in the Class A1 NRR Loan Note Agreement, the Trust Deed and the Conditions, on request from a Class A1 NRR Loan Note Holder (the "**Converting Class A1 NRR Loan Noteholder**"), all, or any part in excess of the Minimum Denomination, of the Principal Amount Outstanding of the Class A1 NRR Loan Note (the "**Converted Amount**") held by that Converting Class A1 NRR Loan Noteholder shall be converted into Class A1 Notes by the Issuer issuing further Class A1 Notes to the Converting Class A1 NRR Loan Note Holder (reflected as a Book-Entry Interest in respect of the Class A1 Global Note) in an amount equal to the Converted Amount at a subscription price equal to 100% of the Converted Amount and the Issuer using the proceeds of that issuance to redeem the Principal Amount Outstanding of the Class A1 NRR Loan Note held by that Class A1 NRR Loan Note Holder in an amount equal to the Converted Amount in accordance with Condition 18 (*Conversion of the Class A1 NRR Loan Note*) and the Class A1 NRR Loan Note Agreement (a "**Class A1 Conversion**").

Upon each Class A1 Conversion, the relevant Converted Amount will be reflected as a Book-Entry Interest in respect of the Class A1 Global Note, the Issuer will instruct (a) the Registrar to update the Register to reflect the increase in the Principal Amount Outstanding of the Class A1 Notes and to endorse the Class A1 Global Note with the Principal Amount Outstanding of the Class A1 Notes issued in connection with that Class A1 Conversion, and (b) the Loan Note Registrar to update the Loan Note Register to reflect the reduction in the Principal Amount Outstanding of the Class A1 NRR Loan Note, such that the aggregate Principal Amount Outstanding of the Class A1 Debt shall remain unchanged.

**Certificates .....**

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



The Certificates of each Class sold outside the United States to non-US Persons in reliance on Regulation S will be represented on issue by beneficial interests in one or more Global Certificates in fully registered form without interest coupons or principal receipts, which will be deposited on or about the Closing Date with, and registered in the name of, a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Global Certificate 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 and Certificates in Global Form*".

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, US 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 Certificates are being offered and sold only outside the United States to persons other than US Persons in reliance on Regulation S. The Certificates may be resold or otherwise transferred, subject to other restrictions on transfer described herein, only outside the United States to persons other than US Persons in reliance on Regulation S.

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 "*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*".

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

**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, then the Class E Notes, then the Class F Notes, then (in respect of principal only) the Class Z Notes, and then the Class X 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 PDL Principal Receipts will 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 and Certificates, those Notes or Certificates will rank *pari passu* without preference or priority among themselves in relation to

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

The Class RC1 Certificates rank *pari passu* without preference among themselves and with the Class RC2 Certificates in relation to payment of the RC1 Certificate Payment amount at all times, but shall be subordinate to all Classes of Debt, as provided in the Conditions and the Transaction Documents.

The Class RC2 Certificates rank *pari passu* without preference among themselves and with the Class RC1 Certificates in relation to payment of the RC2 Certificate Payment amount at all times, but shall be subordinate to all Classes of Debt, as provided in the Conditions and the Transaction Documents.

Certificate 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 Debt will be subordinate to payments of: (a) Principal Addition Amounts; and (b) on and following the Liquidity Facility Replacement Date, any amounts to be credited to the Liquidity Reserve Fund Ledger.

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 Debt 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 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 for Northern Ireland.

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.

<b>Interest payable on the Debt</b> .....	The Rate of Interest applicable to each Class of Debt is described in the sections " <i>Full Capital Structure of the Debt</i> " and " <i>Overview of the Terms and Conditions of the Debt and the Certificates</i> ".
<b>Interest Deferral</b> .....	Interest due and payable on the Class A Debt may not be deferred but, in relation to all other Classes of Debt, it may be deferred in accordance with Condition 8.11 ( <i>Subordination by Deferral</i> ).
<b>Payments in respect of the Certificates</b> .....	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.
<b>Gross-up</b> .....	None of the Issuer, the Arranger, the Lead Manager, the Retention Holder nor any other Transaction Party or any other person will be obliged to pay any additional amounts to the Debtholders if there is any withholding or deduction for or on account of taxes from a payment made under the Debt.
<b>Redemption</b> .....	As fully described in Condition 9 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i> ), clause 10 ( <i>Redemption</i> ) of the Class A1 NRR Loan Note Agreement and clause 10 ( <i>Redemption</i> ) of the VRR Loan Note Agreement, the Debt is subject to the following optional or mandatory redemption events: <ul style="list-style-type: none"> <li>(a) mandatory redemption in whole on the Final Maturity Date;</li> <li>(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;</li> <li>(c) mandatory redemption in full following the exercise by the Mortgage Portfolio Purchase Option Holder of the Mortgage Portfolio Purchase Option on any Interest Payment Date where the Principal Amount Outstanding of all the Debt (as of the immediately preceding Calculation Date) is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Debt as at the Further Purchase Date or, if the Mortgage Portfolio Purchase Option Holder does not exercise the Mortgage Portfolio Purchase Option in those circumstances during the Interest Period commencing on the Interest Payment Date immediately following that Calculation Date or the two immediately subsequent Interest Periods, following the exercise of the Clean-Up Call Option by the Retention Holder;</li> <li>(d) mandatory redemption in full following the exercise by the Mortgage Portfolio Purchase Option Holder of the Mortgage Portfolio Purchase Option or the Market Sale Option Holders of the Market Sale Option;</li> <li>(e) optional redemption exercisable by the Issuer in whole for tax reasons; and</li> <li>(f) mandatory redemption in full following the exercise by the Retention Holder of the Risk Retention Regulatory Change Option.</li> </ul>

**Events of Default** ..... As fully set out in Condition 13 (*Events of Default*), clause 16 (*Events of Default*) of the Class A1 NRR Loan Note Agreement and clause 16 (*Events of Default*) of the VRR Loan Note Agreement, which broadly include (where relevant, subject to the applicable grace period):

- (a) non-payment by the Issuer of principal in respect of the Debt within seven Business Days following the due date for payment of such principal or, subject to Condition 8.11 (*Subordination by Deferral*), any amount of interest in respect of the Class A Debt within fourteen Business Days following the due date for payment of such interest;
- (b) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the 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 is, in the opinion of the Trustee (a) materially prejudicial to the interests of the holders of the Most Senior Class, and (b)(i) incapable of remedy, or (ii) 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 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 12 (*Certificates Events of Default*) and subject to the Debt 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 payment of such amount;
- (b) 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 is, in the opinion of the Trustee (a) materially prejudicial to the interests of the holders of the Most Senior Class, and (b)(i) incapable of remedy, or (ii) 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 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 Debt remain outstanding.

- Limited Recourse**..... The Debt constitutes 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*) and the Loan Note Agreements.
- Non petition**..... The Debtholders 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*) and the Loan Note Agreements; 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 Debtholders, Certificateholders and the conditions for exercising such rights and relationship with other Secured Creditors.*

**Prior to an Event of Default** ..... Debtholders holding not less than 10 per cent. in aggregate of the Principal Amount Outstanding of the Debt then outstanding of the relevant Class are entitled to request that the Trustee convene a Debtholders' meeting and all Debtholders of each Class are entitled to participate in a Debtholders' 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 relevant Class of Certificates then in issue are entitled to request that the Trustee convene a Certificateholders' meeting and all Certificateholders of each Class 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 Debt) 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 Debtholders and the Certificateholders (as the case may be) are not entitled to instruct or direct the Issuer to take any actions, either directly or indirectly 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 Debt 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 Debt or if an Extraordinary Resolution of the Most Senior Class of Debt is passed, direct the Trustee in writing to give an Enforcement Notice to the Issuer that all Classes of Debt 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 Debt remains outstanding. If there is no Debt 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.

<b>Debtholders and Certificateholders Meeting provisions.....</b>		<u><b>Initial Meeting</b></u>	<u><b>Adjourned Meeting</b></u>
	<b>Notice period</b>	At least 21 clear days for the initial meeting	At least 14 clear days for the adjourned meeting
	<b>Quorum</b>	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 Debt then outstanding or holding	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 Debt then outstanding or holding or representing not

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.

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 more than 50 per cent. of the aggregate in Principal Amount Outstanding of the relevant Class or Classes of Debt 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 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 Debt 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 not less than 75 per cent. of the aggregate Principal Amount Outstanding of relevant Class or Classes of Debt then outstanding or holding or representing not less than 75 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 Debt then outstanding or holding or representing more than 50 per cent. of the number of the Certificates then outstanding, as applicable.

**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 Written Resolution:**

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

<b>Reserved Matters.....</b>	<p>Broadly speaking, the following matters are Reserved Matters:</p> <p>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 (<i>Issuer Covenants</i>); 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.</p>
<b>Relationship between Classes of Debtholders .....</b>	<p>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 Debt then outstanding or in issue and will not have regard to any lower ranking Class of the Debt or the Certificates.</p> <p>Subject to the provisions in respect of a Reserved Matter and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights, an Extraordinary Resolution of holders of the Most Senior Class of Debt then outstanding shall be binding on all other Classes of Debt and on the Certificates and would override any resolutions to the contrary of the Classes of Debt ranking behind such Class or of the Certificates. A Reserved Matter relating to the Debt requires an Extraordinary Resolution of each Class of Debt then outstanding.</p> <p>Consent of the Liquidity Facility Provider will be required for any material amendments to the LFP Related Provisions.</p>
<b>Seller as Debtholder .....</b>	<p>For the purpose of, <i>inter alia</i>, the right to attend and vote at any meeting of Debtholders, any Extraordinary Resolution in writing and any direction made by Debtholders, that Debt (if any) which is 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, <b>provided that</b> if all the Relevant Class of Debt is held by the Seller, any holding company of the Seller and/or any other subsidiary of such holding companies (and no other Classes of Debt exist that rank junior or <i>pari passu</i> to the Relevant Class of Debt, in respect of which the Debt is held by persons other than the Seller, any holding company of the Seller or any other subsidiary of such holding companies), Debt of the Relevant Class of Debt will be deemed to remain outstanding.</p>
<b>Seller as Certificateholder .....</b>	<p>For the purpose of, among other things, 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, <b>provided that</b> 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.</p>
<b>Relationship between Debtholders and</b>	<p>The Trust Deed provides that the Trustee shall, except where expressly provided otherwise and prior to the redemption in full of the Debt, have regard solely to the interests of the Debtholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received</p>



**other Secured Creditors**..... 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 is no Debt outstanding, in the event that there is a conflict between the interests of the Certificateholders and the other Secured Creditors (except the Debtholders), the Trustee shall have regard solely to the interests of the Certificateholders.

**Additional Right of Modification** ..... Notwithstanding the provisions of Condition 17.1 (*Modification*) and the Loan Note Agreements, 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 and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) 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 Debt 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 UK CRA Regulation, the EU CRA Regulation, the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or the US Credit Risk Retention Requirements, after the Closing Date, including as a result of any changes to the regulatory technical standards in relation to the UK CRA Regulation, the EU CRA Regulation, the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) 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 or for the purposes of clause 26 (*Modification of the Loan Note or this Agreement*) of the Class A1 NRR Loan Note Agreement or clause 25 (*Modification of the Loan Note or this Agreement*) of the VRR Loan Note Agreement;
- (e) for the purposes of enabling the Issuer or a Transaction Party to comply with certain sections of the US Internal Revenue Code of 1986, agreements relating thereto, FATCA, and similar tax laws;
- (f) for the purpose of replacing the Applicable Reference Rate applicable to the Rated Debt 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*) and to the terms of the Loan Note Agreements.

**Provision of  
Information to the  
Debt holders .....**

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, as then required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the UK Disclosure Templates and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Disclosure Templates, in respect of the Mortgage Portfolio and the Debt 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 Debt including, but not limited to, the ratings of the Debt, amounts paid by the Issuer pursuant to the relevant Priority of Payments, required counterparty information and the Retention Holder's holding of the Debt and confirmation of the Retention Holder's compliance with (i) Article 6 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), and (ii) Article 6 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) 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 at [www.euroabs.com](http://www.euroabs.com) and by the Cash Manager on the Cash Manager's website at <http://www.chlmortgages.co.uk/>.

In addition, and subject to the terms of the Servicing Agreement, certain loan level information in the form of a report as then required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 7(1)(a) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), will be provided on a quarterly basis in the form prescribed under the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), and published on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com) by the Servicer.

For the avoidance of doubt, these websites and the contents thereof do not form part of this Offering Circular. 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 or Certificates 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) For so long as the relevant Notes are listed on the official list of Euronext Dublin and admitted to trading on its exchange regulated market 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.

- (d) 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 Debt and the Certificates".

Pre-Enforcement Revenue Priority of Payments	Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
<ol style="list-style-type: none"> <li>1. Payment of any fees, costs, charges, liabilities, expenses and all other amounts to the Servicer, the Legal Title Holder, the Trustee or any Appointee, the Agents, the Cash Manager, the Back-Up Cash Manager Facilitator, the Issuer Account Bank, the Collection Account Bank, the Corporate Services Provider and the Back-Up Servicer Facilitator, any amounts then 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, retention by the Issuer of the Issuer Profit Amount and payment of amounts required to discharge any liability of the Issuer for corporation tax.</li> <li>2. Payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Liquidity Facility Provider.</li> <li>3. The NRR Share of the amount of Available Revenue Proceeds remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and <i>pari passu</i> with amounts to be applied in accordance with item (4) below): <ol style="list-style-type: none"> <li>(a) <i>Pari passu</i> and <i>pro rata</i>: <ol style="list-style-type: none"> <li>(i) The NRR Share of any Class S Certificate Payments; and</li> <li>(ii) Interest on the Class A1 NRR Debt and the Class A2 Notes.</li> </ol> </li> <li>(b) Class A1 NRR Debt Principal Deficiency Sub-Ledger.</li> <li>(c) Class A2 Notes Principal Deficiency Sub-Ledger.</li> <li>(d) Interest on the Class B Notes.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Principal Addition Amounts to meet any PAA Deficit.</li> <li>2. On and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, credit of the Liquidity Reserve Fund to the Liquidity Reserve Target.</li> <li>3. The NRR Share of the amount of Available Principal Receipts remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and <i>pari passu</i> with amounts to be applied in accordance with item (4) below): <ol style="list-style-type: none"> <li>(a) <ol style="list-style-type: none"> <li>(i) Principal on the Class A1 NRR Debt; and</li> <li>(ii) Prior to the occurrence of a Class A2 PDL Trigger Event, principal on the Class A2 Notes, <p data-bbox="703 1451 983 1821">provided that at all times any Available Principal Receipts constituting PDL Principal Receipts available for application pursuant to this item (3)(a) shall be applied, first, towards redemption of principal on the Class A1 NRR Debt until the Class A1 NRR Debt has been redeemed in full and, second, towards redemption of principal on the Class A2 Notes until the Class A2 Notes have been redeemed in full.</p> </li> </ol> </li> <li>(b) Following the occurrence of a Class A2 PDL Trigger Event, Principal on the Class A2 Notes.</li> <li>(c) Principal on the Class B Notes.</li> <li>(d) Principal on the Class C Notes.</li> <li>(e) Principal on the Class D Notes.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Payment of any fees, costs, charges, liabilities, expenses and all other amounts to the Trustee, any Appointee or any Receiver.</li> <li>2. Payment of any fees, costs, charges, liabilities, expenses and all other amounts to the Servicer, the Legal Title Holder, the Agents, the Cash Manager, the Back-Up Cash Manager Facilitator, the Issuer Account Bank, the Collection Account Bank, the Corporate Services Provider, and the Back-Up Servicer Facilitator.</li> <li>3. Payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Liquidity Facility Provider.</li> <li>4. The NRR Share of the amount of available funds remaining available to be applied after application in accordance with items (1) to (3) above in the following order of priority (simultaneously and <i>pari passu</i> with amounts to be applied in accordance with item (5) below): <ol style="list-style-type: none"> <li>(a) <i>Pari passu</i> and <i>pro rata</i>: <ol style="list-style-type: none"> <li>(i) The NRR Share of any Class S Certificate Payments; and</li> <li>(ii) Interest on the Class A1 NRR Debt and the Class A2 Notes.</li> </ol> </li> <li>(b) Principal on the Class A1 NRR Debt</li> <li>(c) Interest on the Class A2 Notes</li> <li>(d) Principal on the Class A2 Notes</li> <li>(e) Interest on the Class B Notes</li> <li>(f) Principal on the Class B Notes</li> <li>(g) Interest on the Class C Notes</li> <li>(i) Principal on the Class C Notes</li> <li>(h) Interest on the Class D Notes</li> <li>(i) Principal on the Class D Notes</li> <li>(j) Interest on the Class E Notes</li> </ol> </li> </ol>

- (e) Class B Notes Principal Deficiency Sub-Ledger.
- (f) Interest on the Class C Notes.
- (g) Class C Notes Principal Deficiency Sub-Ledger.
- (h) Interest on the Class D Notes.
- (i) Class D Notes Principal Deficiency Sub-Ledger.
- (j) Interest on the Class E Notes.
- (k) Class E Notes Principal Deficiency Sub-Ledger.
- (l) Interest on the Class F Notes.
- (m) Class F Notes Principal Deficiency Sub-Ledger.
- (n) On and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Target.
- (o) Class Z Notes Principal Deficiency Sub-Ledger.
4. The VRR Share of the amount of Available Revenue Proceeds remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (3) above):
- (a) *Pari passu* and *pro rata*:
- (i) The VRR Share of any Class S Certificate Payments; and
- (ii) Interest on the Class A1 VRR Loan Note and the Class A2 VRR Loan Note.
- (b) Class A1 VRR Loan Note Principal Deficiency Sub-Ledger.
- (c) Class A2 VRR Loan Note Principal Deficiency Sub-Ledger.
- (d) Interest on the Class B VRR Loan Note.
- (e) Class B VRR Loan Note Principal Deficiency Sub-Ledger.
- (f) Interest on the Class C VRR Loan Note.
- (g) Class C VRR Loan Note Principal Deficiency Sub-Ledger.
- (h) Interest on the Class D VRR Loan Note.
- (i) Class D VRR Loan Note Principal Deficiency Sub-Ledger.
- (j) Interest on the Class E VRR Loan Note.
- (f) Principal on the Class E Notes.
- (g) Principal on the Class F Notes.
- (h) Principal on the Class Z Notes.
4. The VRR Share of the amount of Available Principal Receipts remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (3) above):
- (a)
- (i) Principal on the Class A1 VRR Loan Note; and
- (ii) prior to the occurrence of a Class A2 PDL Trigger Event, principal on the Class A2 VRR Loan Note,
- provided that at all times any Available Principal Receipts constituting PDL Principal Receipts available for application pursuant to this item (4)(a) shall be applied, first, towards redemption of principal on the Class A1 VRR Loan Note until the Class A1 VRR Loan Note has been redeemed in full and, second, towards redemption of principal on the Class A2 VRR Loan Note until the Class A2 VRR Loan Note has been redeemed in full.
- (b) following the occurrence of a Class A2 PDL Trigger Event, principal on the Class A2 VRR Loan Note.
- (c) Principal on the Class B VRR Loan Note.
- (d) Principal on the Class C VRR Loan Note.
- (e) Principal on the Class D VRR Loan Note.
- (f) Principal on the Class E VRR Loan Note.
- (g) Principal on the Class F VRR Loan Note.
- (h) Principal on the Class Z VRR Loan Note.
5. As Available Revenue Receipts on that Interest Payment Date.
- (k) Principal on the Class E Notes
- (l) Interest on the Class F Notes
- (m) Principal on the Class F Notes
- (n) Principal on the Class Z Notes
5. The VRR Share of the amount of Available Revenue Proceeds remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (3) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (4) above):
- (a) *Pari passu* and *pro rata*:
- (i) The VRR Share of any Class S Certificate Payments; and
- (ii) Interest on the Class A1 VRR Loan Note.
- (b) Principal on the Class A1 VRR Loan Note.
- (c) Interest on the Class A2 VRR Loan Note.
- (d) Principal on the Class A2 VRR Loan Note.
- (e) Interest on the Class B VRR Loan Note.
- (f) Principal on the Class B VRR Loan Note.
- (g) Interest on the Class C VRR Loan Note.
- (h) Principal on the Class C VRR Loan Note.
- (i) Interest on the Class D VRR Loan Note.
- (j) Principal on the Class D VRR Loan Note.
- (k) Interest on the Class E VRR Loan Note.
- (l) Principal on the Class E VRR Loan Note.
- (m) Interest on the Class F VRR Loan Note.
- (n) Principal on the Class F VRR Loan Note.
- (o) Principal on the Class Z VRR Loan Note.
6. Up to but excluding the FORD, interest on the Class X Notes
7. Principal on the Class X Notes
8. Payment of any amounts then 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.
9. Retention by the Issuer of the Issuer Profit Amount and payment of amounts required to discharge any liability of the Issuer for corporation tax.
10. Up to but excluding the FORD, Class RC1 Certificate Payments and

- (k) Class E VRR Loan Note Principal Deficiency Sub-Ledger. thereafter Class RC2 Certificate Payments.
- (l) Interest on the Class F VRR Loan Note.
- (m) Class F VRR Loan Note Principal Deficiency Sub-Ledger.
- (n) On and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Target.
- (o) Class Z VRR Loan Note Principal Deficiency Sub-Ledger.
5. On and from the FORD, as Available Principal Receipts
  6. Up to but excluding the FORD, interest on the Class X Notes.
  7. Principal on the Class X Notes.
  8. Up to but excluding the FORD, Class RC1 Certificate Payments and thereafter Class RC2 Certificate Payments.

**Key Structural Features** ..... The general credit and liquidity structure of the transaction includes, broadly, the following elements:

**Liquidity Facility and Liquidity Reserve Fund** ..... Prior to the LF Cancellation Date, amounts will be available to be drawn under the Liquidity Facility to make up any shortfall in Available Revenue Receipts determined by the Cash Manager to pay: (i) prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments, and (ii) following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments, **provided that** in determining the amount of any such shortfall, any Principal Addition Amounts and any 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.

On and from Liquidity Facility Replacement Date up to and including the Class B Redemption Date, the Liquidity Reserve Fund will be funded in accordance with (a) first, items (3)(n) and (4)(n) of the Pre-Enforcement Revenue Priority of Payments; and (b) second, (disregarding for these purposes any Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments, until the amount standing to the credit of the Liquidity Reserve Fund is equal to the Liquidity Reserve Target. See the section "*Key Structural Features – Liquidity Support – Liquidity Facility Agreement and Liquidity Reserve Fund*".

Prior to the Liquidity Facility Replacement Date, the Commitment will be equal at all times to the Liquidity Reserve Target.

On and from the Liquidity Facility Replacement Date up to the LF Cancellation Date, any amounts funded to the Liquidity Reserve Fund, will (disregarding for such purposes, any debit entries made to the 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.

On and following the LF Cancellation Date, the Commitment under the Liquidity Facility will be zero.

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 Liquidity Drawings and the Liquidity Reserve Fund to meet any shortfall in amounts due in respect of (i) prior to the Class A Redemption Date items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments without double-counting, and (ii) following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments **provided that** the 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 and including the Class B Redemption Date (disregarding for these purposes any Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment 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 items (3)(n) and (4)(n) 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 item (2) 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 sixteen sub-ledgers (one for each Class of NRR Debt (other than the Class X Notes) and one for each Class of VRR Loan Notes).

Any Losses on the Mortgage Portfolio and/or any Principal Addition Amounts and/or any Available Principal Receipts applied in accordance with item (2) 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 and/or Available Principal Receipts 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 Debt in reverse order of priority, starting with the Class Z Notes 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 (3)(b), (c), (e), (g), (i), (k), (m) and (o), and (4)(b), (c), (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Key Structural Features – Credit Support – 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 Liquidity Reserve Fund Actual Amount) in accordance with the Pre-Enforcement Revenue Priority of Payments there would be a PAA Deficit, the Issuer shall apply an amount of 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.

<b>Rate of interest on the Deposit Account .....</b>	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.
<b>Expected sufficiency of Available Revenue Receipts.....</b>	It is expected that during the life of the Debt, 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 (5) of the Pre-Enforcement Revenue Priority of Payments.
<b>Deposit Account and Cash Management .....</b>	<p>The Servicer will ensure that all payments due under the Mortgage Loans are made by Borrowers into the Collection Accounts. All amounts credited to the relevant Collection Account from (and including) the Closing Date will relate to the Mortgage Loans and will be identified as the Daily Mortgage Loan Amount.</p> <p>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.</p> <p>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 Collection Accounts. 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 Liquidity 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.</p> <p>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.</p>



## 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 the Seller to the Issuer on the Closing Date and the Further Purchase Date pursuant to the Mortgage Sale Agreement. The Seller will also sell the benefit of all collections received in respect of the Auburn 12 Mortgage Portfolio and Auburn 14 Mortgage Portfolio for the period from (but excluding) the relevant Cut-off Date to (and including) the Closing Date. In addition, the Seller will sell the benefit of all collections received in respect of the Auburn 13 Mortgage Portfolio for the period from (but excluding) the relevant Cut-off Date to (and including) the Further Purchase 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 Provisional Mortgage Portfolio, from which the Mortgage Loans and the Related Security which will be sold by the Seller to the Issuer on the Closing Date and the Further Purchase Date will be selected, consists of:

- Mortgage Loans originated by the Originator, initially legally and beneficially owned by the Originator, subsequently beneficially owned by the Auburn 12 Issuer and, immediately prior to their sale by the Seller to the Issuer on or about the Closing Date, purchased by the Seller from the Auburn 12 Issuer;
- Mortgage Loans originated by the Originator (save as set out below), initially legally and beneficially owned by the Originator and, as the case may be, Cerberus European Residential Holdings B.V., subsequently beneficially owned by the Auburn 13 Issuer and, immediately prior to their sale by the Seller to the Issuer on or about the Further Purchase Date, purchased by the Seller from the Auburn 13 Issuer; and
- Mortgage Loans originated by the Originator, initially legally and beneficially owned by Cerberus European Residential Holdings B.V., subsequently beneficially owned by the Auburn 14 Issuer and, immediately prior to their sale by the Seller to the Issuer on or about the Closing Date, purchased by the Seller from the Auburn 14 Issuer.

In addition, the Provisional Mortgage Portfolio includes two Irish Permanent Mortgage Loans originated by Irish Permanent plc.

See "*Annex A – Statistical Information on the Provisional Mortgage Portfolio*" for more detail on the Provisional Mortgage Portfolio.

CHL, in its capacity as Legal Title Holder, holds legal title to all Mortgage Loans in the Mortgage Portfolio.

Please refer to the sections entitled "*The Mortgage Portfolio*" and "*Sale of the Mortgage Portfolio*" for further information.

### Portfolio Reference

#### Date .....

31 March 2024.

**Cut-off Date** ..... In relation to the Mortgage Loans in the Auburn 12 Mortgage Portfolio and Auburn 14 Mortgage Portfolio, 30 April 2024. In relation to the Mortgage Loans in the Auburn 13 Mortgage Portfolio, 30 June 2024.

**Features of Mortgage Loans**..... 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.

<b>Type of Borrower</b> .....	Predominantly Buy-to-let
<b>Type of mortgage</b> .....	Repayment, interest only and part-and-part
<b>Number of Properties</b> * .....	11,139
<b>Number of Mortgage Loan Accounts</b> ** .....	11,946

\* Accounts linked to a Property and including Mortgage Loans together with any Further Advances secured against the same Property.

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

	<b>Weighted average</b>	<b>Minimum</b>	<b>Maximum</b>
Current Balance (£) * .....	123,459.22	22.03	2,060,020.89
Current Indexed LTV Ratio (%) .....	51.67	0.00	124.09
Months since date of origination .....	206.95	116.00	315.00
Remaining term to maturity (months).....	69.55	0.00	229.00

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

The Mortgage Loans referenced above in this overview exclude the Shortfall Loans to be sold to the Issuer in accordance with the Mortgage Sale Agreement, and to which no value will be attributed in determining the Purchase Price or the Further Purchase Price for the Mortgage Portfolio.

**Consideration**..... The consideration from the Issuer to the 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 (i) the Mortgage Loans in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio for the period from (but excluding) the relevant Cut-off Date to (and including) the Closing Date or (ii) the Mortgage Loans in the Auburn 13 Mortgage Portfolio, for the period from (but excluding) the relevant Cut-off Date to (and including) the Further Purchase Date, is expected to comprise of:

- (a) an amount due on the Closing Date equal to the proceeds of the issuance of the Debt (other than the Class Z Notes and the Class X Notes) on the Closing Date, less any Closing Date Expenses, comprising the aggregate amount agreed to be paid by the Issuer to the Seller pursuant to the Mortgage Sale Agreement for the Mortgage

Loans and their Related Security in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio (being the "**Purchase Price**"),

- (b) an amount due on the Further Purchase Date equal to the proceeds of the advances under the Class A1 NRR Loan Note and the Class A1 VRR Loan Note on the Further Purchase Date, less any Further Purchase Date Expenses, comprising the aggregate amount agreed to be paid by the Issuer to the Seller pursuant to the Mortgage Sale Agreement for the Mortgage Loans and their Related Security in the Auburn 13 Mortgage Portfolio (being the "**Further Purchase Price**"); and
- (c) the issuance to or at the direction of the Seller on the Closing Date of the Certificates, the Class Z Notes and the Class X Notes (together with the Purchase Price and the Further Purchase Price, being the "**Consideration**").

The consideration payable by the Issuer to the Seller from time to time in respect of the sale of Flexible Drawings to the Issuer shall be the Flexible Drawings Purchase Price which will be met through Principal Receipts and paid to the Seller on (or as soon as practicable after) the date on which the Flexible Drawing is made.

In determining the Purchase Price and the Further Purchase Price, no value will be attributed to the Shortfall Loans to be sold to the Issuer in accordance with the Mortgage Sale Agreement.

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

**Representations and Warranties**.....

The 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 and the Shortfall Loans) in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio and on the Further Purchase Date in respect of the Mortgage Loans (other than the Irish Permanent Mortgage Loans and the Shortfall Loans) in the Auburn 13 Mortgage Portfolio (the "**Warranted Mortgage Loans**")

In addition to warranties in respect of the legal status of the Warranted Mortgage Loans and their Related Security, there are also certain 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*" for further information.

**Indemnity** .....

The Seller shall indemnify and keep indemnified the Issuer, in respect of the Warranted Mortgage Loans only, upon material breach of any of the representations or warranties given by the Seller on the Closing Date or, in relation to the Mortgage Loans in the Auburn 13 Portfolio, on the Further Purchase Date, which have not been remedied by the Seller within 30 days of being notified by the Issuer of such breach.

**Amount of Indemnity** .....

An amount equal to any Liabilities incurred as a result of the material breach of any of the representations and warranties given by the Seller up to the Current Balance of the Mortgage Loans to be indemnified as at the date of the breach plus relevant expenses in accordance with the Mortgage Sale

Agreement. Such indemnification shall be satisfied by a cash payment by the Seller.

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

**Purchase of Portfolio  
by Mortgage Portfolio  
Purchase Option  
Holder .....**

The Mortgage Portfolio Purchase Option Holder (or its nominee) may, by giving 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. See the section entitled "*Ability for the Mortgage Portfolio to be purchased*" below for further details.

**Purchase of Mortgage  
Loans in connection  
with the optional  
redemption of the  
Debt.....**

The Retention Holder (or its nominee) will purchase all (but not part of) the Issuer's interest in the Mortgage Loans and their Related Security in the following circumstances:

- if the Retention Holder exercises the Clean-Up Call Option in circumstances where the Mortgage Portfolio Purchase Option Holder does not exercise the Mortgage Portfolio Purchase Option during the Interest Period commencing on the Interest Payment Date immediately following the Calculation Date on which the aggregate of the Principal Amount Outstanding of the Debt is equal to or less than 10 per cent. of the Principal Amount Outstanding of all of the Debt as at the Further Purchase Date or the two immediately subsequent Interest Periods;
- if the Retention Holder exercises the Risk Retention Regulatory Change Option; and
- if the Issuer exercises its call option following a change in Tax law in respect of which: (a) the Issuer (or the Paying Agents or the Loan Note Paying Agents on the Issuer's behalf) would be required to make a Tax Deduction in respect of a payment under the Debt 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 Debt 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 will be appointed on the Closing Date and agrees to service on behalf of the Issuer the Mortgage Loans and their Related Security on and following the Closing Date. The appointment of the Servicer and the Legal Title Holder 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 and Legal Title Holder may also resign by giving not less than 12 months' notice to the Issuer with a copy to the Seller 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.

## ABILITY FOR THE MORTGAGE PORTFOLIO TO BE PURCHASED

The Mortgage Portfolio may be sold by the Issuer pursuant to the Mortgage Portfolio Purchase Option 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 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) or 9.4 (*Optional Redemption in Whole for Taxation Reasons*).

**Mortgage Portfolio Purchase Option .....** Pursuant to and in accordance with the terms of the Deed Poll, the Mortgage Portfolio Purchase Option Holder (or its nominee) has the benefit of the mortgage portfolio purchase option pursuant to which it may purchase the Mortgage Portfolio "**Mortgage Portfolio Purchase Option**"). The exercise of the Mortgage Portfolio Purchase Option requires 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 Holder, 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 the 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.

The 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 and 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, or the Interest Payment Date immediately following the Calculation Date on which the aggregate of the Principal Amount Outstanding of the outstanding Debt is equal to or less than 10 per cent. of the Principal Amount Outstanding of all of the Debt as at the Further Purchase Date, until the Final Maturity Date.

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

The Mortgage Portfolio Purchase Option Holder 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 Debt is to be redeemed or such later date as agreed with the Issuer or take such other action agreed with the Issuer. 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 Mortgage 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 Holder or its nominee(s).

**Market Sale of  
Mortgage Portfolio ....**

In the event that the Mortgage Portfolio Purchase Option Holder does not elect to exercise the Mortgage Portfolio Purchase Option in respect of any Interest Payment Date on or following the FORD, the Market Sale Option Holder (or its nominee) may exercise its option 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 the Seller 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.

The Seller (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 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 Option 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 Issuer. 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.

Where the sale to the purchaser does not contemplate a transfer of the legal title to the Mortgage Loans being sold, the exercise of the Market 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 purchaser or their nominee(s).

**Ability of the Retention Holder to purchase the Mortgage Portfolio for Tax Reasons .....**

Pursuant to and in accordance with the terms of the Deed Poll, the Retention Holder (or its nominee) may 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 Retention Holder (or its nominee) shall be an amount equal to the consideration that would have been paid in respect of the Mortgage Portfolio Purchase Option.

**Clean-up Call Option .....**

Pursuant to and in accordance with the terms of the Deed Poll, the Retention Holder (or its nominee) may purchase the Mortgage Loans in respect of any optional redemption of the Notes pursuant to Condition 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) if the Mortgage Portfolio Purchase Option Holder does not exercise the Mortgage Portfolio Purchase Option during the Interest Period commencing on the Interest Payment Date immediately following the Calculation Date on which the aggregate of the Principal Amount Outstanding of the Debt is equal to or less than 10 per cent. of the Principal Amount Outstanding of all of the Debt as at the Further Purchase Date or the two immediately subsequent Interest Periods. The consideration payable by the Retention Holder (or its nominee) shall be an amount equal to the consideration that would have been paid in respect of the Mortgage Portfolio Purchase Option.

**Ability of the Retention Holder to purchase the Mortgage Portfolio in the event of a Risk Retention Regulatory Change Event .....**

The Retention Holder (or its nominee) shall have the right (but not any obligation) to acquire or re-acquire the entire beneficial interest of the Issuer in the Mortgage Portfolio 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 (or its nominee) 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 Option.

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 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 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 Retention Holder.

The purchaser 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 Debt is to be redeemed or take such other action agreed with the Issuer.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than forty (40) nor less than five (5) Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 23 (*Notices*) and Certificate Condition 21 (*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 the Retention Holder.

**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 Debt being redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*) of the Notes.

**TRIGGERS TABLES**

**RATING TRIGGERS TABLE**

<b>Transaction Party</b>	<b>Ratings Trigger</b>	<b>Consequence</b>
<b>Issuer Account Bank ....</b>	<p>Ceases to be rated a long-term, unsecured and unsubordinated debt or counterparty ratings of at least A by S&amp;P;</p> <p>Ceases to be rated a short term deposit rating of at least F1 or a long-term deposit rating of at least A by Fitch, or (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Debt.</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>
<b>Collection Account Bank.....</b>	<p>Ceases to be rated a long-term, unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&amp;P; or</p> <p>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 Debt.</p>	<p>If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings, then, at the sole cost and expense of the Issuer, the Servicer shall use reasonable endeavours, and the Issuer and the Legal Title Holder shall use reasonable endeavours to assist the Servicer, to:</p> <ul style="list-style-type: none"> <li>(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 Accounts in the ordinary course of its business;</li> <li>(b) procure that such financial institution enters into a replacement collection account agreement;</li> <li>(c) procure that such financial institution enters into a deed on terms substantially similar to those set out in the relevant Collection Account Declaration of Trust with respect to the replacement collection account; and</li> <li>(d) procure that all amounts held on trust for the Issuer standing to the credit of the relevant Collection Account are transferred to the replacement account at such</li> </ul>

Transaction Party	Ratings Trigger	Consequence
<b>Liquidity Facility Provider</b> .....	Ceases to be rated A by S&P; or 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, or (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Debt.	<p>replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Account Bank Rating, within 60 (but not less than 35) 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> <p>The Issuer must, within 30 calendar days of such downgrade (or, in the case of a downgrade relating to a Fitch rating, within 14 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

Nature of Trigger	Description of Trigger	Consequence
<p><b>Servicer Termination Event</b>.....</p> <p>See the section entitled "<i>Servicing</i>" for further information.</p>	<ul style="list-style-type: none"> <li>• Servicer payment default;</li> <li>• material failure to comply with any of its other covenants or obligations;</li> <li>• failure to maintain licences;</li> <li>• Insolvency Event in relation to the Servicer; or</li> <li>• a Perfection Trigger Event.</li> </ul>	<p>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.</p>
<p><b>Perfection Trigger Events</b> .....</p> <p>See the section entitled "<i>Sale of the Mortgage Portfolio</i>" for further information.</p>	<ul style="list-style-type: none"> <li>• Delivery of an Enforcement Notice by the Trustee;</li> <li>• the Legal Title Holder being required to perfect by an order of a court or regulatory authority;</li> <li>• the Legal Title Holder being required to perfect by requirement of law;</li> <li>• (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;</li> <li>• the security under the Deed of Charge or any material part of that security is, in the opinion of the Trustee, in jeopardy;</li> <li>• the Legal Title Holder notifying the Issuer in writing of its decision to perfect; or</li> <li>• Insolvency Event in relation to the Legal Title Holder.</li> </ul>	<p>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.</p>
<p><b>Cash Manager Termination Event</b>.....</p>	<ul style="list-style-type: none"> <li>• Cash Manager payment default;</li> <li>• failure to comply with any other of its material covenants or obligations;</li> <li>• failure to provide the Investor Report;</li> </ul>	<p>Replacement cash manager to be appointed.</p> <p>See the section entitled "<i>Removal or Resignation of Cash Manager</i>" for further information.</p>

Nature of Trigger	Description of Trigger	Consequence
Issuer Account Bank ....	<ul style="list-style-type: none"> <li>• failure to instruct the Principal Paying Agent;</li> <li>• it becomes unlawful for the Cash Manager to perform or comply with any of its obligations; or</li> <li>• Insolvency Event in relation to the Cash Manager.</li> </ul>	Replacement account bank to be appointed.
Collection Account Bank.....	<ul style="list-style-type: none"> <li>• Insolvency Event in respect of the Collection Account Bank, breach of obligations or for tax reasons.</li> </ul>	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 Debt, with excess amounts above the caps paid subordinate to payments of interest on the Rated Debt, 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
<b>Servicer Fees</b>	<p>0.20% per annum (exclusive of VAT) of the aggregate Current Balance of the Mortgage Loans at the start of the Collection Period ending immediately prior to the relevant Interest Payment Date.</p> <p>An amount equal to any fees and charges set out in the Tariff of Mortgage Charges payable by a Borrower and which are added to that Borrower's mortgage account in accordance with the relevant terms and conditions shall be paid to the Servicer on the following Interest Payment Date after the month in which such fee or charge was applied to the Relevant Borrower's mortgage account and shall not form part of Revenue Receipts.</p>	Ahead of all outstanding Debt and Certificates.	Monthly in arrear on each Interest Payment Date

### OTHER FEES

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
<b>Cash Management Fees</b>	0.002% per annum of the Current Balance of the Mortgage Loans at the start of the Collection Period floored at £25,000 (exclusive of VAT).	Ahead of all outstanding Debt and Certificates	Monthly in arrear on each Interest Payment Date
<b>Liquidity Facility Provider Fees</b>	<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 Compounded Daily SONIA plus 1.30 per cent. of the relevant Loan, <b>provided that</b>, if Compounded Daily SONIA is less than zero, the Compounded Daily SONIA 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</p>	Ahead of all outstanding Debt and Certificates	Commitment fees: Monthly in arrear on each Interest Payment Date or on any cancelled amounts of the commitment at the time the relevant cancellation takes effect

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
	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.		
<b>Other fees and expenses of the Issuer</b>	Estimated at approximately £200,000 (exclusive of any applicable VAT)	Ahead of all outstanding Debt and Certificates	Monthly in arrear on each Interest Payment Date
<b>Expenses related to the admission to trading of the Notes</b>	Approximately €14,340 (exclusive of any applicable VAT)		On or about the Closing Date

## CERTAIN REGULATORY DISCLOSURES

The following outlines certain matters that may be relevant to some investors. It does not purport to be a comprehensive list of regulatory matters that pertain to investors. All investors are responsible for analysing their own regulatory position.

Please refer to the section entitled "*Risk Factors – Certain Regulatory Disclosures*" for further information.

### Investor Due Diligence

Pursuant to Article 5 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or Article 5 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), (as applicable), together with in each case 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:

- (a) compliance with the risk retention requirements pursuant to Article 6 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or Article 6 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (as applicable) – as to which, see the section below entitled "*Risk retention requirements under the Securitisation Regulations*";
- (b) satisfaction of the reporting requirements pursuant to Article 7 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or Article 7 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (as applicable) – as to which, see the sections below entitled "*Servicing*" and "*Cash Management*"; and
- (c) assessment of the risk characteristics relating to the securitisation position – as to which see the section above entitled "*Risk Factors*".

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and none of the Issuer, the Arranger, the Lead Manager, the Retention Holder nor any other Transaction Party makes any representation that any such information described above or elsewhere in this Offering Circular is sufficient in all circumstances for such purposes.

### Risk retention requirements under the Securitisation Regulations

On the Closing Date, the Retention Holder, as an originator for the purposes of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), will undertake to the Issuer and the Trustee that it will retain a material net economic interest of at least 5 per cent. in the securitisation in accordance with:

- (a) Article 6(1) (the "**UK Retention Requirement**") of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation as it forms part of domestic law of the United Kingdom by virtue of the EUWA, as amended, varied, superseded or substituted from time to time (the "**UK Securitisation Regulation**"); and
- (b) Article 6(1) (the "**EU Retention Requirement**") of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, as amended, varied, superseded or substituted from time to time (the "**EU Securitisation Regulation**").

That interest will comprise the retention of not less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors in accordance with Article 6(3)(a) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 6(3)(a) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time). The Retention



Requirements will be satisfied by the Retention Holder holding the VRR Loan Notes. Any change to the manner in which such interest is held will be notified to Debtholders.

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 Debtholders including, but not limited to, through disclosure in the Investor Reports pursuant to Article 7(1)(e)(iii) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 7(1)(e)(iii) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time). 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.

### **Transparency requirements**

The Issuer has been designated pursuant to Article 7(2) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time). The Issuer has also been designated pursuant to Article 7(2) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time). The Issuer will either fulfil such requirements and obligations itself or shall procure that such requirements and obligations are complied with on its behalf.

The Retention Holder has provided a corresponding undertaking with respect to: (a) the provision of such investor information as specified above; and (b) the interest to be retained by the Retention Holder as specified above, to the Arranger and the Lead Manager in the Subscription Agreement.

As to the information made and to be made available to investors, the competent authority and, upon request, to potential investors by the Issuer, reference is made to the information set out herein and forming part of this Offering Circular and, after the Closing Date, the Investor Reports and the other information to be made available on an ongoing basis pursuant to Article 7 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 7 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) (a general description of which is set out in the sections entitled "*Servicing*" and "*Cash Management*").

### **Investors to assess compliance**

Article 5 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 5 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) require 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 accordance with Article 5 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 5 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), each prospective investor is also required to independently assess and determine the sufficiency of the information described above and in this Offering Circular generally for the purposes of complying with each of Articles 6, 7 and 9 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Articles 6, 7 and 9 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and none of the Issuer, the Arranger, the Lead Manager, the Retention Holder nor any other Transaction Party makes any representation that the information described above or in this Offering Circular is sufficient in all circumstances for such purposes. In addition each prospective Debtholder should ensure that they comply with the implementing provisions in respect of Articles 6, 7 and 9 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Articles 6, 7 and 9 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) 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 Debt*".

#### **UK CRA Regulation and EU CRA Regulation**

The credit ratings included or referred to in this Offering Circular have (unless stated otherwise) been issued by the Rating Agencies, each of which is established in the United Kingdom, and has been registered in accordance with the UK CRA Regulation. The ratings S&P has given to the Rated Debt is endorsed by S&P Global Ratings Europe Limited. The ratings Fitch has given to the Rated Debt is endorsed by Fitch Ratings Ireland Limited. Each of S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited is established in the European Union and registered under the EU CRA Regulation.

#### **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 Debt or the Certificates, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

## WEIGHTED AVERAGE LIVES OF THE NOTES

The average lives of the Debt 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 Debt 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 deal is fully drawn at the Closing Date and the first Collection Period in relation to each of Auburn 12 Mortgage Portfolio, Auburn 13 Mortgage Portfolio and Auburn 14 Mortgage Portfolio commences in May 2024;
3. the Mortgage Loans are fully performing and there are no arrears or enforcements;
4. the Mortgage Loans are subject to a constant annual rate of prepayment (exclusive of scheduled principal redemptions) of between 0% and 20% per annum as shown on the tables below;
5. 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 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) or 9.6 (*Mandatory Redemption of the Notes following the exercise of the Mortgage Portfolio Purchase Option or Market Mortgage Portfolio Purchase*);
6. no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
7. no Flexible Drawings or Further Advances are agreed to by the Legal Title Holder with respect to any of the Mortgage Loans;
8. the Security is not enforced;
9. there are no reconciliation amounts to consider;
10. the portfolio reference date of the Mortgage Loans is 31 March 2024, and the cut-off date is 30 April 2024, and as such the remaining term of the Mortgage Loans are adjusted by 1 months to adjust for such difference;
11. 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;
12. 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;
13. 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 83.50%;
14. 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 4.00%;
15. 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 4.00%;
16. 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 3.50%;
17. 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 1.00%;

18. 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 0.50%;
19. the ratio of the Principal Amount Outstanding of the Class F Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 0.50%;
20. 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 3.00%;
21. the ratio of the Principal Amount Outstanding of the Class X Notes to the Current Balance of the Provisional Mortgage Portfolio as at the Cut-off Date is 0.50 %;
22. the Notes are issued on or about 17 May 2024;
23. the Interest Payment Dates are on 20th day of every month, or if such day is not a Business Day, the immediately following Business Day, with the first Interest Payment Date being on or about 22 July 2024;
24. 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;
25. unscheduled amortisation is calculated on an aggregate basis by adjusting the scheduled amortisation in each period by the annualised constant prepayment rate;
26. the annualised constant prepayment rate consists of both partial and full prepayments of the principal under the Mortgage Loans;
27. the interest, prepayments and scheduled payments of the Mortgage Loans are calculated on a 30/360 basis;
28. there is no debit balance on any of the sub-ledgers of the Principal Deficiency Ledgers on any Interest Payment Date;
29. no Servicer Termination Event has occurred;
30. calculations of possible average lives of the Notes assume a flat Compounded Daily SONIA of 5.18%, a flat Standard Variable Rate of 10.00% and a flat Bank of England Base Rate of 5.25%;
31. if a Mortgage Loan has a maturity prior to the Cut-off Date, such Mortgage Loan will be assumed to have its final maturity date extended by 18 months;
32. the amounts payable in relation to items (1) and (2) in the Pre-Enforcement Revenue Priority of Payments are equal to the sum of (i) £200,000 per annum and (ii) 0.20 per cent. per annum on the average aggregate Current 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;
33. 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;
34. the rate of interest on any drawings made under the Liquidity Facility (including any Liquidity Standby Drawings) is calculated at a rate equal to Compounded Daily SONIA plus 1.30 per cent. on the drawn amount assuming an Actual/365 day count convention; and
35. 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 Mortgage Loans will affect the redemption profile of

the Notes and cause the weighted average lives of the Rated Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated CPR.

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	Class F Notes
<b>CPR</b>							
0.00% .....	2.68	2.68	3.01	3.01	3.01	3.01	3.01
5.00% .....	2.46	2.46	3.01	3.01	3.01	3.01	3.01
10.00% .....	2.25	2.25	3.01	3.01	3.01	3.01	3.01
15.00% .....	2.05	2.05	3.01	3.01	3.01	3.01	3.01
20.00% .....	1.86	1.86	3.01	3.01	3.01	3.01	3.01
<b>Constant annual rate of prepayment of the Mortgage Loans</b>	<b>(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:</b>						
	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
<b>CPR</b>							
0.00% .....	5.07	5.07	8.68	8.86	8.99	9.01	9.04
5.00% .....	4.10	4.10	8.37	8.65	8.82	8.87	8.93
10.00% .....	3.32	3.32	7.98	8.33	8.58	8.68	8.74
15.00% .....	2.70	2.70	7.40	7.92	8.23	8.35	8.44
20.00% .....	2.23	2.23	6.56	7.34	7.80	7.96	8.06

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 Issuer will use the proceeds of:

- (a) the Debt (other than the Class X Notes and the Class Z Notes) issued on the Closing Date, to pay:
  - (i) the Purchase Price payable by the Issuer for the English Mortgage Loans and the Northern Irish Mortgage Loans in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio and their associated Related Security, and the Scottish Mortgage Loans in the Auburn 14 Mortgage Portfolio and their associated Related Security, to be acquired from the Seller on the Closing Date; and
  - (ii) any Closing Date Expenses; and
- (b) the Debt issued on the Further Purchase Date, to pay:
  - (i) the Further Purchase Price payable by the Issuer for the English Mortgage Loans and the Northern Irish Mortgage Loans in the Auburn 13 Mortgage Portfolio and their associated Related Security, to be acquired from the Seller on the Further Purchase Date; and
  - (ii) any Further Purchase Date Expenses.

See the section entitled "*Sale of the Mortgage Portfolio*".

## RATINGS

On the Date, the following Classes of Debt will be the Rated Debt. The Class Z Notes, the Class X Notes, the Certificates and the VRR Loan Notes will not be rated by any Rating Agency.

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

Class	S&P	Fitch
A1	AAA sf	AAA sf
Class A1 NRR Loan Note	AAA sf	AAA sf
A2	AAA sf	AAA sf
B	AA sf	AA+ sf
C	A- sf	A- sf
D	BBB sf	BBB- sf
E	BB+ sf	BB+ sf
F	B+ sf	B+ sf

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 Debt (including in respect of the Step-Up Margins) by S&P address, among other things:

- (1) the likelihood of full and timely payments to the holders of the Class A Debt of interest on each Interest Payment Date in accordance with the Conditions and the Class A1 NRR Loan Note Agreement;
- (2) the likelihood of full payment to the holders of the Rated Debt (other than the Class A Debt) of all payments of interest in relation to that Debt on or prior to the Final Maturity Date; and
- (3) the likelihood of full and ultimate payment to the holders of the Rated Debt of principal in relation to the Rated Debt 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](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352) (such website and the contents thereof do not form part of this Offering Circular).

The ratings assigned to the Rated Debt (including in respect of the Step-Up Margins) by Fitch address, among other things:

- (1) the likelihood of full and timely payments to the holders of the Class A Debt of interest on each Interest Payment Date in accordance with the Conditions and the Class A1 NRR Loan Note Agreement;
- (2) the likelihood of full payment to the holders of the Rated Debt (other than the Class A Debt) of all payments of interest in relation to that Debt on or prior to the Final Maturity Date; and
- (3) the likelihood of full and ultimate payment to the holders of the Rated Debt of principal in relation to the Rated Debt 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 Offering Circular).

## THE ISSUER

Auburn 15 plc (the "**Issuer**") was incorporated and registered in England and Wales on 4 April 2022 (under company registration number 14022326) as a public limited company under the Companies Act 2006 (as amended).

The telephone number of the Issuer is +44 (0)20 3855 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 Debt. The Issuer has no subsidiaries and no employees.

CSC Capital Markets (UK) Limited 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 5 Churchill Place, 10th Floor, Canary Wharf, London, E14 5HU, United Kingdom.

Neither the Legal Title Holder, the 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 Debt 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 Offering Circular.

The accounting reference date of the Issuer is 31 December. As of the date of this Offering Circular, the Issuer has not prepared audited accounts. The first audited statutory accounts of the Issuer will be prepared for the period from 31 December 2023 to 31 December 2024.

### Directors

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

<u>Name</u>	<u>Address</u>	<u>Principal Activities</u>
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
CSC Directors (No.1) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
CSC Directors (No.2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	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>
Alasdair Watson	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Aline Sternberg	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Catherine McGrath	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Charmaine de Castro	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Debra Parsall	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Helena Whitaker	Level 10, 5 Churchill Place, London E14 5HU	Company Director
John Paul Nowacki	Level 10, 5 Churchill Place, London E14 5HU	Company Director



The Issuer

<b>Name</b>	<b>Address</b>	<b>Principal Activities</b>
Jonathan Hanly	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Jordina Walker	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Oskari Tammenmaa	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Raheel Khan	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Renda Manyika	Level 10, 5 Churchill Place, London E14 5HU	Company Director

The company secretary of the Issuer is:

<b>Name</b>	<b>Business Address</b>
CSC Corporate Services (UK) Limited	Level 10, 5 Churchill Place, London E14 5HU

### **Activities**

On the Closing Date, the Issuer will acquire from the 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 Debt. 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 Debt 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

Auburn 15 Holdings Limited ("**Holdings**") was incorporated in England and Wales on 4 April 2024 (registered number 14022209) as a private limited company under the Companies Act 2006 (as amended).

The telephone number of Holdings' registered office is Level 10, 5 Churchill Place, London E14 5HU.

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 14 April 2022.

As at the date of this Offering Circular, 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>
Aline Sternberg	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
CSC Directors (No.1) Limited	10th Floor, 5 Churchill Place, London E14 5HU	Company Director
CSC Directors (No.2) Limited	10th Floor, 5 Churchill Place, London E14 5HU	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>
Alasdair Watson	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Aline Sternberg	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Catherine McGrath	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Charmaine de Castro	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Debra Parsall	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Helena Whitaker	Level 10, 5 Churchill Place, London E14 5HU	Company Director
John Paul Nowacki	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Jonathan Hanly	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Jordina Walker	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Oskari Tammenmaa	Level 10, 5 Churchill Place, London E14 5HU	Company Director
Raheel Khan	Level 10, 5 Churchill Place, London E14 5HU	Company Director

The company secretary of Holdings is:

<u>Name</u>	<u>Business Address</u>
CSC Corporate Services (UK) Limited	Level 10, 5 Churchill Place, London E14 5HU

The accounting reference date of Holdings is 31 December.

## AUBURN SELLER DAC – THE SELLER

Auburn Seller DAC (the "**Seller**") was incorporated and registered in Ireland on 3 April 2024 (under company registration number 760980) as a designated activity company under the Companies Act 2014 (as amended) (the "**Irish Companies Act**") with company registration number 760980 and registered address at 1-2 Victoria Buildings, Haddington Road, Dublin, D04 XN32, Ireland.

The authorised share capital of the Seller is €100.00 divided into 100 ordinary shares of €1.00 each. The issued share capital of the Seller comprises one ordinary share of €1.00, which is fully paid up and held on trust by Intertrust Nominees (Ireland) Limited (the "**Seller Share Trustee**") under the terms of a declaration of trust dated 3 May 2024 (the "**Seller Share Declaration of Trust**"). Under the Seller Share Declaration of Trust, the Seller Share Trustee holds issued share of the Seller on trust for charitable purposes. The Seller Share Trustee will have no beneficial interest in and will derive no benefit (other than its fees for acting as Seller Share Trustee) from its holding of the shares of the Seller.

The Seller has been established for the purpose of acquiring the Mortgage Loans and selling them to the Issuer. The Seller has no subsidiaries.

Neither the Arranger, the Lead Manager nor any associated body of either of them owns directly or indirectly any of the issued share capital of the Seller.

The Company Secretary of the Seller is Intertrust Management Ireland Limited (the "**Seller Company Secretary**").

Intertrust Management Ireland Limited acts as corporate services provider for the Seller (the "**Seller Corporate Services Provider**") pursuant to the terms of the corporate services agreement dated on or about the Closing Date and entered into between the Seller and the Seller Corporate Services Provider (the "**Seller Corporate Services Agreement**"). The office of the Seller Corporate Services Provider serves as the general business office of the Seller. Through that office and pursuant to the Seller Corporate Services Agreement, the Seller Corporate Services Provider performs various management functions on behalf of the Seller, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Seller Corporate Services Agreement. In consideration of the foregoing, the Seller Corporate Services Provider receives various fees and other charges payable by the Seller at rates agreed upon from time to time plus expenses. The terms of the Seller Corporate Services Agreement provide that either party may terminate the Seller Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Seller Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days of being required to do so. In addition, either party may terminate the Seller Corporate Services Agreement by giving not less than 90 days prior written notice provided that any such termination by the Seller Corporate Services Provider will not take effect until such time as a replacement Seller Corporate Services Provider has been appointed in accordance with the terms of the Seller Corporate Services Agreement.

The Seller Corporate Services Provider's principal office is 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland.

The Seller 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 Irish Companies Act, the acquisition of the Mortgage Loans, 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 Offering Circular.

Other than the Mortgage Portfolio which the Seller will acquire and sell to the Issuer on the Closing Date and the Further Purchase Date, the Seller has no other resources and in particular there is no guarantee that the Seller will have sufficient (or any) resources available to indemnify or otherwise compensate the Issuer for any breach of Mortgage Loan Warranties or other warranty breaches by the Seller under the Transaction Documents (as the case may be).

Pursuant to the Mortgage Sale Agreement, in certain circumstances, the Seller will be required to indemnify and keep indemnified the Issuer in respect of certain Mortgage Loans and their Related Security. See "*Sale of the Mortgage Portfolio – Warranties, Repurchase and Indemnification*".

## **CHL –THE LEGAL TITLE HOLDER, SERVICER, CASH MANAGER AND 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**") 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 December 2023, CHL holds a mortgage portfolio of approximately £1.0 billion, some of which has been securitised.

As of 31 December 2023, CHL had total assets (audited) of £1.03 billion and a total net worth (audited) of £13 million. CHL made a loss (audited) of £3.8 million for the year ended 31 December 2023, attributable to its ultimate parent.

## **BANK OF AMERICA, N.A., LONDON BRANCH – THE LIQUIDITY FACILITY PROVIDER**

Bank of America, N.A. is a national banking association organised under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. Bank of America, N.A. is a wholly owned indirect subsidiary of Bank of America Corporation and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As Liquidity Facility Provider, Bank of America, N.A. has acted through its London Branch, with registered address at 2 King Edward Street, London EC1A 1HQ, United Kingdom.

As of the date of this Offering Circular, Bank of America, N.A., has a long-term rating of "A+" by S&P, "Aa1" by Moody's, "AA" by Fitch and "AA" by DBRS, and Bank of America, N.A., has a short-term rating of "A-1" by S&P, "P-1" by Moody's and "F1+" by Fitch and "R-1H" by DBRS. The information in the preceding paragraph has been provided by Bank of America, N.A.

**U.S. BANK AND ELAVON – THE TRUSTEE, PRINCIPAL PAYING AGENT, AGENT BANK, REGISTRAR, LOAN NOTE PAYING AGENT AND LOAN NOTE 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, Fifth Floor, 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](http://www.usbank.com) (such website and the contents thereof do not form part of this Offering Circular).

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

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

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com) (such website and the contents thereof do not form part of this Prospectus).

**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.

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## THE MORTGAGE PORTFOLIO

### Introduction

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

Unless otherwise indicated, the description that follows relates to types of loans that could be sold to the Issuer as part of the Auburn 12 Mortgage Portfolio and Auburn 14 Mortgage Portfolio on the Closing Date and the Auburn 13 Mortgage Portfolio on the Further Purchase Date and that form part of the Provisional Mortgage Portfolio as at the Portfolio Reference Date.

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 11,946 Mortgage Loan Accounts (at the sub-account level) with an aggregate Current Balance of £1,474,843,890.

The Provisional Mortgage Portfolio consists of:

- Mortgage Loans originated by the Originator, initially legally and beneficially owned by the Originator, subsequently beneficially owned by the Auburn 12 Issuer and, immediately prior to their sale by the Seller to the Issuer on or about the Closing Date, purchased by the Seller from the Auburn 12 Issuer;
- Mortgage Loans originated by the Originator (save as set out below), initially legally and beneficially owned by the Originator or, as the case may be, Cerberus European Residential Holdings B.V., subsequently beneficially owned by the Auburn 13 Issuer and, immediately prior to their sale by the Seller to the Issuer on or about the Further Purchase Date, purchased by the Seller from the Auburn 13 Issuer; and
- Mortgage Loans originated by the Originator, initially legally and beneficially owned by Cerberus European Residential Holdings B.V., subsequently beneficially owned by the Auburn 14 Issuer and, immediately prior to their sale by the Seller to the Issuer on or about the Closing Date, purchased by the Seller from the Auburn 14 Issuer.

The legal title to the Mortgage Loans in the Mortgage Portfolio has been retained by CHL. 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 two Irish Permanent Mortgage Loans in the Provisional Mortgage Portfolio with an aggregate Current Balance of £72,854.97. 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 Mortgage Sale Agreement, but no value will be attributed to the Irish Permanent Mortgage Loans in determining the purchase price of the Mortgage Portfolio. As a result, any adverse performance in respect of the Irish Permanent Mortgage Loans will have no impact on the return on the Debt.

The Mortgage Portfolio consists of Mortgage Loans in the Provisional Mortgage Portfolio after removing: (i) Mortgage Loans which are scheduled to redeem prior to the Closing Date or, in the case of the Mortgage Loans in the Auburn 13 Mortgage Portfolio, the Further Purchase Date; and (ii) Mortgage Loans which at any time prior to the Closing Date or, in the case of the Mortgage Loans in the Auburn 13 Mortgage Portfolio, the Further Purchase Date are found not to comply with the warranties to be given in respect of the Mortgage Loans on the Closing Date or, in the case of the Mortgage Loans in the Auburn 13 Mortgage Portfolio, the Further Purchase Date as set out in the Mortgage Sale Agreement (unless otherwise disclosed

against). 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 Seller will sell the Mortgage Loans in the Auburn 12 Mortgage Portfolio and Auburn 14 Mortgage Portfolio with the benefit of all collections received in respect thereof during the period from (but excluding) the relevant Cut-off Date to (and including) the Closing Date. In addition, the Seller will sell the Mortgage Loans in the Auburn 13 Mortgage Portfolio with the benefit of all collections received in respect thereof during the period from (but excluding) the relevant Cut-off Date to (and including) the Further Purchase 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 porting, payment holidays, Flexible Drawings and Permissible Modifications. 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 December 1997 and on or before mid-2008 (with some Mortgage Loans having been subject to porting on or before March 2024).

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 either 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**");
- (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**"); and
- (c) Mortgage Loans in relation to which part of the principal is not repayable before maturity and part is payable in monthly instalments until that part of the Mortgage Loan is fully repaid by its maturity ("**Part-and-part 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 from time to time (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.

### **Flexible Drawings**

A Borrower who has a "flexible mortgage product account" may apply to the Legal Title Holder 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 from time to time (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 the Legal Title Holder 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 the Legal Title Holder 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. Each Flexible Drawing is subject to a satisfactory affordability assessment in relation to the regulated Mortgage Loans that relate to owner-occupied Properties.

### **Porting**

Porting involves the release of a Property originally subject to mortgage in connection with a Mortgage Loan and its replacement with another Property. The Legal Title Holder will accept porting requests subject to the Legal Title Holder's current Lending Criteria from time to time where the Borrower has the contractual right to port the Mortgage Loan to another Property.

### **Permissible Modifications**

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 (as described in more detail in "*Sale of the Mortgage Portfolio—Permissible Modifications*"). 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.

### **Further Advances**

The Legal Title Holder will not offer Further Advances. The Legal Title Holder may, however, make Protective Further Advances to eligible Borrowers in accordance with its current Lending Criteria from time to time.

### **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.

#### *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, Scotland or Northern Ireland. 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 (or freehold-equivalent) 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, tie bars, 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.

In addition:

- (a) 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;
- (b) all tenancies must be six to twelve month assured shorthold tenancies or company lets, or, in Scotland, short assured tenancies (or subsequent private residential tenancies). No Department of Social Security tenants, tenants with diplomatic immunity or specific trusts are permitted; and
- (c) 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 Buy to Let Mortgage Loan within the Provisional Mortgage Portfolio exceeded £2,060,020.89 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, 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, 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 the Originator or the Borrower (or both) must have at least two practising partners and must be registered with the Law Society of England and Wales, the Law Society of Northern Ireland or the Law Society of Scotland (as applicable).

### *Further Advances*

Further Advances are not permitted. The Legal Title Holder may, in accordance with its current Lending Criteria from time to time, make Protective Further Advances to the Borrowers.

### *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 or money judgments (or the Scottish equivalent) 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 20 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 Offering Circular.

*Security*

- (a) Each loan must be secured by a Mortgage over a residential property (at least 35 years longer than the term of the Mortgage Loan) in England, Wales and Northern Ireland. 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 (or freehold equivalent) 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 (c)(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 1 May 1998 and £25,001 thereafter. The Mortgage Loan is not subject to any pre-set maximum. However, no Owner Occupied Mortgage Loan within the Provisional Mortgage Portfolio exceeds £594,128.87 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, 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 the Originator and the Borrowers on the making of each Mortgage Loan, must have at least two practising partners and must be registered with the Law Society of England and Wales, the Law Society of Northern Ireland or the Law Society of Scotland (as applicable).

#### *Further Advances*

Further Advances are not permitted. The Legal Title Holder may, in accordance with its current Lending Criteria from time to time, make Protective Further Advances to the Borrowers.

#### **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).

#### **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 the Issuer notes that the Mortgage Portfolio will be serviced in line with the usual servicing procedure of the Legal Title Holder – please see further the section entitled "*The Servicer and the Servicing Agreement*";
- (c) diversification of credit portfolios taking into account the Legal Title Holder's 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.

## SALE OF THE MORTGAGE PORTFOLIO

### Sale of the Mortgage Portfolio from the Seller to the Issuer

Pursuant to the terms of the Mortgage Sale Agreement, the 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 in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio and their associated Related Security and (ii) beneficial interest in the Scottish Mortgage Loans in the Auburn 14 Mortgage Portfolio and their associated Related Security (comprising its interest as beneficiary under the Scottish Declaration of Trust), as well as the benefit of all collections received in respect of the Mortgage Loans in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio during the period from, but excluding, the relevant Cut-off Date to, and including, the Closing Date.

The Seller will sell, assign or otherwise transfer to the Issuer on the Further Purchase Date its beneficial interest in the English Mortgage Loans and the Northern Irish Mortgage Loans in the Auburn 13 Mortgage Portfolio and their associated Related Security, as well as the benefit of all collections received in respect of the Mortgage Loans in the Auburn 13 Mortgage Portfolio during the period from, but excluding, the relevant Cut-off Date to, and including, the Further Purchase 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 Servicing Agreement, as described under "*Perfection Trigger Events*" below, and will provide certain further assurances to the Issuer and the Trustee.

### Consideration

The sale by the 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 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 Seller) and the Scottish Trust Transfer (granted by the Seller in favour of the Issuer)

The consideration due to the Seller in respect of the Mortgage Portfolio will comprise of (a) an amount equal to the Purchase Price payable by the Issuer on the Closing Date, (b) an amount equal to the Further Purchase Price payable by the Issuer on the Further Purchase Date, and (c) the issuance by the Issuer to, or at the direction of, the Seller of the Certificates, the Class Z Notes and the Class X Notes on the Closing Date (collectively, the "**Consideration**"). The rights to receive Certificate Payments and payments under the Class X Notes and the Class Z Notes represent the right to receive any deferred consideration and, as applicable, the excess spread generated by the Mortgage Portfolio. Any Certificate Payment payable pursuant to the Certificates will be paid in accordance with the applicable Priority of Payments. In determining the Purchase Price and the Further Purchase Price, no value will be attributed to the Shortfall Loans to be sold to the Issuer in accordance with the Mortgage Sale Agreement.

The terms "**sale**", "**sell**" and "**sold**" when used in this Offering Circular 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, and (in respect of the Scottish Mortgage Loans) the beneficial interest created under and pursuant to the Scottish Declaration of Trust and the assignment of such beneficial interest pursuant to the Scottish Trust Transfer, as applicable. The terms "**repurchase**" and "**repurchased**" when used in this Offering Circular in connection with a Mortgage Loan and its Related Security shall be construed to include the repurchase by the Seller of the equitable interest of the Issuer in respect of such Mortgage Loan and its Related Security (to the extent that it is an English Mortgage Loan or Northern Irish Mortgage Loan pursuant to the Mortgage Sale Agreement) and the repurchase of the beneficial interest in respect of such Loan and its Related Security (to the extent that it is a Scottish Mortgage Loan) pursuant to the Mortgage Sale Agreement.

### Perfection Trigger Events

Legal title to the Mortgage Loans in the Mortgage Portfolio and their Related Security will remain with the Legal Title Holder. Under the Servicing Agreement 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 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 (b) 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 the expiration of any applicable grace periods;
- (e) the security created under or pursuant to the Deed of Charge and/or Scottish Trust Security or any material part of that security being, in the opinion of the Trustee, in jeopardy;
- (f) 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).

Following termination of the appointment of the Servicer or resignation of the Servicer becoming effective the Legal Title Holder shall be entitled to request a transfer of legal title to the Mortgage Loans and their Related Security to the Issuer in accordance with the terms of the Servicing Agreement.

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 Servicing Agreement 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, from the Closing Date and/or the Further Purchase Date (as the case may be) until perfection of the assignments or assignations contemplated by the Servicing Agreement, 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.

### **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 the Seller contained in the Mortgage Sale Agreement.

The Mortgage Sale Agreement will contain certain representations and warranties given by the Seller 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 Mortgage Sale Agreement.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee or 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 Mortgage Sale Agreement which has or would have a material adverse effect on such Warranted Mortgage Loan or its Related Security unless the Seller, in its sole discretion, elects to repurchase such Warranted Mortgage Loan for a consideration in cash equal to the Current Balance of that Warranted Mortgage Loan as at the date of repurchase, the Seller will be obliged 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 the Seller indemnifies the Issuer, if at the appropriate time of ascertainment of the quantum of any amount payable by the Seller to the Issuer or the Trustee, the Seller cannot reach any agreement with the Issuer as to such quantum, the Seller shall appoint an independent auditor of internationally recognised standing within 15 Business Days to determine the amount of such quantum in a final binding decision. Performance of repurchase or indemnification will be in full satisfaction of the liabilities of the Seller in respect of the relevant breach.

Where the Seller indemnifies the Issuer, the amount payable by the Seller pursuant to such indemnity shall not exceed an aggregate amount equal to the Current Balance of the relevant Warranted Mortgage Loan as at the date of the breach. See also "*Risk Factors – Searches, Investigations and Warranties in relation to the Mortgage Loans*" and "*– Limitations of Liability in relation to a breach of Mortgage Loan Warranty*".

### **Representations and Warranties**

On the Closing Date, the Mortgage Loan Warranties will be given by the Seller in respect of the Mortgage Loans (other than the Irish Permanent Mortgage Loans and the Shortfall Loans) in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio and their Related Security sold by the Seller to the Issuer on the Closing Date.

On the Further Purchase Date, the Mortgage Loan Warranties will be given by the Seller in respect of the Mortgage Loans (other than the Irish Permanent Mortgage Loans and the Shortfall Loans) in the Auburn 13 Mortgage Portfolio and their Related Security sold by the Seller to the Issuer on the Further Purchase Date.

The Seller under the Mortgage Sale Agreement represents and warrants in respect of the Warranted Mortgage Loans that it is selling into the Mortgage Portfolio on the basis of the representations and

warranties set out in the Mortgage Sale Agreement (the "**Mortgage Loan Warranties**") which include, among other things, the following:

- (a) Immediately prior to the transfer of the Warranted Mortgage Loans pursuant to the Mortgage Sale Agreement, the Seller was the absolute beneficial owner of (and holder of the beneficial interest in) the Mortgage Loans, their related Mortgages and their Related Security, free from all Encumbrances.
- (b) 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 pursuant to the related Mortgage Loan in priority to any other charges registered against the Property (**provided that** nothing in this paragraph (b) 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, 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.
- (c) Each Mortgage related to a Warranted Mortgage Loan constitutes a valid and subsisting first ranking legal mortgage (or, in relation to a Mortgage over a Property situated in Northern Ireland, first ranking legal mortgage or charge, or in relation to Mortgage over Property situated in Scotland a first ranking standard security) over the relevant Property, and secures the repayment of all advances, interest, costs and expenses payable by the Borrower pursuant to the related Warranted Mortgage Loan and any further advances under the related Warranted Mortgage Loan (save that in Northern Ireland and Scotland, it is not possible to secure further advances by making a registration in respect of the same at the relevant Land Registry).
- (d) So far as the Seller is aware, no notice or claim in writing has been received by the Servicer or the Legal Title Holder from any Borrower of any threat to take steps to assert any lien, right of set-off, counterclaim or other right of deduction has been received that would entitle that Borrower to reduce any amount payable under the relevant Warranted Mortgage Loan.
- (e) 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 property in England, Wales, Northern Ireland or Scotland.
- (f) So far as the Seller is aware, not more than 12 months (or a longer period as may be acceptable to a Reasonable Prudent Mortgage Lender) prior to making an advance to the Borrower, the Property was valued by an independent Qualified Valuer approved by the Originator, the details of which are (where available) disclosed in the relevant Mortgage Loan Files relating to such Warranted Mortgage Loan and such valuation would have been acceptable to a Reasonable Prudent Mortgage Lender at the date such valuation was performed.
- (g) So far as the Seller is aware, prior to the making of each Warranted Mortgage Loan, the Originator:
  - (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 the Originator in accordance with the instructions which the Originator 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 the Originator) on the Council of Mortgage Lenders' Handbook (the "**CML's Lenders' Handbook**") for England and Wales, or the CML's Lenders' Handbook for Northern Ireland (or, for 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, the Originator's standard form instructions to solicitors) and in the case of Scottish Mortgage Loans, CHL's Lenders' Handbook for Scotland (or for 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) So far as the Seller is aware, 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 yet 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 (including forbearance measures introduced in connection with COVID-19 in relation to buy to let mortgage loans);
  - (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.
- (i) Each Warranted Mortgage Loan is denominated in GBP.
- (j) So far as the Seller is aware, in respect of each Warranted Mortgage Loan, subject to completion of any registration or recording which may be pending at the relevant Land Registry, all title deeds (save for title deeds held at the relevant Land Registry and title deeds existing in dematerialised form) and Mortgage Loan Files are held by, or to the order of, CHL or CHL's solicitors or licensed conveyancers.
- (k) So far as the Seller is aware, 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, each of the Servicer and the Legal Title Holder 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 in all material respects 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.
- (l) So far as the Seller is aware, to the extent that any Warranted Mortgage Loan and related Mortgage is subject to the UTCCR, so far as the Servicer and/or the Legal Title Holder is aware, 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 material term of any Mortgage Loan and related Mortgage.
- (m) In relation to any Warranted Mortgage Loan which is a regulated mortgage contract within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so far as the Seller is aware (in relation to each Mortgage Loan originated by the Legal Title Holder, 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), 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 administration of such Warranted Mortgage Loan.

- (n) So far as the Seller is aware, there are no complaints against the Legal Title Holder in relation to the Warranted Mortgage Loans (whether relating to their origination, servicing or otherwise) made to the Financial Ombudsman Service which have been notified by the Financial Ombudsman Service to the Servicer and/or the Legal Title Holder and which remain outstanding **other than** an on-going complaint made by the relevant Borrower to the Financial Ombudsman Service in relation to a Mortgage Loan ID 906101107.
- (o) The Seller is not aware of any pending action or outstanding proceeding, or litigation, or claim by a Borrower against the Legal Title Holder in respect of the Warranted Mortgage Loans and their Mortgages **other than** on-going litigations in relation to a Mortgage Loan ID 911820402 and in relation to Mortgage Loan ID 913156103.
- (p) So far as the Seller is aware, on and from 29 August 2019 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.
- (q) So far as the Seller is aware, in relation to any Buy to Let Mortgage Loan which is a Warranted Mortgage Loan:
  - (i) neither the Servicer nor the Legal Title Holder has knowledge of any Property having been let or sub-let otherwise than by way of (a) an assured shorthold tenancy (or in relation to Northern Ireland, a tenancy agreement of not more than six months tenure and which confers the same rights on the Borrower as an assured shorthold tenancy would in England and Wales and which is either not controlled by the Rent (Northern Ireland) Order 1978 or is not a controlled tenancy under the provisions of the Private Tenancies (Northern Ireland) Order 2006) which meets the requirements of Section 19A or Section 20 of the Housing Act 1988 or Renting Homes (Wales) Act 2016, or in relation to Scotland, a short assured tenancy which meets the requirements of Section 32 of the Housing (Scotland) Act 1988) or successor "private residential tenancy" in terms of the Private Housing (Tenancies) (Scotland) Act 2016 or (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 of such Warranted Mortgage Loan such tenancy agreement was on terms that would be acceptable to a Prudent Mortgage Lender and neither the Servicer nor the Legal Title Holder is aware of any material breach of such agreement.
- (r) So far as the Seller is aware, each Borrower has good and marketable title to the relevant Property (subject to registration of the title at the relevant Land Registry) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage) 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.
- (s) None of the Related Security or Ancillary Rights in respect of a Warranted Mortgage Loan consist of stock, 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 (save for any Rent Right) a chargeable interest (as such term is defined for the purposes of section 48 of the Finance Act 2003, section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 and section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013).
- (t) Each Warranted Mortgage Loan is a "financial asset" as defined in International Accounting Standard 32 (IAS32).

- (u) So far as the Seller is aware, each Warranted Mortgage Loan has been entered into by the Originator 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 or the collectability of that Warranted Mortgage Loan or its Related Security.
- (v) The particulars of each Warranted Mortgage Loan and its related Mortgage in the Mortgage Portfolio set out in the Mortgage Sale Agreement and the schedule to each Scottish Declaration of Trust are complete, true and accurate in all material respects.

Any references to the expression "**so far as the Seller is aware**" or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of the directors of the Seller, having made enquiry of the Servicer as to whether the Seller should consider giving disclosure against the Mortgage Loan Warranties. For the avoidance of doubt, the Servicer shall have no liability with regards to the Mortgage Loan Warranties.

#### **Limitations of Liability in relation to a breach of Mortgage Loan Warranty**

The Seller's obligation to indemnify the Issuer following a breach of a Mortgage Loan Warranty is subject to the following limitations and threshold requirements:

- (a) claims in respect of a breach of a Mortgage Loan Warranty may only be made during the period of 18 months following the Closing Date or, in relation to Mortgage Loans in the Auburn 13 Portfolio, the Further Purchase Date;
- (b) the Seller will have no liability to the Issuer unless the amount of damages to which the Issuer would be entitled as a result of that Warranty Claim is greater than £10,000 per Mortgage Loan that is the subject of that Warranty Claim;
- (c) where a number of Warranty Claims arises out of the same or similar set of facts or circumstances, and each such individual claim would not exceed the threshold set out in paragraph (b) above, the Seller will have no liability to the Issuer unless the amount of damages to which the Issuer would be entitled as a result of such aggregated Warranty Claim is greater than £250,000;
- (d) the Seller will have no liability to the Issuer for any Warranty Claim unless the amount of all agreed and determined Warranty Claims (excluding claims that do not fall under paragraphs (b) and (c)) is greater than £2,500,000; and
- (e) the maximum aggregate liability of the Seller in respect of breaches of Mortgage Loan Warranty and any other breach by the Seller of the terms of the Mortgage Sale Agreement is an amount equal to £10,000,000.

#### **Further Advances**

Under the Servicing Agreement, the Issuer and the Legal Title Holder have agreed that the Legal Title Holder shall not make an offer to any Borrower for a Further Advance. The Legal Title Holder may, however, make Protective Further Advances to eligible Borrowers in accordance with its current Lending Criteria from time to time.

#### **Flexible Drawings**

Under the Servicing Agreement, the Issuer has agreed that the Legal Title Holder or the Servicer may accept an application from a Borrower for a Flexible Drawing where it meets the conditions contained in "*The Mortgage Portfolio – Flexible Drawings*". 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.

### **Permissible Modifications**

Under the Servicing Agreement, the Issuer and the Legal Title Holder have agreed that the Legal Title Holder or the Servicer shall not make an offer to any Borrower for a Product Switch. The Legal Title Holder and the Servicer may, however, agree the following modifications to the terms of a Mortgage Loans (each, a "**Permissible Modification**"):

- (a) any variation agreed with a Borrower to control or manage arrears or expected arrears on the Mortgage Loan including any variation relating to breaches of the Mortgage Conditions and any forbearance in accordance with the Mortgages Tailored Support Guidance, Consumer Duty or the FCA's Policy Statement 24/2 or Finalised Guidance 24/2 (or any replacement);
- (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 Debt and subject in each case to paragraph (h) below;
- (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;
- (f) any change in the repayment method of the Mortgage Loan (including from an Interest Only Mortgage Loan to a Repayment Mortgage Loan);
- (g) any change in the rate of interest payable (i) as a result of any variation in SVR or other applicable discretionary rate or (ii) where the terms of the Mortgage Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time; or
- (h) undertaken in accordance with the Mortgages Tailored Support Guidance, Consumer Duty or the FCA's Policy Statement 24/2 or Finalised Guidance 24/2 (or any replacement),

**provided that**, following implementation of such modification, the relevant Mortgage Loan constitutes an Eligible Product. For the avoidance of doubt, modification to the terms of a Mortgage Loan that is a Permissible Modifications shall not constitute a Product Switch.

A Mortgage Loan is an "**Eligible Product**" if, following the implementation of any Permissible Modification, such Mortgage Loan will be:

- (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, or (other than where the Mortgage Loan was already a Flexible Mortgage Loan) a flexible repayment or current account mortgage.

Any Mortgage Loan which has been subject of a Permissible Modification will remain in the Mortgage Portfolio.

## MORTGAGE REGULATION IN THE UNITED KINGDOM

Although it is envisaged that the majority of Mortgage Loans in the Provisional Mortgage Portfolio will be buy-to-let mortgages entered into before 14 March 2014 (and will fall outside the scope of the Financial Services and Markets Act 2000 ("FSMA")), some of the Mortgage Loans are owner-occupied mortgages and may therefore be 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 (a) between 31 October 2004 and 21 March 2016 or (b) prior to 31 October 2004 but materially varied between 31 October 2004 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.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK. 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 Consumer Credit Act 1974 ("**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 (or land in the UK, if the contract was entered into on or after 31 December 2020 at 11.00pm), 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 activities) are regulated activities under FSMA and the RAO. Conducting regulated activities requires authorisation and permission from the Financial Conduct Authority ("**FCA**").

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. 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 a Servicer that has the required FCA authorisation and permission under a Service Agreement. If the Service Agreement terminates, however, the Issuer will have a period of one month in which to arrange for the Mortgage Loans to be administered by a replacement servicer having the required FCA's authorisation and permission.

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 and the unauthorised person may commit a criminal offence. 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 or potentially any other loan that the borrower has taken with the lender. Any such damages or set-off in respect of the Mortgage Loans may adversely affect the Issuer's ability to make payments on the Debt.

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 ("CONC") 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 Debt.

The Seller will give certain warranties to the Issuer in the Mortgage Sale Agreement, including that each relevant Mortgage Loan and its Related Security is enforceable (subject to certain exemptions). 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 unless the Seller, in its sole discretion, elects to repurchase a Mortgage Loan which is the subject of a breach of one or more of the Warranties pursuant to the terms of the Mortgage Sale Agreement, then the Seller will be required to pay an indemnity amount in respect of the Mortgage Loans under the relevant mortgage account and their Related Security, which shall not exceed an aggregate amount equal to all sums due or owing under the relevant Warranted Mortgage Loan (including Accrued Interest and Arrears of Interest) as at the date of the breach (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).

### **Evolution 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 updated 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 Debt.

In January 2018, the FCA 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**").

On 28 October 2019, the FCA issued a policy statement 'PS 19/27 Changes to Mortgage Responsible

Lending Rules and Guidance'. This PS proposes to remove barriers to consumers switching to a more affordable mortgage. The FCA proposed changes to its responsible lending rules to allow lenders to use a more proportionate affordability assessment for borrowers who are up to date with their existing mortgage and want to switch to a more affordable mortgage without borrowing more. The proposals also aimed to reduce the time and costs of switching.

For more information relating to the risks associated with mortgage prisoners, please see the section below entitled "Mortgage Prisoners".

### **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 projected 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 ("**MCD Order**"). 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.

Registered lenders, brokers or administrators of CBTL mortgage contracts are subject to a number of obligations under the MCD Order. These include conduct of business standards, requirements for the provision of information and for practices preliminary to the conclusion of the CBTL mortgage contract, and other obligations pertaining, amongst others, to property valuation, the calculation of the annual percentage rate of charge, the assessment of the creditworthiness of the borrower or the sound execution of CBTL contracts and related rights.

The MCD Order also provides the FCA with appropriate powers to supervise and enforce this framework. These powers apply or mirror the FCA's investigative and sanctioning powers under FSMA and include the power to issue a public censure and to impose a penalty or a suspension under the MCD Order.

Following Brexit, the UK government intends to repeal and, where appropriate, replace retained EU law relating to financial services. The MCD Order is part of the subordinate legislation that will be revoked by the FSMA 2023. The UK government has not yet published a formal deadline by which it intends to complete this process.

Any further changes to MCOB or changes in the regulatory framework may adversely affect the Mortgage Loans, the Legal Title Holder, the Seller 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. Where they were entered into on or after 31 October 2004 and are secured by a first legal charge over a property in the UK, they are regulated mortgage contracts under the FSMA regime and are therefore not regulated credit agreements for the purposes of the RAO or the CCA.

Until 30 October 2008, buy to let mortgages were only subject to the jurisdiction of the CCA if:

- (a) the amount loaned was below the CCA cap of £5,000 until 19 May 1985, £15,000 from 20 May 1985 to 30 April 1998 and £25,000 from 1 May 1998 to 30 October 2008. 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; and
- (b) the lender was not exempt under the Consumer Credit (Exempt Agreements Order) 1989 (broadly banks, building societies, friendly societies and certain assurance companies, charities and insurance companies).

On 31 October 2008, section 16C of the CCA came into force and provided an exemption relating to investment properties which, together with the business use exemption for loans exceeding £25,000 set out in section 16B of the CCA, meant that all buy-to-let lending where the loan was secured by a charge over the property to be let was unregulated, **provided that** the agreement is entered into by the borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by them.

The position changed again following the UK's implementation of the Mortgage Credit Directive through the enactment of the MCD Order. This order applies only to buy-to-let agreements entered into on or after 21 March 2016 where the borrower is an individual and the loan is not entered into by the borrower wholly or predominantly for the purposes of a business carried on or intended to be carried on, by the borrower. On 1 April 2014, the responsibility for the regulation of consumer credit activities was transferred from the Office of Fair Trading to the FCA. Credit agreements previously solely regulated by the CCA became subject to both the CCA and the FSMA (and its associated secondary legislation and the FCA'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"). Mortgage Loans entered into before 21 March 2016 which were secured by a first or second charge over property, regulated under the CCA at the time they were entered into, and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are classed as 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 Debt.

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 Debt.

The Seller has given or, as applicable, will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Mortgage Loan and its 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, and unless the Seller, in its sole discretion, elects to repurchase the relevant Mortgage Loan, then the Seller will, upon receipt of notice from the Issuer, be required to 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 FCA has the power to render contracts made in contravention of its product intervention rules unenforceable. Section 137D of FSMA permits the FCA 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 FCA 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 FCA'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 FCA 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 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 Debt.

#### **Distance Marketing of Financial Services**

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the Originator and the Borrower). The regulations (and MCOB in respect of activities related to Regulated Mortgage Contracts) require firms that provide financial services by way of distance communication to provide certain information to consumers. This information generally has to have been provided before the consumer is bound by the distance contract and includes general information in respect of the supplier, the financial service, contractual terms and conditions, and whether there is a right of cancellation. A Regulated



Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the United Kingdom, will not be cancellable under these regulations, but will be subject to related pre-contract disclosure requirements in MCOB or the MCD Order (as applicable) but will not be cancellable under the Distance Marketing Regulations where relevant pre-contract disclosures have been made. Certain other credit agreements will be cancellable under these regulations if the Borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. It is worth noting, however, that the right to cancel is not applicable to loans secured by a legal mortgage on land. Where the credit agreement is cancellable under these regulations, the Borrower may send notice of cancellation at any time before the end of the 14th day beginning with the day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the Borrower receives the last of the prescribed information. Compliance with the regulations may be secured by way of injunction, granted on such terms as the court thinks fit to ensure sure compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, inter alia, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breaches of FCA rules.

If the Borrower cancels the credit agreement under these regulations, then: (a) the Borrower is liable to repay the principal and any other sums paid by the Originator to the Borrower under or in relation to the cancelled agreement within 30 days beginning with the day of the Borrower sending notice of cancellation or, if later, the lender receiving notice of cancellation; (b) the Borrower is liable to pay interest or any early repayment charge or other charge for credit under the cancelled agreement, only if the Borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security provided in relation to the contract is to be treated as never having had effect for the cancelled agreement. If a significant portion of the Mortgage Loans is characterised as cancellable under these regulations, this may reduce the amounts available to meet the payments due in respect of the Debt.

### **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. The Consumer Rights Act 2015 ("**CRA**") applies to agreements entered into on or after 1 October 2015, (see below). The CRA also applies to notices sent to consumers, even where the agreement falls under the UTCCR.

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 FCA) 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 FCA 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 Debtholders on the Debt.

### **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 may 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.

The FCA has issued the 'Unfair Contract Terms and Consumer Notices Regulatory Guide' (the "**Guide**") which is part of the FCA Handbook. This Guide explains the FCA's formal powers under the CRA in relation to unfair terms and consumer notices. It also provides guidance on the approach the FCA takes before considering whether to exercise its formal powers under the CRA in relation to unfair terms and notices.

The CRA will not be applicable to the Mortgage Loans as all of them were entered into before 1 October 2015.

### **Enforcement remedies in Scotland**

In Scotland, enforcement remedies in respect of standard securities granted over Scottish Properties 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 Debt 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 set 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 the two-month "calling up" notice referred to above), 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.

In Northern Ireland, possession orders may only be enforced through a statutory agency known as the Enforcement of Judgments Office. From an application to enforce repossession through to obtaining actual physical possession can take several months and the timeline is dependent upon the Enforcement of Judgments Office staff processing the case. It is open for a tenant to apply to the Enforcement of Judgments Office for a stay of possession and this may delay any repossession process.

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 one hundred calendar days 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 Debt when due). The aforementioned protocols, acts, 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 Debt.

### **Financial Ombudsman Service**

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, (among other things), complaints relating to activities and transactions under its jurisdiction on the basis

of what, in the Ombudsman's opinion would be fair and reasonable in all circumstances of the case taking into account (among other things), law and guidance.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman.

The Legal Title Holder and Servicer may not be aware that a complaint has been made to the Ombudsman until it is notified of such complaint. Further, the Mortgage Loans may from time to time be the subject of a complaint where the basis of such complaint does not pertain to the validity or enforceability of such Mortgage Loans and does not affect the ability of the Servicer to collect payments due in respect of such Mortgage Loan. However, as the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Debtholders.

In March 2019, the FCA published Policy Statement PS 19/8 entitled 'Increasing the award limit for the Financial Ombudsman Service'. New rules have been introduced with effect from 1 April 2019 which increase the maximum level of compensation which can be awarded by the Ombudsman from £150,000 to (i) £350,000 for complaints about acts or omissions by firms on or after 1 April 2019 and (ii) £160,000 for complaints about acts or omissions by firms before 1 April 2019 and which are referred to the Ombudsman after that date. Additionally, the compensation limit will be automatically adjusted each year for inflation from 1 April 2020 onwards.

### **Impact of Consumer Protection from Unfair Trading Regulations 2008**

On 11 May 2005, the European Parliament and the Council adopted a Directive (2005/29/EC) regarding unfair business to consumer commercial practices (the "**Unfair Practices Directive**"). Generally, this Directive applies full harmonisation, which means that member states of the European Union may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, in March 2013, the European Commission published a report on the application of the Unfair Practices Directive which (among other things) permits member states of the European Union to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

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

The Unfair Practices Directive has been implemented in the UK through the Consumer Protection from Unfair Trading Regulations (the "**CPUTR**"), which came into force on 26 May 2008 and affects all contracts entered into with persons who are natural persons and acting for purposes outside their respective business. Although the CPUTR is not solely concerned with financial services, it does apply to the residential mortgage market. In addition, the FCA has taken the Unfair Practices Directive into account in reviewing its relevant rules, such as MCOB. Under the CPUTR a commercial practice is to be regarded as unfair and prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well informed and reasonably observant and circumspect, and taking into account social, cultural and linguistic factors) who the practice reaches or to whom it is addressed (or where a practice is directed at or is of a type which may affect a particular group of consumers, the average consumer of that group).

In addition to the general prohibition on unfair commercial practices, the CPUTR contains provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct)

and a list of practices which will in all cases be considered unfair. The effect (if any) of the CPUTRs on the mortgage loans, the seller or the issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPUTR. 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 and the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreement may result in unrecoverable losses on amounts to which such agreements apply.

Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment.

No assurance can be given that the United Kingdom's implementation of the Unfair Practices Directive will not have a material adverse effect on the Mortgage Loans and accordingly on the liability of the Issuer to make payments to the Debtholders.

### **Regulatory Developments Regarding Fairness**

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

The FCA's consideration of fairness under the CRA, UTCCR and CPUTR will include contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;
- bank, building society and credit union accounts;
- life assurance;
- pensions;
- investments;
- consumer credit;
- consumer hire;
- other credit related regulated activities; and
- claims management services.

### **FCA response to the cost of living crisis**

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**") which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment. In the Dear CEO letter on the cost of living crisis, the FCA also identified that the cost of living crisis may lead to an increase in consumer vulnerability, exposing more consumers to a greater risk of harm. The FCA therefore emphasised the need for firms to implement the FCA's Vulnerable Customer Guidance (published in February 2021), which sets out the FCA's expectations

as to what firms should do to comply with their obligations under FCA Principles and ensure they treat customers in vulnerable circumstances fairly.

The Mortgages Tailored Support Guidance emphasises the MCOB requirement that a lender must not repossess a property unless all other reasonable attempts to resolve the position have failed. It further states that mortgage lenders must also establish and implement clear, effective and appropriate policies and procedures for the fair and appropriate treatment of borrowers whom the lender understands, or reasonably suspects, to be particularly vulnerable. Specifically with respect to vulnerable customers, it emphasises the importance of adapting communication methods to consider customer needs and preferences, as well as the need to tailor forbearance to take account of their individual circumstances. The Mortgages Tailored Support Guidance also confirms the FCA's expectation that action to seek possession should be a last resort.

In addition, the FCA proposed that lenders considering or resuming possession proceedings should support and enable borrowers to disclose circumstances that might make them particularly vulnerable to repossession act-on at this time – and to consider whether additional care may be required as a result.

In March 2021, the "Borrowers in Financial Difficulty" ("**BiFD**") project was launched by the FCA to review how firms were supporting borrowers in financial difficulty. BiFD's findings were published in November 2022 where the FCA stated that 32 firms had been asked to make material and significant changes to their processes and seven of those firms had provided remediation to customers. The FCA have said that they expect more customers will need support from lenders and that the FCA will continue to test the way that firms are supporting borrowers in financial difficulty and take action where firms are identifying poor customer outcomes.

On 13 March 2023, the FCA published finalised guidance: "Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living" (FG23/2). The finalised guidance is declaratory in nature, clarifying the existing rules and principles and the range of options lenders have to support their customers, including those who are facing higher interest rates alongside the rising cost of living. The guidance does not introduce any new rules or set new expectations or requirements of lenders. On 3 November 2022, the FCA published its report on borrowers in financial difficulty ("**BiFD Report**"). The BiFD review was launched to assess firms' policies and processes following the implementation of the Mortgages Tailored Support Guidance. In the context of its work on BiFD, the FCA has also indicated that it intends to broaden the current rules in MCOB on vulnerability with new guidance reminding firms that they should have regard to the expectations set out in the FCA's Vulnerable Customer Guidance, including when developing policies and procedures for customers who have, or may have, payment difficulties. The BiFD Report makes clear that the FCA wants firms to take immediate action to ensure that they are well-placed to support customers, considering that the situation is likely to become more challenging in the months ahead.

On 25 May 2023, the FCA launched consultation CP23/13 setting out how it plans to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance. The FCA is also proposing targeted additional changes to support consumers in financial difficulty. The FCA expects its new rules to come into force in the first half of 2024 and proposes to withdraw the Mortgages Tailored Support Guidance at the same time.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance.

### **Mortgage Charter**

On 26 June 2023, HM Treasury published the "Mortgage Charter" in light of the current pressures on households following interest rate rises and the cost-of-living crisis. The Mortgage Charter states that the UK's largest mortgage lenders and the FCA have agreed with the Chancellor a set of standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the "**Mortgage Charter**"). In addition, lenders will permit borrowers who are up to date with their payments to: (i) switch to interest-only payments for six months (the "**MC Interest-only Agreement**"); or (ii) extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check

or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages, nor do they apply to lenders that do not sign up to the Mortgage Charter.

With the effect on and from 30 June 2023, the FCA has amended the MCOB to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The FCA announced that it intends to review the impact of the rule changes within 12 months.

There can be no assurance that the FCA or other UK government or regulatory bodies will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the Mortgage Charter or related rules so that they also cover the portfolio. Such developments may adversely affect the ability of the Issuer to make payments in full on the Debt when due.

### **Energy Efficiency Regulations 2015**

From 1 April 2018, landlords of relevant domestic private rented properties (as defined in the Energy Efficiency Regulations 2015) in England and Wales may not grant a tenancy to new or existing tenants if the relevant property has an Energy Performance Certificate (as defined in the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulation 2007 (an "EPC")) rating of band F or G (as shown on a valid EPC for the property) and from 1 April 2020, landlords must not continue letting a relevant domestic property which is already let if that property has an EPC rating of band F or G (as shown on a valid EPC for the property). In both cases described above this is referred to in the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the "**Energy Efficiency Regulations 2015**") as the prohibition on letting substandard property. Where a landlord wishes to continue letting property which is currently substandard, they will need to ensure that energy efficiency improvements are made which raise the EPC rating to a minimum of E. In certain circumstances landlords may be able to claim an exemption from this prohibition on letting sub-standard property; this includes situations where the landlord is unable to obtain funding to cover the cost of making improvements, or where all improvements which can be made have been made, and the property remains below an EPC rating of band E. Local authorities will enforce compliance with the domestic minimum level of energy efficiency. Local authorities may check whether a property meets the minimum level of energy efficiency, and may issue a compliance notice requesting information where it appears to the local authority that a property has been let in breach of the Energy Efficiency Regulations 2015 (or an invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Energy Efficiency Regulations 2015 it may serve a notice on the landlord imposing financial penalties. In September 2020 the Department for Business, Energy & Industrial Strategy issued a consultation titled "Improving the energy performance of privately rented homes in England and Wales" regarding, among other things, the proposal to raise energy performance standards for the domestic private rented sector to an EPC rating band of C. The consultation period closed on 8 January 2021. No publication date for the results of the consultation has yet been announced by the UK Government.

There is currently no minimum EPC rating required for domestic rented properties in Scotland, however the Scottish Government has introduced proposals for new legislation which will require all private rented sector properties to reach a minimum energy efficiency standard by the end of 2028. A more detailed consultation on the proposed minimum energy efficiency standard is expected, although initial proposals indicate that it will be achieved by installing certain energy efficiency measures within a property (including appropriate insulation and heating controls) or where a good level of energy efficiency can be shown based on an EPC assessment. The proposed legislation also introduces an overarching Heat in Buildings Standard which, in addition to the requirement to meet a minimum energy efficiency standard, will require all building owners in Scotland to have moved to clean heating systems by the end of 2045, with earlier implementation periods for those purchasing properties and where a heat network zone applies. Separately, the Scottish Government have also consulted on proposals to reform EPCs more generally, which includes the addition of a new 'fabric rating' to indicate how well a building retains heat. Implementing regulations in relation to this EPC reform are expected in 2024.

The Energy Efficiency Regulations 2015 do not extend to Northern Ireland and there are currently no minimum standards of energy efficiency for domestic rented properties in Northern Ireland. The Private Tenancies (Northern Ireland) Order 2006 (as amended by the Private Tenancies Act (Northern Ireland) 2022) gives the Department for Communities in Northern Ireland the power to introduce the relevant

regulations and a public consultation has been carried out in relation to energy efficiency requirements. However, there is currently no fixed timeframe for bringing such legislation forward in Northern Ireland.

### **Assured Shorthold Tenancy (AST)**

Depending on the level of ground rent payable at any one time it is possible that a long leasehold may also be an Assured Tenancy ("AT") or Assured Shorthold Tenancy ("AST") under the Housing Act 1988 ("HA 1988"). If it is, this could have the consequences set out below.

A tenancy or lease will be an AT if granted after 15 January 1989 and:

- a) the tenant or, as the case may be, each of the joint tenants is an individual;
- b) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home; and
- c) if granted before 1 April 1990:
  - i. the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and
  - ii. the rent payable for the time being is greater than two thirds of the rateable value at 31 March 1990; and
- d) if granted on or after 1 April 1990, the rent payable for the time being is between £251 and £100,000 inclusive (or between £1,001 and £100,000 inclusive in Greater London).

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997, all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8: namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action. However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as Ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is government consultation underway to review residential leasehold law generally and it is anticipated that this issue will be addressed as part of any resulting reforms.

Currently, however, there is a risk that where:

- a) a long lease is also an AT/AST due to the level of the ground rent;
- b) the tenant is in arrears of ground rent for more than three months;
- c) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- d) the tenant does not manage to reduce the arrears to below three months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the realisable value of the portfolio, and/or the ability of the Issuer to make payments full on the Debt when due.



## **Breathing Space Regulations**

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (SI 2020/1311) (the "Breathing Space Regulations") (which came into force on 4 May 2021) gives eligible individuals in England and Wales the right to legal protection from their creditors, including almost all enforcement action, during a period of "breathing space". A standard breathing space will give an individual in England and Wales with problem debt legal protection from creditor action for up to 60 days; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days.

However, the Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations. Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The Borrower must continue to make mortgage payments in respect of any mortgage secured against its primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

Due to the absence of the Northern Irish Assembly at the time the Breathing Space Regulations were brought forward, they do not extend to Northern Ireland. The Department for Communities in Northern Ireland has completed an evidence gathering exercise in relation to the possibility of primary legislation to establish similar arrangements in Northern Ireland. However, there is currently no fixed timeframe for bringing such Northern Irish legislation forward.

In February 2021, the FCA issued a policy statement (PS21/1) on the application of the Breathing Space Regulations, in which they confirm that no changes are currently being made to the rules under MCOB, in relation to how mortgage lenders should treat a "breathing space" as an indicator of payment difficulties.

The FCA's view is that this is something that firms should take into account, but should not be treated more specifically than other potential indicators of payment difficulties.

In Scotland, eligible borrowers are currently afforded similar legal protection under the Bankruptcy (Scotland) Act 2016 although the moratorium period of six months is longer than in England and Wales and does not make any accommodation for mental health crisis. The Scottish Government has however introduced The Bankruptcy and Diligence (Scotland) Bill (the "**Bill**") which, if enacted, will permit regulations to be made for the introduction of a similar form of moratorium in Scotland as currently exists under the Breathing Space Regulations. It is anticipated that the Bill will come into force by summer 2024, although regulations on the proposed moratorium will likely follow later.

## **Mortgage Prisoners**

The FCA is aware that there are some consumers who cannot switch (or who allege that they cannot switch or refinance) their existing mortgages to a more affordable mortgage despite being up to date with their mortgage payments, including as a result of changes to lending practices during and after the 2008 financial crisis and subsequent regulation that tightened lending standards – often called "mortgage prisoners".

Under Policy Statement PS19/27 which came into effect on 28 October 2019, the FCA have amended their responsible lending rules and guidance to help remove potential barriers to consumers switching to a more affordable mortgage and to reduce the time and costs of switching for all relevant consumers. The changes will mean that mortgage lenders can choose to carry out a modified affordability assessment where a consumer has a current mortgage, is up to date with their mortgage payments (and has been for the last 12 months), does not want to borrow more, other than to finance any relevant product, arrangement or intermediary fee for that mortgage and is looking to switch to a new mortgage deal on their current property. Further, inactive lenders and administrators acting for unregulated entities (such as the Issuer) must review their customer books and develop and implement a communication strategy for contacting relevant consumers to tell them it could be simpler for them to re-mortgage. The communication exercise was required to be completed by 15 January 2021.

The FCA's "*Mortgage Prisoner Review*" was laid before parliament on 29 November 2021, and the FCA implementation group held its final meeting on 7 December 2021. Subsequently there have been proposed

amendments to primary legislation by opposition parties which aim to assist mortgage prisoners. These amendments were subsequently withdrawn and the UK Government's consideration of proposals on mortgage prisoners is ongoing.

The modification of the responsible lending rules should make it easier for a borrower who is a mortgage prisoner to switch to a new lender and this could result in early redemptions and a deterioration in the quality of the portfolio.

### **FCA Consumer Duty**

New rules relating to the introduction of a new consumer duty on regulated firms (the "Consumer Duty"), which aim to set a higher level of consumer protection in retail financial markets, came into force on 31 July 2023. The Consumer Duty currently applies for products and services that remain open to sale or renewal and will apply from 31 July 2024 for closed products and services, including the Mortgage Portfolio.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the FSMA.

There are three main elements to the new Consumer Duty, comprising a new consumer principle, that "a firm must act to deliver good outcomes for the retail customers of its products", cross-cutting rules supporting the consumer principle, and four outcomes relating to the quality of firms' products and services, price and value, consumer understanding and consumer support.

The Consumer Duty applies not only at origination of a product but throughout its subsistence (so in the case of a mortgage loan, throughout the period the mortgage loan is outstanding). The cross-cutting rules include an obligation to avoid causing foreseeable harm to the retail customer and the outcomes include an obligation to ensure that the product (for example, a mortgage loan) provides fair value to the retail customer. These obligations (as with the remainder of the Consumer Duty) must be assessed on a regular basis throughout the life of the product.

The Consumer Duty applies in respect of Regulated Mortgage Contracts (as well as loans falling within the consumer credit regime). It applies to product manufacturers and distributors, which include FCA-authorized purchasers of in-scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty will not apply retrospectively, the FCA will require authorised firms to apply the Consumer Duty to existing products on a forward-looking basis. It is not yet possible to predict the precise effect of the Consumer Duty on the Mortgage Loans with any certainty.

### **General**

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Financial Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally.

### **Potential effects of any additional regulatory changes**

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, regulators such as the CMA, the PRA and the FCA have recently carried out, or are currently conducting, several enquiries into the effectiveness of those retail banking markets from both competition and consumer protection perspectives. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. This includes, but is not limited to, any changes to the CBTL framework in light of the planned revocation of the MCD Order by the FSMA 2023. Any such action or developments, in particular, but not limited to the cost of compliance, may have a material adverse effect on the Seller and/or the Servicer and Legal Title Holder and their respective businesses and operations.

## 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.

Pursuant to the Servicing Agreement, the Servicer will be required to administer the Mortgage Loans and their Related Security in accordance with:

- (a) the Servicing Agreement;
- (b) the standards of a Prudent Mortgage Lender;
- (c) CHL's procedures and administration and enforcement policies as they apply to the Mortgage Loans from time to time; and
- (d) Applicable Law or Regulation.

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, Product Switches and/or Protective Further Advances. 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 the Legal Title Holder and in accordance with the Legal Title Holder'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 Servicer;
- (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 provided that the Servicer shall not be obliged to comply with any directions, orders and/or instructions pursuant to the Servicing Agreement to the extent that doing so would cause it to breach its Regulatory Obligations;

- (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) 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;
- (g) 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 the relevant Collection Account;
- (h) not without the prior written consent of the Trustee amend or terminate any of the Transaction Documents except in accordance with their terms;
- (i) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to indemnify the Issuer in respect of any Mortgage Loan pursuant to the Mortgage Sale Agreement, notify the Issuer and the Seller in writing of such event;
- (j) 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;
- (k) 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 as beneficial owner thereof and shall keep such money separate from other money held by it and shall promptly upon receipt transfer such money to the Deposit Account;
- (l) provide such information as may be reasonably requested by the Issuer, or the Cash Manager (on behalf of the Issuer) for the purposes of enabling or the Issuer to comply with their respective obligations under Article 7 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 7 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), provided that such information is within the knowledge and possession of the Servicer or is reasonably ascertainable to it in the course of acting as Servicer without additional developmental work or material cost;
- (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 UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), and Article 7(2) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) in each case in a manner and form in compliance with all Applicable Laws and Regulation, including but not limited to, (i) Article 7 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and (ii) Article 7 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time); and
- (n) notify the Cash Manager and the Issuer of any inside information or significant event, information about which is required by and in accordance with (i) Article 7(1)(f) or Article 7(1)(g) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), and (ii) Article 7(1)(f) or Article 7(1)(g) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), but only to the extent that the Servicer (x) becomes aware of such inside information or significant event; or (y) is notified by 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 Product Switches and Flexible Drawings in accordance with the Servicing Agreement (see "*Sale of the Mortgage Portfolio – 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 Seller to the Issuer the SVR and any other discretionary rates or margins applicable in relation to the Mortgage Loans.

#### **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) the Servicer shall use all reasonable skill and care in the selection of any subcontractor or delegate;
- (b) written notification has been given to each of the Issuer, the Trustee and the Rating Agencies;
- (c) 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 to the effect that those customer files and/or title information documents are and will be held to the order of the Issuer and the Trustee;
- (d) 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;
- (e) the subcontractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services;

- (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; and
- (g) the Servicer is solely responsible for any fees and expenses payable to any sub-contractor or delegate and neither the Issuer nor the Trustee shall have any obligation in respect of any Liabilities payable to or suffered or incurred by such subcontractor or delegate or arising from the entering into, the amendment or the termination of any arrangement with any subcontractor or delegate other than in respect of the Issuer any liability which the Issuer would have to the Servicer if no such delegation had occurred.

The provisos set out in paragraphs (b), (c), (d) and (e) above will not be required in respect of any delegation to (i) persons such as valuers, surveyors, estate agents, property management agents, receivers, solicitors or other relevant professional advisors acting as such, or (ii) 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 (subject to certain exceptions) 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 (if any) 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 (but not less than 35) calendar 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 (or, in the case of a downgrade relating to a S&P rating, 30 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) may, with the written consent of the Trustee, or the Trustee itself (following delivery of an Enforcement Notice), promptly upon becoming aware of the occurrence of a Servicer Termination Event (as defined below), shall, deliver written notice to the Servicer and the Legal Title Holder to terminate the Servicer's and the Legal Title Holder'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 and Legal Title Holder's appointment as Legal Title Holder with immediate effect) if any of the following events (each a "**Servicer Termination Event**") occurs:

- (a) *Non-Payment*: the Servicer and/or the Legal Title Holder defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer or the Legal Title Holder becoming aware of such default and receipt by the Servicer or the Legal Title Holder of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied;
- (b) *Breach of other obligations*: the Servicer and/or the Legal Title Holder defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document to which it is a party, which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Most Senior Class of Notes (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer or the Legal Title Holder becoming aware of such default and receipt by the Servicer or the Legal Title Holder of written notice from the Issuer or the Trustee (following delivery of an Enforcement Notice), as appropriate, requiring the same to be remedied;
- (c) *Licences*: the Servicer and/or the Legal Title Holder fails to obtain or maintain the necessary licences, registrations, authorisations or regulatory approvals enabling it to continue servicing or holding the legal title in respect of the Mortgage Loans (as applicable);
- (d) *Insolvency*: an Insolvency Event occurs in respect of the Servicer; or
- (e) *Perfection Trigger Event*: a Perfection Trigger Event occurs.

The Servicer's and the Legal Title Holder's appointments shall not be terminated until a Successor Servicer and a Successor Legal Title Holder have both been appointed. Upon and following the termination of the appointment of the Servicer as servicer and the Legal Title Holder as legal title holder under this Agreement,

the Issuer shall use its reasonable endeavours to appoint a Successor Servicer and a Successor Legal Title Holder which satisfy the conditions set out in the Servicing Agreement.

Subject to the fulfilment of a number of conditions (including the appointment of a replacement servicer and replacement legal title holder), the Servicer and the Legal Title Holder may voluntarily resign (a) immediately upon written notice of termination following the service of a Perfection Notice, or (b) upon the expiry of not less than 12 months' (or such shorter period as may be agreed between the Servicer, the Issuer, the Legal Title Holder, the Seller and the Trustee) written notice of termination, in each case, given by the Servicer or the Legal Title Holder respectively to the Issuer, with a copy to the Seller and the Trustee.

Any successor servicer and successor legal title holder is required to have experience of administering and managing mortgage loans secured on residential properties in the United Kingdom and to enter into a Servicing Agreement with the Issuer and the Trustee which is substantially on the terms of the Servicing Agreement, and at fees which are consistent with those payable generally at the relevant time for the provision of mortgage loan administration and management services.

If the appointment of the Servicer and Legal Title Holder is terminated, the Servicer and Legal Title Holder 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 a substitute servicer and substitute legal title holder is appointed following the occurrence of a Servicer Termination Event, or the voluntary resignation by the Servicer and the Legal Title Holder, the Issuer's costs and expenses associated with the transfer of servicing to the substitute servicer and the holding of the legal title in respect of the Mortgage Loans to the substitute legal title holder (the "**Transfer Costs**") will be paid by the Servicer (other than where appointment of the Servicer is terminated by the Issuer). Where the Servicer fails to pay the Transfer Costs, the Issuer shall pay the Transfer Costs in accordance with the applicable Priority of Payments.

#### **Representations and Warranties of the Servicer**

Pursuant to the terms of the Servicing Agreement, the Servicer will make certain representations and warranties to the Issuer, the Legal Title Holder and the Trustee on the Closing Date. In addition to certain regulatory, corporate and transaction documents representations and warranties, CHL as Servicer will also represent and warrant that the Mortgage Loans have been serviced by CHL since the acquisition of the Mortgage Loans by CER in accordance with the standards of a Prudent Mortgage Servicer and materially in compliance with all Applicable Laws (the "**Historical Servicing Warranty**"). Subject to the terms of the Servicing Agreement, CHL will not be liable for a claim for a breach of the Historical Servicing Warranty unless notice of the breach has been served by the Issuer or the Trustee to the Servicer on or before the date falling 18 months after the earlier of (a) the Closing Date and (b) 31 May 2024.

#### **Indemnities and Liability of the Servicer and the Legal Title Holder**

The Servicer is required 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 the Trustee in respect of any Breach of Duty on the part of the Servicer or any of its subcontractors or delegates in carrying out its functions as Servicer under the Servicing Agreement or the other Transaction Documents to which it is party.

The Issuer is required to, subject to and in accordance with the applicable Priority of Payments, indemnify and hold the Legal Title Holder harmless against any Liabilities (on an after Tax basis) arising out of the Legal Title Holder holding legal title to, or being lender of record for, the Mortgage Loans, the Mortgages and the Related Security or otherwise in connection with the exercise of its powers, obligations, rights and duties under the Transaction Documents, provided that such Liability does not arise from the gross negligence, wilful default or fraud of the Legal Title Holder.

The Issuer is required to, subject to and in accordance with the applicable Priority of Payments, indemnify and hold the Servicer harmless against any Liabilities (on an after Tax basis) arising out of the Servicer acting as servicer of the Mortgage Loans, the Mortgages and the Related Security or otherwise in connection with the exercise of its powers, obligations, rights and duties under the Transaction Documents, provided that such Liability does not arise in respect of any Breach of Duty on the part of the Servicer or any of its subcontractors or delegates in carrying out its functions as Servicer under the Servicing Agreement or the other Transaction Documents to which it is party.



## Servicing

Subject to the terms of the Servicing Agreement and except in respect of wilful default, fraud or gross negligence on the part of the Servicer, the Legal Title Holder or its sub-contractors or delegates, any Liability which cannot be excluded or limited by any Requirement of Law, or any sum which the Servicer holds or should hold on trust for the Issuer and for which the Servicer fails to account to the Issuer, the aggregate combined liability of the Servicer and the Legal Title Holder arising out of or in connection with the Servicing Agreement and/or any other Transaction Document, whether arising in contract, tort (including negligence) or otherwise, shall be limited to £4,500,000.

## CASH MANAGEMENT AND ACCOUNTS

### CASH MANAGEMENT

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 (together with any applicable VAT) monthly 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 UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 7(2) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time)) has requested that the Cash Manager assists the Issuer 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, and then required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the UK Disclosure Templates and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Disclosure Templates, in respect of the Mortgage Portfolio and the Debt 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 Debt including, but not limited to, the ratings of the Debt, amounts paid by the Issuer pursuant to the relevant Priority of Payments, required counterparty information and information about the risk retained, including information on which of the modalities provided for in (i) Article 6(3) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and (ii) Article 6(3) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) have been applied, as provided by the Retention Holder. The monthly Investor Reports will be published by the Servicer on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com) and by the Cash Manager on the Cash Manager's website at <http://www.chlmortgages.co.uk/>. In addition, loan level information will be provided on a monthly basis and published by the Servicer on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com). For the avoidance of doubt, these websites and the contents thereof do not form part of this Offering Circular. 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 the Cash Management 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 (prior to the delivery of an Enforcement Notice) or the Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the Debtholders 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 Facilitator 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 Facilitator) 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 Facilitator) has been appointed.

### **Back-Up Cash Manager Facilitator**

On the Closing Date, the Issuer and the Cash Manager will appoint the Back-Up Cash Manager Facilitator to perform certain back-up cash management services pursuant to the 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 Facilitator of a Cash Manager Termination Notice, the Back-Up Cash Manager Facilitator 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 Facilitator 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 Facilitator's website at [pivot.usbank.com](http://pivot.usbank.com). For the avoidance of doubt, the website and the contents thereof do not form part of this Offering Circular.

## **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 and the Closing Expenses Account.

The Issuer shall cause the following ledgers to be established in respect of the Deposit Account: (i) the Liquidity Reserve Fund Ledger (such ledger recording amounts constituting the Liquidity Reserve Fund) (ii) the Principal Ledger; (iii) the Revenue Ledger; (iv) the Issuer Profit Ledger and (v) 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 Liquidity 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 Accounts held by the Legal Title Holder at the Collection Account Bank, in accordance with the relevant 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.

The Legal Title Holder will declare a trust over the Collection Accounts in favour of the Issuer and itself absolutely as beneficiaries. The Issuer's trust property (the "**Issuer Trust Property**") on any date shall be in an amount equal to the aggregate of the Daily Mortgage Loan Amounts paid into the Collection Accounts from (and including) Closing Date or (as the case may be) the Further Purchase Date to (and including) such date less an amount equal to the payments made by the Servicer (in accordance with the Servicing Agreement) into the Deposit Account from the relevant Collection Account from (and including) the Closing Date or (as the case may be) the Further Purchase Date to (and including) such date. The Legal Title Holder's trust property on any date shall be that which remains (if anything) after deduction of the Issuer Trust Property.

Borrowers are required to make payments by direct debit or cheque unless otherwise agreed. However, direct debits may be returned unpaid after the due date for payment and, under the Direct Debit Indemnity Scheme, a Borrower may make a claim at any time to his or her bank for a refund of direct debit payments. Similarly, cheques may be returned unpaid by the Borrower's bank.

The Collection Account Bank shall be entitled at any time to deduct from amounts standing to the credit of the relevant Collection Account any amounts to satisfy any of its obligations and/or liabilities properly incurred under the Direct Debiting Scheme or in respect of other unpaid sums relating to amounts received in respect of the Mortgage Loans from Borrowers or to pay certain other amounts due or owing to the Collection Account Bank.

The Servicer will be permitted to reclaim from the Deposit Account the corresponding amounts previously credited. If a direct debit is returned unpaid in these circumstances, the usual arrears procedures described in "Servicing– Arrears and default procedures" will be taken.

Certain fees and expenses of the Collection Account Bank will be paid by the Issuer, subject to and in accordance with the applicable Priority of Payments.

### **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

The Debt is an obligation of the Issuer only and will not be the obligation 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 Debtholders, as follows.

### LIQUIDITY SUPPORT

#### Liquidity Support provided by Available Revenue Receipts

It is anticipated that, during the life of the Debt, 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 (5) 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 Debt. 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 Debt 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 item (2) of the Pre-Enforcement Principal Priority of Payments or (prior to the redemption of the Rated Debt 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.

Amounts will also be available to the Class A Debtholders *pro rata* and *pari passu* between the Class A1 Debt and the Class A2 Debt and to the Class B Debtholders if the Most Senior Class, under the Liquidity Facility Agreement and the Liquidity Reserve Fund. See "*Liquidity Facility Agreement and Liquidity Reserve Fund*" below.

#### Liquidity Facility Agreement and 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 and from the Liquidity Facility Replacement Date, the Issuer (or the Cash Manager on its behalf) will establish the Liquidity Reserve Fund. Amounts drawn under the Liquidity Facility prior to an Enforcement Notice and Liquidity Reserve Fund Actual Amounts (on and from the Liquidity Facility Replacement Date) will be available to provide liquidity support for the Class A Debt *pro rata* and *pari passu* between the Class A1 Debt and the Class A2 Debt and to the Class B Debt if the Most Senior Class **provided that** (on any Interest Payment Date) Excess Liquidity Amounts and (on and from the Class B Redemption Date) all amounts standing to the credit of the 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 Liquidity Reserve Fund Actual Amount will be deposited in the Deposit Account (with a corresponding credit being made to the Liquidity Reserve Fund Ledger). Prior to the Liquidity Facility Replacement Date, the Liquidity Reserve Fund Actual Amount will be zero. The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger from time to time in Authorised Investments.

If required, amounts drawn under the Liquidity Facility and, on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, amounts representing the Liquidity Reserve Fund Actual Amount, will be applied by the Cash Manager as Available Revenue Receipts to the extent there is a shortfall to meet (i) prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments, and (ii) following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments, **provided that:**

- (a) on each Interest Payment Date before 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 Debt to cure any PAA Deficit on such Interest Payment Date; and
- (ii) *second*, by application of amounts available under the Liquidity Facility;
- (b) 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 Debt to cure any PAA Deficit on such Interest Payment Date;
  - (ii) *second*, by application of any Liquidity Reserve Fund Actual Amounts ; and
  - (iii) *third*, by application of amounts available under the Liquidity Facility;
- (c) on each Interest Payment Date before the Class B 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
- (d) on each Interest Payment Date on and from the Class B Redemption Date, all amounts standing to the credit of the 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 and from Liquidity Facility Replacement Date up to and including the Class B Redemption Date, the Liquidity Reserve Fund will be funded in accordance with (a) first, items (3)(n) and (4)(n) of the Pre-Enforcement Revenue Priority of Payments; and (b) second, (disregarding for these purposes any Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments, until the amount standing to the credit of the Liquidity Reserve Fund is equal to the Liquidity Reserve Target.

On and from the Liquidity Facility Replacement Date, any amounts credited to the Liquidity Reserve Fund will (disregarding for such purposes, any debit entries made to the 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.

On and following the LF Cancellation Date, the commitment amount under the Liquidity Facility will be zero.

On the Class B Redemption Date, all amounts standing to the credit of the 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.

#### *Liquidity Drawings*

In the event that the Cash Manager determines that there would be a shortfall in Available Revenue Receipts to pay, prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments or, following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments:

- (i) before the Liquidity Facility Replacement Date, after applying any Principal Addition Amounts to cure any PAA Deficit; or
- (ii) on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, after applying any Principal Addition Amounts to cure any PAA Deficit and after taking into account any 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 (or, in the case of a Downgrade Event relating to an S&P rating, a 90-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; and
- (ii)
  - (A) must (in the case of paragraph (a) above, on the condition that (1) 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 (2) 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
  - (B) 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 may 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 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 Debt 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 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 Debt) 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 Debt. The Issuer will repay:

- (a) any Liquidity Drawing on the earliest of: (i) the Interest Payment Date following the last day of the Interest Period for a Liquidity Drawing; (ii) the Final Maturity Date or the date on which an Enforcement Notice is delivered (whichever is the earliest); (iii) the Class B Redemption Date; and (iv) 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: (i) 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); (ii) 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; (iii) the Final Maturity Date or the date on which an Enforcement Notice is delivered (whichever is the earliest); (iv) the Class B Redemption Date; (v) the date on which the Liquidity Facility Required Amount equals zero and the Commitment is cancelled in full; and (vi) 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 Compounded Daily SONIA plus 1.30%, **provided that** if Compounded Daily SONIA is less than zero, Compounded Daily SONIA shall be deemed to be zero.

#### **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 Debt 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 Debt is the Most Senior Class, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments;
- (b) if the Class B Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(d), (4)(a) and 4(d) of the Pre-Enforcement Revenue Priority of Payments;
- (c) if the Class C Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(f), (4)(a) and (4)(f) of the Pre-Enforcement Revenue Priority of Payments;
- (d) if the Class D Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(h), (4)(a) and 4(h) of the Pre-Enforcement Revenue Priority of Payments;
- (e) if the Class E Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(j), (4)(a) and 4(j) of the Pre-Enforcement Revenue Priority of Payments; and
- (f) if the Class F Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(l), (4)(a), and (4)(l) of the Pre-Enforcement Revenue Priority of Payments,

(but disregarding for these purposes, item (d) 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).

## **CREDIT SUPPORT**

### **Principal Deficiency Ledger**

A Principal Deficiency Ledger will be established to record, as a debit, (a) any Losses affecting the Mortgage Loans in the Mortgage Portfolio, (b) any Principal Addition Amounts, and (c) any Available



Principal Receipts applied in accordance with item (2) of the Pre-Enforcement Principal Priority of Payments.

The Principal Deficiency Ledger will comprise sixteen sub-ledgers (one for each Class of NRR Debt other than the Class X Notes and one for each Class of VRR Loan Notes).

Any 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, and any Principal Addition Amounts and amounts of Available Principal Receipts applied in accordance with item (2) 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:*
  - (i) to the Class Z Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes; and
  - (ii) to the Class Z VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above;
- (b) *second:*
  - (i) to the Class F Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; and
  - (ii) to the Class F VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above;
- (c) *third:*
  - (i) to the Class E Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; and
  - (ii) to the Class E VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above;
- (d) *fourth:*
  - (i) to the Class D Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; and
  - (ii) to the Class D VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above;
- (e) *fifth:*
  - (i) to the Class C Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; and
  - (ii) to the Class C VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above;
- (f) *sixth:*
  - (i) to the Class B Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and

- (ii) to the Class B VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above;
- (g) *seventh*:
  - (i) to the Class A2 Notes Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class A2 Notes; and
  - (ii) to the Class A2 VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above; and
- (h) *eighth*:
  - (i) to the Class A1 NRR Debt Principal Deficiency Sub-Ledger, in an amount equal to the NRR Share of any amount to be debited, up to a maximum amount equal to the Principal Amount Outstanding of the Class A1 NRR Debt; and
  - (ii) to the Class A1 VRR Loan Note Principal Deficiency Sub-Ledger, in an amount equal to the VRR Proportion of the amount debited in accordance with (i) above.

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 (3)(b), (c), (e), (g), (i), (k), (m) and (o), (4)(b), (c), (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

## LEDGERS AND PRIORITIES OF PAYMENTS

### 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, as a credit, all Principal Receipts received by the Issuer and, as a debit, the distribution of 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 will record, as a credit, all Revenue Receipts and the proceeds of each Liquidity Drawing and, as a debit, the distribution of 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 **Liquidity Reserve Fund Ledger**, which will record:
  - (i) as a credit, on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, amounts credited to the Liquidity Reserve Fund in accordance with (a) first, items (3)(n) and (4)(n) of the Pre-Enforcement Revenue Priority of Payments; and (b) second, (disregarding for these purposes any Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments, until the amount standing to the credit of the Liquidity Reserve Fund is equal to the Liquidity Reserve Target; and
  - (ii) as a debit, Liquidity Reserve Fund Actual Amounts applied on any Interest Payment Date (prior to service of an Enforcement Notice) to meet any shortfall in amounts due in respect of, prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments and, following the Class A Redemption Date

but prior to the Class B Redemption Date, (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments;

- (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) 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, 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 will 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 standing to the credit of the Issuer Profit Ledger used to discharge any tax liability of the Issuer;
- (f) the **Liquidity Standby Ledger**, which will record, as a credit, Liquidity Standby Drawings and, as a debit, any amount of any Liquidity Standby Drawing:
  - (i) applied as a deemed Liquidity Drawing to meet a shortfall in amounts due in respect of, prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments, and following the Class A Redemption Date but prior to the Class B Redemption Date, (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments, in each case after applying any Principal Addition Amounts in relation to, prior to the Class A Redemption Date, the Class A Debt and, following the Class A Redemption Date but prior to the Class B Redemption Date, the Class B Debt, to cure a PAA Deficit on such Interest Payment Date and after applying any Liquidity Reserve Fund Actual Amounts; or
  - (ii) which is 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;

Balances standing to the credit of the Deposit Account and recorded on the ledgers will accrue interest on an 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, the Issuer has insufficient Available Revenue Receipts to pay the interest on any Class of Debt (other than the Class A Debt) that would otherwise be payable (absent the deferral provisions in respect of the Debt other than the Class A Debt), then the Issuer will be entitled under Condition 8.11 (*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 Debt 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 received during the immediately preceding Collection Period or, if that Collection Period is a Determination Period, Calculated Revenue Receipts (excluding an amount to be applied as Available Principal Receipts in accordance with Condition 8.12 (*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 immediately preceding Collection Period;
  - (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 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, prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments and, following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments. If the LF Cancellation Date has not yet occurred, the 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 Liquidity Reserve Fund Actual Amount in accordance with paragraph (c) above;
  - (e) any amount applied as Available Revenue Receipts in accordance with Condition 8.12 (*Determinations and Reconciliations*);
  - (f) other net income of the Issuer received during the immediately preceding Collection Period (other than any Principal Receipts);
  - (g) any Excess Liquidity Amounts;
- less:
- (h) Permitted Withdrawals.

**"Available Principal Receipts"** means for any Interest Payment Date (without double counting):

- (a) Principal Receipts on the Mortgage Loans received during the immediately preceding Collection Period;
  - (b) amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (3)(b), (c), (e), (g), (i), (k), (m) and (o) and (4)(b), (c), (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
  - (c) any amount to be applied as Available Principal Receipts in accordance with Condition 8.12 (*Determinations and Reconciliations*);
- less:
- (d) the amount of Principal Receipts used during the immediately preceding Collection Period 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**

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. in or towards, *pari passu* and *pro rata* according to the respective amounts thereof:
  - (a) payment of 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;
  - (b) payment of 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 Servicer under the provisions of the Servicing Agreement;
  - (c) payment of any 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 Legal Title Holder under the provisions of the Servicing Agreement;
  - (d) payment of 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 Agent Bank, the Registrar and the Paying Agents under the provisions of the Agency Agreement, together with (if payable) VAT thereon;
  - (e) payment of 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 Agent Bank, the Loan Note Registrar and the Loan Note Paying Agents under the provisions of the Loan Note Agreements, together with (if payable) VAT thereon;
  - (f) payment of 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 Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon;
  - (g) payment of 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 Back-Up Cash Manager Facilitator under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon;
  - (h) payment of 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 Issuer Account Bank under the provisions of the Account Bank Agreement, together with (if payable) VAT thereon;
  - (i) payment of 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 Collection Account Bank under the provisions of the Collection Account Agreement, together with (if payable) VAT thereon;
  - (j) payment of 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 Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon;
  - (k) payment of 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 Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon;
  - (l) payment of any amounts then 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;
- (m) retention by the Issuer of the Issuer Profit Amount and payment of amounts required to discharge any liability of the Issuer for corporation tax (which cannot be met out of amounts retained or previously retained as Issuer Profit Amount);
2. in or towards payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Liquidity Facility Provider under the provisions of the Liquidity Facility Agreement, together with (if payable) VAT thereon (the "**LFP Amount**");
3. in application of the NRR Share of the amount of Available Revenue Proceeds remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (4) below):
- (a) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of:
- (i) the NRR Share of any Class S Certificate Payments due and payable; and
- (ii) interest due and payable on the Class A1 NRR Debt and the Class A2 Notes;
- (b) in or towards credit of the Class A1 NRR Debt Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (c) in or towards credit of the Class A2 Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (d) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class B Notes;
- (e) in or towards credit of the Class B Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (f) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class C Notes;
- (g) in or towards credit of the Class C Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (h) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class D Notes;
- (i) in or towards credit of the Class D Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (j) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class E Notes;
- (k) in or towards credit of the Class E Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (l) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class F Notes;
- (m) in or towards credit of the Class F Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
- (n) on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Target

- (o) in or towards credit of the Class Z Notes Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
4. in application of the VRR Share of the amount of Available Revenue Proceeds remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (3) above):
    - (a) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of:
      - (i) the VRR Share of any Class S Certificate Payments due and payable;
      - (ii) in or towards payment of interest due and payable on the Class A1 VRR Loan Note and the Class A2 VRR Loan Note;
    - (b) in or towards credit of the Class A1 VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (c) in or towards credit of the Class A2 VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (d) in or towards payment of interest due and payable on the Class B VRR Loan Note;
    - (e) in or towards credit of the Class B VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (f) in or towards payment of interest due and payable on the Class C VRR Loan Note;
    - (g) in or towards credit of the Class C VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (h) in or towards payment of interest due and payable on the Class D VRR Loan Note;
    - (i) in or towards credit of the Class D VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (j) in or towards payment of interest due and payable on the Class E VRR Loan Note;
    - (k) in or towards credit of the Class E VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (l) in or towards payment of interest due and payable on the Class F VRR Loan Note;
    - (m) in or towards credit of the Class F VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
    - (n) on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Target;
    - (o) in or towards credit of the Class Z VRR Loan Note Principal Deficiency Sub-Ledger in the amount required to eliminate any debit thereon;
  5. on and from the FORD, as Available Principal Receipts on that Interest Payment Date;
  6. in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, on any Interest Payment Date prior to (but excluding) the FORD, of interest due and payable on the Class X Notes;
  7. in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class X Notes until the Class X Notes have been redeemed in full;

8. in payment, *pari passu* and *pro rata* according to the respective amounts thereof, on any Interest Payment Date prior to (but excluding) the FORD, of any Class RC1 Certificate Payments due and payable and, on any Interest Payment Date following (and including) the FORD, of any Class RC2 Certificate Payments due and payable.

#### **Application of Available 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 Debt and the Class A2 Debt pursuant to items (3)(a) and (b) and (4)(a) and (b) below, the Cash Manager shall first determine and take account of PDL Principal Receipts available to be applied pursuant to items (3)(a) and (4)(a) below:

1. in or towards application as Principal Addition Amounts to meet any PAA Deficit;
2. on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date (disregarding for these purposes any Liquidity Reserve Fund Actual Amounts applied on that or any previous Interest Payment Date), in or towards credit of the Liquidity Reserve Fund in the amount required, when aggregated with all other amounts credited to the Liquidity Reserve Fund pursuant to items (3)(n) and (4)(n) of the Pre-Enforcement Revenue Priority of Payments, to increase the balance of the Liquidity Reserve Fund to the Liquidity Reserve Target;
3. in application of the NRR Share of the amount of Available Principal Receipts remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (4) below):
  - (a) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of:
    - (i) principal on the Class A1 NRR Debt until the Class A1 NRR Debt has been redeemed in full; and
    - (ii) prior to the occurrence of a Class A2 PDL Trigger Event, principal on the Class A2 Notes until the Class A2 Notes have been redeemed in full,

**provided that** at all times any Available Principal Receipts constituting PDL Principal Receipts available for application pursuant to this item (3)(a) shall be applied, first, towards redemption of principal on the Class A1 NRR Debt until the Class A1 NRR Debt has been redeemed in full and, second, towards redemption of principal on the Class A2 Notes until the Class A2 Notes have been redeemed in full;

- (b) following the occurrence of a Class A2 PDL Trigger Event, in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class A2 Notes until the Class A2 Notes have been redeemed in full;
- (c) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class B Notes until the Class B Notes have been redeemed in full;
- (d) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class C Notes until the Class C Notes have been redeemed in full;
- (e) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class D Notes until the Class D Notes have been redeemed in full;



- (f) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class E Notes until the Class E Notes have been redeemed in full;
  - (g) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class F Notes until the Class F Notes have been redeemed in full;
  - (h) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class Z Notes until the Class Z Notes have been redeemed in full;
4. in application of the VRR Share of the amount of Available Principal Receipts remaining available to be applied on that Interest Payment Date after application in accordance with items (1) to (2) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (3) above):
- (a) in or towards redemption of:
    - (i) principal on the Class A1 VRR Loan Note until the Class A1 VRR Loan Note has been redeemed in full; and
    - (ii) prior to the occurrence of a Class A2 PDL Trigger Event, principal on the Class A2 VRR Loan Note until the Class A2 VRR Loan Note has been redeemed in full,

**provided that** at all times any Available Principal Receipts constituting PDL Principal Receipts available for application pursuant to this item (4)(a) shall be applied, first, towards redemption of principal on the Class A1 VRR Loan Note until the Class A1 VRR Loan Note has been redeemed in full and, second, towards redemption of principal on the Class A2 VRR Loan Note until the Class A2 VRR Loan Note has been redeemed in full;
  - (b) following the occurrence of a Class A2 PDL Trigger Event, in or towards redemption of principal on the Class A2 VRR Loan Note until the Class A2 VRR Loan Note has been redeemed in full;
  - (c) in or towards redemption of principal on the Class B VRR Loan Note until the Class B VRR Loan Note has been redeemed in full;
  - (d) in or towards redemption of principal on the Class C VRR Loan Note until the Class C VRR Loan Note has been redeemed in full;
  - (e) in or towards redemption of principal on the Class D VRR Loan Note until the Class D VRR Loan Note has been redeemed in full;
  - (f) in or towards redemption of principal on the Class E VRR Loan Note until the Class E VRR Loan Note has been redeemed in full;
  - (g) in or towards redemption of principal on the Class F VRR Loan Note until the Class F VRR Loan Note has been redeemed in full; and
  - (h) in or towards redemption of principal on the Class Z VRR Loan Note until the Class Z VRR Loan Note has been redeemed in full;
5. as Available Revenue Receipts on that Interest Payment Date.

#### **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, *pari passu* and *pro rata* according to the respective amounts thereof:
  - (a) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Trustee or any Appointee, together with (if payable) VAT thereon; and
  - (b) payment of 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;
  
2. in or towards, *pari passu* and *pro rata* according to the respective amounts thereof:
  - (a) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Agent Bank, the Registrar and the Paying Agents under the provisions of the Agency Agreement, together with (if payable) VAT thereon;
  - (b) payment of 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 Agent Bank, the Loan Note Registrar and the Loan Note Paying Agents under the provisions of the Loan Note Agreements, together with (if payable) VAT thereon;
  - (c) payment of 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 the Servicer under the provisions of the Servicing Agreement;
  - (d) payment of any 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 Legal Title Holder under the provisions of the Servicing Agreement;
  - (e) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon;
  - (f) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Back-Up Cash Manager Facilitator under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon;
  - (g) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable the Issuer Account Bank under the provisions of the Account Bank Agreement, together with (if payable) VAT thereon;
  - (h) payment of 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 the Collection Account Bank under the provisions of the Collection Account Agreement, together with (if payable) VAT thereon;
  - (i) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon;
  - (j) payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon;

3. in or towards payment of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Liquidity Facility Provider under the provisions of the Liquidity Facility Agreement, together with (if payable) VAT thereon;
4. in application of the NRR Share of the amount of available funds remaining available to be applied after application in accordance with items (1) to (3) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (5) below):
  - (a) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof of:
    - (i) of the NRR Share of any Class S Certificate Payments due and payable; and
    - (ii) interest due and payable on the Class A1 NRR Debt;
  - (b) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class A1 NRR Debt until the Class A1 NRR Debt has been redeemed in full;
  - (c) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class A2 Notes
  - (d) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class A2 Notes until the Class A2 Notes have been redeemed in full;
  - (e) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class B Notes;
  - (f) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class B Notes until the Class B Notes have been redeemed in full;
  - (g) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class C Notes;
  - (h) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class C Notes until the Class C Notes have been redeemed in full;
  - (i) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class D Notes;
  - (j) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class D Notes until the Class D Notes have been redeemed in full;
  - (k) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class E Notes;
  - (l) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class E Notes until the Class E Notes have been redeemed in full;
  - (m) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of interest due and payable on the Class F Notes;
  - (n) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class F Notes until the Class F Notes have been redeemed in full;

- (o) in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class Z Notes until the Class Z Notes have been redeemed in full;
- 5. in application of the VRR Share of the amount of available funds remaining available to be applied after application in accordance with items (1) to (3) above in the following order of priority (simultaneously and *pari passu* with amounts to be applied in accordance with item (4) above):
  - (a) in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, of:
    - (i) the VRR Share of any Class S Certificate Payments due and payable; and
    - (ii) in or towards payment of interest due and payable on the Class A1 VRR Loan Note;
  - (b) in or towards redemption of principal on the Class A1 VRR Loan Note until the Class A1 VRR Loan Note has been redeemed in full;
  - (c) in or towards payment of interest due and payable on the Class A2 VRR Loan Note;
  - (d) in or towards redemption of principal on the Class A2 VRR Loan Note until the Class A2 VRR Loan Note has been redeemed in full;
  - (e) in or towards payment of interest due and payable on the Class B VRR Loan Note;
  - (f) in or towards redemption of principal on the Class B VRR Loan Note until the Class B VRR Loan Note has been redeemed in full;
  - (g) in or towards payment of interest due and payable on the Class C VRR Loan Note;
  - (h) in or towards redemption of principal on the Class C VRR Loan Note until the Class C VRR Loan Note has been redeemed in full;
  - (i) in or towards payment of interest due and payable on the Class D VRR Loan Note;
  - (j) in or towards redemption of principal on the Class D VRR Loan Note until the Class D VRR Loan Note has been redeemed in full;
  - (k) in or towards payment of interest due and payable on the Class E VRR Loan Note;
  - (l) in or towards redemption of principal on the Class E VRR Loan Note until the Class E VRR Loan Note has been redeemed in full;
  - (m) in or towards payment of interest due and payable on the Class F VRR Loan Note;
  - (n) in or towards redemption of principal on the Class F VRR Loan Note until the Class F VRR Loan Note has been redeemed in full; and
  - (o) in or towards redemption of principal on the Class Z VRR Loan Note until the Class Z VRR Loan Note has been redeemed in full;
- 6. in or towards payment, *pari passu* and *pro rata* according to the respective amounts thereof, on any Interest Payment Date prior to (but excluding) the FORD, of interest due and payable on the Class X Notes;
- 7. in or towards redemption, *pari passu* and *pro rata* according to the respective amounts thereof, of principal on the Class X Notes until the Class X Notes have been redeemed in full;
- 8. in or towards payment of any amounts then 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;
9. in or towards retention by the Issuer of the Issuer Profit Amount and payment of amounts required to discharge any liability of the Issuer for corporation tax (which cannot be met out of amounts retained or previously retained as Issuer Profit Amount);
  10. in payment, *pari passu* and *pro rata* according to the respective amounts thereof, on any Interest Payment Date prior to (but excluding) the FORD, of any Class RC1 Certificate Payments due and payable and, on any Interest Payment Date following (and including) the FORD, of any Class RC2 Certificate Payments due and payable.

## THE CLASS A1 LOAN NOTE

On the Closing Date, the Issuer will enter into the Class A1 NRR Loan Note Agreement between, among others, the Issuer, the Original Class A1 NRR Loan Note Holder and the Trustee, pursuant to which the Issuer will issue and the Original Class A1 NRR Loan Note Holder will subscribe for the Class A1 NRR Loan Note. The Class A1 NRR Loan Note is not being offered under or pursuant to this Offering Circular and the information in this section is included for information purposes only.

The Class A1 NRR Loan Note issued to the Original Class A1 NRR Loan Note Holder will be denominated in Sterling and will be subscribed in part on the Closing Date in an amount equal to £64,373,000, and in part on the Further Purchase Date in an amount up to £715,627,000.

The Original Class A1 NRR Loan Note Holder will not be obliged to subscribe for the Class A1 NRR Loan Note on the Closing Date unless, among other things, the Original Class A1 NRR Loan Note Holder has received, on or prior to such date, confirmation of a rating of "AAA (sf)" by S&P and "AAA (sf)" by Fitch in respect of the Class A1 NRR Loan Note.

The Class A1 NRR Loan Note Agreement contains the terms of the Class A1 NRR Loan Note. Certain of those terms are summarised in this section.

### Form

The Class A1 NRR Loan Note will be issued in definitive, registered form. The Loan Note Registrar will maintain a Loan Note Register on the Issuer's behalf, in which the Class A1 NRR Loan Note will be registered in the name of the relevant Class A1 NRR Loan Note Holders.

### Status and Security

The obligations of the Issuer in respect of the Class A1 NRR Loan Note constitute direct, secured and limited recourse obligations of the Issuer and rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, and senior to all other Classes of Debt and Certificates (other than the Class S Certificates, which rank *pro rata* and *pari passu* to it in relation to payment of Class S Certificate Payments at all times, the Class A1 Notes, with which it ranks *pro rata* and *pari passu* in relation to payment of interest and principal at all times, and the Class A2 Notes, with which it ranks *pro rata* and *pari passu* in relation to payment of interest and principal prior to the service of an Enforcement Notice and/or the occurrence of a Class A2 PDL Trigger Event, and which it ranks senior to in relation to payment of interest following the service of an Enforcement Notice and in relation to payment of principal following the service of an Enforcement Notice or the occurrence of a Class A2 PDL Trigger Event), as provided in the Trust Deed and the other Transaction Documents.

As security for its obligations under, among other things, the Class A1 NRR Loan Note, the Issuer has granted the Security in favour of the Trustee on trust for itself and the other Secured Creditors (which include the Class A1 NRR Loan Note Holders).

### Transfer

The Class A1 NRR Loan Note Holders may transfer or assign their interests in the Class A1 NRR Loan Note subject to the terms of the Class A1 NRR Loan Note Agreement (which include, in certain cases, obtaining the prior written consent of the Issuer).

### Payments under the Class A1 NRR Loan Note

The Issuer will pay to the Class A1 NRR Loan Note Holders, on each Interest Payment Date or such other date that payments are made to the Debtholders or Certificateholders, the interest, principal and/or any other amounts due and payable to the Class A1 NRR Loan Note Holders on such date pursuant to the Class A1 NRR Loan Note Agreement.

The amount of interest and principal payable to the Class A1 NRR Loan Note Holders is set out in this Offering Circular and any payments of interest and principal will be made subject to the applicable Priority of Payments.

Payments in respect of the Class A1 NRR Loan Note shall be made by transfer (by or on behalf of the Issuer) to the Loan Note Paying Agent under the Class A1 NRR Loan Note Agreement for onward payment by the Loan Note Paying Agent to the accounts specified by the Class A1 NRR Loan Note Holders in accordance with the terms of the Class A1 NRR Loan Note Agreement.

#### *Interest payments*

Interest in respect of the Class A1 NRR Loan Note will be determined in accordance with the Class A1 NRR Loan Note Agreement in a manner that corresponds with the determination of interest in respect of the Notes under Condition 6 (*Interest*) as though references therein to (i) the Class A1 Notes were references to the Class A1 NRR Loan Note, (ii) the Margin were references to the Margin in respect of the Class A1 Notes and (iii) the Step-Up Margin were references to the Step-Up Margin in respect of the Class A1 Notes. On each Interest Payment Date prior to the service of an Enforcement Notice, such interest payments will be made using Available Revenue Receipts available for such purpose in accordance with the Pre-Enforcement Priority of Payments.

#### *Principal repayment*

On each Interest Payment Date prior to the service of an Enforcement Notice, principal repayments shall be made in respect of the Class A1 NRR Loan Note in an amount equal to the Available Revenue Receipts and Available Principal Receipts available for such purpose in accordance with the Pre-Enforcement Priority of Payments. Following the service of an Enforcement Notice, monies will be applied by the Trustee (or the Cash Manager on its behalf) in accordance with the Post-Enforcement Priority of Payments. Any redemption of the Class A1 NRR Loan Notes shall be paid to the Class A1 NRR Loan Note Holders in proportion to its share of the Principal Amount Outstanding of the Class A1 NRR Loan Note, or if the Principal Amount Outstanding of the Class A1 NRR Loan Note is zero, to its share of the Principal Amount Outstanding of the Class A1 NRR Loan Note immediately prior to its reduction to zero.

Unless previously redeemed in full or purchased and cancelled or converted as provided below, the Issuer will repay the Class A1 NRR Loan Note at its Principal Amount Outstanding on the Final Maturity Date.

If the conditions set out in Condition 8 (*Redemption*) are satisfied with respect to the Notes, then on the date on which the Notes are redeemed pursuant thereto, the Issuer will also be required to repay the Class A1 NRR Loan Note in accordance with the terms of the Class A1 NRR Loan Note Agreement.

#### **Conversion to Class A1 Notes**

A Converting Class A1 NRR Loan Note Holder may, on any Interest Payment Date, subject to the terms set out in the Class A1 NRR Loan Note Agreement, the Trust Deed and the Conditions, convert all, or any part in excess of the Minimum Denomination, of the Principal Amount Outstanding of the Class A1 NRR Loan Note held by it (the "**Converted Amount**") into Class A1 Notes by the Issuer issuing further Class A1 Notes to that Converting Class A1 NRR Loan Note Holder (reflected as a Book-Entry Interest in respect of the Class A1 Global Note) in an amount equal to the Converted Amount at a subscription price equal to 100% of the Converted Amount and the Issuer using the proceeds of that issuance to redeem the portion of the Class A1 NRR Loan Note held by that Converting Class A1 NRR Loan Note Holder in an amount equal to the Converted Amount in accordance with Condition 18 (*Conversion of the Class A1 NRR Loan Note*) and the Class A1 NRR Loan Note Agreement (a "**Class A1 Conversion**").

If further Class A1 Notes are issued following a Class A1 Conversion, the Issuer will promptly (a) advise the Central Bank and Euronext Dublin accordingly, (b) procure the publication of a notice of the issue in accordance with Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*), and (c) to the extent required, prepare listing particulars in respect of those Class A1 Notes.

Upon each Class A1 Conversion, the relevant Converted Amount will be reflected as a Book-Entry Interest in respect of the Class A1 Global Note, the Issuer will instruct (a) the Registrar to update the Register to reflect the increase in the Principal Amount Outstanding of the Class A1 Notes and to endorse the Class A1 Global Note with the Principal Amount Outstanding of the Class A1 Notes issued in connection with that Class A1 Conversion, and (b) the Loan Note Registrar to update the Loan Note Register to reflect the reduction in the Principal Amount Outstanding of the Class A1 NRR Loan Note, such that the aggregate Principal Amount Outstanding of the Class A1 Debt shall remain unchanged.

No Class of Debt or Certificates shall have the right to object, or be required to consent, to any Class A1 Conversion, or to any amendment, modification or removal of the right to conduct a Class A1 Conversion as may be agreed by the Class A Debtholders in accordance with the terms of the Class A1 NRR Loan Note Agreement and the Trust Deed.

For the avoidance of doubt, no Class A1 Notes may be converted into any interest in the Class A1 NRR Loan Note.

The cost of any Class A1 Conversion shall be borne by the relevant Converting Class A1 NRR Loan Note Holders.

### **Taxation**

All amounts payable by or on behalf of the Issuer in respect of the Class A1 NRR Loan Note are required to be made without withholding or deduction for, or on account of Tax, unless the Issuer is required by applicable law in any jurisdiction to make any payment in respect of the Class A1 NRR Loan Note subject to any such withholding or deduction. In that event, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to the Class A1 NRR Loan Note Holders in respect of such withholding or deduction on account of Tax.

### **Events of Default**

An Event of Default (as defined in Condition 13 (*Events of Default*)) will also constitute an Event of Default under the Class A1 NRR Loan Note Agreement. Upon the occurrence of an Event of Default and the acceleration of the Issuer's obligations under the Debt pursuant to the terms of Conditions 13 (*Events of Default*) and 14 (*Enforcement*) and/or Certificates Conditions 13 (*Events of Default*) and 14 (*Enforcement*), the Principal Amount Outstanding of the Class A1 NRR Loan Note, together with any accrued interest payable in respect thereof and all other amounts payable by the Issuer under the Class A1 NRR Loan Note Agreement in respect of the Class A1 NRR Loan Note, will immediately become due and payable by the Issuer, subject to and in accordance with the applicable provisions of the Trust Deed and the Deed of Charge.

The rights and remedies following the occurrence of an Event of Default are granted to the Trustee under the Trust Deed and, for the benefit of the Secured Creditors, under the Deed of Charge.

### **Limitations on Enforcement**

No Class A1 NRR Loan Note Holder 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 a reasonable period and such failure shall be continuing.

### **Limited recourse and non-petition**

The parties to the Class A1 NRR Loan Note Agreement will agree that (i) all obligations of the Issuer to such parties in respect of amounts owing to them under the Class A1 NRR Loan Note Agreement are subject to the limited recourse provisions set out in the Deed of Charge and (ii) they will be bound by the non-petition provisions of the Deed of Charge in relation to any steps, actions or proceedings to procure the winding up, administration or liquidation of the Issuer and the taking of any other proceedings in respect of or concerning the Issuer or the Charged Property.

### **Modification and Waiver**

For so long as the Class A1 NRR Loan Note is outstanding, it will (together with any other Class A Debt then outstanding) be the Most Senior Class of Debt. Amendments, waivers or variations to the Transaction Documents may be approved by Class A1 NRR Loan Note Holders in accordance with the terms of the Trust Deed and the Class A1 NRR Loan Note Agreement.



**Indemnity and Reimbursement**

The provisions of the Class A1 NRR Loan Note Agreement provide for the indemnification of the Loan Note Paying Agent, the Loan Note Registrar and the Agent Bank in certain circumstances by the Issuer. Any amount owed by the Issuer pursuant to such indemnity shall only fall due and payable and be satisfied from amounts payable by the Issuer under and in accordance with the applicable Priority of Payments.

**Governing law**

The Class A1 NRR Loan Note Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## THE VRR LOAN NOTES

On the Closing Date, the Issuer will issue the VRR Loan Notes in the following Classes:

<b>Class of VRR Loan Note</b>	<b>Initial Class Principal Amount</b>	<b>Reference Rate</b>	<b>FORD</b>	<b>Margin (per annum)</b>	<b>Step-Up Margin (per annum)</b>	<b>Final Ratings (S&amp;P / Fitch) <sup>(1)</sup></b>	<b>Final Maturity Date</b>
A1	£22,990,000	Compounded Daily SONIA	May 2027	0.85%	1.275%	NR / NR	July 2045
A2	£2,906,000	Compounded Daily SONIA	May 2027	1.10%	1.65%	NR / NR	July 2045
B	£2,906,000	Compounded Daily SONIA	May 2027	1.30%	1.95%	NR / NR	July 2045
C	£2,543,000	Compounded Daily SONIA	May 2027	1.30%	1.95%	NR / NR	July 2045
D	£727,000	Compounded Daily SONIA	May 2027	1.50%	2.25%	NR / NR	July 2045
E	£364,000	Compounded Daily SONIA	May 2027	2.00%	3.00%	NR / NR	July 2045
F	£364,000	Compounded Daily SONIA	May 2027	2.50%	3.50%	NR / NR	July 2045
Z	£2,180,000	Zero Coupon	May 2027	N/A	N/A	NR / NR	July 2045

<sup>(1)</sup> A designation of "NR" means that the Rating Agencies are not expected to rate that Class of Debt as of the Closing Date. The Certificates are not expected to be rated by any Rating Agency.

As at the Closing Date, the initial principal amount of a Class of VRR Loan Notes will be at least equal to:

- (a) in the case of the Class A1 VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class A1 NRR Debt;
- (b) in the case of the Class A2 VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class A2 Notes;
- (c) in the case of the Class B VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class B Notes;
- (d) in the case of the Class C VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class C Notes;
- (e) in the case of the Class D VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class D Notes;
- (f) in the case of the Class E VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class E Notes;
- (g) in the case of the Class F VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class F Notes; and
- (h) in the case of the Class Z VRR Loan Note, the VRR Proportion of the Principal Amount Outstanding of the Class Z Notes.

Accordingly, the initial principal amount of each Class of VRR Loan Notes will be no less than 5% of the product of 100/95 and the initial principal amount of the Class of NRR Debt corresponding to that Class of VRR Loan Notes.

On the Further Purchase Date, the Issuer will subscribe for a further amount up to £37,665,000 under the Class A1 VRR Loan Note.

CSC Capital Markets UK Limited will act as registrar in respect of the VRR Loan Notes and will maintain a register in relation to the VRR Loan Notes to record, among other things, the VRR Loan Note Holders.

A VRR Loan Note Holder will be entitled to receive the VRR Pre-Enforcement Revenue Share, the VRR Pre-Enforcement Principal Share and the VRR Post-Enforcement Share in accordance with the relevant Priority of Payments and the VRR Proportion of any other amounts payable to Noteholders or Certificateholders not otherwise captured above.

The VRR Loan Note Agreement contains the terms of the VRR Loan Notes, which are summarised in this section.

### **Status and Security**

The obligations of the Issuer in respect of the VRR Loan Notes constitute direct, secured and limited recourse obligations of the Issuer.

As security for its obligations under, among other things, the VRR Loan Notes, the Issuer has granted the Security in favour of the Trustee on trust for itself, the VRR Loan Note Holders and the other Secured Creditors.

### **Transfer**

A VRR Loan Note Holder may not transfer or assign its interest in a VRR Loan Note without first obtaining the prior written consent of the Issuer and following the procedures in the VRR Loan Note Agreement.

### **VRR Payment Amounts**

The Issuer will pay to each VRR Loan Note Holder, on each Interest Payment Date or such other date that distributions are made to the Debtholders or Certificateholders, the VRR Proportion of all amounts paid to the NRR Debtholders (collectively, the "**VRR Payment Amounts**"). Such amounts payable in respect of the VRR Loan Note shall consist of the VRR Pre-Enforcement Revenue Payment Amount, the VRR Pre-Enforcement Principal Payment Amount, the VRR Post-Enforcement Payment Amount and any VRR Other Payment Amounts, as applicable (see "*Cashflows*").

A VRR Loan Note Holder shall cease to be entitled to any VRR Payment Amounts from the date of redemption in full (or extinguishment) of all (but not some only) of the Class A1 NRR Debt and the Notes and the cancellation of all of the Certificates. On the date of redemption in full (or extinguishment) of all (but not some only) of the NRR Debt and the cancellation of the Certificates and after the distribution of any monies to the NRR Debtholders and the Certificateholders on such date, the VRR Loan Notes shall be cancelled.

### **Final Repayment of the VRR Loan Notes**

The Issuer shall repay to each VRR Loan Note Holder the outstanding VRR Principal Amount of the VRR Loan Notes held by it in full (together with any Other VRR Payment Amounts then payable) on the date of redemption in full (or extinguishment) of all (but not some only) of the NRR Debt and the cancellation of all of the Certificates. The Issuer may not repay the outstanding VRR Principal Amount in whole or in part prior to such date except as provided in the VRR Loan Note Agreement.

### **Mandatory repayment of the VRR Loan Note**

Unless the outstanding VRR Principal Amount has been previously repaid in full and cancelled, the Issuer shall repay to each VRR Loan Note Holder the outstanding VRR Principal Amount of the VRR Loan Notes held by it:

- (a) on each date on which there is a redemption of the NRR Debt in accordance with the Priorities of Payments, in accordance with the Priorities of Payments; and
- (b) on any date on which there is a redemption of the Class of NRR Debt corresponding to that Class of VRR Loan Notes other than in accordance with the Priorities of Payment, in an amount equal to the VRR Proportion of any principal amount of that Class of NRR Debt redeemed on that date,

(the amounts in paragraphs (a) and (b) being "**VRR Principal Payment Amounts**") together with any Other VRR Payment Amount payable on such date.

#### **Optional repayment for Tax and other reasons**

On any date on which the NRR Debt is redeemed, and the Certificates are cancelled pursuant to Condition 9.4 (*Optional Redemption in whole for taxation reasons*) are satisfied, the Issuer shall repay to the VRR Loan Note Holders the outstanding VRR Principal Amount in full together with any other Other VRR Payment Amount payable on such date.

#### **Regulatory Change Event**

Under the terms of the Deed Poll, the Retention Holder will have the right to acquire the entire beneficial interest of the Issuer in the portfolio upon the occurrence of a Risk Retention Regulatory Change Event (subject to the Mortgage Portfolio Purchase Option Holder's right to exercise the Mortgage Portfolio Purchase Option). See the section entitled "*Early Redemption of the Debt pursuant to the Portfolio Purchase Option, Regulatory Change Event, Optional Redemption for Tax and Other Reasons or Refinancing Option – Optional Redemption in the event of a Regulatory Change Event*" for further details.

#### **VRR Principal Amount**

On any date of determination following the Closing Date, the VRR Principal Amount of a Class of VRR Loan Notes shall be equal to the VRR Principal Amount of that Class on the Closing Date less the aggregate amount of principal repayment made to the VRR Loan Note Holders in respect of that Class of VRR Loan Notes since the Closing Date. Each of the Cash Manager and the VRR Registrar shall keep a record of the VRR Principal Amount of each Class of VRR Loan Notes.

#### **Taxation**

All VRR Payment Amounts payable by or on behalf of the Issuer are required to be made without withholding or deduction for, or on account of Tax, unless the Issuer is required by applicable law in any jurisdiction to make any payment in respect of the VRR Loan Notes subject to any such withholding or deduction. In that event, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to the VRR Loan Note Holders in respect of such withholding or deduction on account of Tax.

#### **Events of Default**

Upon the service of an Enforcement Notice on the Issuer in accordance with the Conditions (see Condition 14 (*Enforcement*)), the Issuer shall be required to repay to the VRR Loan Note Holders the VRR Principal Amount in full together with all other VRR Payment Amounts due in accordance with the Priority of Payments.

The VRR Loan Note Holders will have no separate ability to accelerate amounts owed in respect of the VRR Loan Notes.

#### **Enforcement**

The Trustee may, at any time, at its discretion and without notice, take such action under or in connection with any of the Transaction Documents as it may think fit (including, without limitation, directing the Trustee to take any action under or in connection with any of the Transaction Documents or, after the occurrence of an Event of Default, to take steps to enforce the security constituted by the Deed of Charge), subject to the terms of the Trust Deed, the Conditions and the Certificate Conditions.

The VRR Loan Note Holder will have no separate ability to direct the Trustee in relation to the enforcement of the Security.

#### **Limit on VRR Loan Note Holder action, limited recourse and non-petition**

The VRR Loan Note Holders are not entitled to proceed directly against the Issuer or any other Secured Creditor or any other party to any of the Transaction Documents to seek to enforce the Security or to enforce

the performance of any of the provisions of the Transaction Documents and/or to take proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, except if the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing, provided that the VRR Loan Note Holders shall not be entitled to petition or to take any action or other steps or proceedings to procure the winding-up, administration, dissolution, court protection, examinership, reorganisation, receivership, liquidation, bankruptcy or other insolvency proceeding of the Issuer or for the appointment of a manager, receiver, receiver manager, administrative receiver, trustee, liquidator, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets. Any proceeds received by a VRR Loan Note Holder pursuant to any such proceedings brought by a VRR Loan Note Holder shall be paid promptly following receipt thereof to the Trustee for application pursuant to the Trust Deed.

Notwithstanding any other provision of the Trust Deed, the VRR Loan Note Agreement or any provision of any Transaction Document, all obligations of the Issuer to the VRR Loan Note Holders are limited in recourse to the Charged Property. If on enforcement or realisation of the Charged Property and distribution of the proceeds in accordance with the applicable Priority of Payments there are insufficient amounts available to pay in full amounts outstanding under the VRR Loan Notes, the Debt or the Transaction Documents, none of the VRR Loan Note Holders, the Trustee or the other Secured Creditors may take any further steps against the Issuer in respect of any such amounts and such amounts shall be deemed to be discharged in full and all claims against the Issuer in respect of payment of such amounts will be extinguished and discharged.

Subject to the Trustee's rights and powers under the Deed of Charge, none of the Trustee, the VRR Loan Note Holders or the other Secured Creditors will be entitled to petition or take any action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, receivership, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of an administrator, manager, receiver, receiver manager, examiner, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets, provided that the Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another non-affiliated party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Deed of Charge or the other Transaction Documents.

### **Modification and Waiver**

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Debtholders, 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 is Debt outstanding, the holders of the Most Senior Class of Debt and will not have regard to any lower ranking Class of Debt or the Certificates and (ii) whilst there is no Debt 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 the Debt and Certificates may not have their interests taken into account by the Trustee when the Trustee exercises discretion.

Amendments, waivers or variations to the Transaction Documents may be approved by the VRR Loan Noteholders in accordance with the terms of the Trust Deed and the VRR Loan Note Agreement.

The VRR Loan Noteholders may pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions) by instructing the Loan Note Paying Agent to give consent or direction thereof to the Trustee in writing in respect of the relevant matter to which such resolutions relate.

No Extraordinary Resolution (or Ordinary Resolution), modification, authorisation, waiver or determination which affects any VRR Entrenched Rights shall be effective unless the VRR Loan Noteholders have consented in writing to that Extraordinary Resolution (or Ordinary Resolution), modification, authorisation, waiver or determination.

**Governing Law and Submission to Jurisdiction**

The VRR Loan Note Agreement will be governed by, and shall be construed in accordance with, English law and subject to the jurisdiction of the English courts.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

### General

The Notes of each Class will be represented on issue by a Global Note in fully registered form without interest coupons or principal receipts. Beneficial interests in a 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.

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 Arranger, the Lead Manager 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 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 Global Note will bear a legend substantially identical to that appearing under "*Subscription and Sale – Legends on Global Notes and Global Certificates*"

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 23 (*Notices*) of the Notes.

## DESCRIPTION OF THE CERTIFICATES IN GLOBAL FORM

### General

Each Class of Certificates, as of the Closing Date, are represented by a Global Certificate. The Global Certificates were registered on issue on or around the Closing Date in the name of the Common Safekeeper as nominee for Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the holder of each Global Certificate.

The Global Certificates have an ISIN and a common code and were deposited on or about the Original Closing Date with a Common Safekeeper for Euroclear and Clearstream, Luxembourg and registered in the name of the Common Safekeeper (or a nominee thereof).

Upon confirmation by the Common Safekeeper that it has been issued with the Global Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, recorded the beneficial interests in the Global Certificate (the "**Certificate Book-Entry Interests**") representing beneficial interests in the Certificates attributable thereto.

Ownership of Certificate Book-Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Certificate Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Certificate Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Lead Manager. Ownership of Certificate Book-Entry Interests will be shown on, and transfers of Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Certificate Book-Entry Interests.

So long as the nominee of the Common Safekeeper is the registered holder of the Global Certificate underlying the Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Certificate represented by that Global Certificate for all purposes under the Trust Deed. Except as set out under the section below entitled "*Issuance of Registered Definitive Certificates*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Certificate Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*".

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

Unless and until Certificate Book-Entry Interests are exchanged for Definitive Certificates, the Certificates held by the nominee for the Common Safekeeper may not be transferred except as a whole by that nominee for the Common Safekeeper to a successor nominee for that Common Safekeeper or a nominee of a successor of the Common Safekeeper.

Purchasers of Certificate Book-Entry Interests in a Certificate will hold Certificate Book-Entry Interests in the Certificates relating thereto. Investors may hold their Certificate Book-Entry Interests in respect of a Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Certificate Book-Entry Interests in each Certificate on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

#### **Trading between Euroclear and/or Clearstream, Luxembourg participants**

Secondary market sales of book-entry interests in the certificates held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the certificates 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.

#### **Transfers and Transfer Restrictions**

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Each Global Certificate will bear a legend substantially identical to that appearing under "*Subscription and Sale - Legends on Global Notes and Global Certificates*", and the holder of any Global Certificate or any Book-Entry Interest in such Global Certificate will undertake that it will not transfer such Global Certificates except in compliance with the transfer restrictions set forth in such legend.

#### **Issuance of Registered Definitive Certificates**

Holders of Book-Entry Interests in the Global Certificate will be entitled to receive Certificates in definitive registered form (such exchanged Global Certificates in definitive registered form, "**Registered Definitive Certificates**") in exchange for their respective holdings of Certificate Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business 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 thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Certificates which would not be required were the Certificates in definitive registered form. Any Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Certificate Book-Entry Interests. Holders of Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will not be entitled to exchange such Registered Definitive Certificates for Certificate Book-Entry Interests in such Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Certificate.

### **Payments on Global Certificates**

Payment of amounts due in respect of the Global Certificates will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Certificates.

Each holder of Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or its nominee in respect of those Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Certificate Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**"), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Certificates. The Record Date in respect of the Certificates shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Lead Manager, the Trustee, a Paying Agent, the Cash Manager, the Agent Bank or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Certificate Book-Entry Interests.

### **Information Regarding Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Certificate Book-Entry Interests or if an owner of a Certificate Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Certificate Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

#### **Action in respect of the Global Certificates and the Certificate Book-Entry Interests**

Not later than ten days after receipt by the Issuer of any notice in respect of a Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the Certificateholder of such Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Certificate Book-Entry Interests or the Global Certificates and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book-Entry Interests or the Global Certificates in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

#### **Notices**

The Issuer will send any notices to the Certificateholders 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 (see also Certificate Condition 21 (*Notices*)). The Trustee may in accordance with the Certificate Condition 21.3 (*Other methods of notification*) sanction other methods of giving notice to the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form 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 £372,431,000 Class A1 Mortgage Backed Floating Rate Notes due 2045 (the "**Class A1 Notes**"), the £55,206,000 Class A2 Mortgage Backed Floating Rate Notes due 2045 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**"), the £55,206,000 Class B Mortgage Backed Floating Rate Notes due 2045 (the "**Class B Notes**"), the £48,305,000 Class C Mortgage Backed Floating Rate Notes due 2045 (the "**Class C Notes**"), the £13,801,000 Class D Mortgage Backed Floating Rate Notes due 2045 (the "**Class D Notes**"), the £6,900,000 Class E Mortgage Backed Floating Rate Notes due 2045 (the "**Class E Notes**"), the £6,900,000 Class F Mortgage Backed Floating Rate Notes due 2045 (the "**Class F Notes**" and, together with the Class B Notes, the Class C Notes, the Class D Notes and the Class F Notes, the "**Subordinated Rated Notes**") the £5,000,000 Class X Floating Rate Notes due 2045 (the "**Class X Notes**"), and the Subordinated Rated Notes together with the Class A Notes, the "**Rated Notes**") and the £41,404,000 Class Z Mortgage Backed Notes due 2045 (the "**Class Z Notes**" and, together with the Rated Notes and the Class X Notes, the "**Notes**") will be issued by Auburn 15 plc (registered number 14022326) (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 (in the case of the Scottish Declaration of Trust, with the scheduled redacted) 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, Fifth Floor, 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 Each Class of Notes will initially be represented by a global note certificate in registered form (a "**Global Note**")
- 3.2 The Notes are in fully registered form in the Minimum Denomination for such Notes, without principal receipts, interest coupons or talons 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 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 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 PDL Principal Receipts will 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 8.11 (*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 8.11 (*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 8.11 (*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 8.11 (*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 F Notes constitute direct, secured and (subject to the limited recourse provision in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.11 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class F 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, the Class D Notes and the Class E Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class F 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 Z Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.11 (*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, the Class E Notes and the Class F 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, the Class E Noteholders and the Class F Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Note, Class E Notes and/or Class F Notes remain outstanding).

- (i) The Class X Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 10 (*Limited Recourse and Non-Petition*) and Condition 8.11 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class X 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 F Notes and the Class Z Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class X Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F 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, the Class F Notes and/or the Class Z Notes remain outstanding).
- (j) The Class S Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 9 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer. The Class S Certificates rank *pari passu* without preference or priority among themselves, and *pari passu* and *pro rata* to the Class A Debt, and senior to the interests of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class S Certificateholders will be *pari passu* and *pro rata* to the interests of each of the Class A Debtholders, and senior to the interests of each of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders and the Class X Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class Z Notes and/or Class X Notes remain outstanding).
- (k) The Class RC1 Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 9 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer. The Class RC1 Certificates rank *pari passu* without preference or priority among themselves and with the Class RC2 Certificates in relation to the payment of RC1 Certificate 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 F Notes, the Class Z Notes, the Class X Notes and the Class S Certificates, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class RC1 Certificateholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders, the Class X Noteholders and the Class S Certificateholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class Z Notes and/or Class X Notes remain outstanding and/or any Class S Certificates remain in issue).
- (l) The Class RC2 Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 9 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer. The Class RC2 Certificates rank *pari passu* without preference or priority among themselves and with the Class RC1 Certificates in relation to the payment of RC2 Certificate 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 F Notes, the Class Z Notes, the Class X Notes and the Class S Certificates, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class RC1 Certificateholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders, the Class X Noteholders and the Class S Certificateholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class Z Notes and/or Class X Notes remain outstanding and/or any Class S Certificates remain in issue).
- (m) 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 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.

**8.2 Cessation of Interest**

- (a) The Class X Notes shall cease to bear interest from, and including, the FORD.
- (b) 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:

- (i) 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
- (ii) 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 23 (*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 arrears 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 8.11 (*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 Note Rate 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, 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 **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)*.

#### 8.10 **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.

#### 8.11 **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 8.11 include any Required Interest previously deferred under this Condition 8.11 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 8.11 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 8.11 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 8.11 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 8.11 will not constitute an Event of Default. The provisions of this Condition 8.11 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.

#### 8.12 **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 8.12 *(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 (c). Any (i) calculations properly done on the basis of such estimates in accordance with Conditions (b) and/or (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 (b) and/or (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 (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 8.11 (*Subordination by Deferral*)).

**9.3 Redemption of the Notes in full pursuant to 10 per cent. clean-up call**

The Issuer shall:

- (a) following the exercise of the Mortgage Portfolio Purchase Option by the Mortgage Portfolio Purchase Option Holder where the Mortgage Portfolio Purchase Option is being exercised due to the aggregate of the Principal Amount Outstanding of the Debt on any Calculation Date being equal to or less than 10 per cent. of the Principal Amount Outstanding of all of the Debt as at the Further Purchase Date, on the Mortgage Portfolio Purchase Option Completion Date, using the Mortgage Portfolio Purchase Option Purchase Price received from the Mortgage Portfolio Purchase Option Holder; or
- (b) if the Mortgage Portfolio Purchase Option Holder does not exercise the Mortgage Portfolio Purchase Option in those circumstances during the Interest Period commencing on the Interest Payment Date immediately following that Calculation Date or the two immediately subsequent Interest Periods, following the exercise of the Mortgage Portfolio Purchase Option by the Retention Holder, on the Mortgage Portfolio Purchase Option Completion Date, using the Mortgage Portfolio Purchase Option Purchase Price received from the Retention Holder,

in each case redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with accrued and unpaid interest subject to the following:

- (c) no Enforcement Notice has been delivered by the Trustee;
- (d) 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
- (e) 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 Post-Enforcement 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 (a) and (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 (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 (a) and (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 Retention Holder exercises 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 23 (*Notices*), and (ii) the Trustee, and the Notes will be redeemed at their respective amounts determined in accordance with Condition (b) on the Interest Payment Date immediately following the exercise of such option by the Retention Holder, **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 (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.

**9.6 Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Option or Market Mortgage Portfolio Purchase**

- (a) Following the 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 23 (*Notices*) and Certificate Condition 21 (*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 Notes redeemed pursuant to Condition (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 the 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 9.10 (*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 **Conclusiveness of Certificates and Legal Opinions**

Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) 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.

#### 9.10 **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.

#### 9.11 **Notice irrevocable**

Any such notice as is referred to in Condition 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.10 (*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 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) 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*).

#### 9.12 **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 Debt within seven Business Days following the due date for payment of such principal or, subject to Condition 8.11 (*Subordination by Deferral*), fails to pay any amount of interest in respect of the Class A Debt 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 Debt outstanding; or
- (b) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Debt 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 Debt 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 of Debt outstanding; or
- (b) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Debt 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 Debt, 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 Debtholders of each Class after payment of all other claims ranking in priority to the Debt in accordance with the Post-Enforcement Priority of Payments; or
- (b) the Trustee is of the opinion, which shall be binding on the Debtholders 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 (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 Debt of each Class after payment of all other claims ranking in priority to the Debt 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 (b); and

14.3 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.

#### 14.4 **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**

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 DEBTHOLDERS

### 16.1 Convening

The Trust Deed contains "*Provisions for Meetings of Debtholders*" for convening separate or combined meetings of Debtholders of any Class to consider matters relating to the Debt, 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 Debtholders of only one Class of Debt shall be transacted at a separate meeting of the Debtholders of that Class;
- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the interests of the Debtholders of more than one Class of Debt but does not give rise to an actual or potential conflict of interest between the holders of one Class of Debt and the holders of another Class of Debt shall be transacted either at separate meetings of the Debtholders of each such Class or at a single meeting of the Debtholders of all such Classes of Debt, as the Trustee shall determine in its absolute discretion; and
- (c) an Extraordinary Resolution which in the opinion of the Trustee affects the Debtholders of more than one Class of Debt and gives rise to any conflict of interest, actual or potential between the Debtholders of one Class of Debt and the Debtholders of any other Class of Debt shall be transacted at separate meetings of the Debtholders of each such Class.

### 16.3 Request from Debtholders

A meeting of Debtholders 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 Debtholders of a particular Class holding not less than 10 per cent. in aggregate of the Principal Amount Outstanding of the outstanding Debt of that Class. However, so long as no Event of Default has occurred and is continuing, the Debtholders 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 Debt 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 Debt 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 Debt then outstanding;
- (b) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Debt will be one or more persons holding or representing, in aggregate, more than 50 per cent. of the Principal Amount Outstanding of the outstanding Debt 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 Debt 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 Debtholders) 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 Debt 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 Debt in the relevant Class or Classes.

#### 16.5 **Relationship between Classes**

In relation to each Class of Debt:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one Class of Debt shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Debt (to the extent that there is outstanding Debt in each such other Classes);
- (b) no Extraordinary Resolution of any Class of Debt to approve any matter, other than a Reserved Matter which shall be subject to paragraph (a) above, or a Class S Entrenched Right, a Class RC Entrenched Right or a VRR Entrenched Right which shall be subject to paragraphs (c) and (d) below, shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Debt 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 Debt then outstanding;
- (c) no Extraordinary Resolution involving a Class S Entrenched Right or a Class RC Entrenched Right that is passed by the holders of any class of Debt shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Class S Certificates or the Class RC Certificates respectively;
- (d) no Extraordinary Resolution involving a VRR Entrenched Right that is passed by the holders of any class of Debt shall be effective unless it is consented to in writing by the VRR Loan Noteholders;
- (e) any resolution passed at a Meeting of Debtholders of one or more Classes of Debt duly convened and held in accordance with the Trust Deed shall be binding upon all Debtholders of such Class or Classes, whether or not present at such Meeting and whether or not voting; and
- (f) except in the case of a meeting relating to a Reserved Matter, the VRR Entrenched Rights, the Class S Entrenched Rights or the Class RC Entrenched Rights, any resolution passed at a meeting of the holders of the Most Senior Class of Debt duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Debt.

#### 16.6 **Resolutions in writing**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

### 17. **MODIFICATION AND WAIVER**

#### 17.1 **Modification**

- (a) The Trustee may at any time and from time to time, without the consent or sanction of the Debtholders, 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:
  - (i) 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 and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) which, in the opinion of the Trustee will not be materially prejudicial to the holders of the Most Senior Class outstanding; or

- (ii) 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**, prior to the Liquidity Facility Cancellation Date, 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 Debtholders, 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 and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) 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 Debt 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 requirements of the UK CRA Regulation, the EU CRA Regulation, the UK Securitisation Regulation

(as amended, varied, superseded or substituted from time to time), the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), the US Credit Risk Retention Requirements (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 or for the purposes of clause 26 (*Modification of the Loan Note or this Agreement*) of the Class A1 NRR Loan Note Agreement or clause 25 (*Modification of the Loan Note or this Agreement*) of the VRR Loan Note Agreement, **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 Debt 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 (f) (for the avoidance of doubt, this may include modifications to when the Rate of Interest applicable to any Class of Debt is calculated and/or notified to Debtholders 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 Debtholder 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(i); and
- (ii) the Alternative Reference Rate is any one or more of the following:
- (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 Condition 17.2(f)(ii)(A) nor Condition 17.2(f)(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

- (iii) the same Alternative Reference Rate will be applied to all Classes of Rated Debt; and
- (iv) the details of and the rationale for any Debt Rate Maintenance Adjustment (as defined below) proposed in accordance with item (x)(C) of the proviso to Conditions 17.2(a) to (f) are as set out in the notice to Debtholders 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 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,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above being a "**Modification Certificate**"), **provided that:**

- (vi) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (vii) 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;
- (viii) 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;
- (ix) 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 Debt by such Rating Agency or (y) such Rating Agency placing any Debt 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 Debt by such Rating Agency or (y) such Rating Agency placing any Debt on rating watch negative (or equivalent); and
- (x) 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 Debtholders of each Class of the proposed modification in accordance with Condition 23 (*Notices*), the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement (as applicable) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and Debtholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Debt then outstanding have not contacted the Issuer, the Principal Paying Agent or the Loan Note Paying Agent (as applicable) in writing (or otherwise in accordance with the Class A1 NRR

Loan Note Agreement, the VRR Loan Note Agreement or the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer, the Principal Paying Agent or the Loan Note Paying Agent (as applicable) that such Debtholders do not consent to the modification. In the case of a Reference Rate Modification, the notice to Debtholders given pursuant to this sub-paragraph (x) shall confirm:

- (A) the sub-paragraph(s) of Condition (f) under which the Reference Rate Modification is being proposed; and
- (B) which Alternative Reference Rate is proposed to be adopted pursuant to Condition (g)(ii), and, where Condition (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 Debt 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 Debt had no such Reference Rate Modification been effected (the "**Debt 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 Debt Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the notice to Debtholders the rationale for concluding that this is not a commercial and reasonable approach in relation to the Debt 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 Debt Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the notice to Debtholders the rationale for concluding that this is not a commercial and reasonable approach in relation to the Debt 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 Debt 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 Debtholders the rationale for concluding that this is not a commercial and reasonable approach in relation to the Debt and the proposed Reference Rate Modification; and
  - (4) if any Debt Rate Maintenance Adjustment is proposed, the Debt Rate Maintenance Adjustment applicable to each Class of Debt 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 Debt Rate Maintenance Adjustment on any Class of Debt other than the Most Senior Class than that which is proposed for the Most Senior Class or another Class of Debt which ranks senior to the Class of Debt to which the lower Debt 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 Debtholders*) by the Debtholders of each Class of Debt then outstanding to which the lower Debt Rate Maintenance Adjustment is proposed to be made; and

(5) for the avoidance of doubt, the Debt 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 Debtholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Debt then outstanding have notified the Issuer, the Principal Paying Agent or the Loan Note Paying Agent (as applicable) in writing (or otherwise in accordance with the Class A1 Loan Note Agreement, the VRR Loan Note Agreement, or then current practice of any applicable clearing system through which such Debt may be held (as applicable), 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 Debt then outstanding is passed in favour of such modification in accordance with Condition 16 (*Meetings of Debtholders*).

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 Debtholder's holding of the Debt.

- (g) Notwithstanding anything to the contrary in this Condition 17.2 (*Additional Right of Modification*) or any Transaction Document:
- (i) 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 Debtholders, 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 Debtholders, 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 Conditions.

- (h) Any such modification shall be binding on all Debtholders and shall be notified by the Issuer as soon as reasonably practicable to:
  - (i) so long as any of the Debt rated by the Rating Agencies remains outstanding, each Rating Agency;
  - (ii) the Secured Creditors;
  - (iii) the Debtholders in accordance with Condition 23 (*Notices*), the Class A1 NRR Loan Note Agreement or the VRR Loan Note Agreement (as applicable); and
  - (iv) the Certificateholders in accordance with Certificate Condition 23 (*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 Debt 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, subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights, the Trustee may, without the consent of the Debtholders, 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 is no Debt 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:
  - (i) a Reserved Matter, unless the holders of each Class of outstanding Debt and/or the holders of the Certificates then in issue (as the case may be) in accordance with Condition 16.5 (*Relationship between Classes*), Certificate Condition 15.4 (*Relationship between Noteholders and Certificateholders*) (as applicable), the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement have, by Extraordinary Resolution, so authorised its exercise;
  - (ii) a Class RC Entrenched Right, unless the holders of each Class of Class RC Certificates then in issue in accordance with Certificate Condition 15.4 (*Relationship between Debtholders and Certificateholders*) have, by Extraordinary Resolution, so authorised its exercise;
  - (iii) a Class S Entrenched Right, unless the holders of the Class S Certificates then in issue in accordance with Certificate Condition 15.4 (*Relationship between Debtholders and Certificateholders*) have, by Extraordinary Resolution, so authorised its exercise; or



- (iv) a VRR Entrenched Right, unless it is consented to in writing by the VRR Loan Noteholders.

#### 17.5 Entrenched Rights

- (a) Any modification, authorisation, waiver or determination subject to a Class S Entrenched Right or a Class RC Entrenched Right shall not be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Class S Certificates or the Class RC Certificates respectively.
- (b) Any modification, authorisation, waiver or determination subject to a VRR Entrenched Right shall not be effective unless it is consented to in writing by the VRR Loan Noteholders.

#### 17.6 Notification

Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Debtholders, 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.

#### 17.7 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 Debtholders and the other Secured Creditors.

### 18. CONVERSION OF THE CLASS A1 NRR LOAN NOTE

#### 18.1 Class A1 Conversion

- (a) The Issuer shall, on any Interest Payment Date on request by a Class A1 Loan Noteholder (the "**Converting Class A1 NRR Loan Noteholder**"), subject to the terms set out in the Trust Deed and the Class A1 NRR Loan Note Agreement, convert all, or any part in excess of the Minimum Denomination, of the Principal Amount Outstanding of the Class A1 NRR Loan Note held by the Converting Class A1 NRR Loan Noteholder (the "**Converted Amount**") into Class A1 Notes by the Issuer issuing further Class A1 Notes to the Converting Class A1 NRR Loan Note Holder (reflected as a Book-Entry Interest in respect of the Class A1 Global Note) in an amount equal to the Converted Amount at a subscription price equal to 100% of the Converted Amount and the Issuer using the proceeds of that issuance to redeem the portion of the Class A1 NRR Loan Note held by that Converting Class A1 NRR Loan Note Holder in an amount equal to the Converted Amount in accordance with this Condition 18 and the Class A1 NRR Loan Note Agreement (a "**Class A1 Conversion**").
- (b) The proceeds of any such issuance of further Class A1 Notes shall be applied solely in redemption of the Class A1 NRR Loan Note and will not form part of Available Revenue Receipts or Available Principal Receipts or be applied in accordance with the Priorities of Payments.
- (c) Interest accrued and unpaid on the Class A1 NRR Loan Note (or a portion thereof) from, and including, the Interest Payment Date preceding a Conversion Date (or the Closing Date, if no Interest Payment Date has occurred) to, but excluding, the Conversion Date shall, as of the Conversion Date, be deemed to have been accrued on the corresponding principal amount of the further Class A1 Notes issued to such Converting Class A1 NRR Loan Noteholder in connection with such Class A1 Conversion and, for the avoidance of doubt, from, and including, the Conversion Date, interest shall accrue on such principal amount of the relevant further Class A1 Notes in accordance with these Conditions, **provided that**, with respect to any Class A1 NRR Loan Note (or any portion thereof) not subject to a Class A1 Conversion on that Conversion Date, interest shall continue to

accrue and to be paid to such Class A1 NRR Loan Noteholder in accordance with the terms of the Class A1 NRR Loan Note Agreement and the Trust Deed.

- (d) Holders of Class A1 Notes may not convert any of their interest in the Class A1 Notes into any interest in the Class A1 Loan Note.
- (e) The Issuer shall, following the delivery of a notice of a Class A1 Conversion by a Class A1 NRR Loan Noteholder, be entitled to conduct a Class A1 Conversion without the consent of the Debtholders or Certificateholders.

#### 18.2 **Book-Entry Interests**

Following a Class A1 Conversion, the Issuer shall instruct the Common Safekeeper to make appropriate credit entries to the account of the Converting Class A1 Loan Noteholder (or its custodian) in the relevant Clearing System (as specified in the Conversion Notice) to reflect its holding of the Converted Amount of the Class A1 Notes.

#### 18.3 **Register and Loan Note Register**

Upon each Class A1 Conversion, the Issuer shall instruct (a) the Registrar to update the Register to reflect the increase in the Principal Amount Outstanding of the Class A1 Notes and endorse the Class A1 Global Note with the Principal Amount Outstanding of the Class A1 Notes issued in connection with that Class A1 Conversion, and (b) the Loan Note Registrar to update the Loan Note Register to reflect the reduction in the Principal Amount Outstanding of the Class A1 NRR Loan Note, such that the aggregate Principal Amount Outstanding of the Class A1 Debt shall remain unchanged.

#### 18.4 **Conversion of the whole Class A1 Loan Note**

To the extent that, upon completion of any Class A1 Conversion, the Principal Amount Outstanding of the Class A1 Loan Note is reduced to zero, the provisions in these Conditions relating to the Class A1 Loan Note shall be deemed to be deleted and shall have no further effect, **provided that** any instructions or direction validly given by a Class A1 Loan Noteholder prior to such conversion shall continue to be valid (if applicable).

### 19. **PRESCRIPTION**

#### 19.1 **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.

#### 19.2 **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.

### 20. **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.

### 21. **TRUSTEE AND AGENTS**

#### 21.1 **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.

**21.2 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.

**21.3 Regard to classes of Debtholders**

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 Debtholders as a Class and will not be responsible for any consequence for individual Debtholders 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 Debt and the Certificates, have regard only to the interests of the holders of the Most Senior Class of Debt outstanding and will not have regard to any lower ranking Class of Debt or (following the redemption in full of all Classes of Debt) 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.

**21.4 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.

**21.5 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.

**22. SUBSTITUTION OF ISSUER**

**22.1 Substitution of Issuer**

The Trustee may, without the consent of the Debtholders, 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 Debt, the Certificates and the Secured Amounts.

**22.2 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 Debtholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

22.3 **No indemnity**

No Debtholder 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.

23. **NOTICES**

23.1 **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.

23.2 **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.

24. **NON-RESPONSIVE RATING AGENCY**

24.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Debt 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 Debt will not be reduced, qualified, adversely affected or withdrawn thereby.

24.2 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.

24.3 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 24. 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 Debtholders 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.

## 25. **GOVERNING LAW AND JURISDICTION**

### 25.1 **Governing law**

The Transaction Documents, (other than the Scottish Trust Security, the Scottish Sub Securities, the Scottish Transfers, 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 Security granted in respect of the Northern Irish Mortgage Loans, the Northern Irish Mortgages and Related Security shall be governed and construed in accordance with Northern Irish law. The Scottish Trust Security, the Scottish Declaration of Trust, the Scottish Trust Transfer and any Scottish Transfers and Scottish-Sub Securities are governed by and shall be construed in accordance with, Scots law.

### 25.2 **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 in which they will be set out in the Trust Deed. If the Certificates were to be represented by Definitive Certificates, the Certificate Conditions set out on the reverse of each of such Definitive Certificate would be as follows. While the Certificates are represented by Global Certificates, 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 Certificates. 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 Class S Certificates (the "**Class S Certificates**"), the Class RC1 Certificates (the "**Class RC1 Certificates**") and the Class RC2 Certificates (the "**Class RC2 Certificates**" and, together with the Class S Certificates and the Class RC1 Certificates, the "**Certificates**") will be issued by Auburn 15 plc (registered number 14022326) (the "**Issuer**") on or about the Closing Date.
- 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 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 (in the case of the Scottish Declaration of Trust, with the schedules redacted) 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, Fifth Floor, 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 Certificate 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 Certificate 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 Each Class of Certificates will initially be represented by a global certificate in registered form (a "**Global Certificate**")
- 3.2 The Certificates are in fully registered form, without principal receipts, interest coupons or talons attached.
- 3.3 For so long as any Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in Global Certificates and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank S.A./N.V. or Clearstream Banking, *société anonyme*, as appropriate.

- 3.4 For so long as the Certificates are represented by a Global Certificate, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Certificates shall be tradable only in minimum units of 1 and integral multiples of 1 in excess thereof.
- 3.5 Definitive Certificates will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Certificates, if issued, will be issued in minimum units of 1.
- 3.6 If, while any Notes are represented by a Global Certificate:
- (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 Certificates to Certificateholders whose accounts with the relevant clearing systems are credited with interests in that Global Certificate in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Certificate will not be exchangeable for Definitive Certificates in any other circumstances.

#### 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 Certificates 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

- (a) The Certificates constitute direct, secured and (subject to the limited recourse provision in Certificate Condition 9 (*Limited Recourse and Non-Petition*)) unconditional obligations of the Issuer, and represent the Issuer's obligation to pay any Certificate Payment amounts to the Certificateholders.
- (b) The Class S Certificates rank *pari passu* without preference or priority among themselves, and *pari passu* and *pro rata* to the Class A Debt and senior to the interests of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class S Certificateholders will be *pari passu* and *pro rata* to the interests of each of the Class A Debtholders and senior to the interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders and the Class X Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class Z Notes and/or Class X Notes outstanding).
- (c) The Class RC1 Certificates rank *pari passu* without preference or priority among themselves and with the Class RC2 Certificates in relation to the payment of RC1 Certificate 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 F Notes, the Class Z Notes, the Class X Notes and the Class S Certificates, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class RC1 Certificateholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders, the Class X Noteholders and the Class S Certificateholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class Z Notes and/or Class X Notes remain outstanding and/or any Class S Certificates remain in issue).
- (d) The Class RC2 Certificates rank *pari passu* without preference or priority among themselves and with the Class RC1 Certificates in relation to the payment of RC2 Certificate 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 F Notes, the Class Z Notes, the Class X Notes and the Class S Certificates, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class RC1 Certificateholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders, the Class X Noteholders and the Class S Certificateholders (so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class Z Notes and/or Class X Notes remain outstanding and/or any Class S Certificates remain in issue).

### 5.2 Sole Obligations

The Certificates are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.



5.3 **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 is Debt outstanding, Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*), and (ii) while there is no Debt outstanding and as long as there are Certificates in issue, Certificate Condition 12 (*Certificates Events of Default*) and subject to the matters referred to in Certificate Condition 13 (*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 Debt 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**

(a) The Class S Certificates represents a *pro rata* entitlement to receive:

- (i) on any Interest Payment Date prior to the FORD, zero; and
- (ii) on any Interest Payment Date on and from the FORD, the lesser of:

(A)

- (1) the product of (x) 0.10% per annum of the Current Balance of the Mortgage Loans in the Mortgage Portfolio as at the start of the Collection Period ending immediately prior to that Interest Payment Date, and (y) the number of days in the Interest Period ending on that Interest Payment Date divided by 365, with the total figure rounded down to the nearest £0.01; plus
- (2) the amount (if any) by which the amount calculated in accordance with this paragraph (A) on the immediately preceding Interest Payment Date exceeds the amount under paragraph (B) below on the immediately preceding Interest Payment Date; and

(B) the amount available to be applied in accordance with item (3)(a)(i) of the Pre-Enforcement Revenue Priority of Payments or item (4)(a)(i) of the Post-Enforcement Priority of Payments, as applicable (and, solely for the purposes of calculating the pro rata amount available to be applied in accordance with that item, the amount of any Class S Certificate Payments due and payable on that Interest Payment Deed for the

purposes of that item shall be deemed to be the amount calculated in accordance with paragraph (A) above),

(the "**Class S Certificate Payment**") by way of excess spread generated from the purchase by the Issuer of the Mortgage Portfolio, respectively.

- (b) The Class RC1 Certificates represents a *pro rata* entitlement to receive:
- (i) on any Interest Payment Date prior to the FORD, all amounts remaining available to be applied in accordance with item (8) of the Pre-Enforcement Revenue Priority of Payments or item (10) of the Post-Enforcement Priority of Payments, as applicable; and
  - (ii) on any Interest Payment Date on and from the FORD, zero,

(the "**Class RC1 Certificate Payment**") by way of excess spread generated from the purchase by the Issuer of the Mortgage Portfolio, respectively.

- (c) The Class RC2 Certificates represents a *pro rata* entitlement to receive:
- (i) on any Interest Payment Date prior to the FORD, zero; and
  - (ii) on any Interest Payment Date on and from the FORD, all amounts remaining available to be applied in accordance with item (8) of the Pre-Enforcement Revenue Priority of Payments or item (10) of the Post-Enforcement Priority of Payments, as applicable,

(the "**Class RC2 Certificate Payment**") 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 relevant Class of 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 Payments payable on the immediately following Interest Payment Date and the Certificate Payment Amounts payable in respect of each Class of Certificates on such Interest Payment Date.

## 8.4 **Publication of Certificate Payment and Certificate Payment Amount**

The Cash Manager shall cause the Certificate Payments and Certificate Payment Amounts (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 Payments and Certificate Payment Amounts (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 **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 17.1 (*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 17.1 (*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 17.1 (*Certificate Payments*).

## 9. 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 Debt 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) 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 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 in respect of the Certificates) 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.

## 10. PAYMENTS

### 10.1 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.

### 10.2 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.

### 10.3 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 Certificateholders in respect of such payments.

#### 10.4 **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.

#### 10.5 **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.

#### 10.6 **Cancellation and Reissuance**

The Certificates will be cancelled upon the earliest to occur of (i) the redemption in full of the Debt; and (ii) the Final Discharge Date.

### 11. **TAXATION**

#### 11.1 **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.

#### 11.2 **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.

### 12. **CERTIFICATES EVENTS OF DEFAULT**

#### 12.1 **Certificates Events of Default**

Subject to the other provisions of this Certificate Condition and subject to the Debt 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.

#### 12.2 **Delivery of Enforcement Notice**

If a Certificate Event of Default occurs and is continuing and **provided that** at such time all of the Debt is 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.

#### 12.3 **Conditions to delivery of Enforcement Notice**

Notwithstanding Certificate Condition 12.2 (*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 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 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.

#### 12.4 **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.

### 13. **ENFORCEMENT**

#### 13.1 **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 Debt 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 is Debt 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 Debt then outstanding; or

- (ii) so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Debt outstanding; and
- (b) whilst there is no Debt 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.

### 13.2 **Directions to the Trustee**

If the Trustee shall take any action, step or proceeding described in Certificate Condition 13.1 (*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 Debt is 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 Debtholders; or
- (b) (if the Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of each Class of Debtholders.

### 13.3 **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 Debt or the 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 Debtholders of each Class after payment of all other claims ranking in priority to the Debt in accordance with the Post-Enforcement Priority of Payments; or
- (b) the Trustee is of the opinion, which shall be binding on the Debtholders, 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 (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 Debt of each Class after payment of all other claims ranking in priority to the Debt 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 (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 (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.

13.4 **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.

14. **NO ACTION BY NOTEHOLDERS, CERTIFICATEHOLDERS OR ANY OTHER SECURED CREDITOR**

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.

15. **MEETINGS OF CERTIFICATEHOLDERS**

15.1 **Convening**

The Trust Deed contains "*Provisions for Meetings of Certificateholders*" for convening meetings of Certificateholders to consider matters relating to the Debt 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.

15.2 **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.

15.3 **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.

#### 15.4 **Relationship between Debtholders and Certificateholders**

In relation to each Class of Debt and Certificates:

- (a) subject to paragraph (g) below, no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of any Class of the Certificates shall, to the extent there is Debt outstanding, be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each Class of Debt then outstanding in accordance with Condition 15 (*Meetings of Certificateholders*);
- (b) no Extraordinary Resolution passed by the holders of any Class of the Certificates to approve any matter, other than a Reserved Matter which shall be subject to paragraph (a) above, or a Class S Entrenched Right, a Class RC Entrenched Right or a VRR Entrenched Right which shall be subject to paragraphs (c) and (d) below, shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding in accordance with Condition 16 (*Meetings of Debtholders*) 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 then outstanding;
- (c) no Extraordinary Resolution involving a Class S Entrenched Right or a Class RC Entrenched Right that is passed by the holders of any class of Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Class S Certificates or the Class RC Certificates respectively;
- (d) no Extraordinary Resolution involving a VRR Entrenched Right that is passed by the holders of any class of Certificates shall be effective unless it is consented to in writing by the VRR Loan Noteholders;
- (e) 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;
- (f) except in the case of a meeting relating to a Reserved Matter, a Class S Entrenched Right, a Class RC Entrenched Right or a VRR Entrenched Right, any resolution passed at a meeting of the holders of the Most Senior Class of Debt then outstanding duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Debt and the Certificates; and
- (g) 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 Debt.



15.5 **Resolutions in writing**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

16. **MODIFICATION AND WAIVER**

16.1 **Modification**

The Trustee may at any time and from time to time, without the consent or sanction of the Debtholders, 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 and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) 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.

16.2 **Additional Right of Modification**

Notwithstanding the provisions of Certificate Condition 16.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Debtholders, 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 and subject to the Class S Entrenched Rights, the Class RC Entrenched Rights and the VRR Entrenched Rights) 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 Debt 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 UK CRA Regulation, the EU CRA Regulation, the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), the US Credit Risk Retention Requirements (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 or for the purposes of clause 26 (*Modification of the Loan Note or this Agreement*) of the Class A1 NRR Loan Note Agreement or clause 25 (*Modification of the Loan Note or this Agreement*) of the VRR Loan Note Agreement, **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 Debt (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 Debt 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 (f) (for the avoidance of doubt, this may include modifications to when the Rate of Interest applicable to any Class of Debt is calculated and/or notified to Debtholders 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 Debtholder 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 Debt; or
  - (J) a Reference Rate Modification is being proposed pursuant to Certificate Condition 16.2(f); and

- (ii) the Alternative Reference Rate is any one or more of the following:
  - (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 (A) nor Certificate Condition (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 Debt; and
- (iv) the details of and the rationale for any Debt Rate Maintenance Adjustment (as defined below) proposed in accordance with item (x)(C) of the proviso to Certificate Conditions (a) to (f) are as set out in the notice to Debtholders 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 Debt 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,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above being a "**Modification Certificate**"), **provided that:**

- (vi) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (vii) 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;
- (viii) 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;
- (ix) 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 Debt by such Rating Agency or (y) such Rating Agency placing any Debt 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 Debt by such Rating Agency or (y) such Rating Agency placing any Debt on rating watch negative (or equivalent); and
- (x) 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 21 (*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 (x) shall confirm:
  - (A) the sub-paragraph(s) of Certificate Condition (f) under which the Reference Rate Modification is being proposed; and
  - (B) which Alternative Reference Rate is proposed to be adopted pursuant to Certificate Condition (ii), and, where Certificate Condition (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 Debt 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 Debt 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 Debt 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 16.2 (*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 15 (*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.

- (g) Notwithstanding anything to the contrary in this Certificate Condition 16.2 (*Additional Right of Modification*) or any Transaction Document:
  - (i) when implementing any modification pursuant to this Certificate Condition 16.2 (*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 Debtholders, 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 16.2 (*Additional Right of Modification*) and shall not be liable to the Debtholders, 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 Debt rated by the Rating Agencies remains outstanding, each Rating Agency;
  - (ii) the Secured Creditors;
  - (iii) the Debtholders in accordance with Condition 23 (*Notices*), the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement; and
  - (iv) the Certificateholders in accordance with Certificate Condition 21 (*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 Debt pursuant to a Reference Rate Modification, the Issuer is entitled to propose a further Reference Rate Modification pursuant to this Certificate Condition 16.2 (*Additional Right of Modification*).

#### 16.3 **Waiver**

In addition, the Trustee may, without the consent of the Debtholders, 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.

#### 16.4 **Restriction on power to waive**

The Trustee shall not exercise any powers conferred upon it by Certificate Condition 16.3 (*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:
  - (i) a Reserved Matter, unless the holders of each Class of outstanding Debt and/or the holders of the Certificates then in issue (as the case may be) in accordance with Condition 16.5 (*Relationship between Classes*), Certificate Condition 15.4 (*Relationship between Noteholders and Certificateholders*), the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement (as applicable) have, by Extraordinary Resolution, so authorised its exercise;
  - (ii) a Class RC Entrenched Right, unless the holders of each Class of Class RC Certificates then in issue in accordance with Certificate Condition 15.4 (*Relationship between Debtholders and Certificateholders*) have, by Extraordinary Resolution, so authorised its exercise;
  - (iii) a Class S Entrenched Right, unless the holders of the Class S Certificates then in issue in accordance with Certificate Condition 15.4 (*Relationship between Debtholders and Certificateholders*) have, by Extraordinary Resolution, so authorised its exercise; or
  - (iv) a VRR Entrenched Right, unless it is consented to in writing by the VRR Loan Noteholders.

#### 16.5 **Entrenched Rights**

- (a) Any modification, authorisation, waiver or determination subject to a Class S Entrenched Right or a Class RC Entrenched Right shall not be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Class S Certificates or the Class RC Certificates respectively.
- (b) Any modification, authorisation, waiver or determination subject to a VRR Entrenched Right shall not be effective unless it is consented to in writing by the VRR Loan Noteholders.

#### 16.6 **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 21 (*Notices*) and the Transaction Documents, as soon as practicable after it has been made.

#### 16.7 **Binding Nature**

Any authorisation, waiver, determination or modification referred to in Certificate Condition 16.1 (*Modification*) or Certificate Condition 16.3 (*Waiver*) shall be binding on the Noteholders, the Certificateholders and the other Secured Creditors.

### 17. **PRESCRIPTION**

#### 17.1 **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 17.1, 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 21 (*Notices*).

18. **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.

19. **TRUSTEE AND AGENTS**

19.1 **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 Debtholders 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.

19.2 **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.

19.3 **Regard to Classes of Debtholders**

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 Debt 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 Debt or (following the redemption in full of all Classes of Debt) 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.

19.4 **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.

19.5 **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.



20. **SUBSTITUTION OF ISSUER**

20.1 **Substitution of Issuer**

The Trustee may, without the consent of the Debtholders, 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 Debt, the Certificates and the Secured Amounts.

20.2 **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 Debtholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

20.3 **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.

21. **NOTICES**

21.1 **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.

21.2 **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 Certificate Condition 21.1 (*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.

21.3 **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.

## 22. **GOVERNING LAW AND JURISDICTION**

### 22.1 **Governing law**

The Transaction Documents, (other than the Scottish Trust Security, the Scottish Sub Securities, the Scottish Transfers, 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 Security granted in respect of the Northern Irish Mortgage Loans, the Northern Irish Mortgages and Related Security shall be governed and construed in accordance with Northern Irish law. The Scottish Trust Security, the Scottish Declaration of Trust, the Scottish Trust Transfer and any Scottish Transfers and Scottish Sub Securities are governed by and shall be construed in accordance with, Scots law.

### 22.2 **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.

## 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 United Kingdom tax law as applied in England and Wales and the published practice of HMRC (which may not be binding on HMRC) and, 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 within the meaning of Section 1005 Income Tax Act 2007 for the purposes of section 987 of the Act. 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**

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.

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.

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.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the issuer pursuant to Condition 22 (*Substitution of Issuer*) of the Notes, Certificate Condition 20 (*Substitution of Issuer*) or otherwise and does not consider the tax consequences of any such substitution.

### **United Kingdom Stamp Taxes**

**Provided that** the Issuer is taxed in accordance with Regulation 14 of the TSC Regulations, 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.

## WITHHOLDING OF US TAX ON ACCOUNT OF FATCA

Pursuant to certain provisions of the US 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 US Federal Register. In the preamble to the proposed regulations, the US 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.**

## SUBSCRIPTION AND SALE

The Lead Manager has, pursuant to a subscription agreement dated on or about the Closing Date between the Retention Holder, the Arranger, the Lead Manager 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) £372,431,000 of the Class A1 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A1 Notes;
- (b) £55,206,000 of the Class A2 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A2 Notes;
- (c) £55,206,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
- (d) £48,305,000 of the Class C Notes at the issue price of 99.18 per cent. of the aggregate principal amount of the Class C Notes;
- (e) £13,801,000 of the Class D Notes at the issue price of 97.57 per cent. of the aggregate principal amount of the Class D Notes;
- (f) £6,900,000 of the Class E Notes at the issue price of 96.01 per cent. of the aggregate principal amount of the Class E Notes; and
- (g) £6,900,000 of the Class F Notes at the issue price of 94.76 per cent. of the aggregate principal amount of the Class E Notes.

The Issuer will also issue the Certificates to a nominee of the Seller on the Closing Date.

The Issuer has agreed to indemnify the Retention Holder, the Arranger and the Lead Manager against certain liabilities and to pay certain costs and expenses in connection with the issue of the Debt.

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 and admission to trading on the Global Exchange Market, no action has been taken by the Issuer, the Arranger, the Lead Manager or the Retention Holder which would or has been intended to permit a public offering of the Debt or Certificates, or possession or distribution of this Offering Circular or other offering material relating to the Debt and Certificates, in any country or jurisdiction where action for that purpose is required.

This Offering Circular 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 Debt 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 Debt and the Certificates (including interests therein represented by a Global Note, a Definitive Note, a Global Certificate, a Definitive Certificate or a Book-Entry Interest) 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 Debt or the Certificates or to provide registration rights to any investor therein. The Debt and the Certificates are initially being offered and sold outside the United States to persons other than US Persons pursuant to Regulation S.

The Debt and the Certificates may not be reoffered, resold, pledged or otherwise transferred except, subject to the restrictions on transfer described herein, (a) to a non-US 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 Debt and Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act.

Ownership of interests in Global Notes and Global Certificates 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 US Persons shall not be permitted. Any offers, sales or deliveries of Debt or Certificates to US Persons by an investor holding such Debt or Certificates in the form of Global Notes or Global Certificates may, except as described in "*Description of the Notes in Global Form – Transfers and Transfer Restrictions*", constitute a violation of US law.

Subject to the restrictions applicable to all sales of Debt or Certificates, there is no restriction on the Issuer, the Seller or any of their respective affiliates from purchasing any Debt 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) the Notes and Certificates have not been and will not be registered under the Securities Act or with any the securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S) unless registered or for under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and in each case only in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (b) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that: (i) such Notes have not been registered under the Securities Act; (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above; and (iii) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (c) it understands that the Issuer, the Registrar, the Arranger, the Lead Manager and their affiliates and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained in this section; and
- (d) it is an eligible counterparty or professional client, each as defined in UK MiFIR and EU MiFID II for the purposes of any product governance target market assessment in respect of the Notes or the Certificates.

Each purchaser understands that: (i) the sale of the Notes (including interests therein) to it is being made in reliance on Regulation S; and (ii) the Notes (including interests therein) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A US PERSON (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE NOTES OFFERED AND SOLD BY THE ISSUER ARE NOT DESIGNED TO INVOLVE THE RETENTION BY A SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITISED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE US RISK RETENTION RULES (AS DEFINED BELOW) REGARDING NON-US TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE US RISK RETENTION RULES (AS DEFINED BELOW), AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE ARRANGER, THE LEAD MANAGER OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF BANK OF AMERICA, N.A., LONDON BRANCH (A "**US RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**US RISK RETENTION RULES**"), ANY NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "US PERSON" AS DEFINED IN THE US RISK RETENTION RULES ("**RISK RETENTION US PERSONS**").

PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "US PERSON" IN THE US RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "US PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "U.S PERSONS" UNDER REGULATION S MAY BE US PERSONS UNDER THE US RISK RETENTION RULES. ANY PURCHASER OF THE NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR BENEFICIAL INTEREST THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES REQUIRED, TO MAKE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION US PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF BANK OF AMERICA, N.A., LONDON BRANCH), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE US RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTES OR A BENEFICIAL INTEREST THEREIN THROUGH A NON-RISK RETENTION US PERSON, RATHER THAN A RISK RETENTION US PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION US PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE US RISK RETENTION RULES).

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

#### **United Kingdom**

Each of the Arranger, the Lead Manager 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 Lead Manager and the Issuer has acknowledged that, save for having applied for the admission of the Notes to the Official List and to trading on the Global Exchange Market, no further action has been or will be taken in any jurisdiction by the Arranger, the Lead Manager or the Issuer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Offering Circular 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 Lead Manager and the Issuer 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, US Persons. In addition, the Notes cannot be resold in the United States, or outside of the United States to US Persons, in accordance with the applicable transfer restrictions described herein.



The Arranger, the Lead Manager and the Issuer reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any US Person. Distribution of this Offering Circular to any US Person is unauthorised and prohibited, and any disclosure without the prior written consent of the Issuer of any of its contents to any US Person is prohibited.

## **Ireland**

Each of the Arranger, the Lead Manager and the Issuer has represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes and Certificates, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the "**EU MiFID Regulations**") including without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the EU MiFID Regulations, any applicable codes of conduct or rules and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank, Regulation (EU) No 600/2014, as amended, and delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 of Ireland, as amended;
- (b) it will not underwrite the issue of, or place, the Notes and Certificates otherwise than in conformity with the provisions of the Irish Companies Act 2014, the Central Bank Acts 1942 to 2018 of Ireland, as amended, and any code of conduct or practice or rules made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended, or any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 of Ireland, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes and Certificates otherwise than in conformity with the provisions of the Offering Circular Regulation, as amended, and any delegated acts adopted thereunder, the Finance (Tax Appeals and Offering Circular Regulation) Act 2019 of Ireland, the European Union (Prospectus) Regulations 2019 of Ireland, as amended, and any other Irish prospectus law as defined in the Irish Companies Act, the Central Bank (Investment Market Conduct) Rules 2019 of Ireland, and any other rules made or guidelines issued under Section 1363 of the Irish Companies Act, 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 and Certificates, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU/596/2014), as amended, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland (S.I. No 349 of 2016), as amended, and any Irish market abuse law as defined in those Regulations and the Irish Companies Act and any rules made or guidance issued by the Central Bank of Ireland in connection with the foregoing, including any rules made or guidelines issued by the Central Bank of Ireland under Section 1370 of the Irish Companies Act.

## **Prohibition of Sales to EEA Retail Investors**

Each of the Arranger, the Lead Manager and the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or
- (b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**EU 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.

## **Prohibition of Sales to UK Retail Investors**

Each of the Arranger, the Lead Manager and the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail

investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the EU Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

### **General**

Other than admission of the Notes to the Official List and admission to trading on the Global Exchange Market, no action has been taken by the Issuer, the Arranger, the Lead Manager or the Retention Holder which would or has been intended to permit a public offering of the Debt or Certificates, or possession or distribution of this Offering Circular or other offering material relating to the Debt and Certificates, in any country or jurisdiction where action for that purpose is required.

Accordingly, each of the Arranger, the Lead Manager 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 Global Certificates**

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Global Note and Global 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 US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OR "BLUE SKY" 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 US INVESTMENT COMPANY ACT OF 1940, (THE "**INVESTMENT COMPANY ACT**") AS AMENDED. BY PURCHASING OR OTHERWISE ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH NOTE OR BENEFICIAL INTEREST WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I) IS LOCATED OUTSIDE THE UNITED STATES AND (II) IS NOT A US PERSON WITHIN THE MEANING OF REGULATION S AND IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE IN COMPLIANCE WITH RULE 903 AND 904 OF REGULATION S. NEITHER THIS NOTE NOR A BENEFICIAL INTEREST IN THIS NOTE MAY BE RE-OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN A TRANSACTION IN WHICH THE TRANSFEREE (1) IS LOCATED OUTSIDE THE UNITED STATES AND (2) IS NOT A US PERSON WITHIN THE MEANING OF REGULATION S AND IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST IN THIS NOTE IN COMPLIANCE WITH RULE 903 AND 904 OF REGULATION S.

ANY TRANSFER OF THIS [NOTE][CERTIFICATE] MAY ONLY BE MADE TO A NON-US PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") 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*.

## 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 exchange regulated market will be granted on or about the Closing Date. The Certificates will not be listed.
- (b) The Loan Notes shall not be listed or accepted for clearance through any clearing system. The Class A1 NRR Loan Note (or a portion thereof) may, subject to certain conditions set out in the Class A1 NRR Loan Note Agreement, the Trust Deed and the Conditions be converted on an Interest Payment Date into Class A1 Notes by the Issuer issuing further Class A1 Notes to the Converting Class A1 NRR Loan Note Holder (reflected as a Book-Entry Interest in respect of the Class A1 Global Note) in an amount equal to the Converted Amount at a subscription price equal to 100% of the Converted Amount. Upon any such conversion, the relevant Class A1 Global Note will be updated with the increased Principal Amount Outstanding reflecting such conversion and the ISIN and Common Code of the Class A1 Notes will continue to apply.
- (c) This Offering Circular is valid until the issuance of the Notes. The obligation to prepare a supplement to this Offering Circular in the event of any significant new factor, material mistake or inaccuracy does not apply when the Offering Circular is no longer valid. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Offering Circular after the closing of the offer period or the time when trading of such securities on a regulated market begins, whichever occurs later.
- (d) 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).
- (e) The auditors for the Issuer are MHA, which is a member of the Institute of Chartered Accountants in England and Wales. So long as the Notes are admitted to trading on the Global Exchange 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. The Issuer does not publish interim accounts.
- (f) 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.
- (g) The financial year end of the Issuer is 31 December. The first audited statutory accounts of the Issuer will be prepared for the period from 31 December 2023 to 31 December 2024. The Issuer does not publish interim accounts.
- (h) Since 4 April 2022 (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 Debt and the Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on or about 15 May 2024.
- (k) The following Notes and Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Codes:

Class	ISIN	Common Code
A1 Notes.....	XS2813764540	281376454
A2 Notes.....	XS2813764979	281376497
B Notes.....	XS2813765190	281376519
C Notes.....	XS2813765356	281376535
D Notes.....	XS2813765513	281376551
E Notes.....	XS2813765786	281376578
F Notes.....	XS2813765869	281376586

<b>Class</b>	<b>ISIN</b>	<b>Common Code</b>
Z Notes.....	XS2813766081	281376608
X Notes.....	XS2813766164	281376616
S Certificates.....	XS2813316986	281331698
RC1 Certificates.....	XS2814878257	281487825
RC2 Certificates.....	XS2814878414	281487841

- (l) From the date of this Offering Circular and for so long as the Notes are listed on the Global Exchange Market: (i) copies of the Transaction Documents (in the case of the Scottish Declaration of Trust, with the scheduled redacted) may be inspected online at [www.euroabs.com](http://www.euroabs.com); and (ii) the Memorandum and Articles of Association of the Issuer may be inspected in physical form at the offices of the Issuer at 5 Churchill Place, 10th Floor, Canary Wharf London, E14 5HU, United Kingdom for the life of the transaction set out herein.
- (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, as then required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the UK Disclosure Templates and in accordance with Article 7(1)(e) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Disclosure Templates, in respect of the Mortgage Portfolio and the Notes containing, among other things, 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 (i) Article 6 of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), and (ii) Article 6 of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) as confirmed in each case to the Cash Manager by the Retention Holder.

The monthly Investor Reports will be published by the Servicer on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com) and by the Cash Manager on the Cash Manager's website at <http://www.chlmortgages.co.uk/>. For the avoidance of doubt, these websites and the contents thereof do not form part of this Offering Circular.

In addition, loan level information, in the form of a report as then required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Article 7(1)(a) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time), will be provided on a quarterly basis in the form prescribed under the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and published by the Servicer on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com).

In addition, the Issuer will:

- (i) make available (or procure the availability of) the Transaction Documents required by Article 7(1)(b) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and in accordance with Article 7(1)(b) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time);
- (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 UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and in accordance with Article 7(1)(f) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and any significant event information required by and in accordance with Article 7(1)(g) of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and in accordance with Article 7(1)(g) of the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time); and

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 on the Cash Manager's website at <http://www.chlmortgages.co.uk/> and by the Servicer on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com). For the avoidance of doubt, these websites and the contents thereof do not form part of this Offering Circular.

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 Debt 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 Offering Circular and may be affected by the future performance of such assets backing the issue of the Debt and the Certificates. Investors are advised to review carefully any disclosure in the Offering Circular 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 or to trading on the Global Exchange Market.
- (p) The total expenses to be paid in relation to admission of the Notes to the Official List and trading on the Global Exchange Market are estimated to be approximately €14,340.
- (q) A liability cash flow model relating to the Transaction will be made available on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com) on or around the date on which the first Investor Report is to be published.
- (r) The Issuer's LEI code is 635400AVCSC2I7SWKL40.
- (s) Any website referred to in this document does not form part of the Offering Circular and has not been scrutinised or approved by Euronext Dublin.

## GLOSSARY

"Account Bank Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Issuer Account Bank and the Trustee.
"Accrued Interest"	means, as at any date of determination after the relevant Cut-Off 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> ).
"Affected Investor"	means a UK Affected Investor or an EU Affected Investor.
"Agency Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Agent Bank, the Paying Agents, the Registrar and the Trustee.
"Agents"	means the Agent Bank, the Paying Agents, the Registrar, the Loan Note Paying Agent and the Loan Note Registrar (or any successors duly appointed) and "Agent" means any one of them.
"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 Debt, Compounded Daily SONIA or such other alternative reference rate from time to time pursuant to paragraph (c) of the definition of "Reference Rate".
"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 after the relevant Cut-Off Date, and in relation to any Mortgage Loan, the aggregate of all interest (other than Accrued Interest) on such Mortgage Loan which is currently due, payable and unpaid on that date.
"Auburn 12 Issuer"	means Towd Point Mortgage Funding 2018 – Auburn 12 plc, a company incorporated in England and Wales (registered number 11441744), whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF.
"Auburn 12 Mortgage Portfolio"	means the portfolio of Mortgage Loans, their Related Security and all moneys derived therefrom purchased or to be purchased by the Seller from the Auburn 12 Issuer on or around the Closing Date.
"Auburn 13 Issuer"	means Towd Point Mortgage Funding 2019 – Auburn 13 plc, a company incorporated in England and Wales (registered number 12186738), whose registered office is at 5 Churchill Place, 10th Floor, London E14 5HU.
"Auburn 13 Mortgage Portfolio"	means the portfolio of Mortgage Loans, their Related Security and all moneys derived therefrom purchased or to be purchased by the Seller from the Auburn 13 Issuer on or around the Further Purchase Date.

**"Auburn 14 Issuer"** means Towd Point Mortgage Funding 2020 – Auburn 14 plc, a company incorporated in England and Wales (registered number 12352404), whose registered office is at 5 Churchill Place, 10th Floor, London E14 5HU.

**"Auburn 14 Mortgage Portfolio"** means the portfolio of Mortgage Loans, their Related Security and all moneys derived therefrom purchased or to be purchased by the Seller from the Auburn 14 Issuer on or around the Closing Date.

**"Authorised Investments"** means:

- (a) Sterling gilt-edged securities; and
- (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

**provided that** in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and either:

- (i) such investments (A) have a maturity date of 60 days or less and mature before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 60 days, whichever is sooner, and (C) are rated at least A-1 by S&P and AA- or F1+ by Fitch; 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 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 Debt or any transaction as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 2(4) and 2(10), respectively, of the UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time) and Articles 2(4) and 2(10), respectively, of the EU Securitisation Regulation (as amended, varied, superseded or substituted 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 and 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, and 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 B 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 received during the immediately preceding Collection Period;
- (b) amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (3)(b), (c), (d), (g), (i), (k), (m) and (o) and (4)(b), (c), (e), (g), (i), (k), (m) and (o) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
- (c) any amount to be applied as Available Principal Receipts in accordance with Condition 8.12 (*Determinations and Reconciliation*) and schedule 4 (*Determinations and Reconciliation*) to the Cash Management Agreement;

*less:*

- (d) the amount of Principal Receipts used during the immediately preceding Collection Period 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 received during the immediately preceding Collection Period or, if that Collection Period is a Determination Period, Calculated Revenue Receipts (excluding an amount to be applied as Available Principal Receipts in accordance with Condition 8.12 (*Determinations and Reconciliation*) and schedule 4 (*Determinations and Reconciliation*) to the Cash Management Agreement 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 immediately preceding Collection Period;
- (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 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, prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments and, following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments. If the LF Cancellation Date has not yet occurred, the 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 Liquidity Reserve Fund Actual Amount in accordance with paragraph (c) above);
- (e) any amount applied as Available Revenue Receipts in accordance with Condition 8.12 (*Determinations and Reconciliation*) and schedule 4 (*Determinations and Reconciliation*) to the Cash Management Agreement;
- (f) other net income of the Issuer received during the immediately preceding Collection Period (other than any Principal Receipts);
- (g) any Excess Liquidity Amounts;

less:

- (h) Permitted Withdrawals.

<b>"Bank of England Base Rate" or "BBR"</b>	means the base rate quoted by the Bank of England at the relevant date.
<b>"Basel 3.1"</b>	means the final elements of the Basel III reform package that were approved by the Basel Committee on Banking Supervision in December 2017.
<b>"Basel Committee"</b>	means the Basel Committee on Banking Supervision.
<b>"Basel III"</b>	means the Basel III reform package approved by the Basel Committee on Banking Supervision.
<b>"BofA Securities"</b>	means Merrill Lynch International acting in its capacity as Arranger and Joint Lead Manager.
<b>"Benchmarks Regulation"</b>	means the EU Benchmarks Regulation (Regulation (EU) 2016/1011).
<b>"Benefit"</b>	in respect of any asset, agreement, property or right (each a " <b>Right</b> " 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: <ul style="list-style-type: none"> <li>(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;</li> <li>(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</li> </ul>

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.

**"Borrower"**

means (a) 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, or (b) in relation to the borrower under the Loan Note Agreements, the Issuer.

**"Breach of Duty"**

means:

- (a) in relation to any person (other than the Trustee, the Issuer Account Bank, the Back-Up Cash Manager Facilitator, the Back-Up Servicer Facilitator and the Agents), a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person; and
- (b) in relation to the Trustee, the Issuer Account Bank, the Back-Up Cash Manager Facilitator, the Back-Up Servicer Facilitator and each Agent, a wilful default, fraud or gross negligence by the Trustee, the Issuer Account Bank, the Back-Up Cash Manager Facilitator, the Back-Up Servicer Facilitator 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.

**"Buy to Let Mortgage Loans"**

means mortgage loans originated by CHL which are intended for individual or corporate Borrowers who may be either (a) Self-Certified Borrowers, or (b) 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.
<b>"Calculated Principal Receipts"</b>	means, in respect of any Determination Period, the product of (a) 1 minus the Interest Determination Ratio, and (b) all collections received by the Issuer during such Determination Period.
<b>"Calculated Revenue Receipts"</b>	means, in respect of any Determination Period, as the product of (a) the Interest Determination Ratio, and (b) all collections received by the Issuer during such Determination Period.
<b>"Calculation Date"</b>	means, in relation to an Interest Payment Date, the third Business Day prior to such Interest Payment Date.
<b>"Capital Balance"</b>	means in respect of a Mortgage Loan at any date the principal balance of that Mortgage Loan.
<b>"Capitalised Arrears"</b>	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.
<b>"Capitalised Expenses"</b>	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.
<b>"Cash Management Agreement"</b>	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.
<b>"CCA"</b>	means the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time).
<b>"Certificate Conditions"</b>	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 5 ( <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.
<b>"Certificate of Title"</b>	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.
<b>"Certificate Payment"</b>	means the Class S Certificate Payment, the Class RC1 Certificate Payment or the Class RC2 Certificate Payment.
<b>"Certificate Payment Amount"</b>	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.
<b>"Certificateholders"</b>	means the persons who for the time being are the holders of the Certificates.
<b>"Certificates"</b>	means the Class S Certificates, the Class RC1 Certificates and the Class RC2 Certificates.

<b>"Certificates Event of Default"</b>	means any one of the events specified in Certificate Condition 12 ( <i>Certificates Events of Default</i> ).
<b>"Charged Accounts"</b>	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.
<b>"Charged Property"</b>	means all the property of the Issuer which is subject to the Security.
<b>"Charges"</b>	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.
<b>"Class"</b>	means a respective class of Debt, Notes or Certificates, being: <ul style="list-style-type: none"><li>(a) in respect of the Debt, the Class A Debt, the Class B Debt, the Class C Debt, the Class D Debt, the Class E Debt, the Class F Debt and the Class Z Debt;</li><li>(b) in respect of the Notes, the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class X Notes and the Class Z Notes;</li><li>(c) in respect of the Certificates, the Class S Certificates, the Class RC1 Certificates, and the Class RC2 Certificates; and</li><li>(d) in respect of the VRR Loan Notes, the Class A1 VRR Loan Note, the Class A2 VRR Loan Note, the Class B VRR Loan Note, the Class C VRR Loan Note, the Class D VRR Loan Note, the Class E VRR Loan Note, the Class F VRR Loan Note and the Class Z VRR Loan Note.</li></ul>
<b>"Class A Debt"</b>	means the Class A1 Debt and the Class A2 Debt.
<b>"Class A Debtholders"</b>	means the persons who for the time being are the holders of the Class A Debt or, where the context otherwise requires, the holders of the Class A Debt of a particular Class or Classes as the case may be.
<b>"Class A Notes"</b>	means the Class A1 Notes and the Class A2 Notes.
<b>"Class A Redemption Date"</b>	means the later of the Class A1 Redemption Date and the Class A2 Redemption Date.
<b>"Class A1 Conversion"</b>	has the meaning given to that term in Condition 18 ( <i>Conversion of the Class A1 NRR Loan Note</i> ).
<b>"Class A1 Debt"</b>	means the Class A1 Notes, the Class A1 NRR Loan Note and the Class A1 VRR Loan Note.
<b>"Class A1 Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class A1 Notes.
<b>"Class A1 Noteholders"</b>	means the persons who for the time being are the holders of the Class A1 Notes.
<b>"Class A1 Notes"</b>	means the £372,431,000 Class A1 Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date and any further Class A1 Mortgage Backed Floating Rate Notes due July 2045 issued in accordance with Condition 18 ( <i>Conversion of the Class A1 NRR Loan Note</i> ) or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class A1 NRR Debt"</b>	means the Class A1 Notes and the Class A1 NRR Loan Note.

<b>"Class A1 NRR Debt Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A1 NRR Debt.
<b>"Class A1 NRR Loan Note"</b>	means the up to £780,000,000 Class A1 Mortgage Backed Floating Rate Non-Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date and the Further Purchase Date in accordance with the Class A1 NRR Loan Note Agreement.
<b>"Class A1 NRR Loan Note Agreement"</b>	means the agreement so named dated on or about the Closing Date between among others, the Issuer, the Original Class A1 Loan NRR Noteholder and the Cash Manager, pursuant to which the Class A1 NRR Loan Noteholders will make available to the Issuer a loan note facility in the amount of up to £780,000,000.
<b>"Class A1 NRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class A1 NRR Loan Note.
<b>"Class A1 Redemption Date"</b>	means the date on which the Class A1 Debt is redeemed in full.
<b>"Class A1 VRR Loan Note"</b>	means the up to £60,655,000 Class A1 Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date and the Further Purchase Date in accordance with the Class A1 NRR Loan Note Agreement.
<b>"Class A1 VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A1 VRR Loan Note.
<b>"Class A1 VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class A1 VRR Loan Note.
<b>"Class A2 Debt"</b>	means the Class A2 VRR Loan Note and the Class A2 Notes.
<b>"Class A2 Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class A2 Notes.
<b>"Class A2 Noteholders"</b>	means the persons who for the time being are the holders of the Class A2 Notes.
<b>"Class A2 Notes"</b>	means the £55,206,000 Class A2 Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class A2 Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A2 Notes.
<b>"Class A2 PDL Trigger Event"</b>	means the credit of an amount to the Class A2 Notes Principal Deficiency Sub-Ledger and the Class A2 VRR Loan Note Principal Deficiency Sub-Ledger.
<b>"Class A2 Redemption Date"</b>	means the date on which the Class A2 Debt is redeemed in full.
<b>"Class A2 VRR Loan Note"</b>	means the £2,906,000 Class A2 Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.

<b>"Class A2 VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A2 VRR Loan Note.
<b>"Class A2 VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class A2 VRR Loan Note.
<b>"Class B Debt"</b>	means the Class B Notes and the Class B VRR Loan Note.
<b>"Class B Debtholders"</b>	means the Class B Noteholders and the Class B VRR Loan Noteholders.
<b>"Class B Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class B Notes.
<b>"Class B Noteholders"</b>	means the persons who for the time being are the holders of the Class B Notes.
<b>"Class B Notes"</b>	means the £55,206,000 Class B Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class B Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes.
<b>"Class B Redemption Date"</b>	means the date on which the Class B Debt is redeemed in full.
<b>"Class B VRR Loan Note"</b>	means the £2,906,000 Class B Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.
<b>"Class B VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class B VRR Loan Note.
<b>"Class B VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class B VRR Loan Note.
<b>"Class C Debt"</b>	means the Class C Notes and the Class C VRR Loan Note.
<b>"Class C Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class C Notes.
<b>"Class C Noteholders"</b>	means the persons who for the time being are the holders of the Class C Notes.
<b>"Class C Notes"</b>	means the £48,305,000 Class C Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class C Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class C Notes.
<b>"Class C VRR Loan Note"</b>	means the £2,543,000 Class C Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.
<b>"Class C VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class C VRR Loan Note.

<b>"Class C VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class C VRR Loan Note.
<b>"Class D Debt"</b>	means the Class D Notes and the Class D VRR Loan Note.
<b>"Class D Debtholders"</b>	means the Class D Noteholders and the Class D VRR Loan Noteholders.
<b>"Class D Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class D Notes.
<b>"Class D Noteholders"</b>	means the persons who for the time being are the holders of the Class D Notes.
<b>"Class D Notes"</b>	means the £13,801,000 Class D Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class D Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class D Notes.
<b>"Class D VRR Loan Note"</b>	means the £727,000 Class D Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.
<b>"Class D VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class D VRR Loan Note.
<b>"Class D VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class D VRR Loan Note.
<b>"Class E Debt"</b>	means the Class E Note and the Class E VRR Loan Note.
<b>"Class E Debtholders"</b>	means the Class E Noteholders and the Class E VRR Loan Noteholders.
<b>"Class E Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class E Notes.
<b>"Class E Noteholders"</b>	means the persons who for the time being are the holders of the Class E Notes.
<b>"Class E Notes"</b>	means the £6,900,000 Class E Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class E Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class E Notes.
<b>"Class E VRR Loan Note"</b>	means the £364,000 Class E Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.
<b>"Class E VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class E VRR Loan Note.
<b>"Class E VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class E VRR Loan Note.
<b>"Class F Debt"</b>	means the Class F Note and the Class F VRR Loan Note.

<b>"Class F Debtholders"</b>	means the Class F Noteholders and the Class F VRR Loan Noteholders.
<b>"Class F Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class F Notes.
<b>"Class F Noteholders"</b>	means the persons who for the time being are the holders of the Class F Notes.
<b>"Class F Notes"</b>	means the £6,900,000 Class F Mortgage Backed Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class F Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class F Notes.
<b>"Class F VRR Loan Note"</b>	means the £364,000 Class F Mortgage Backed Floating Rate Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.
<b>"Class F VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class F VRR Loan Note.
<b>"Class F VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class F VRR Loan Note.
<b>"Class RC Certificates"</b>	means the Class RC1 Certificates and Class RC2 Certificates constituted by the Trust Deed.
<b>"Class RC Entrenched Rights"</b>	means any modification or waiver which changes (a) the Class RC1 Certificateholders' and Class RC2 Certificateholders' rights under the Deed Poll, or (b) the definition of "Class RC Entrenched Rights".
<b>"Class RC1 Certificateholders"</b>	means the persons who for the time being are the holders of the Class RC1 Certificates.
<b>"Class RC1 Certificates"</b>	means the Class RC1 Certificates constituted by the Trust Deed.
<b>"Class RC2 Certificateholders"</b>	means the persons who for the time being are the holders of the Class RC2 Certificates.
<b>"Class RC2 Certificates"</b>	means the Class RC2 Certificates constituted by the Trust Deed.
<b>"Class S Certificateholders"</b>	means the persons who for the time being are the holders of the Class S Certificates.
<b>"Class S Certificates"</b>	means the Class S Certificates constituted by the Trust Deed.
<b>"Class S Entrenched Rights"</b>	means any modification or waiver which changes (a) the date of payment of amounts due in respect of the Class S Certificates, (b) the method of calculating the amounts payable in respect of the Class S Certificates, (c) the priority of payments of amounts in respect of the Class S Certificates, (d) the ability of the Class S Certificateholders to benefit from the Liquidity Facility and the Liquidity Reserve Fund Actual Amounts, or (e) the definition of "Class S Entrenched Right".
<b>"Class X Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class X Notes.



<b>"Class X Noteholders"</b>	means the persons who for the time being are holders of the Class X Notes.
<b>"Class X Notes"</b>	means the £5,000,000 Class X Floating Rate Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class Z Debt"</b>	means the Class Z Note and the Class Z VRR Loan Note.
<b>"Class Z Debtholders"</b>	means the Class Z Noteholders and the Class Z VRR Loan Noteholders.
<b>"Class Z Global Note"</b>	means the global note in fully registered form without interest coupons or principal receipts attached, representing the Class Z Notes.
<b>"Class Z Noteholders"</b>	means the persons who for the time being are holders of the Class Z Notes.
<b>"Class Z Notes"</b>	means the £41,404,000 Class Z Mortgage Backed Notes due July 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Notes in definitive or global form.
<b>"Class Z Notes Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes.
<b>"Class Z VRR Loan Note"</b>	means the £2,180,000 Class Z Mortgage Backed Vertical Risk Retention Loan Note due July 2045 issued or due to be issued by the Issuer on the Closing Date in accordance with the VRR Loan Note Agreement.
<b>"Class Z VRR Loan Note Principal Deficiency Sub-Ledger"</b>	means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z VRR Loan Note.
<b>"Class Z VRR Loan Noteholders"</b>	means the persons who for the time being are the holders of the Class Z VRR Loan Note.
<b>"Clean-Up Call Option"</b>	means the option held by the Retention Holder enabling it to require the Issuer to (a) sell and transfer to the Retention Holder or its nominee the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio; (b) transfer to the Retention Holder (or its nominee) the right to legal title to all Mortgage Loans and Related Security in the Mortgage Portfolio; (c) procure that the Legal Title Holder transfers legal title to the Retention Holder or its nominee specified as such in the Exercise Notice; and (d) 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 all Mortgage Loans and Related Security in the Mortgage Portfolio in the Retention Holder or its nominee, in each case subject to the terms and conditions set out in the Deed Poll.
<b>"Clearing System Business Day"</b>	means a day on which each Clearing System for which the Notes are being held is open for business.
<b>"Clearing Systems"</b>	means Clearstream, Luxembourg and Euroclear.
<b>"Clearstream, Luxembourg"</b>	means Clearstream Banking, <i>société anonyme</i> , with offices at 42 Avenue J.F. Kennedy L-1855 Luxembourg.
<b>"Closing Date"</b>	means 17 May 2024, or such other date as the Issuer, the Arranger, the Lead Manager and the Seller may agree.

<b>"Closing Date Expenses"</b>	means any fees, costs and expenses (including any start-up costs and expenses of the Issuer (including, without limitation, any costs of the Rating Agencies or any professional advisers)) incurred in connection with the Transaction, the issuance of the Debt and the Certificates, and the acquisition of the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio.
<b>"CMA"</b>	means the Competition and Market Authority of the United Kingdom.
<b>"CML's Lenders' Handbook"</b>	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.
<b>"Code"</b>	means the US Internal Revenue Code of 1986, as amended.
<b>"Collection Account"</b>	means each account in the name of the Legal Title Holder held with the Collection Account Bank pursuant to the Collection Account Agreement, including any account designated as such in accordance with clause 3.4 ( <i>The Auburn 15 Collection Account</i> ) of the Collection Account Agreement, into which collections are paid by Borrowers from time to time.
<b>"Collection Account Agreement"</b>	means the agreement so named dated on or about the Closing Date between, among others, the Issuer, the Legal Title Holder and the Collection Account Bank in respect of the Collection Accounts.
<b>"Collection Account Bank Rating"</b>	means a long-term, unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&P 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 Debt.
<b>"Collection Account Declaration of Trust"</b>	means the deed so named entered into on or about the Closing Date between, among others, the Issuer, the Legal Title Holder and the Collection Account Bank, whereby the Legal Title Holder declared a trust over the Collection Accounts (including all amounts standing to the credit of the Collection Accounts) in favour of the Issuer.
<b>"Collection Account Trust"</b>	means the trust declared by the Legal Title Holder on or about the Closing Date over the Collection Accounts in favour of, amongst others, the Issuer.
<b>"Collection Period"</b>	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 relevant 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 June 2024).
<b>"Commitment"</b>	means the commitment of the Liquidity Facility Provider under the Liquidity Facility Agreement, to the extent not cancelled, transferred or reduced under the Liquidity Facility Agreement, being, on the date of the Liquidity Facility Agreement and on each Interest Payment Date thereafter, an amount equal to the Liquidity Facility Required Amount.
<b>"Compounded Daily SONIA"</b>	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;

"**d<sub>0</sub>**" means the number of Business Days in the relevant Interest Period;

"**i**" means a series of whole numbers from 1 to  $d_0$ , each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**n<sub>i</sub>**" 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;

"**SONIA<sub>i-5LBD</sub>**" means, in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to the relevant Business Day  $i$ ; and

"**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 FCA's 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 4 (*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.

"**Corporate Services Agreement**" means the agreement so named dated on or about the Closing Date between, amongst others, the Corporate Services Provider and the Issuer.

"**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 Mortgage Loans during the previous Collection Period calculated as follows:

$$1 - ((1 - M)^{12})$$

where "**M**" is:

- (a) the total unscheduled repayment (comprising any proceeds of the repurchase of, or indemnification in respect of, any Mortgage Loan by the Seller pursuant to the Mortgage Sale Agreement, and capital repayments and redemptions from the Borrowers other than those received at the expected term end date of the Mortgage Loan) of the Mortgage Loans in the Mortgage Portfolio received by the Issuer during the immediately preceding Collection Period; divided by
- (b) the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio as at the first day of that Collection Period,

expressed as a percentage.

- "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:
- (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 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 but 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 Debt 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 Debt Rate in relation to such Class of Debt for such Interest Payment Date; and
    - (iii) the Principal Amount Outstanding of such Class of Debt immediately prior to such Interest Payment Date,divided by
  - (b) 365.
- "Cut-off Date"** means:
- (a) in relation to the Mortgage Loans in the Auburn 12 Mortgage Portfolio and Auburn 14 Mortgage Portfolio, 30 April 2024; and
  - (b) in relation to the Mortgage Loans in the Auburn 13 Mortgage Portfolio, 30 June 2024.
- "Data Tape"** means the loan level collateral file as of the Portfolio Reference Date.

<b>"Day Count Fraction"</b>	means, in respect of an Interest Period, the actual number of days in such period divided by 365.
<b>"Debt"</b>	means the Class A1 Notes, the Class A1 NRR Loan Note, the Class A1 VRR Loan Note, the Class A2 Notes, the Class A2 VRR Loan Note, the Class B Notes, the Class B VRR Loan Note, the Class C Notes, the Class C VRR Loan Note, the Class D Notes, the Class D VRR Loan Note, the Class E Notes, the Class E VRR Loan Note, the Class F Notes, the Class F VRR Loan Note, the Class Z Notes, the Class Z VRR Loan Note and the Class X Notes.
<b>"Debt Rate"</b>	for each Interest Period means in respect of each Class of Floating Rate Debt, 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.
<b>"Debtholder"</b>	means the holders of the Debt or, where the context otherwise requires, the holders of Debt of a particular Class or Classes, as the case may be.
<b>"Deed of Charge"</b>	means the deed so named entered into on or about the Closing Date between, amongst others, the Issuer and the Trustee.
<b>"Deed Poll"</b>	means the deed poll dated the Closing Date executed by the Issuer in favour of, among others, the Mortgage Portfolio Purchase Option Holder and the Market Sale Option Holder from time to time.
<b>"Deferred Required Interest"</b>	shall mean any interest deferred pursuant to Condition 8.11(a)( <i>Subordination by Deferral – Interest</i> ).
<b>"Definitive Certificate"</b>	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.
<b>"Definitive Note"</b>	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.
<b>"Deposit Account"</b>	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 in place with the prior consent of the Trustee and designated as such.
<b>"Determination Period"</b>	means a Collection Period in respect of which the Cash Manager does not receive a Servicer Report.
<b>"Direct Debit"</b>	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.
<b>"Direct Debit Liability Amount"</b>	means (a) any amount credited to the relevant Collection Account (including under the Direct Debiting Scheme) which has not been received as cleared funds or has otherwise been recalled, and (b) 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.
<b>"Direct Debiting Scheme"</b>	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.

<b>"Downgrade Event"</b>	occurs if, at any time, the Liquidity Facility Provider fails to maintain any of the LF Provider Ratings.
<b>"Drawings Date"</b>	means the date that the Flexible Drawing is made by the Legal Title Holder or the Servicer to the relevant Borrower.
<b>"EEA"</b>	means the European Economic Area.
<b>"Eligible Product"</b>	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio</i> " in this Offering Circular.
<b>"Encumbrance"</b>	means: <ul style="list-style-type: none"><li>(a) a mortgage, standard security, assignment in security, charge, pledge, lien or other encumbrance securing any obligation of any person;</li><li>(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</li><li>(c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.</li></ul>
<b>"Enforcement Notice"</b>	means a notice delivered by the Trustee to the Issuer in accordance with Condition 13 ( <i>Events of Default</i> ) and/or Certificate Condition 12 ( <i>Certificates Events of Default</i> ) which declares the Debt or, as applicable, the Certificates to be immediately due and payable.
<b>"English Mortgage"</b>	means a first ranking legal charge over freehold or leasehold Properties located in England or Wales which is security for a Mortgage Loan.
<b>"English Mortgage Loan"</b>	means a residential mortgage loan in relation to English Property, secured by a Mortgage and its Related Security, sold or to be sold to the Issuer on the Closing Date or, as the case may be, the Further Purchase Date pursuant to the 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 or, as the case may be, the Further Purchase Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Flexible Drawing made by the Legal Title Holder after the Closing Date or, as the case may be, the Further Purchase 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 Agreement and is no longer beneficially owned by the Issuer.
<b>"English Property"</b>	means a Property located in England or Wales.
<b>"ESMA"</b>	means the European Securities and Markets Authority.
<b>"EU Affected Investor"</b>	means each of EU CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, certain alternative investment fund managers which manage or market alternative investment funds in the EU, EU regulated insurers or reinsurers and certain management companies.
<b>"EU CRA Regulation"</b>	means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

<b>"EU CRD"</b>	means the re-cast Capital Requirements Directive associated with the implementation of Basel III.
<b>"EU CRD IV"</b>	means the EU CRR together with the EU CRD, published in the Official Journal of the European Union on 27 June 2013.
<b>"EU CRR"</b>	means Regulation (EU) No 575/2013 as amended by the EU CRR Amending Regulation
<b>"EU CRR Amending Regulation"</b>	means Regulation (EU) 2017/2402.
<b>"EU PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014 (as amended).
<b>"EU Securitisation Regulation"</b>	means Regulation (EU) 2017/2402 including (a) relevant regulatory and/or implementing technical standards or delegated regulation in relation thereto (including any applicable transitional provisions); and/or (b) any relevant guidance and policy statements in relation thereto published by the European Banking Authority, the ESMA, the European Insurance Occupational Pensions Authority and/or the European Commission (as amended, varied, superseded or substituted from time to time).
<b>"Euroclear"</b>	means Euroclear Bank S.A./N.V., with offices in 1 Boulevard du Roi Albert II B-1210 Brussels, Belgium, and any successor to such business.
<b>"Event of Default"</b>	means any one of the events specified in Condition 13 ( <i>Events of Default</i> ).
<b>"Excess Liquidity Amount"</b>	means, on any Interest Payment Date, the amount (if positive) by which the amount credited to the Liquidity Reserve Fund Ledger, together with the Liquidity Reserve Fund Actual Amount recorded in the Liquidity Reserve Fund Ledger as at the last Interest Payment Date, exceeds the Liquidity Reserve Target.
<b>"Exchange Act"</b>	means the US Securities Exchange Act of 1934, as amended.
<b>"Exchange Date"</b>	means the first day following the expiry of forty days after the Closing Date.
<b>"Exercise Notice"</b>	means a notice to be delivered by the Mortgage Portfolio Purchase Option Holder, the Market Sale Option Holder or the Retention Holder, as applicable, in accordance with the Deed Poll to exercise the Mortgage Portfolio Purchase Option, the Market Sale Option or the Clean-Up Call Option (as applicable).
<b>"Extension Refusal"</b>	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.
<b>"Extraordinary Resolution"</b>	means: (a) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Debtholders and Certificateholders by a majority of not less than 75 per cent. of the votes cast; or (b) a Written Resolution.
<b>"FATCA"</b>	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.
<b>"FATCA withholding"</b>	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 Debt is redeemed in full.
"First Interest Payment Date"	means the Interest Payment Date falling in July 2024.
"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</i> " in this Offering Circular.
"Flexible Drawings Purchase Price"	has the meaning given to it in the section " <i>Sale of the Mortgage Portfolio</i> " in this Offering Circular.
"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, among 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, the Class F Notes and the Class X Notes.
"Floating Rate Debt"	means the Class A1 Debt, the Class A2 Debt, the Class B Debt, the Class C Debt, the Class D Debt, the Class E Debt, Class F Debt and the Class X Notes.
"FORD"	means the first optional redemption date which is the Interest Payment Date falling in May 2027.
"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 Borrower of that Mortgage Loan and which is secured by the same Property as the Mortgage Loan where the Legal Title Holder 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.
<b>"Further Purchase Date"</b>	means 19 July 2024, or such other date as may be notified by the Seller to the Issuer for the sale by the Seller to the Issuer of the Mortgage Loans in the Auburn 13 Mortgage Portfolio and their Related Security.
<b>"Further Purchase Date Expenses"</b>	means any fees, costs and expenses incurred in connection with the acquisition of the Auburn 13 Mortgage Portfolio.
<b>"Further Purchase Price"</b>	means an amount equal to the proceeds of the advances under the Class A1 NRR Loan Note and the Class A1 VRR Loan Note on the Further Purchase Date, less any Further Purchase Date Expenses.
<b>"Global Note"</b>	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 F Global Note, the Class X Global Note or the Class Z Global Note.
<b>"Guarantee"</b>	means a guarantee provided in support of the obligations of a Borrower under a Mortgage Loan.
<b>"Guarantor"</b>	means an individual who has provided a Guarantee in support of the obligations of a Borrower under a Mortgage Loan.
<b>"HMRC"</b>	means His Majesty's Revenue and Customs.
<b>"Incorporated Terms Memorandum"</b>	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.
<b>"Initial Advance"</b>	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).
<b>"Insolvency Event"</b>	means, in relation to a company: <ul style="list-style-type: none"> <li>(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;</li> <li>(b) a moratorium is declared in respect of any indebtedness of such company;</li> <li>(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;</li> <li>(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"> <li>(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;</li> </ul> </li> </ul>

- (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 paragraphs (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 Debt 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:

- (a) in respect of a Note for any Interest Period, the amount of interest calculated under Condition 8.4 (*Calculation of Interest Amount*);
- (b) in respect of a VRR Loan Note for any Interest Period, the amount of interest calculated under clause 9.4 (*Calculation of Interest in relation to the Class A1 VRR Loan Note*) of the VRR Loan Note Agreement; and
- (c) in respect of the Class A1 NRR Loan Note for any Interest Period, the amount of interest calculated under clause 9.4 (*Calculation of Interest in relation to the Class A1 NRR Loan Note*) of the Class A1 NRR Loan Note Agreement,

in each case, on the related Interest Determination Date for such Interest Period by:

- (i) multiplying the Principal Amount Outstanding of such Debt on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Debt Rate; and

- (ii) then multiplying the amount so calculated in paragraph (i) 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 (a) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports or, where there are not at least three previous Servicer Reports, any previous Servicer Reports received in the preceding Collection Periods, divided by (b) 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"** means the 20<sup>th</sup> calendar day of each calendar month, 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 Cash Manager Facilitator, 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, and which will be published by the Servicer on the website of EuroABS at [www.euroabs.com](http://www.euroabs.com) and by the Cash Manager on the Cash Manager's website at <http://www.chlmortgages.co.uk/>.

**"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:

- (a) in the case of S&P, a long-term unsecured and unsubordinated debt or counterparty ratings of at least A; and
- (b) in the case of Fitch, a short term deposit rating of at least F1 or a long term deposit 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 Debt.

<b>"Issuer Accounts"</b>	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.
<b>"Issuer Covenants"</b>	means the covenants of the Issuer set out in schedule 7 ( <i>Issuer Covenants</i> ) to the Incorporated Terms Memorandum.
<b>"Issuer Jurisdiction"</b>	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 22 ( <i>Substitution of Issuer</i> )) is incorporated and/or subject to taxation.
<b>"Issuer Profit Amount"</b>	means £100 on each Interest Payment Date, to be credited to the Deposit Account and retained by the Issuer as profit in respect of the business of the Issuer.
<b>"Issuer Profit Ledger"</b>	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.
<b>"Issuer Trust Share"</b>	means the Issuer's share in the Collection Account Trust at any relevant time.
<b>"Land Registry"</b>	means <ul style="list-style-type: none"><li>(a) in relation to English Properties, the Land Registry of England and Wales;</li><li>(b) in relation to Properties situated in Northern Ireland, the Land Registry of Northern Ireland and/or the Registry of Deeds for Northern Ireland (as the context requires); or</li><li>(c) in relation to Properties situated in Scotland, the Registers of Scotland.</li></ul>
<b>"Latest Valuation"</b>	means, with respect to a Property, the original valuation or, if applicable, the most recent indexed valuation carried out with respect to such Property.
<b>"Legal Title Holder"</b>	means Capital Home Loans Limited (registered number 02174236), a company incorporated in England and Wales whose registered office is at Admiral House, Harlington Way, Fleet, Hampshire GU51 4YA, United Kingdom, in its capacity as legal title holder.
<b>"Legal Title Holder Power of Attorney"</b>	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 Servicing Agreement.
<b>"LF Cancellation Date"</b>	means the earlier of: <ul style="list-style-type: none"><li>(a) LRF Date;</li><li>(b) expiry of the Availability Period; and</li><li>(c) Class B Redemption Date.</li></ul>
<b>"LF Provider Ratings"</b>	means, in respect of the Liquidity Facility Provider: <ul style="list-style-type: none"><li>(a) a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&amp;P; and</li><li>(b) a short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A by Fitch.</li></ul>

<b>"LFP Related Provisions"</b>	means: (a) items (1) to (2), (3)(a), (3)(d), (3)(n), (4)(a), (4)(d) and (4)(n) of the Pre-Enforcement Revenue Priority of Payments; (b) items (1) and (2) of the Pre-Enforcement Principal Priority of Payments; (c) items (1) to (3) of the Post-Enforcement Priority of Payments; or (d) 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.
<b>"Liabilities"</b>	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.
<b>"LIBOR"</b>	means the London Interbank Offered rate for Sterling deposits;
<b>"Life Policies"</b>	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.
<b>"Liquidity Documents"</b>	means: <ul style="list-style-type: none"><li>(a) the Liquidity Facility Agreement;</li><li>(b) the Liquidity Facility Fee Letter;</li><li>(c) a Transfer Certificate; and</li><li>(d) any other document designated as such by the Liquidity Facility Provider, the Trustee and the Issuer.</li></ul>
<b>"Liquidity Drawing"</b>	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 Liquidity Reserve Fund Actual Amounts available for application) to pay, prior to the Class A Redemption Date, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments and, following the Class A Redemption Date but prior to the Class B Redemption Date, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments, without double-counting.
<b>"Liquidity Facility"</b>	means the liquidity facility made available by the Liquidity Facility Provider to the Issuer pursuant to the terms of the Liquidity Facility Agreement.
<b>"Liquidity Facility Agreement"</b>	means the agreement so named dated on or about the Closing Date between, among others, the Liquidity Facility Provider, the Issuer and the Cash Manager.
<b>"Liquidity Facility Event of Default"</b>	means an event of default as specified under the Liquidity Facility Agreement.
<b>"Liquidity Facility Fee Letter"</b>	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.
<b>"Liquidity Facility Replacement Date"</b>	means the Interest Payment Date falling in May 2029, which is the fifty-ninth (59 <sup>th</sup> ) Interest Payment Date.

<b>"Liquidity Facility Required Amount"</b>	means: <ul style="list-style-type: none"><li>(a) prior to the Liquidity Facility Replacement Date, the Liquidity Reserve Target; or</li><li>(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 Liquidity Reserve Fund Ledger on the current Interest Payment Date and all prior Interest Payment Dates (disregarding any debit entries made to the Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date),</li></ul> <p><b>provided that</b> if the Liquidity Facility Required Amount is less than zero, it shall be deemed to be zero.</p>
<b>"Liquidity Facility Undrawn Amount"</b>	means the excess of (a) Liquidity Facility Required Amount, over (b) the amount drawn under the Liquidity Facility.
<b>"Liquidity Reserve Fund"</b>	means a fund which comprises any Liquidity Reserve Fund Actual Amounts.
<b>"Liquidity Reserve Fund Actual Amount"</b>	means on and from the Liquidity Facility Replacement Date up to and including the Class B Redemption Date, the lesser of (A) the Liquidity Reserve Target; and (B) the amount available to be credited to the Liquidity Reserve Fund on that date in accordance with (x) first, item (3)(n) and item (4)(n) of the Pre-Enforcement Revenue Priority of Payment; and (y) second, (disregarding for these purposes any Liquidity Reserve Fund Actual Amount applied on that or any previous Interest Payment Date) item (2) of the Pre-Enforcement Principal Priority of Payments.
<b>"Liquidity Reserve Fund Ledger"</b>	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.
<b>"Liquidity Reserve Target"</b>	means: <ul style="list-style-type: none"><li>(a) on the Closing Date, an amount equal to 1.70 per cent. of the greater of (i) the aggregate Principal Amount Outstanding of the Class A Debt as at the Closing Date, and (ii) the aggregate Principal Amount Outstanding of the Class B Debt as at the Closing Date;</li><li>(b) on any Interest Payment Date up to (but excluding) the Class B Redemption Date, an amount equal to 1.70 per cent. of the greater of (i) the aggregate Principal Amount Outstanding of the Class A Debt as at the immediately preceding Interest Payment Date, and (ii) the aggregate Principal Amount Outstanding of the Class B Debt as at the immediately preceding Interest Payment Date; and</li><li>(c) thereafter, zero.</li></ul>
<b>"Liquidity Standby Drawing"</b>	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.
<b>"Liquidity Standby Ledger"</b>	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.
<b>"Loan Note Agreements"</b>	means the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement.

<b>"Loan Note Paying Agent"</b>	means U.S. Bank Global Corporate Trust Limited (registered number 05521133), a company incorporated in England and Wales, whose registered office is at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom, in its capacities as loan note paying agent under the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement, as the context may require.
<b>"Loan Note Registrar"</b>	means U.S. Bank Global Corporate Trust Limited (registered number 05521133), a company incorporated in England and Wales, whose registered office is at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom, in its capacities as loan note registrar under the Class A1 NRR Loan Note Agreement and the VRR Loan Note Agreement, as the context may require.
<b>"Loan Noteholders"</b>	means the Class A1 NRR Loan Noteholders, Class A1 VRR Loan Noteholders, Class A2 VRR Loan Noteholders, Class B VRR Loan Noteholders, Class C VRR Loan Noteholders, Class D VRR Loan Noteholders and the Class E VRR Loan Noteholders, the Class F VRR Loan Noteholders and the Class Z VRR Loan Noteholders.
<b>"Loan Notes"</b>	means the Class A1 NRR Loan Note, Class A1 VRR Loan Note, Class A2 VRR Loan Note, Class B VRR Loan Note, Class C VRR Loan Note, Class D VRR Loan Note and the Class E VRR Loan Note, the Class F VRR Loan Note and the Class Z VRR Loan Note.
<b>"Losses"</b>	<p>means the aggregate of:</p> <ul style="list-style-type: none"><li>(a) all realised losses (to the extent not already fully compensated for in accordance with the terms of the Mortgage Sale Agreement) on the Mortgage Loans which are not recovered from the proceeds following the sale of the Property to which such Mortgage Loan relates; and</li><li>(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 Agreement,</li></ul> <p>other than to the extent such amounts arise in relation to a Shortfall Loan.</p>
<b>"LRF Date"</b>	means the first Interest Payment Date on or after the Liquidity Facility Replacement Date on which the aggregate of all amounts credited to the Liquidity Reserve Fund Ledger on such Interest Payment Date and all prior Interest Payment Dates (disregarding any debit entries made to the Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date) is equal to or greater than the Liquidity Reserve Target.
<b>"LTL"</b>	means loan to total lend ratio.
<b>"LTV"</b>	means loan to value ratio.
<b>"Margin"</b>	<p>means the respective margin per annum as set out below:</p> <ul style="list-style-type: none"><li>(a) for the Class A1 Debt, 0.85 per cent per annum;</li><li>(b) for the Class A2 Debt, 1.10 per cent per annum;</li><li>(c) for the Class B Debt, 1.30 per cent per annum;</li><li>(d) for the Class C Debt, 1.30 per cent per annum;</li><li>(e) for the Class D Debt, 1.50 per cent per annum;</li><li>(f) for the Class E Debt, 2.00 per cent per annum;</li></ul>

- (g) for the Class F Debt, 2.50 per cent per annum; and
- (h) for the Class X Notes (until and excluding the FORD), 2.00 per cent per annum.

**"Market Mortgage Portfolio Purchase"** means, in the event that the Mortgage Portfolio Purchase Option Holder does not elect to exercise the Mortgage Portfolio Purchase Option, the sale of the Mortgage Portfolio resulting from the Market Sale Option Holder directing a sale of the Mortgage Portfolio by directing the Issuer to appoint the Seller 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 Option"** means an option held by the 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 the holder of more than 50 per cent. of the Class RC2 Certificates from time to time (or any entity or entities representing more than 50 per cent. of the Class RC2 Certificates from time to time).

**"Material Adverse Effect"** means, as the context specifies:

- (a) a material adverse effect on the validity or enforceability of any of the Transaction Documents;
- (b) in respect of a Transaction Party, a material adverse effect on:
  - (i) the business, operations, assets, property, condition (financial or otherwise) or prospects of such Transaction Party;
  - (ii) the ability of such Transaction Party to perform its obligations under any of the Transaction Documents;
  - (iii) the rights or remedies of such Transaction Party under any of the Transaction Documents;
- (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
- (d) a material adverse effect on the validity or enforceability of any of the Debt.

**"MHA"** MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

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

**"Meeting"** means (i) a meeting of Debtholders 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.



<b>"Minimum Denomination"</b>	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, £100,000 and integral multiples of £1,000 in excess thereof.
<b>"Minimum Mortgage Portfolio Sale Price"</b>	shall be equal to an amount not less than: <ul style="list-style-type: none"><li>(a) the aggregate Principal Amount Outstanding of the Debt 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; plus</li><li>(b) any fees, costs, amounts and expenses of the Issuer payable senior to the Class RC1 Certificates and the Class RC2 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); less</li><li>(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.</li></ul>
<b>"Monthly Payment"</b>	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.
<b>"Monthly Payment Date"</b>	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.
<b>"Mortgage"</b>	means a first ranking legal mortgage or charge or standard security over a freehold or leasehold Property located in England, Wales, Northern Ireland or Scotland (as applicable) which is security for a Mortgage Loan.
<b>"Mortgage Conditions"</b>	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.
<b>"Mortgage Loan Agreement"</b>	means a loan agreement in respect of a Mortgage Loan.
<b>"Mortgage Loans"</b>	means the English Mortgage Loans, the Scottish Mortgage Loans, the Northern Irish Mortgage Loans and the Shortfall Loans comprised in the Mortgage Portfolio, and <b>"Mortgage Loan"</b> means any one of them.
<b>"Mortgage Loan Files"</b>	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, among other things, 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 portfolios of Mortgage Loans, their Related Security and all moneys derived therefrom purchased or to be purchased by the Issuer from the Seller on or around the Closing Date and the Further Purchase Date.
- "Mortgage Portfolio Purchase Option"** means the option held by the Mortgage Portfolio Purchase Option Holder enabling it, to require the Issuer to (a) sell and transfer to the Mortgage Portfolio Purchase Option Holder or its nominee the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio, (b) transfer to the Mortgage Portfolio Purchase Option Holder (or its nominee) the right to legal title to the Mortgage Portfolio Purchase Option Mortgage Loans and their Related Security, (c) 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 (d) 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 Holder or its nominee, in each case subject to the terms of the Deed Poll.
- "Mortgage Portfolio Purchase Option Holder"** means the holder of more than 50 per cent. of the Class RC2 Certificates from time to time (or any entity or entities representing more than 50 per cent. of the Class RC2 Certificates from time to time).
- "Mortgage Portfolio Purchase Option Completion Date"** means the 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 its nominee 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 Mortgage Portfolio under the Mortgage Portfolio Purchase Option or the Risk Retention Regulatory Change Option (as applicable), such amount being in aggregate equal to:
- (a) the aggregate Principal Amount Outstanding of the Debt 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 RC1 Certificates and the Class RC2 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 Holder or any of their 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 Debt) on the following Interest Payment Date in respect of any Debt 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.

<b>"Mortgage Sale Agreement"</b>	means the agreement so named dated on or about the Closing Date between the Legal Title Holder, the Seller, the Issuer, the Trustee and the Servicer in relation to the sale of the Mortgage Portfolio to the Issuer.
<b>"Most Senior Class"</b>	means the Class A Debt or, if there is no Class A Debt then outstanding, the Class B Debt or, if there is no Class A Debt or Class B Debt then outstanding, the Class C Debt or, if there is no Class A Debt or Class B Debt or Class C Debt then outstanding, the Class D Debt or, if there is no Class A Debt, Class B Debt, Class C Debt, or Class D Debt then outstanding, the Class E Debt or, if there is no Class A Debt, Class B Debt, Class C Debt, Class D Debt or Class E Debt then outstanding, the Class F Debt or, if there is no Class A Debt, Class B Debt, Class C Debt, Class D Debt, Class E Debt or Class F Debt then outstanding, the Class Z Debt, or if there is no Class A Debt, Class B Debt, Class C Debt, Class D Debt, Class E Debt, Class F Debt or Class Z Debt then outstanding, the Class X Notes, or if there is no Debt then outstanding, the Certificates.
<b>"New Liquidity Facility Provider"</b>	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 <b>"Qualifying Lender"</b> in accordance with the terms of the Liquidity Facility Agreement and which have the LF Provider Ratings.
<b>"Non Cash Re-Draws"</b>	means the ability of a Borrower to make Authorised Underpayments and take Payment Holidays.
<b>"Non-Responsive Rating Agency"</b>	has the meaning given to it in Condition 24 ( <i>Non-Responsive Rating Agency</i> ).
<b>"Northern Irish Mortgage"</b>	means a first ranking legal mortgage or charge over freehold or leasehold Properties located in Northern Ireland which is security for a Mortgage Loan.
<b>"Northern Irish Mortgage Loan"</b>	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 or, as the case may be, the Further Purchase Date pursuant to the 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 or, as the case may be, the Further Purchase Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Flexible Drawing made by the Legal Title Holder after the Closing Date or, as the case may be, the Further Purchase 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 Agreement and is no longer beneficially owned by the Issuer.
<b>"Northern Irish Property"</b>	means a Property located in Northern Ireland.
<b>"Note Principal Payment"</b>	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 <b>provided always that</b> no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.
<b>"Noteholder"</b>	means the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E

Noteholders, the Class F Noteholders, the Class X 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.

- "Notices Condition"** means, in the case of the Notes, Condition 23 (*Notices*) and, in the case of the Certificates, Certificate Condition 21 (*Notices*).
- "Notices Details"** means, in relation to any Party, the provisions set out in schedule 8 (*Notice Details*) to the Incorporated Terms Memorandum.
- "NRR Share"** means 95 per cent.
- "Ordinary Resolution"** means: (a) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Debtholders and Certificateholders by a majority of not less than 50.1 per cent. of the votes cast; or (b) a Written Resolution.
- "Original Class A1 NRR Loan Noteholder"** means Bank of America N.A., London Branch (registered number FC002984), a national banking association organised and existing under the laws of the United States of America, acting for the purposes of this Agreement through its London branch, whose registered office is at 2 King Edward Street London EC1A 1HQ, United Kingdom, in its capacity as original Class A1 NRR Loan Noteholder.
- "Originator"** means Capital Home Loans Limited (registered number 02174236), a company incorporated in England and Wales whose registered office is at Admiral House, Harlington Way, Fleet, Hampshire GU51 4YA, United Kingdom.
- "Outstanding" or "outstanding"** means:
- (a) in relation to the Debt, all the Debt other than:
    - (i) those which have been redeemed in full and cancelled in accordance with the Conditions or the relevant Loan Note Agreement;
    - (ii) those in respect of which the date for redemption, in accordance with the provisions of the Conditions or the relevant Loan Note Agreement, 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 or the Loan Note Paying Agent in the manner provided for in the relevant Loan Note Agreement (and, where appropriate, notice to that effect has been given to the Debtholders in accordance with the Notices Condition or the relevant Loan Note Agreement (as applicable)) and remain available for payment in accordance with the Conditions or the relevant Loan Note Agreement;
    - (iii) those which have been redeemed or surrendered for cancellation as provided in:
      - (A) in respect of the Notes, Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*);

(B) in respect of the Class A1 NRR Loan Note, clause 10 (*Redemption*) of the A1 NRR Loan Note Agreement; or

(C) in respect of the VRR Loan Notes, clause 10 (*Redemption*) of the VRR Loan Note Agreement,

and the notice of the cancellation of which has been given to the Trustee;

(iv) those which have become void under the Conditions or the relevant Loan Note Agreement (as applicable);

(v) those mutilated or defaced Notes or Loan Notes which have been surrendered or cancelled and those Notes or Loan Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes or Loan Notes have been issued pursuant to the Conditions or the relevant Loan Note Agreement; 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 Debtholders;

(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 Condition 17 (*Modification and Waiver*) and the Provisions for Meetings of Debtholders 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 Debtholders or any of them,

the Debt (if any) which is 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 (for the purposes of this definition, the "**Relevant Persons**") where all of the Debt 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 Debt (the "**Relevant Class of Notes**") shall be deemed to remain outstanding except that, if there is any other Class of Debt ranking *pari passu* with, or junior to, the Relevant Class of Debt and one or more Relevant Persons are not the beneficial owners of all the Debt of such Class, then the Relevant Class of Debt shall be deemed not to remain outstanding; and

- (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 17 (*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 18 (*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 18 (*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 12 (*Certificates Events of Default*), Certificate Condition 13 (*Enforcement*), Certificate Condition 15 (*Meetings of Certificateholders*) and Certificate Condition 16 (*Modification and Waiver*) and the Provisions for Meetings of Debtholders 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 (for the purposes of this definition, 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, item (d) of the definition of Available Revenue Receipts), in the amount which is available to pay:
- (a) if the Class A Debt is the Most Senior Class, items (1) to (2), (3)(a) and (4)(a) of the Pre-Enforcement Revenue Priority of Payments until all amounts payable thereunder are paid in full;
  - (b) if the Class B Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(d), (4)(a) and (4)(d) of the Pre-Enforcement Revenue Priority of Payments;
  - (c) if the Class C Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(f), (4)(a) and (4)(f) of the Pre-Enforcement Revenue Priority of Payments;
  - (d) if the Class D Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(h), (4)(a) and (4)(h) of the Pre-Enforcement Revenue Priority of Payments;
  - (e) if the Class E Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(j), (4)(a) and (4)(j) of the Pre-Enforcement Revenue Priority of Payments; and
  - (f) if the Class F Debt is the Most Senior Class, items (1) to (2), (3)(a), (3)(l), (4)(a) and (4)(l) 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 in respect of a further advance or remortgage granted to the relevant Borrower.
- "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 of "Available Principal Receipts".
- "Perfection Trigger Event"** means any of the events in the subsection entitled "*Perfection Trigger Events*" in the section entitled "*Sale of the Mortgage Portfolio*".

<b>"Permitted Withdrawals"</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(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</li> <li>(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.</li> </ul>
<b>"Port"</b>	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.
<b>"Portfolio Reference Date"</b>	means 31 March 2024.
<b>"Post-Enforcement Priority of Payments"</b>	has the meaning given to it in the section entitled " <i>Key Structural Features – Ledgers and Priorities of Payments – Application of Available Revenue Receipts prior to the service of an Enforcement Notice</i> ".
<b>"PPI"</b>	means payment protection insurance.
<b>"Pre-Enforcement Principal Priority of Payments"</b>	has the meaning given to it in the section entitled " <i>Key Structural Features – Ledgers and Priorities of Payments – Application of Available Principal Receipts prior to the service of an Enforcement Notice</i> ".
<b>"Pre-Enforcement Revenue Priority of Payments"</b>	has the meaning given to it in the section entitled " <i>Key Structural Features – Ledgers and Priorities of Payments – Post-Enforcement Priority of Payments</i> ".
<b>"Principal Addition Amount"</b>	means, in respect of any Interest Payment Date prior to the redemption in full of the Rated Debt, 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.



<b>"Principal Amount Outstanding"</b>	means, on any day in relation to a Note, the Class A1 NRR Loan Note or a VRR Loan Note, the principal amount outstanding of that Note, Class A1 NRR Loan Note or VRR Loan Note (as the case may be) as at the Closing Date or, in the case of a Class A1 Note issued in accordance with Condition 18 ( <i>Conversion of the Class A1 NRR Loan Note</i> ), the date on which that Note is issued, less the aggregate amount of any principal payments in respect of that Note, Class A1 NRR Loan Note or VRR Loan Note (as the case may be) which have become due and payable (and been paid) on or prior to that day, plus, in the case of the Class A1 NRR Loan Note or the Class A1 VRR Loan Note, the aggregate amount of any further principal amounts issued by the Issuer in respect of that Loan Note and subscribed by the relevant Loan Noteholder on or prior to that day in accordance with the relevant Loan Note Agreement;
<b>"Principal Deficiency Ledger"</b>	means the Principal Deficiency Ledger comprising the Principal Deficiency Sub-Ledgers maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from, without duplication (a) Losses allocated to the Debt; (b) Principal Addition Amounts; and (c) any Available Principal Receipts applied in accordance with item (2) of the Pre-Enforcement Principal Priority of Payments.
<b>"Principal Deficiency Sub-Ledger"</b>	means any of the Class A1 Notes Principal Deficiency Sub-Ledger, Class A1 NRR Debt Principal Deficiency Sub-Ledger, the Class A1 VRR Loan Note Principal Deficiency Sub-Ledger, the Class A2 Notes Principal Deficiency Sub-Ledger, the Class A2 VRR Loan Note Principal Deficiency Sub-Ledger, the Class B Notes Principal Deficiency Sub-Ledger, the Class B VRR Loan Note Principal Deficiency Sub-Ledger, the Class C Notes Principal Deficiency Sub-Ledger, the Class C VRR Loan Note Principal Deficiency Sub-Ledger, the Class D Notes Principal Deficiency Sub-Ledger, the Class D VRR Loan Note Principal Deficiency Sub-Ledger, the Class E Notes Principal Deficiency Sub-Ledger, the Class E VRR Loan Note Principal Deficiency Sub-Ledger, the Class F Notes Principal Deficiency Sub-Ledger, the Class F VRR Loan Note Principal Deficiency Sub-Ledger, the Class Z Notes Principal Deficiency Sub-Ledger and the Class Z VRR Loan Note Principal Deficiency Sub-Ledger.
<b>"Principal Ledger"</b>	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).
<b>"Principal Receipts"</b>	means payments received by the Issuer representing: <ul style="list-style-type: none"> <li>(a) any payment in respect of principal received in respect of any Mortgage Loan (including Capitalised Arrears and Capitalised Expenses and any amounts included in items (c) of the definition of "Current Balance" (as at the relevant Cut-Off Date) but excluding Accrued Interest and Arrears of Interest due or accrued after the relevant Cut-Off Date);</li> <li>(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);</li> <li>(c) any payment pursuant to any Insurance Policy in respect of a Property in connection with a Mortgage Loan, in the Mortgage Portfolio;</li> </ul>

	(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 Agreement (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 Interest Payment Date falling in August 2024, a positive amount (if any) equal to the difference between: (i) the gross proceeds of issuance of the Debt; and (ii) the aggregate of the Purchase Price and any other amounts paid or payable by the Issuer out of proceeds of the issuance of the Notes.
<b>"Priority of Payments"</b>		means the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, as the context may require.
<b>"Product Switch"</b>		means a conversion of Loan into a Loan with a different type of interest rate or repayment term.
<b>"Property"</b>		means an English Property, Northern Irish Property or Scottish Property as the case may be.
<b>"Provisional Mortgage Portfolio"</b>		means, as at the Portfolio Reference Date, a portfolio comprised of 11,946 mortgage loan accounts with an aggregate Current Balance of £1,474,843,890.
<b>"Prudent Mortgage Lender"</b>		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 and which have in all material respects the same or similar characteristics to the Mortgage Portfolio.
<b>"Prudent Mortgage Servicer"</b>		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 Servicing Agreement relates to a specific Mortgage Loan, as ought to have been applied in relation to such Mortgage Loan.
<b>"Purchase Price"</b>		an amount equal to the proceeds of the issuance of the Debt (other than the Class Z Notes and the Class X Notes) on the Closing Date, less any Closing Date Expenses.
<b>"Repayment Mortgage Loans"</b>		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.
<b>"Qualified Valuer"</b>		Means a valuer who is a fellow member or technical or associate member of the Royal Institution of Chartered Surveyors (" <b>RICS</b> ")
<b>"Rate of Interest"</b>		means:
	(a)	in the case of the Debt other than the Class Z Notes and the Class X Notes, the Debt Rate;

- (b) in relation to the Class Z Notes, zero; and
  - (c) in relation to the Class X Notes, prior to, and including, the FORD, the Debt Rate and, thereafter, zero.
- "Rated Debt"** means the Class A1 Debt, the Class A2 Debt, the Class B Debt, the Class C Debt, the Class D Debt, the Class E Debt and the Class F Debt.
- "Rated 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 F 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 Debt 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 clause 18 (*Appointment and Removal of Administrators and Receivers*) of 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:**
- (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 (but excluding) the Closing Date.

<b>"Registers of Scotland"</b>	means the General Register of Sasines or the Land Register of Scotland.
<b>"Regulated Credit Agreement"</b>	means a mortgage loan regulated by the CCA as a regulated credit agreement – as defined by article 60B of the RAO.
<b>"Regulated Mortgage Contract"</b>	means a mortgage loan regulated by FSMA as a regulated mortgage contract – as defined by article 61 of the RAO.
<b>"Regulation S"</b>	means Regulation S under the Securities Act.
<b>"Related Security"</b>	<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 Agreement including (without limitation):</p> <ul style="list-style-type: none"> <li>(a) the benefit of all affidavits, declarations, consents, renunciations, Guarantees, indemnities, waivers, ranking agreements and postponements (including, without limitation, deeds of consent and/or MHA/CP Documentation relating to the relevant Property) from occupiers and other persons having an interest in or rights in connection with the relevant Property;</li> <li>(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</li> <li>(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.</li> </ul>
<b>"Relevant Margin"</b>	means, for each Class of Floating Rate Debt (a) up to and including the FORD, the Margin, and (b) thereafter, the Step-Up Margin.
<b>"Relevant Period"</b>	means, in relation to each Interest Determination Date, the length in months of the related Interest Period.
<b>"Rent Right"</b>	means any right to require an assignment of "Rental Income" as defined in the Mortgage Conditions.
<b>"Repayment Mortgage Loans"</b>	means Mortgage Loans in relation to which monthly instalments, which 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, among others, any replacement Servicer, the Seller, the Legal Title Holder, the Back-Up Servicer Facilitator and the Trustee from time to time.
- "Request"** has the meaning given to it in clause 1.1 of 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 Debt of, or any Class or 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 Debt 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 Debt 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 22 (*Substitution of Issuer*) or Certificate Condition 20 (*Substitution of the Issuer*) and clause 15 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Debt of any Class or the Certificates for, or the conversion of such Debt 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 Debt or Certificates, including any fees payable by the Issuer to any third party (save as permitted under the Transaction);
  - (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 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*) (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 9 (*Limited Recourse and Non-Petition*);
  - (g) to make any change to Condition 7 (*Issuer Covenants*);
  - (h) to change the currency in which amounts due in respect of the Debt or the Certificates are payable;
  - (i) to alter the Priority of Payments in respect of the Debt 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.

**"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) or by way of Permitted Withdrawal.

**"Revenue Receipts"**

means payments received by the Issuer directly or from the Legal Title Holder representing:

- (a) payments of interest (including Arrears of Interest and Accrued Interest due or accrued after the relevant Cut-Off Date but excluding Capitalised Arrears) and fees due from time to time under the Mortgage Loans;
- (b) recoveries of interest and outstanding fees (excluding Capitalised Arrears and Capitalised Expenses, if any) due or accrued after the relevant Cut-Off Date from defaulting Borrowers under Mortgage Loans being enforced;
- (c) recoveries of interest and/or principal due or accrued after the relevant Cut-Off Date from defaulting Borrowers under Mortgage Loans, in respect of which enforcement procedures have been completed;
- (d) the proceeds of the repurchase of any Mortgage Loan or an indemnity by the Seller from the Issuer pursuant to the 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) due or accrued after the relevant Cut-Off Date as at the relevant transfer date or date of indemnification;
- (e) in respect of the exercise of the Mortgage Portfolio Purchase Option, a Market Mortgage Portfolio Purchase, a Risk Retention Regulatory Change Option or any rights of the Retention Holder under the Deed Poll to require the Issuer to effect redemption of the Debt, amounts received from the relevant purchaser 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 Debt pursuant to Condition 9.4 (*Optional Redemption in whole for taxation reasons*), clause 10.5 (*Optional Redemption in whole for taxation reasons*) of the Class A1 NRR Loan Note Agreement and clause 10.4 (*Optional Redemption in whole for taxation reasons*) of the VRR Loan Note Agreement, Condition 9.3 (*Redemption of the Notes in full pursuant to 10 per cent. clean-up call*), clause 10.4 (*Optional Redemption in whole*) of the Class A1 NRR Loan Note Agreement and clause 10.3 (*Optional Redemption in whole*) of the VRR Loan Note Agreement or Condition 9.6 (*Mandatory Redemption of the Notes following the exercise of Mortgage Portfolio Purchase Option or Market Mortgage Portfolio Purchase*);
- (f) any payments of any nature, including principal, interest and fees, received in respect of any Shortfall Loans from time to time; and

- (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 Retention Holder after the Closing Date which would impose a positive obligation on it to subscribe for any Debt 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 Retention Holder 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).

**"Sanctions"**

means any and all economic, financial, sectoral or secondary sanctions, restrictions and anti-terrorism laws, regulations, or embargoes imposed, administered and enforced from time to time by any Sanctions Authority.

**"S&P "**

means S&P Global Ratings UK Limited and any successor to its rating business.

<b>"Scottish Declaration of Trust"</b>	means, in relation to the Scottish Mortgage Loans and their Related Security in the Mortgage Portfolio, a Scots law declaration of trust made in favour of the Seller by the Legal Title Holder and dated the Closing Date, and substantially in the form set out in the Servicing Agreement.
<b>"Scottish Mortgage"</b>	means a first ranking standard security over a Scottish Property securing a Scottish Mortgage Loan to be sold to the Issuer on the Closing Date.
<b>"Scottish Mortgage Loan"</b>	means a residential mortgage loan in relation to Scottish Property, secured by a Mortgage and its Related Security, sold or to be sold to the Issuer on the Closing Date or, as the case may be, the Further Purchase Date pursuant to the 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 or, as the case may be, the Further Purchase Date and sold to the Issuer pursuant to the Mortgage Sale Agreement, each Flexible Drawing made by the Legal Title Holder after the Closing Date or, as the case may be, the Further Purchase 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 Agreement and is no longer beneficially owned by the Issuer.
<b>"Scottish Property"</b>	means a Property situated in Scotland.
<b>"Scottish Sub Securities"</b>	means each standard security to be executed pursuant to the Deed of Charge.
<b>"Scottish Transfer"</b>	means an assignation of Scottish Mortgage registered or recorded (or subject to an application for registration or recording) in the Registers of Scotland and the Scottish Loans secured thereby entered into by the Legal Title Holder in favour of the Issuer (or its nominee).
<b>"Scottish Trust"</b>	means the trust created pursuant to the Scottish Declaration of Trust.
<b>"Scottish Trust Transfer"</b>	means an assignation by the Seller in favour of the Issuer of the Seller's interest in the Scottish Mortgage Loans and their Related Security (comprising the Seller's beneficial interest under the Scottish Declaration of Trust), entered into pursuant to the Mortgage Sale Agreement on the Closing Date and substantially in the form set out therein.
<b>"Scottish Trust Security"</b>	means the Scots law assignation in security granted by the Issuer in favour of the Trustee on the Closing Date 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.
<b>"Screen"</b>	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.
<b>"SEC"</b>	means the US Securities and Exchange Commission.
<b>"Secured Amounts"</b>	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.
<b>"Secured Creditors"</b>	means the Trustee in its own capacity, any Receiver or any Appointee appointed by the Trustee, each in its own capacity, the Agents, the Corporate Services Provider, the Servicer, the Back-Up Servicer Facilitator, the Back-Up Cash Manager Facilitator, the Liquidity Facility Provider, the Cash Manager, the Legal Title Holder, the Collection Account Bank, the Issuer



Account Bank, any bank at which any other account in the name of the Issuer is held, the Debtholders and the Certificateholders and any party named as such in a Transaction Document.

<b>"Securities Act"</b>	means the US Securities Act of 1933, as amended.
<b>"Security"</b>	means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge in favour of the Secured Creditors.
<b>"Self-Certified Borrowers"</b>	means Borrowers that are self-employed for the purposes of the Originator's Lending Criteria.
<b>"Seller"</b>	means Auburn Seller Designated Activity Company (registered number 760980), a designated activity company limited by shares incorporated in Ireland whose registered office is at 1-2 Victoria Buildings, Haddington Road, Dublin, D04 XN32, Ireland, in its capacity as seller.
<b>"Seller Power of Attorney"</b>	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 Mortgage Sale Agreement.
<b>"Servicer"</b>	means Capital Home Loans Limited (registered number 02174236), a company incorporated in England and Wales whose registered office is at Admiral House, Harlington Way, Fleet, Hampshire GU51 4YA, United Kingdom, in its capacity as servicer.
<b>"Servicer Fee"</b>	means the fee payable by the Issuer to the Servicer pursuant to the Servicing Agreement.
<b>"Servicer Reports"</b>	means the reports to be provided by the Servicer in accordance with the terms of the Servicing Agreement.
<b>"Servicer Termination Event"</b>	has the meaning given to it in the section " <i>Servicing – Termination</i> " in this Offering Circular.
<b>"Servicing Agreement"</b>	means the agreement so named dated on or about the Closing Date between, among others, the Issuer, the Servicer and the Trustee.
<b>"Services"</b>	means the services to be provided by the Servicer set out in the Servicing Agreement including, but not limited to, those set out in schedule 1 ( <i>The Services</i> ) to the Servicing Agreement.
<b>"Shortfall Loans"</b>	means a residential mortgage loan sold or to be sold to the Issuer on the Closing Date or, as the case may be, Further Purchase Date pursuant to the Mortgage Sale Agreement in respect of which, as at that date, the relevant security has been enforced and the proceeds received on the enforcement of that security were insufficient to satisfy the entire current balance of that mortgage loan, but excluding (for the avoidance of doubt) any such residential mortgage loan which is repurchased by the Seller pursuant to the Mortgage Sale Agreement and is no longer beneficially owned by the Issuer.
<b>"Solvency II"</b>	means Article 254 of Regulation (EU) No 2015/35.
<b>"SONIA"</b>	means the Sterling Overnight Interbank Average Rate.
<b>"SONIA Reference Rate"</b>	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)

<b>"Specified Office"</b>	means, in relation to any Agent: <ul style="list-style-type: none"><li>(a) the office specified against its name in the Notices Details; or</li><li>(b) such other office as such Agent may specify in accordance with the provisions of the Agency Agreement or the relevant Loan Note Agreement (as applicable).</li></ul>
<b>"SPV Criteria"</b>	means the criteria established from time to time by the Rating Agencies for a single purpose company in the Issuer Jurisdiction.
<b>"Standard Documentation"</b>	means the standard documentation of the Originator, a list of which is set out in the Mortgage Sale Agreement.
<b>"Standard Variable Rate" or "SVR"</b>	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.
<b>"Standard Variable Rate Mortgage Loans"</b>	means the Mortgage Loans which are subject to the Standard Variable Rate subject to the provisions of the Servicing Agreement.
<b>"Step-Up Margin"</b>	means the respective margin per annum as set out below: <ul style="list-style-type: none"><li>(a) for the Class A1 Debt, 1.275 per cent per annum;</li><li>(b) for the Class A2 Debt, 1.65 per cent per annum;</li><li>(c) for the Class B Debt, 1.95 per cent per annum;</li><li>(d) for the Class C Debt, 1.95 per cent per annum;</li><li>(e) for the Class D Debt, 2.25 per cent per annum;</li><li>(f) for the Class E Debt, 3.00 per cent per annum; and</li><li>(g) for the Class F Debt, 3.50 per cent per annum.</li></ul>
<b>"Subordinated Debt"</b>	means the Class B Debt, the Class C Debt, the Class D Debt, the Class E Notes, the Class F Debt, the Class Z Debt and the Class X Notes.
<b>"Subordinated Noteholders"</b>	means the holders of the Subordinated Notes.
<b>"Subordinated Notes"</b>	means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes.
<b>"Subordinated Rated Notes"</b>	means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.
<b>"Substitute Life Policies"</b>	means any substitute Life Policy which replaces a Life Policy taken out by a Borrower (if any) as may be determined in accordance with the provisions of the Servicing Agreement and the Charges in respect of which may be charged for the benefit of the Trustee.
<b>"Substituted Obligor"</b>	means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria.
<b>"Tax"</b>	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, His 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 Collection Account 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), the Incorporated Terms Memorandum, the Mortgage Sale Agreement, the Legal Title Holder Power of Attorney, the Seller Power of Attorney, the Trust Deed, the Loan Note Agreements, the Liquidity Facility Agreement, the Deed Poll, the Scottish Declaration of Trust, the Scottish Transfer, the Scottish Trust Transfer, the Scottish Trust Security, the Scottish Sub Security and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Debt 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/or 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.
- "UK Affected Investor"** means each of UK CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK regulated insurers or reinsurers, certain management companies as defined in section 237(2) of the FSMA, UCITS as defined by section 236A of FSMA which is an authorised open ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993.

<b>"UK CRA Regulation"</b>	means Regulation (EC) No 1060/2009, as amended of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK CRD"</b>	means the re-cast Capital Requirements Directive associated with the implementation of Basel III as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK CRD IV"</b>	means the EU CRR together with the EU CRD, published in the Official Journal of the European Union on 27 June 2013 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK CRR"</b>	means the Capital Requirements Regulation (EU) No. 575/2013 as amended by the CRR Amending Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK CRR Amending Regulation"</b>	means Regulation (EU) 2017/2402 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law of the United Kingdom by virtue of the EUWA.
<b>"UK Securitisation Regulation"</b>	means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation as it forms part of domestic law of the United Kingdom by virtue of the EUWA, as amended, varied, superseded or substituted from time to time.
<b>"Unauthorised Payment Holiday"</b>	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.
<b>"US Person"</b>	means a "US person" as such term is defined under Regulation S under the Securities Act.
<b>"UTCCR"</b>	means the Unfair Terms in Consumer Contracts Regulations 1994 and 1999.
<b>"Valuation Report"</b>	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 Lender.
<b>"Volcker Rule"</b>	means the Section 13 of the Bank Holding Company Act of 1956, as amended, and the regulations adopted thereunder.
<b>"VRR Entrenched Rights"</b>	means any of the following: <ul style="list-style-type: none"> <li>(a) any modification or waiver which affects the rights of the Retention Holder which, if made, would be adverse to the VRR Loan Notes where a corresponding modification or waiver was not simultaneously made to or in respect of the other Classes of Debt on an equivalent basis;</li> <li>(b) any modification or waiver which affects the Retention Holder's entitlement to the VRR Pre-Enforcement Revenue Share, the VRR Pre-Enforcement Principal Share and the VRR Post-Enforcement Share, as applicable;</li> <li>(c) any modification or waiver which affects the capital treatment of the Retention Holder's interest in the Mortgage Portfolio or the VRR</li> </ul>

Loan Notes, as determined by way of an opinion of a reputable accountancy firm chosen by the Retention Holder (such opinion to be provided within 30 days of the Retention Holder being provided with final drafts of all documents effecting or relating to such modification or waiver);

- (d) any modification or waiver which puts the Retention Holder in breach of its obligations under the EU Securitisation Regulation (as amended, varied, superseded or substituted from time to time) or UK Securitisation Regulation (as amended, varied, superseded or substituted from time to time), as determined by way of an opinion of a reputable law firm chosen by the Retention Holder (such opinion to be provided within 30 days of the Retention Holder being provided with final drafts of all documents effecting or related to such modification or waiver); and
- (e) a modification to this definition of "VRR Entrenched Rights".

<b>"VRR Loan Note"</b>	means the Class A1 VRR Loan Note, the Class A2 VRR Loan Note, the Class B VRR Loan Note, the Class C VRR Loan Note, the Class D VRR Loan Note, the Class E VRR Loan Note, the Class F VRR Loan Note and the Class Z VRR Loan Note.
<b>"VRR Loan Note Agreement"</b>	means the agreement dated on or about the Closing Date pursuant to which the Issuer agrees to issue, and the Retention Holder agrees to subscribe, the VRR Loan Notes.
<b>"VRR Loan Noteholders"</b>	means persons who for the time being are the holders of any of the VRR Loan Notes.
<b>"VRR Other Payment Amounts"</b>	means the VRR Proportion of any other amounts payable to Debtholders or Certificateholders which do not constitute the VRR Pre-Enforcement Revenue Share, the VRR Pre-Enforcement Principal Share or the VRR Post-Enforcement Share.
<b>"VRR Post-Enforcement Share"</b>	means the VRR Share of the amount of available funds remaining available to be applied after application in accordance with items (1) to (3) of the Post-Enforcement Priority of Payments.
<b>"VRR Pre-Enforcement Principal Share"</b>	means the VRR Share of the amount of Available Principal Receipts remaining available to be applied on an Interest Payment Date after application in accordance with items (1) to (2) of the Pre-Enforcement Principal Priority of Payments on that Interest Payment Date.
<b>"VRR Pre-Enforcement Revenue Share"</b>	means the VRR Share of the amount of Available Revenue Proceeds remaining available to be applied on an Interest Payment Date after application in accordance with items (1) to (2) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date.
<b>"VRR Proportion"</b>	means, in relation to an amount, 5 per cent. of the product of 100/95 and that amount.
<b>"VRR Share"</b>	means 5 per cent.
<b>"Warranted Mortgage Loans"</b>	means, on the Closing Date, the Mortgage Loans (other than the Irish Permanent Mortgage Loans and the Shortfall Loans) in the Auburn 12 Mortgage Portfolio and the Auburn 14 Mortgage Portfolio and, on the Further Purchase Date, the Mortgage Loans (other than the Irish Permanent Mortgage Loans and the Shortfall Loans) in the Auburn 13 Mortgage Portfolio.
<b>"Warranty Claim"</b>	means a claim in respect of a breach of any Mortgage Loan Warranty.

**"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 Debt 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 Debtholders 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 Debt or the Certificates.

**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 March 2024 (being the "**Portfolio Reference Date**") which is comprised of 11,946 Mortgage Loan Accounts with an aggregate Current Balance of £1,474,843,890.

The Provisional Mortgage Portfolio and statistical and other information contained in this section includes two Irish Permanent Mortgage Loans to be sold to the Issuer in accordance with the Mortgage Sale Agreement but in respect of which no value will be attributed in determining the purchase price of the Mortgage Portfolio, and excludes the Shortfall Loans.

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: (a) Mortgage Loans which are scheduled to redeem prior to the Closing Date; and (b) 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 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.

Not all of the information set out below in relation to the portfolio may necessarily correspond to the details of the Mortgage Portfolio as at the Closing Date. Furthermore, after the Closing Date, the Mortgage Portfolio may change from time to time as a result of the repayments and prepayments on the Mortgage Loans.

As of the Portfolio Reference Date, the Provisional Mortgage Portfolio had the following characteristics:

**Key Collateral Highlights**

	<b>Auburn 15</b>	<b>Auburn 12 and Auburn 14</b>	<b>Auburn 13</b>
Portfolio Reference Date .....	31 March 2024	31 March 2024	31 March 2024
<b>Total Current Balance (£)</b> .....	<b>1,474,843,890</b>	<b>709,109,432</b>	<b>765,734,459</b>
Sets of Borrowers .....	7,590	4,090	4,458
Number of Properties .....	11,139	5,481	5,658
Number of Mortgage Loan Accounts .....	11,946	5,759	6,187
Average Loan Balance (£) <sup>(1)</sup> .....	123,459	123,131	123,765
Maximum Loan Balance (£) .....	2,060,021	1,413,564	2,060,021
Weighted Average Original Loan to Value (%) .....	81.67	82.01	81.36
Weighted Average Indexed Current Loan to Value (%) <sup>(2)</sup> .....	51.67	52.72	50.70
Weighted Average Interest Rate (%) .....	6.65	6.58	6.72
Weighted Average Seasoning (Months) .....	206.95	206.67	207.20
Weighted Average Remaining Term (Months) .....	69.55	73.34	66.04
BBR (%) .....	99.27	99.47	99.08
SVR (%) .....	0.73	0.53	0.92
Interest Only (%) <sup>(3)</sup> .....	98.06	98.61	97.55
Flexible Loans (%) .....	27.36	31.27	23.73
Current Loans (%) .....	90.80	90.87	90.74
1 Month in Arrears (%) <sup>(4)</sup> .....	1.98	2.08	1.88
2 Months in Arrears (%) <sup>(4)</sup> .....	1.41	1.33	1.48
3+ Months in Arrears (%) <sup>(4)</sup> .....	5.82	5.72	5.90
Term Past Due (%) .....	2.58	2.01	3.12
Maximum Drawdown Available for the transaction (£) .....	3,570,784	1,409,195	2,161,589

<sup>(1)</sup> Calculated on the Current Balance of the mortgage loan accounts

<sup>(2)</sup> Indexed using Nationwide House Price Index as of 31 December 2023.

<sup>(3)</sup> Figure includes part-and-part loans

<sup>(4)</sup> Month in Arrears ratio is calculated as missed payment divided by the payment due. 1 Month in Arrears means the Month in Arrears ratio is between 1 (inclusive) and 2 (exclusive). 2 Months in Arrears means the Month in Arrears ratio is between 2 (inclusive) and 3 (exclusive), and so on.

## Current Balances

The following table shows the range of Current Balances of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Current Balances	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
≤ 50,000.....	1,892	46,983,555	3.19	6.66	1.25	24,833	62	217	77.26	36.11
50,001 to 100,000.....	3,974	304,248,229	20.63	6.62	1.33	76,560	69	210	81.37	55.35
100,001 to 150,000...	3,008	365,545,549	24.79	6.65	1.38	121,524	70	207	81.76	53.56
150,001 to 200,000...	1,441	246,641,571	16.72	6.67	1.39	171,160	71	206	82.26	50.69
200,001 to 250,000...	697	153,950,942	10.44	6.71	1.44	220,877	73	205	83.49	51.09
250,001 to 300,000...	366	99,328,922	6.73	6.70	1.41	271,390	68	206	82.59	50.36
300,001 to 350,000...	173	55,539,245	3.77	6.58	1.31	321,036	71	204	82.35	51.59
350,001 to 400,000...	122	45,481,737	3.08	6.60	1.31	372,801	68	208	83.07	49.78
400,001 to 450,000...	68	28,806,270	1.95	6.68	1.43	423,622	66	204	82.00	48.65
450,001 to 500,000...	51	23,947,616	1.62	6.62	1.27	469,561	63	204	80.09	48.26
≥ 500,001.....	154	104,370,254	7.08	6.62	1.34	677,729	69	205	78.62	48.18
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>
Minimum Current Balance (£).....		22.03								
Maximum Current Balance (£).....		2,060,020.89								
Average Current Balance (£).....		123,459.22								

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Indexed Current Loan to Value Ratios (Indexed Current LTVs)

The following table shows the range of Indexed Current LTVs of the Mortgage Loans in the Provisional Mortgage Portfolio 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 2023.

Indexed Current LTV (%)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
≤ 50.00.....	4,920	621,709,121	42.15	6.61	1.31	126,364	67	211	77.77	40.76
50.01 to 55.00.....	1,802	261,972,266	17.76	6.67	1.40	145,379	70	205	83.23	52.45
55.01 to 60.00.....	1,894	241,768,662	16.39	6.68	1.41	127,650	70	204	84.08	57.58
60.01 to 65.00.....	1,505	165,174,950	11.20	6.63	1.35	109,751	72	205	84.93	62.20
65.01 to 70.00.....	1,095	113,204,866	7.68	6.72	1.44	103,383	76	202	86.17	67.17
70.01 to 75.00.....	509	48,862,944	3.31	6.80	1.51	95,998	73	201	86.98	72.07
75.01 to 80.00.....	151	13,705,452	0.93	6.82	1.52	90,765	74	201	88.33	77.11
80.01 to 85.00.....	46	4,501,900	0.31	6.82	1.57	97,867	79	203	85.33	82.61
85.01 to 90.00.....	12	1,835,458	0.12	6.74	1.49	152,955	78	202	87.66	87.83
90.01 to 95.00.....	7	978,604	0.07	6.99	1.40	139,801	54	202	80.04	92.23
≥ 100.01.....	5	1,129,668	0.08	6.34	1.09	225,934	68	199	93.30	108.27
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>
Minimum Indexed Current LTV.....		0.00								
Maximum Indexed Current LTV.....		124.09								
Weighted Average Indexed Current LTV.....		51.67								

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.



## Months in Arrears

The following table shows the Months in Arrears of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Months in Arrears (1)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%)	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
0.00 to 0.99.....	10,986	1,339,130,317	90.80	6.64	1.36	121,894	70	207	81.45	50.95
1.00 to 1.99.....	223	29,182,469	1.98	6.71	1.42	130,863	71	206	81.79	54.96
2.00 to 2.99.....	159	20,738,053	1.41	6.73	1.45	130,428	64	205	84.30	58.58
3.00 to 3.99.....	86	12,337,001	0.84	6.52	1.15	143,454	49	209	85.23	57.56
4.00 to 4.99.....	60	7,396,588	0.50	6.72	1.37	123,276	47	214	84.06	58.88
5.00 to 5.99.....	59	8,648,217	0.59	6.80	1.51	146,580	64	208	84.40	57.91
≥ 6.00.....	373	57,411,245	3.89	6.78	1.46	153,918	67	204	84.32	61.05
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

(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 standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Geographical Distribution of Properties

The following table shows the distribution of geographic regions of Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio throughout the United Kingdom as of the Portfolio Reference Date.

Region	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%)	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
Greater London .....	2,155	413,011,595	28.00	6.68	1.39	191,653	71	207	80.92	42.69
South East.....	2,067	303,381,960	20.57	6.64	1.35	146,774	69	207	81.73	48.22
North West .....	1,809	171,440,508	11.62	6.64	1.36	94,771	70	206	83.21	60.98
Yorkshire & Humberside .....	1,295	125,850,045	8.53	6.63	1.35	97,182	75	205	82.54	60.94
South West .....	842	106,950,153	7.25	6.67	1.38	127,019	62	208	80.97	51.19
West Midlands.....	908	92,124,898	6.25	6.59	1.32	101,459	72	208	81.92	54.43
East Midlands.....	772	82,082,070	5.57	6.65	1.37	106,324	72	206	82.75	54.75
North East.....	651	52,410,760	3.55	6.69	1.40	80,508	68	205	83.28	68.29
Wales.....	466	46,931,324	3.18	6.71	1.40	100,711	62	207	81.35	58.77
Northern Ireland.....	653	42,613,771	2.89	6.55	1.21	65,258	58	218	76.90	58.92
East of England .....	326	38,029,217	2.58	6.69	1.42	116,654	70	204	82.21	52.18
Scotland.....	2	17,589	0.00	6.69	1.44	8,795	32	268	70.36	3.32
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

(1) For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Range of Mortgage Loan Age

The following table shows the range of the number of months since the completion dates of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Range of Mortgage Loan Age (Months)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
≤ 120.00.....	1	201,975	0.01	6.90	1.65	201,975	28	116	49.03	35.28
120.01 to 140.00.....	3	119,321	0.01	6.58	1.33	39,774	37	127	42.96	27.27
140.01 to 160.00.....	2	72,855	0.00	10.00	0.00	36,427	0	143	71.58	46.10
160.01 to 180.00.....	0	0	0.00	0.00	0.00	0	0	0	0.00	0.00
180.01 to 200.00.....	4,059	573,810,258	38.91	6.76	1.50	141,367	77	195	81.75	54.22
200.01 to 220.00.....	5,595	670,471,002	45.46	6.56	1.28	119,834	69	209	82.28	51.98
220.01 to 240.00.....	1,765	196,523,385	13.33	6.62	1.31	111,345	56	227	80.26	46.19
240.01 to 260.00.....	216	19,132,206	1.30	6.72	1.24	88,575	48	248	79.53	38.43
260.01 to 280.00.....	197	9,758,756	0.66	6.61	1.25	49,537	31	269	75.38	28.12
280.01 to 300.00.....	99	4,159,188	0.28	7.36	0.92	42,012	17	290	71.04	28.27
≥ 300.01.....	9	594,944	0.04	8.17	0.48	66,105	28	307	60.99	38.73
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>
Minimum Seasoning (Months).....			116.00							
Maximum Seasoning (Months).....			315.00							
Weighted Average Seasoning (Months).....			206.95							

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 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 in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Remaining Term (Months)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
≤ 0.00.....	271	38,277,529	2.60	7.15	1.23	141,245	0	206	82.03	56.97
0.01 to 20.00.....	969	99,782,380	6.77	6.65	1.34	102,975	12	220	80.05	48.00
20.01 to 40.00.....	2,110	247,984,513	16.81	6.60	1.33	117,528	32	209	81.25	51.61
40.01 to 60.00.....	1,548	209,719,311	14.22	6.71	1.44	135,478	47	201	80.40	51.21
60.01 to 80.00.....	1,651	174,544,500	11.83	6.58	1.29	105,720	73	221	80.42	46.97
80.01 to 100.00.....	3,368	411,627,854	27.91	6.59	1.33	122,217	92	207	82.82	52.30
100.01 to 120.00.....	1,755	261,158,217	17.71	6.73	1.48	148,808	106	194	82.43	54.53
120.01 to 140.00.....	54	5,054,318	0.34	6.49	1.24	93,598	133	218	81.87	49.70
140.01 to 160.00.....	90	10,267,168	0.70	6.56	1.31	114,080	151	207	84.98	55.37
160.01 to 180.00.....	62	9,277,371	0.63	6.81	1.56	149,635	166	200	83.90	55.13
≥ 180.01.....	68	7,150,729	0.48	6.52	1.21	105,158	202	212	83.90	55.58
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>
Minimum Remaining Term (Months).....			0.00							
Maximum Remaining Term (Months).....			229.00							
Weighted Average Remaining Term (Months).....			69.55							

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Repayment Type

The following table shows the repayment types of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Repayment Type	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
Interest Only.....	11,007	1,443,262,453	97.86	6.65	1.37	131,122	69	207	81.74	52.34
Repayment.....	907	28,677,807	1.94	6.66	1.31	31,618	84	213	78.39	18.61
Part & Part.....	32	2,903,631	0.20	6.72	1.47	90,738	56	209	82.52	46.34
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Current Interest Rate Index

The table below shows the types of interest rate indices applicable to the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Current Interest Rate Index	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
BoE Base Rate.....	11,784	1,464,040,762	99.27	6.63	1.38	124,240	70	207	81.70	51.71
Standard Variable Rate.....	162	10,803,128	0.73	9.03	-0.97	66,686	24	226	78.22	45.85
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Current Interest Rates

The following table shows the range of current interest rates for the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Current Interest Rate (%)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
≤ 5.00.....	6	1,336,815	0.09	0.00	-10.00	222,802	51	219	81.31	40.85
5.51 to 6.00.....	1,313	163,445,796	11.08	5.77	0.52	124,483	72	208	79.35	50.02
6.01 to 6.50.....	4,539	484,052,234	32.82	6.46	1.21	106,643	63	214	80.94	49.67
6.51 to 7.00.....	5,819	794,436,235	53.87	6.90	1.65	136,525	73	203	82.83	53.45
7.01 to 7.50.....	101	19,674,820	1.33	7.13	1.88	194,800	82	193	75.64	46.60
7.51 to 8.00.....	10	2,115,922	0.14	7.80	2.55	211,592	100	193	70.08	45.10
8.01 to 8.50.....	2	315,756	0.02	8.24	2.99	157,878	40	187	73.84	43.94
9.51 to 10.00.....	127	6,596,748	0.45	10.00	0.00	51,943	29	233	75.70	43.25
≥ 10.01.....	29	2,869,565	0.19	11.00	1.00	98,951	1	214	82.57	54.16
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>
Minimum Current Interest Rate (%).....			0.00							
Maximum Current Interest Rate (%).....			11.00							
Weighted Average Current Interest Rate (%).....			6.65							

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Current Interest Margins

The table below shows the range of margins for the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date. All of the Mortgage Loans are adjustable rate based on the respective interest rate index plus margin.

Current Interest Margin (%)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
≤ 0.25.....	133	7,933,563	0.54	8.31	-1.69	59,651	33	231	76.64	42.85
0.26 to 0.50.....	1,149	144,631,267	9.81	5.74	0.49	125,876	73	207	79.62	50.86
0.51 to 0.75.....	164	18,814,528	1.28	6.00	0.75	114,723	67	219	77.28	43.53
0.76 to 1.00.....	417	45,844,246	3.11	6.52	0.97	109,938	60	215	82.31	50.80
1.01 to 1.25.....	4,151	441,077,553	29.91	6.49	1.24	106,258	63	213	80.80	49.58
1.26 to 1.50.....	616	84,314,150	5.72	6.71	1.46	136,874	75	206	82.67	53.08
1.51 to 1.75.....	5,203	710,122,085	48.15	6.92	1.67	136,483	73	202	82.85	53.49
1.76 to 2.00.....	98	19,056,345	1.29	7.12	1.87	194,453	81	192	75.88	46.79
≥ 2.01.....	15	3,050,152	0.21	7.78	2.53	203,343	93	195	70.09	44.09
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>
Minimum Current Interest Margin (%).....			-10.00							
Maximum Current Interest Margin (%).....			2.99							
Weighted Average Current Interest Margin (%).....			1.37							

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

### Bankruptcy or Individual Voluntary Arrangements (IVA)

The following table shows the Mortgage Loans in the Provisional Mortgage Portfolio that belong in the "Bankruptcy or Individual Voluntary Arrangements" category as of the Portfolio Reference Date.

Bankruptcy or Individual Voluntary Arrangement (IVA)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
No.....	11,748	1,447,990,799	98.18	6.65	1.37	123,254	70	207	81.62	51.58
Yes.....	198	26,853,091	1.82	6.70	1.41	135,622	69	210	84.79	56.41
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

### Property Type

The following table shows the types of Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio at the Portfolio Reference Date.

Property Type	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
House.....	6,797	755,034,472	51.19	6.63	1.35	111,083	71	207	82.08	52.90
Flat.....	4,623	651,193,674	44.15	6.67	1.39	140,860	69	206	81.38	50.72
Other.....	526	68,615,744	4.65	6.67	1.37	130,448	65	210	79.94	47.11
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

### Years Current

The following table shows the number of years that the Mortgage Loans in the Provisional Mortgage Portfolio have been current as of the Portfolio Reference Date.

Years Current	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
Greater than 0 Years	341	41,749,882	2.83	6.69	1.34	122,434	70	208	82.67	53.23
Greater than 1 Years	189	22,581,835	1.53	6.69	1.38	119,481	69	207	81.33	52.33
Greater than 2 Years	117	14,887,270	1.01	6.53	1.00	127,242	78	205	82.28	51.58
Greater than 3 Years	212	31,667,625	2.15	6.73	1.47	149,376	73	207	82.95	52.14
Greater than 4 Years	53	6,357,894	0.43	6.60	1.32	119,960	66	210	81.18	53.38
Greater than 5 Years	47	7,905,086	0.54	6.70	1.45	168,193	79	207	83.94	51.25
Greater than 6 Years	32	3,842,143	0.26	6.75	1.41	120,067	78	210	83.98	56.69
Greater than 7 Years	39	5,236,448	0.36	6.80	1.55	134,268	73	201	86.96	58.28
Greater than 8 Years	47	6,001,145	0.41	6.88	1.61	127,684	83	204	81.66	50.90
Greater than 9 Years	45	8,529,796	0.58	6.88	1.40	189,551	69	206	82.12	54.37
Greater than or equal to 10 Years or Clean for Life .....	9,864	1,190,371,192	80.71	6.64	1.36	120,678	70	207	81.31	50.72
In Arrears.....	960	135,713,573	9.20	6.73	1.42	141,368	65	206	83.85	58.73
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Mortgage Loan Purpose

The following table shows the purpose of the Mortgage Loans in the Provisional Mortgage Portfolio.

Loan Purpose	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
Remortgage .....	5,079	742,116,549	50.32	6.62	1.35	146,115	67	207	79.49	50.16
Purchase .....	6,059	703,081,735	47.67	6.69	1.39	116,039	73	207	84.12	53.32
Equity Release .....	808	29,645,606	2.01	6.62	1.26	36,690	50	209	78.46	50.37
<b>Total .....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Occupancy Type

The following table shows the occupancy types of the Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Occupancy Type	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
Buy-to-let .....	11,347	1,396,801,919	94.71	6.66	1.38	123,099	70	207	81.36	51.65
Owner-Occupied .....	599	78,041,972	5.29	6.45	1.12	130,287	67	214	87.30	52.02
<b>Total .....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Origination Year

The following table shows the years in which the Mortgage Loans in the Provisional Mortgage Portfolio were originated.

Origination Year	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
1997 .....	1	4,129	0.00	10.00	0.00	4,129	0	315	51.57	1.22
1998 .....	7	589,461	0.04	8.15	0.49	84,209	28	307	61.08	39.08
1999 .....	46	2,036,693	0.14	7.28	0.96	44,276	11	294	74.73	27.55
2000 .....	68	2,587,111	0.18	7.33	0.97	38,046	22	285	68.90	29.82
2001 .....	116	6,037,372	0.41	6.56	1.20	52,046	28	272	75.70	28.55
2002 .....	123	5,197,473	0.35	6.71	1.27	42,256	39	262	75.03	28.81
2003 .....	136	14,070,080	0.95	6.72	1.20	103,456	45	248	80.83	40.08
2004 .....	522	55,356,198	3.75	6.55	1.23	106,046	54	234	78.91	43.48
2005 .....	1,737	197,450,569	13.39	6.60	1.30	113,673	59	223	80.80	47.35
2006 .....	3,007	341,931,706	23.18	6.44	1.17	113,712	66	212	81.76	50.72
2007 .....	4,307	573,071,099	38.86	6.74	1.46	133,056	74	200	83.07	55.04
2008 .....	1,870	276,117,848	18.72	6.77	1.51	147,657	78	192	80.41	52.54
2012 .....	2	72,855	0.00	10.00	0.00	36,427	0	143	71.58	46.10
2013 .....	3	119,321	0.01	6.58	1.33	39,774	37	127	42.96	27.27
2014 .....	1	201,975	0.01	6.90	1.65	201,975	28	116	49.03	35.28
<b>Total .....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Flexible Loans

The following table shows the portion of Flexible Mortgage Loans in the Provisional Mortgage Portfolio as of the Portfolio Reference Date.

Flexible Loans	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
No.....	8,366	1,071,385,319	72.64	6.79	1.50	128,064	70	206	82.44	52.38
Yes.....	3,580	403,458,571	27.36	6.28	1.02	112,698	67	210	79.65	49.78
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 per cent. per annum.

## Term Past Due

The following table shows the portion of Mortgage Loans in the Provisional Mortgage Portfolio due past their term as of the Portfolio Reference Date.

Term Past Due	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Interest Rate (%)	Weighted Average Margin Rate (%) <sup>(1)</sup>	Average Loan Size (£)	Weighted Average Remaining Term (Months)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Indexed Current LTV (%)
No.....	11,677	1,436,725,811	97.42	6.64	1.37	123,039	71	207	81.66	51.53
Yes.....	269	38,118,079	2.58	7.15	1.23	141,703	0	206	82.02	56.96
<b>Total.....</b>	<b>11,946</b>	<b>1,474,843,890</b>	<b>100.00</b>	<b>6.65</b>	<b>1.37</b>	<b>123,459</b>	<b>70</b>	<b>207</b>	<b>81.67</b>	<b>51.67</b>

<sup>(1)</sup> For Mortgage Loans indexed to standard variable rate, the Mortgage Loan margin is assumed to be the current interest rate less 10.00 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, Collection Rate, Months in Arrears and Weighted Average Loss Severity 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 quarterly basis the annualised constant prepayment rate ("CPR"). "CPR" means the annualised ratio of the prepayment balance of loans to the closing balance of all loans in the relevant quarter.

<b>Month Ending</b>	<b>Quarterly CPR (%)</b>	<b>Month Ending</b>	<b>Quarterly CPR (%)</b>
30/09/2016 .....		30/09/2020 .....	4.04
31/12/2016 .....	2.18	31/12/2020 .....	4.93
31/03/2017 .....	2.89	31/03/2021 .....	6.27
30/06/2017 .....	3.84	30/06/2021 .....	7.42
30/09/2017 .....	4.52	30/09/2021 .....	6.39
31/12/2017 .....	3.85	31/12/2021 .....	6.14
31/03/2018 .....	4.37	31/03/2022 .....	6.04
30/06/2018 .....	3.95	30/06/2022 .....	9.38
30/09/2018 .....	5.67	30/09/2022 .....	11.81
31/12/2018 .....	5.48	31/12/2022 .....	16.57
31/03/2019 .....	4.55	31/03/2023 .....	11.85
30/06/2019 .....	6.20	30/06/2023 .....	10.28
30/09/2019 .....	6.00	30/09/2023 .....	11.74
31/12/2019 .....	7.13	31/12/2023 .....	10.08
31/03/2020 .....	5.10	31/03/2024 .....	11.73
30/06/2020 .....	3.31		

Source: CHL

### Collection Rate

The table below sets out, on a monthly basis, the ratio of the collections received to collections due (the "Collection Rate").

Month Ending	Collection Rate (%)	Month Ending	Collection Rate (%)
31/01/2020	96.94	31/03/2022	99.17
29/02/2020	98.40	30/04/2022	98.73
31/03/2020	97.86	31/05/2022	99.23
30/04/2020	91.29	30/06/2022	98.16
31/05/2020	81.04	31/07/2022	98.56
30/06/2020	80.98	31/08/2022	98.78
31/07/2020	86.43	30/09/2022	98.38
31/08/2020	93.87	31/10/2022	98.62
30/09/2020	95.30	30/11/2022	98.40
31/10/2020	97.08	31/12/2022	98.05
30/11/2020	97.94	31/01/2023	97.45
31/12/2020	97.60	28/02/2023	96.60
31/01/2021	97.57	31/03/2023	97.56
28/02/2021	97.47	30/04/2023	96.15
31/03/2021	99.02	31/05/2023	96.52
30/04/2021	97.97	30/06/2023	96.43
31/05/2021	97.92	31/07/2023	95.80
30/06/2021	99.57	31/08/2023	95.88
31/07/2021	99.47	30/09/2023	95.37
31/08/2021	98.79	31/10/2023	96.02
30/09/2021	99.31	30/11/2023	95.06
31/10/2021	99.38	31/12/2023	95.01
30/11/2021	100.31	31/01/2024	96.03
31/12/2021	99.34	29/02/2024	96.61
31/01/2022	99.68	31/03/2024	96.28
28/02/2022	99.10		

Source: CHL

### 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.

Month Ending	Up-to-Date (%)	1 month in arrears (%)	> 1 to 2 months (%)	> 2 to 3 months (%)	> 3 months (%)
31/01/2002	99.00		0.08	0.44	0.48
28/02/2002	98.89	0.06	0.26	0.37	0.42
31/03/2002	98.97	0.05	0.20	0.04	0.73
30/04/2002	98.81	0.16	0.10	0.54	0.39
31/05/2002	98.88	0.19	0.21	0.35	0.37
30/06/2002	98.95	0.21	0.40	0.07	0.37
31/07/2002	99.10	0.17	0.29	0.15	0.30
31/08/2002	99.06	0.18	0.16	0.32	0.29
30/09/2002	98.90	0.17	0.43	0.05	0.45
31/10/2002	99.07	0.11	0.36	0.13	0.33
30/11/2002	98.93	0.21	0.40	0.03	0.43
31/12/2002	99.05	0.10	0.16	0.35	0.35
31/01/2003	98.83	0.24	0.15	0.17	0.61
28/02/2003	98.95	0.14	0.18	0.17	0.57
31/03/2003	99.02	0.15	0.09	0.27	0.47
30/04/2003	99.09	0.13	0.03	0.16	0.59
31/05/2003	99.14	0.10	0.12	0.21	0.42
30/06/2003	99.32	0.20	0.09	0.18	0.21
31/07/2003	99.36	0.08	0.22	0.11	0.23
31/08/2003	99.44	0.14	0.05	0.21	0.16
30/09/2003	99.40	0.06	0.18	0.18	0.18
31/10/2003	99.32	0.11	0.16	0.18	0.23
30/11/2003	99.32	0.10	0.17	0.11	0.30
31/12/2003	99.38	0.05	0.06	0.26	0.25
31/01/2004	99.19	0.08	0.20	0.20	0.34



Annex B  
Historical Performance of the Wider Mortgage Portfolio

<b>Month Ending</b>	<b>Up-to-Date (%)</b>	<b>1 month in arrears (%)</b>	<b>&gt; 1 to 2 months (%)</b>	<b>&gt; 2 to 3 months (%)</b>	<b>&gt; 3 months (%)</b>
29/02/2004	99.24	0.08	0.20	0.20	0.29
31/03/2004	99.33	0.07	0.19	0.11	0.30
30/04/2004	99.22	0.21	0.14	0.14	0.30
31/05/2004	98.57	0.12	0.96	0.09	0.26
30/06/2004	98.84		0.48	0.48	0.21
31/07/2004	98.98	0.04	0.38	0.20	0.40
31/08/2004	98.62	0.14	0.69	0.10	0.46
30/09/2004	98.35	0.35	0.80	0.12	0.38
31/10/2004	98.74	0.40	0.36	0.22	0.28
30/11/2004	99.10	0.15	0.22	0.28	0.25
31/12/2004	99.01	0.29	0.19	0.18	0.33
31/01/2005	99.22	0.01	0.18	0.25	0.34
28/02/2005	99.14	0.19	0.19	0.17	0.31
31/03/2005	98.94	0.24	0.42	0.08	0.32
30/04/2005	98.93	0.19	0.36	0.27	0.24
31/05/2005	99.02	0.17	0.33	0.23	0.24
30/06/2005	98.96	0.19	0.43	0.22	0.21
31/07/2005	99.24	0.04	0.29	0.23	0.20
31/08/2005	99.23	0.08	0.37	0.15	0.17
30/09/2005	99.27	0.11	0.38	0.06	0.18
31/10/2005	99.50	0.07	0.11	0.11	0.20
30/11/2005	99.56	0.02	0.13	0.10	0.19
31/12/2005	99.44	0.07	0.25	0.10	0.13
31/01/2006	99.50	0.07	0.19	0.11	0.13
28/02/2006	99.36	0.08	0.24	0.10	0.22
31/03/2006	99.44	0.05	0.21	0.14	0.17
30/04/2006	99.44	0.03	0.21	0.10	0.22
31/05/2006	99.49	0.08	0.17	0.06	0.20
30/06/2006	99.46	0.05	0.24	0.07	0.18
31/07/2006	99.49	0.09	0.18	0.08	0.16
31/08/2006	99.49	0.09	0.19	0.09	0.13
30/09/2006	99.57	0.01	0.22	0.10	0.10
31/10/2006	99.55	0.07	0.17	0.12	0.08
30/11/2006	99.54	0.08	0.16	0.11	0.11
31/12/2006	99.43	0.06	0.25	0.16	0.11
31/01/2007	99.48	0.06	0.22	0.09	0.15
28/02/2007	99.47	0.05	0.23	0.12	0.13
31/03/2007	99.45	0.05	0.21	0.13	0.15
30/04/2007	99.36	0.09	0.26	0.15	0.15
31/05/2007	99.36	0.10	0.21	0.16	0.16
30/06/2007	99.46	0.08	0.15	0.15	0.16
31/07/2007	99.42	0.10	0.22	0.11	0.15
31/08/2007	99.47	0.07	0.20	0.11	0.15
30/09/2007	99.47	0.07	0.20	0.16	0.11
31/10/2007	99.52	0.07	0.16	0.16	0.10
30/11/2007	99.40	0.08	0.24	0.18	0.09
31/12/2007	99.29	0.10	0.28	0.19	0.14
31/01/2008	99.27	0.09	0.28	0.24	0.11
29/02/2008	99.34	0.07	0.23	0.20	0.16
31/03/2008	99.25	0.11	0.31	0.17	0.16
30/04/2008	99.29	0.04	0.30	0.18	0.19
31/05/2008	99.14	0.15	0.29	0.26	0.16
30/06/2008	99.07	0.14	0.35	0.25	0.20
31/07/2008	99.04	0.09	0.33	0.26	0.28
31/08/2008	98.90	0.10	0.41	0.31	0.28
30/09/2008	98.68	0.14	0.52	0.33	0.32
31/10/2008	98.39	0.21	0.61	0.39	0.40
30/11/2008	98.07	0.10	0.78	0.50	0.56
31/12/2008	97.67	0.32	0.63	0.58	0.81
31/01/2009	97.30	0.11	0.70	0.72	1.18
28/02/2009	97.06	0.11	0.67	0.68	1.48
31/03/2009	97.15	0.05	0.39	0.71	1.70
30/04/2009	97.64	0.23	0.21	0.29	1.62

Annex B  
Historical Performance of the Wider Mortgage Portfolio

<b>Month Ending</b>	<b>Up-to-Date (%)</b>	<b>1 month in arrears (%)</b>	<b>&gt; 1 to 2 months (%)</b>	<b>&gt; 2 to 3 months (%)</b>	<b>&gt; 3 months (%)</b>
31/05/2009	97.76	0.14	0.40	0.21	1.50
30/06/2009	98.01	0.16	0.45	0.23	1.15
31/07/2009	98.05	0.09	0.39	0.36	1.12
31/08/2009	97.98	0.13	0.51	0.33	1.04
30/09/2009	98.08	0.07	0.46	0.30	1.08
31/10/2009	97.99	0.07	0.58	0.27	1.10
30/11/2009	98.06	0.10	0.56	0.31	0.98
31/12/2009	98.11	0.12	0.43	0.39	0.94
31/01/2010	98.11	0.06	0.58	0.33	0.91
28/02/2010	98.23	0.09	0.44	0.39	0.85
31/03/2010	98.26	0.08	0.50	0.28	0.88
30/04/2010	98.44	0.16	0.27	0.31	0.83
31/05/2010	98.53	0.09	0.31	0.18	0.91
30/06/2010	98.57	0.10	0.23	0.23	0.86
31/07/2010	98.56	0.08	0.24	0.17	0.95
31/08/2010	98.39	0.16	0.43	0.19	0.82
30/09/2010	98.44	0.14	0.36	0.25	0.81
31/10/2010	98.62	0.16	0.26	0.17	0.80
30/11/2010	98.64	0.19	0.30	0.11	0.75
31/12/2010	98.57	0.21	0.32	0.20	0.71
31/01/2011	98.57	0.15	0.41	0.19	0.69
28/02/2011	98.59	0.19	0.28	0.28	0.66
31/03/2011	98.67	0.15	0.28	0.19	0.72
30/04/2011	98.57	0.36	0.20	0.14	0.74
31/05/2011	98.76	0.18	0.28	0.12	0.67
30/06/2011	98.59	0.18	0.38	0.18	0.67
31/07/2011	98.63	0.18	0.31	0.23	0.66
31/08/2011	98.59	0.14	0.38	0.20	0.69
30/09/2011	98.63	0.19	0.35	0.24	0.59
31/10/2011	98.68	0.16	0.30	0.23	0.63
30/11/2011	98.64	0.24	0.30	0.20	0.61
31/12/2011	98.67	0.19	0.35	0.16	0.63
31/01/2012	98.65	0.18	0.36	0.20	0.61
29/02/2012	98.76	0.16	0.30	0.17	0.62
31/03/2012	98.76	0.13	0.29	0.20	0.63
30/04/2012	98.68	0.17	0.33	0.23	0.60
31/05/2012	98.75	0.17	0.27	0.14	0.66
30/06/2012	98.71	0.19	0.30	0.13	0.67
31/07/2012	98.70	0.21	0.31	0.16	0.62
31/08/2012	98.75	0.16	0.30	0.16	0.62
30/09/2012	98.52	0.36	0.35	0.17	0.60
31/10/2012	98.73	0.22	0.35	0.14	0.57
30/11/2012	98.72	0.25	0.32	0.16	0.55
31/12/2012	98.67	0.26	0.40	0.15	0.52
31/01/2013	98.70	0.32	0.33	0.14	0.51
28/02/2013	98.65	0.31	0.45	0.09	0.51
31/03/2013	98.66	0.33	0.40	0.11	0.50
30/04/2013	98.95	0.25	0.20	0.14	0.46
31/05/2013	98.99	0.17	0.28	0.11	0.45
30/06/2013	98.97	0.21	0.25	0.17	0.40
31/07/2013	98.89	0.22	0.35	0.06	0.47
31/08/2013	99.01	0.14	0.31	0.15	0.39
30/09/2013	98.99	0.19	0.33	0.10	0.39
31/10/2013	99.08	0.22	0.23	0.12	0.36
30/11/2013	99.01	0.23	0.27	0.11	0.37
31/12/2013	99.03	0.19	0.27	0.09	0.42
31/01/2014	99.18	0.19	0.18	0.09	0.37
28/02/2014	99.16	0.23	0.21	0.08	0.33
31/03/2014	99.21	0.17	0.23	0.08	0.31
30/04/2014	99.05	0.30	0.23	0.10	0.32
31/05/2014	99.15	0.25	0.24	0.02	0.33
30/06/2014	99.18	0.27	0.21	0.06	0.28
31/07/2014	99.12	0.27	0.26	0.03	0.32

Annex B  
Historical Performance of the Wider Mortgage Portfolio

<b>Month Ending</b>	<b>Up-to-Date (%)</b>	<b>1 month in arrears (%)</b>	<b>&gt; 1 to 2 months (%)</b>	<b>&gt; 2 to 3 months (%)</b>	<b>&gt; 3 months (%)</b>
31/08/2014 .....	99.08	0.31	0.19	0.10	0.31
30/09/2014 .....	99.19	0.24	0.22	0.05	0.30
31/10/2014 .....	99.16	0.27	0.23	0.04	0.30
30/11/2014 .....	99.11	0.25	0.26	0.09	0.28
31/12/2014 .....	99.22	0.27	0.16	0.08	0.27
31/01/2015 .....	99.20	0.32	0.13	0.06	0.29
28/02/2015 .....	99.03	0.42	0.18	0.06	0.31
31/03/2015 .....	99.24	0.26	0.15	0.06	0.29
30/04/2015 .....	99.10	0.33	0.23	0.05	0.28
31/05/2015 .....	99.17	0.32	0.17	0.04	0.30
30/06/2015 .....	99.30	0.25	0.14	0.04	0.29
31/07/2015 .....	99.02	0.50	0.15	0.05	0.28
31/08/2015 .....	99.07	0.40	0.22	0.06	0.25
30/09/2015 .....	99.33	0.24	0.13	0.06	0.25
31/10/2015 .....	99.17	0.35	0.17	0.06	0.24
30/11/2015 .....	99.10	0.35	0.23	0.09	0.23
31/12/2015 .....	99.29	0.25	0.13	0.08	0.25
31/01/2016 .....	99.34	0.20	0.15	0.06	0.25
29/02/2016 .....	99.16	0.33	0.20	0.07	0.24
31/03/2016 .....	99.35	0.18	0.17	0.10	0.21
30/04/2016 .....	99.36	0.18	0.16	0.06	0.23
31/05/2016 .....	99.25	0.32	0.13	0.10	0.20
30/06/2016 .....	99.36	0.20	0.17	0.07	0.20
31/07/2016 .....	99.31	0.23	0.15	0.09	0.21
31/08/2016 .....	99.29	0.20	0.21	0.07	0.23
30/09/2016 .....	99.26	0.21	0.24	0.07	0.21
31/10/2016 .....	99.26	0.25	0.12	0.11	0.26
30/11/2016 .....	99.36	0.23	0.11	0.05	0.26
31/12/2016 .....	99.25	0.31	0.15	0.05	0.25
31/01/2017 .....	99.44	0.15	0.12	0.05	0.25
28/02/2017 .....	99.34	0.25	0.15	0.06	0.21
31/03/2017 .....	99.32	0.24	0.15	0.09	0.21
30/04/2017 .....	99.08	0.45	0.16	0.09	0.22
31/05/2017 .....	99.29	0.23	0.21	0.06	0.21
30/06/2017 .....	99.29	0.26	0.14	0.09	0.21
31/07/2017 .....	99.28	0.22	0.19	0.05	0.26
31/08/2017 .....	99.15	0.34	0.21	0.06	0.24
30/09/2017 .....	99.18	0.29	0.19	0.07	0.26
31/10/2017 .....	99.19	0.29	0.15	0.11	0.25
30/11/2017 .....	99.31	0.20	0.10	0.10	0.29
31/12/2017 .....	99.07	0.34	0.19	0.08	0.32
31/01/2018 .....	99.18	0.20	0.22	0.10	0.29
28/02/2018 .....	99.13	0.22	0.23	0.11	0.32
31/03/2018 .....	99.07	0.27	0.19	0.13	0.34
30/04/2018 .....	99.24	0.22	0.15	0.08	0.33
31/05/2018 .....	99.22	0.18	0.25	0.06	0.29
30/06/2018 .....	98.60	0.66	0.37	0.10	0.28
31/07/2018 .....	98.93	0.37	0.28	0.14	0.28
31/08/2018 .....	99.01	0.24	0.30	0.15	0.29
30/09/2018 .....	98.67	0.54	0.30	0.14	0.33
31/10/2018 .....	98.98	0.38	0.21	0.10	0.33
30/11/2018 .....	98.93	0.28	0.34	0.15	0.30
31/12/2018 .....	98.59	0.46	0.46	0.18	0.31
31/01/2019 .....	98.77	0.30	0.45	0.17	0.32
28/02/2019 .....	98.65	0.37	0.39	0.27	0.32
31/03/2019 .....	98.44	0.55	0.52	0.16	0.33
30/04/2019 .....	98.59	0.36	0.44	0.27	0.34
31/05/2019 .....	98.68	0.31	0.43	0.17	0.41
30/06/2019 .....	98.41	0.45	0.42	0.24	0.47
31/07/2019 .....	98.54	0.36	0.38	0.25	0.47
31/08/2019 .....	98.40	0.43	0.40	0.18	0.58
30/09/2019 .....	98.37	0.33	0.43	0.26	0.61
31/10/2019 .....	98.53	0.35	0.31	0.23	0.58

Annex B  
Historical Performance of the Wider Mortgage Portfolio

Month Ending	Up-to-Date (%)	1 month in arrears (%)	> 1 to 2 months (%)	> 2 to 3 months (%)	> 3 months (%)
30/11/2019	98.31	0.48	0.39	0.21	0.61
31/12/2019	98.12	0.57	0.38	0.35	0.57
31/01/2020	98.08	0.48	0.53	0.28	0.64
29/02/2020	97.72	0.72	0.43	0.43	0.69
31/03/2020	97.15	1.00	0.61	0.27	0.97
30/04/2020	96.70	1.46	0.56	0.33	0.94
31/05/2020	97.04	0.56	0.76	0.56	1.08
30/06/2020	97.42	0.42	0.76	0.27	1.14
31/07/2020	97.18	0.81	0.55	0.34	1.11
31/08/2020	97.32	0.59	0.64	0.30	1.14
30/09/2020	97.53	0.35	0.51	0.33	1.28
31/10/2020	97.47	0.46	0.57	0.26	1.24
30/11/2020	97.38	0.49	0.50	0.31	1.31
31/12/2020	97.41	0.40	0.55	0.19	1.45
31/01/2021	97.35	0.34	0.54	0.26	1.51
28/02/2021	97.31	0.41	0.41	0.31	1.56
31/03/2021	97.57	0.33	0.35	0.23	1.51
30/04/2021	97.55	0.33	0.35	0.21	1.55
31/05/2021	97.36	0.48	0.39	0.23	1.55
30/06/2021	97.67	0.27	0.41	0.21	1.44
31/07/2021	97.68	0.39	0.39	0.18	1.36
31/08/2021	97.56	0.50	0.42	0.20	1.31
30/09/2021	97.71	0.37	0.34	0.26	1.32
31/10/2021	97.60	0.53	0.37	0.24	1.27
30/11/2021	97.63	0.60	0.40	0.19	1.18
31/12/2021	97.54	0.67	0.39	0.23	1.17
31/01/2022	97.56	0.68	0.35	0.30	1.13
28/02/2022	97.53	0.59	0.47	0.22	1.18
31/03/2022	97.78	0.43	0.34	0.25	1.20
30/04/2022	97.64	0.55	0.34	0.21	1.26
31/05/2022	97.77	0.35	0.36	0.25	1.26
30/06/2022	97.48	0.39	0.55	0.28	1.31
31/07/2022	97.39	0.39	0.63	0.33	1.26
31/08/2022	97.36	0.27	0.69	0.31	1.37
30/09/2022	96.91	0.49	0.74	0.39	1.47
31/10/2022	96.53	0.09	1.32	0.52	1.55
30/11/2022	96.47	0.30	1.23	0.51	1.50
31/12/2022	95.95	0.83	0.92	0.52	1.78
31/01/2023	96.21	0.49	1.03	0.50	1.77
28/02/2023	95.60	0.75	1.07	0.66	1.92
31/03/2023	95.25	0.70	1.17	0.78	2.10
30/04/2023	94.61	0.88	1.36	0.67	2.48
31/05/2023	94.25	0.69	1.39	0.95	2.73
30/06/2023	94.00	0.53	1.21	1.06	3.20
31/07/2023	93.71	0.60	1.00	1.16	3.52
31/08/2023	93.32	0.58	1.10	1.10	3.90
30/09/2023	92.24	1.03	1.54	0.87	4.32
31/10/2023	92.32	0.49	1.72	0.97	4.51
30/11/2023	91.72	0.96	1.26	1.25	4.82
31/12/2023	91.23	1.12	1.35	0.89	5.41
31/01/2024	91.28	0.92	1.25	1.15	5.40
29/02/2024	91.16	0.81	1.31	1.13	5.58
31/03/2024	90.79	1.13	1.22	1.15	5.72

Source: CHL

### Weighted Average Loss Severity

The table below sets out the weighted average loss severity ("**Weighted Average Loss Severity**") for the Mortgage Portfolio from 1 February 2017 to 1 January 2024. 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.

<b>Month</b>	<b>Weighted Average Loss Severity (%)</b>	<b>Number of Sales in the period</b>	<b>Month</b>	<b>Weighted Average Loss Severity (%)</b>	<b>Number of Sales in the period</b>
Feb-17 .....	22.06	5	Aug-20 .....	18.45	3
Mar-17 .....	14.67	10	Sep-20 .....	20.68	2
Apr-17 .....	9.78	7	Oct-20 .....	20.79	3
May-17 .....	14.12	4	Nov-20 .....	19.21	4
Jun-17 .....	16.64	6	Dec-20 .....	37.10	4
Jul-17 .....	14.38	8	Jan-21 .....	64.76	1
Aug-17 .....	25.73	5	Feb-21 .....	15.79	2
Sep-17 .....	20.73	2	Mar-21 .....	33.48	4
Oct-17 .....	8.91	5	Apr-21 .....	16.61	2
Nov-17 .....	8.58	5	May-21 .....	34.92	6
Dec-17 .....	11.42	2	Jun-21 .....	4.38	2
Jan-18 .....	28.90	6	Jul-21 .....	26.16	8
Feb-18 .....	31.84	5	Aug-21 .....	49.02	2
Mar-18 .....	24.81	6	Sep-21 .....	4.80	3
Apr-18 .....	35.95	4	Oct-21 .....	33.49	3
May-18 .....	27.03	13	Nov-21 .....	48.57	4
Jun-18 .....	37.17	5	Dec-21 .....	46.50	2
Jul-18 .....	19.43	5	Jan-22 .....	43.98	4
Aug-18 .....	21.06	16	Feb-22 .....	17.40	7
Sep-18 .....	17.98	4	Mar-22 .....	38.26	5
Oct-18 .....	28.05	11	Apr-22 .....	41.09	5
Nov-18 .....	28.70	8	May-22 .....	40.81	2
Dec-18 .....	20.81	5	Jun-22 .....	0.00	1
Jan-19 .....	24.19	12	Jul-22 .....	9.03	5
Feb-19 .....	17.70	8	Aug-22 .....	56.31	1
Mar-19 .....	19.13	10	Sep-22 .....	0.00	1
Apr-19 .....	20.33	7	Oct-22 .....	13.31	4
May-19 .....	32.51	10	Nov-22 .....	2.84	2
Jun-19 .....	34.29	5	Jan-23 .....	0.00	1
Jul-19 .....	55.91	4	Feb-23 .....	28.89	8
Aug-19 .....	26.12	8	Mar-23 .....	0.89	2
Sep-19 .....	34.52	4	Apr-23 .....	12.37	7
Oct-19 .....	39.98	5	May-23 .....	35.68	4
Nov-19 .....	35.14	9	Jun-23 .....	16.53	6
Dec-19 .....	36.31	11	Jul-23 .....	9.49	5
Jan-20 .....	17.41	19	Aug-23 .....	26.72	2
Feb-20 .....	15.31	5	Sep-23 .....	27.50	7
Mar-20 .....	30.48	6	Oct-23 .....	32.10	3
Apr-20 .....	45.92	3	Nov-23 .....	20.37	11
May-20 .....	17.46	2	Dec-23 .....	0.00	1
Jun-20 .....	30.16	6	Jan-24 .....	10.88	2
Jul-20 .....	18.20	4			

Source: CHL

## Index of Defined Terms

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