ALBION NO.5 PLC

(*Incorporated in England and Wales with limited liability, registered number 15001191*)

LEI: 21380028TCV5JGN2IF54

Securitisation Transaction Unique Identifier: O8VR8MK4M5SM9ZVEFS35N202301

Class of Notes	Initial Principal Amount	Issue Price	Interest Rate	Relevant Margin	Step-Up Date	Ratings (Fitch/Moody's)	Final Maturity Date
Class A Notes	£350,000,000	100 per cent.	Compounded Daily SONIA plus the Relevant Margin	Prior to the Step-Up Date 0.52 per cent. per annum and on and after the Step-Up Date 1.04 per cent. per annum	The Interest Payment Date falling in April 2028	AAAsf/Aaa(sf)	The Interest Payment Date falling in July 2066
Class Z VFN	£350,000,000 (of which £38,310,000 shall be subscribed for as at the Closing Date)	100 per cent.	Compounded Daily SONIA plus the Relevant Margin	0 per cent. per annum	N/A	Not rated	The Interest Payment Date falling in July 2066

Issue Date The Issuer will issue the Notes in the classes set out above on 21 September 2023 (the **Closing Date**).

Standalone/programme issuance Standalone issuance.

Underlying Assets The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans originated by Leeds Building Society (the **Seller** or **LBS**) and secured over residential properties located in England and Wales (the **Portfolio**) which will be purchased by the Issuer on the Closing Date. See the section entitled "*Characteristics of the Portfolio*" for further details.

Credit Enhancement and Liquidity Support

- In respect of the Class A Notes only, subordination by way of the Class Z VFN.
- In respect of the Class A Notes only, the availability of the General Reserve Fund, as funded by the Class Z VFN on the Closing Date.
- Upon LBS ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long-term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2, the availability of the Liquidity Reserve Fund (in relation to the Class A Notes only), as funded by Available Principal Receipts.
- Excess Available Revenue Receipts.
- In respect of the Class A Notes only, the application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined herein) in the Available Revenue Receipts.
- The reallocation of any Aggregate Negative Amortisation Amounts from Available Principal Receipts to Available Revenue Receipts.

See the sections entitled "*Credit Structure*" and "*Terms and Conditions of the Notes*" for further details.

Redemption Provisions Information on any optional and mandatory redemption of the Notes is summarised on page 1 (*Summary of the Terms and Conditions of the Notes*) and set out in full in Condition 7 (*Redemption*).

Rating Agencies Fitch Ratings Ltd. (**Fitch**) and Moody's Investors Service Limited (**Moody's** and, together with Fitch, the **Rating Agencies**). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom (**UK**) and is registered under Regulation (EU) No 1060/2009 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**). The ratings issued by Fitch and Moody's have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under Regulation (EU) No. 1060/2009 (as amended) (the **EU CRA Regulation**). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) (this website and the contents thereof do not form part of this Prospectus). In general, European Union and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable) unless otherwise endorsed by a credit rating agency registered under the EU CRA

Regulation or the UK CRA Regulation (as applicable). In the case of ratings issued by third country non-EU credit rating agencies, third country credit ratings can either be: (a) endorsed by an EU registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the EU CRA Regulation.

All references to "**Fitch**" and "**Moody's**" in this Prospectus are to the entities as defined in the above paragraph.

Ratings

Ratings are expected to be assigned to the Class A Notes by the Rating Agencies as set out above on or before the Closing Date. The Class Z VFN will not be rated. The assignment of ratings to the Notes is not a recommendation to invest in the Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any credit rating assigned to the Notes may be revised, suspended or withdrawn at any time.

The ratings reflect the views of the Rating Agencies and are based on the Loans, the Related Security and the Properties and the structural features of the transaction, including, inter alia, the current ratings of the Interest Rate Swap Provider.

The ratings assigned by Fitch address the likelihood of full and timely payment to the Class A Noteholders (i) of interest due on each Interest Payment Date and (ii) of principal on a date that is not later than the Final Maturity Date.

The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class A Notes held by the Noteholder by the Final Maturity Date. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

Listing

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

This Prospectus has been approved as a prospectus by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Class A Notes which are to be admitted to trading on a regulated market (a **Regulated Market**) for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Class A Notes to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Regulated Market**). The Regulated Market of Euronext Dublin is a Regulated Market for the purposes of MiFID II. Investors should make their own assessment as to the suitability of investing in the Notes.

The Class Z VFN will not be admitted to the Official List, nor will it be admitted to trading on the Regulated Market. The Class Z VFN is not being offered by this Prospectus. Information contained in this Prospectus relating to the Class Z VFN is included herein for completeness only.

The Prospectus (as supplemented as at the relevant time, if applicable) is valid for the admission to trading of the Class A Notes on the Regulated Market of Euronext Dublin until the time when trading on such regulated market. The obligation to supplement this Prospectus in the event of the significant new factor, material mistake or material inaccuracy does not apply, once the Class A Notes are admitted to trading on the Regulated Market of Euronext Dublin.

Obligations

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of any Transaction Party other than the Issuer.

UK Retention Undertaking and EU Retention Undertaking

LBS will undertake to the Issuer and the Note Trustee, on behalf of the Noteholders that it will retain on an ongoing basis a material net economic interest of at least 5 per cent. of the nominal value of the securitised exposures as required by:

(i) Article 6(1) of Regulation (EU) 2017/2402 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (**EUWA**) (the **UK Securitisation Regulation**) together with any binding technical standards as amended, varied or substituted from time to time after the Closing Date (the **UK Retention Requirement**); and

(ii) Article 6 of Regulation (EU) 2017/2402 together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time (the **EU Securitisation Regulation**) together with any binding technical standards (which does not take into account any relevant national measures) as if it were applicable to LBS and solely as it applies on the Closing Date (the **EU Retention Requirement**), respectively.

As at the Closing Date, such interest will comprise of an interest in the first loss tranche, in this case represented by LBS holding the Class Z VFN in accordance with Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation (as if it were applicable to LBS and solely as it applies on the Closing Date).

Each potential UK affected investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Seller, the Note Trustee, the Joint Lead Managers, the Joint Arrangers or any other Transaction Party makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

Potential EU affected investors should note that the obligation of LBS to comply with the EU Retention Requirement is strictly contractual pursuant to the terms of the Deed of Charge and applies with respect to Article 6 of the EU Securitisation Regulation, together with any binding technical standards solely as in force on the Closing Date until such time (if ever) when LBS is able to certify to the Issuer and the Note Trustee that a competent EU authority has confirmed that the satisfaction of the UK Retention Requirement will also satisfy the EU Retention Requirement due to the application of an equivalency regime or similar analogous concept.

In addition, to the extent that Article 6 of the EU Securitisation Regulation is amended or new binding technical standards are introduced, LBS will be under no obligation to comply with such amendments. Each potential EU affected investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Seller, the Note Trustee, the Joint Lead Managers, the Joint Arrangers or any other Transaction Party makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

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

None of the Security Trustee, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Arrangers, the Joint Lead Managers or any other party (apart from LBS, as "Sponsor" for the purposes of the U.S. Risk Retention Rules) assumes any responsibility for the Sponsor's compliance with the U.S. Risk Retention Rules.

See the risk factor entitled "*U.S. Risk Retention Requirements*" for further details.

UK Simple, Transparent and Standardised Securitisation

On or about the Closing Date, it is intended that a notification will be submitted to the FCA by LBS, as originator, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the requirements of Articles 18-22 of the UK Securitisation Regulation (the **UK STS Requirements**) have been satisfied with respect to the Notes (such notification, the **UK STS Notification**). It is not intended that the issue of the Notes complies with the requirements of Article 18-22 of the EU Securitisation Regulation. Any events which trigger changes in any Priority of Payments and any change in any Priority of Payment which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

The short form (anonymised) particulars of the UK STS Notification, once notified to the FCA, will be available for download on the FCA Register of Securitisation STS Notifications at https://data.fca.org.uk/#/sts/stssecuritisations (or its successor website) (the **FCA STS Register website**). For the avoidance of doubt, the FCA STS Register website and the contents thereof do not form part of this Prospectus. Please also refer to the Reporting Websites for the final full form of the UK STS Notification.

The UK STS status of the Notes is not static, and investors should verify the current status on the FCA STS Register website, which will be updated where the Notes are no longer considered to be UK STS following a decision of the FCA, another relevant UK regulator or a notification by LBS.

In relation to the UK STS Notification, LBS has been designated as the first contact point for investors and the FCA.

LBS and the Issuer have used the services of Prime Collateralised Securities (PCS) UK Limited (**PCS UK**) as a verification agent authorised under Article 28 of the UK Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of Articles 18-22 of the UK Securitisation Regulation (the **UK STS Verification**) and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 and Article 270 of the UK CRR and Articles 7 and 13 of the UK LCR Regulation (the **UK STS Additional Assessments**). It is expected that the UK STS Verification prepared by PCS UK will be available on the PCS UK website (https://www.pcsmarket.org/sts-verification-transactions/), together with detailed explanations of its scope at https://pcsmarket.org/disclaimer/ on and from the Closing Date. For the avoidance of doubt, this PCS UK website and the contents thereof do not form part of this Prospectus.

Note that designation as a UK STS securitisation does not meet, as at the date of this Prospectus, the STS requirements of the EU Securitisation Regulation and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes (in particular, under Regulation (EU) 2017/2401 (the **EU CRR**), the EU LCR Regulation and the EU Solvency II regime) will not be available. For further information, please refer to the section entitled "Risk Factors – Simple, Transparent and Standardised Securitisations".

No representation or warranty is made by the Joint Arrangers, the Joint Lead Managers, the Issuer or any other person as to compliance with the UK STS Requirements.

UK Securitisation Regulation – transaction overview requirements	The Issuer and LBS intend that this Prospectus constitutes a transaction summary/overview of the main features of the transaction contemplated herein for the purposes of Article 7(1)(c) of the UK Securitisation Regulation.
Benchmarks	Amounts payable under the Notes shall be calculated by reference to SONIA. At the date of this Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of 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 benchmark issued in 2017 by the International Organisation of Securities Benchmarks. At the date of this Prospectus, the administrator of SONIA is not included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (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.
Volcker Rule	The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the **Volcker Rule**). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the **Investment Company Act**) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determination that it would satisfy all of the elements of the exemption from the definition of "investment company" under the Investment Company Act, provided by Section 3(c)(5)(C) thereunder and, accordingly, it should be excluded from the definition of a “covered fund” under the Volcker Rule. To the extent that these implementing regulations are modified or superseded, the Issuer may no longer be able to rely on such exemption. Any prospective investor in notes issued by the Issuer, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the Volcker Rule and its effects.

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

Joint Arrangers and Joint Lead Managers

BNP Paribas **Lloyds Bank Corporate Markets**

The date of this Prospectus is 20 September 2023

IMPORTANT NOTICE

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE INTEREST RATE SWAP PROVIDER, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE SERVICER, THE BACK-UP SERVICER FACILITATOR, THE CORPORATE SERVICES PROVIDER, THE CASH MANAGER, THE ACCOUNT BANK, THE SECONDARY TRANSACTION ACCOUNT BANK, THE SWAP COLLATERAL ACCOUNT BANK, THE PRINCIPAL PAYING AGENT, THE AGENT BANK, THE CLASS Z VFN REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE SELLER, THE INTEREST RATE SWAP PROVIDER, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE SERVICER, THE BACK-UP SERVICER FACILITATOR, THE CORPORATE SERVICES PROVIDER, THE CASH MANAGER, THE ACCOUNT BANK, THE SECONDARY TRANSACTION ACCOUNT BANK, THE SWAP COLLATERAL ACCOUNT BANK, THE PRINCIPAL PAYING AGENT, THE AGENT BANK, THE CLASS Z VFN REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE OR BY ANY PERSON OTHER THAN THE ISSUER.

The Class A Notes will each initially be represented by a temporary global note in bearer form (each, a **Temporary Global Note**), without interest coupons attached. Each Temporary Global Note will be exchangeable, as described herein, for a permanent global note in bearer form which is recorded in the records of Euroclear System (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) (each, a **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes** and each, a **Global Note**) without interest coupons attached, not earlier than 40 calendar days and not later than 180 calendar days after the Closing Date (provided that certification of non-U.S. beneficial ownership has been received). The Global Notes will be deposited with a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg on or before the Closing Date. The Common Safekeeper will hold the Global Notes in custody for Euroclear and Clearstream, Luxembourg. The Notes, issued in new global note form and represented by the Global Notes may be transferred in book-entry form only. The Class A Notes will be issued in the denomination of £100,000 and integral multiples of £1,000 in excess thereof. Except in the limited circumstances described under "*Description of the Notes in Global Form and the Variable Funding Note — Issuance of Definitive Notes*", the Notes will not be available in definitive form (the **Definitive Notes**).

Each of Euroclear and Clearstream, Luxembourg (as applicable) will record the beneficial interests in the Global Notes (**Book-Entry Interests**). Book-Entry Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear or Clearstream, Luxembourg (as applicable), and their respective participants.

The Class Z VFN will be in dematerialised registered form. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFN will be registered in the name of the Class Z VFN Holder. Transfers of all or any portion of the interest in the Class Z VFN may be made only through the register maintained by the Issuer.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Seller, the Note Trustee, the Security Trustee, the Interest Rate Swap Provider, the Servicer, the Cash Manager, the Account Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Agent Bank, the Class Z VFN Registrar, the Corporate Services Provider or the Back-up Servicer Facilitator or the Joint Arrangers or the Joint Lead Managers that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an

exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this Prospectus as a prospectus for the purposes of the Prospectus Regulation by the Central Bank, no action has been or will be taken by the Issuer, the Seller, the Note Trustee, the Security Trustee, the Interest Rate Swap Provider, the Servicer, the Cash Manager, the Account Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Agent Bank, the Class Z VFN Registrar, the Corporate Services Provider or the Back-up Servicer Facilitator, the Joint Arrangers or the Joint Lead Managers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Arrangers and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**)) (**U.S. PERSONS**) NOR U.S. RESIDENTS (AS DETERMINED FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT) (**U.S. RESIDENTS**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF LBS AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES (**RISK RETENTION U.S. PERSONS**). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED, AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED, TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF LBS), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES. (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE SELLER, AS THE SPONSOR UNDER THE U.S. RISK RETENTION RULES, DOES NOT INTEND TO RETAIN AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE NOTES FOR THE PURPOSES OF THE U.S. RISK RETENTION RULES, BUT RATHER INTENDS TO RELY ON AN EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS. SEE "U.S. RISK RETENTION REQUIREMENTS".

LBS and each of the Joint Arrangers and the Joint Lead Managers and each subsequent purchaser of the Notes will be deemed by its acceptance of such Notes to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of the Notes as set forth therein and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases. See "*Transfer Restrictions and Investor Representations*".

None of the Issuer, the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator nor any of the Joint Arrangers nor the Joint Lead Managers makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

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

LBS accepts responsibility for the information set out in the sections headed "*Leeds Building Society*", "*The Loans*", "*Characteristics of the Portfolio*", "*Risk Retention Requirements*", "*Characteristics of the United Kingdom Residential Mortgage Market*", and "*Historical Amortisation Rates of Leeds Building Society Prime Mortgage Loans*". To the best of the knowledge and belief of LBS (having taken all reasonable care to ensure that such is the case), the information contained in such sections is in accordance with the facts and does not omit anything likely to affect its import. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by LBS as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

Maples Fiduciary Services (UK) Limited accepts responsibility for the information set out in the section headed "*Corporate Services Provider*". To the best of the knowledge and belief of Maples Fiduciary Services (UK) Limited (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citicorp Trustee Company Limited accepts responsibility for the information set out in the section headed "*The Note Trustee and Security Trustee*" To the best of the knowledge and belief of Citcorp Trustee Company Limited (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citibank N.A., London Branch accepts responsibility for the information set out in the section headed "*Secondary Transaction Account Bank and Swap Collateral Account Bank*". To the best of the knowledge and belief of Citibank N.A., London Branch (having taken all reasonable care to ensure such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The Prospectus (as supplemented as at the relevant time, if applicable) is valid for the admission to trading of the Class A Notes on the Regulated Market of Euronext Dublin until the time when trading on such regulated market. The obligation to supplement this Prospectus in the event of the significant new factor, material mistake

or material inaccuracy does not apply, once the Class A Notes are admitted to trading on the Regulated Market of Euronext Dublin. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by LBS, the Security Trustee, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Joint Arrangers, the Joint Lead Managers or any of their affiliates, advisers, directors or group companies as to the accuracy or completeness of any information contained in this Prospectus (other than the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

The information on the websites to which this Prospectus refers does not form part of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Joint Arrangers, the Joint Lead Managers or any of their respective affiliates, advisers, directors or group companies. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or the Seller or in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Joint Arrangers or the Joint Lead Managers as to the accuracy or completeness of such information. None of the Joint Arrangers, the Joint Lead Managers, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Note Trustee or the Security Trustee has separately verified the information contained herein. Accordingly, none of the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Arrangers or the Joint Lead Managers makes any representation, express or implied, or accepts any responsibility with respect to the accuracy or completeness of any of the information in this Prospectus or any document or agreement relating to the Notes or any Transaction Document. None of the Joint Arrangers and the Joint Lead Managers have prepared any financial statements or reports referred to in this Prospectus and have not separately conducted any due diligence on the Loans for the purposes of the Transaction and there is no ongoing active involvement of the Joint Arrangers or the Joint Lead Managers to monitor or notify any defect in relation to the circumstances of the Loans. None of the Joint Arrangers, the Joint Lead Managers, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Note Trustee or the Security Trustee 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 Documents, or any other agreement or document relating to the Notes or any Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Prospectus should not be construed as providing legal, business, investment, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in any Notes.

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

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

With respect to the Class Z VFN, no prospectus is required to be published for any purpose under the Prospectus Regulation and the Central Bank has neither approved nor reviewed information contained in this Prospectus in connection with the Class Z VFN.

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

In this Prospectus all references to the "**Financial Conduct Authority**" or "**FCA**" are to the United Kingdom Financial Conduct Authority and all references to the "**Prudential Regulation Authority**" or "**PRA**" are to the United Kingdom Prudential Regulation Authority which in each case before 1 April 2013 was known as the Financial Services Authority or FSA.

Forward-Looking Statements and Statistical Information

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "**may**", "**will**", "**could**", "**believes**", "**expects**", "**anticipates**", "**continues**", "**intends**", "**plans**" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer.

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

None of the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Arrangers nor the Joint Lead Managers have attempted to verify any forward-looking statements or Statistical Information, nor do they make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Arrangers or the

Joint Lead Managers 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.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA (EEA). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE **INSURANCE DISTRIBUTION DIRECTIVE**), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS REGULATION. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE **EU PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE EU PRIIPS REGULATION.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS IN THE UNITED KINGDOM (**UK**). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FSMA AND ANY RULES OF THE FSMA TO IMPLEMENT THE 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 EUWA (THE **UK PRIIPS REGULATION**) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN DIRECTIVE 2014/65/EU (AS AMENDED, **MIFID II**); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A **DISTRIBUTOR**) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT. HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS 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 EUWA (**UK MIFIR**); AND (II) ALL CHANNELS FOR

DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A **DISTRIBUTOR**) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT. HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE **UK MIFIR PRODUCT GOVERNANCE RULES**) IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

This Prospectus has been approved as a prospectus by the Central Bank of Ireland (the **CBI**) as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The CBI only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CBI should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The information on the websites to which this Prospectus refers does not form part of this Prospectus.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Security Trustee, the Note Trustee, the Agents, the Interest Rate Swap Provider, the directors of the Issuer, the Joint Arrangers or the Joint Lead Managers.

None of the Joint Arrangers, the Joint Lead Managers, the Note Trustee, the Security Trustee or the Agents 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 Documents or any other agreement or document relating to the Notes or any Transaction Document or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. None of the Joint Arrangers, the Joint Lead Managers, the Note Trustee, the Security Trustee or the Agents has independently verified the information contained herein. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus or any part hereof and any offering of the Notes in certain jurisdictions may be restricted by law. No action has been taken by the Issuer, the Joint Arrangers or the Joint Lead Managers that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

In connection with this new issue of the Notes as described in this Prospectus (the **Transaction**), the Joint Arrangers and the Joint Lead Managers are acting exclusively for the Issuer and no one else. Accordingly, in connection with the Transaction, neither the Joint Arrangers nor the Joint Lead Managers will be responsible to anyone other than the Issuer for providing the protections afforded to its clients or for the giving of advice in relation to the Transaction. The Joint Lead Managers will be paid a fee by the Issuer in respect of the placement of Notes.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor of the Notes should consult its legal advisers to

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

The Notes will be represented by Global Notes which are expected to be deposited with a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and registered in the name of a nominee of the Common Safekeeper on the Closing Date.

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

Forward-Looking Statements and Statistical Information

Certain matters contained in this Prospectus are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. This Prospectus also contains certain tables and other statistical analyses (the **Statistical Information**). Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. Neither the Joint Arrangers nor the Joint Lead Managers 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 Joint Arrangers or the Joint Lead Managers 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.

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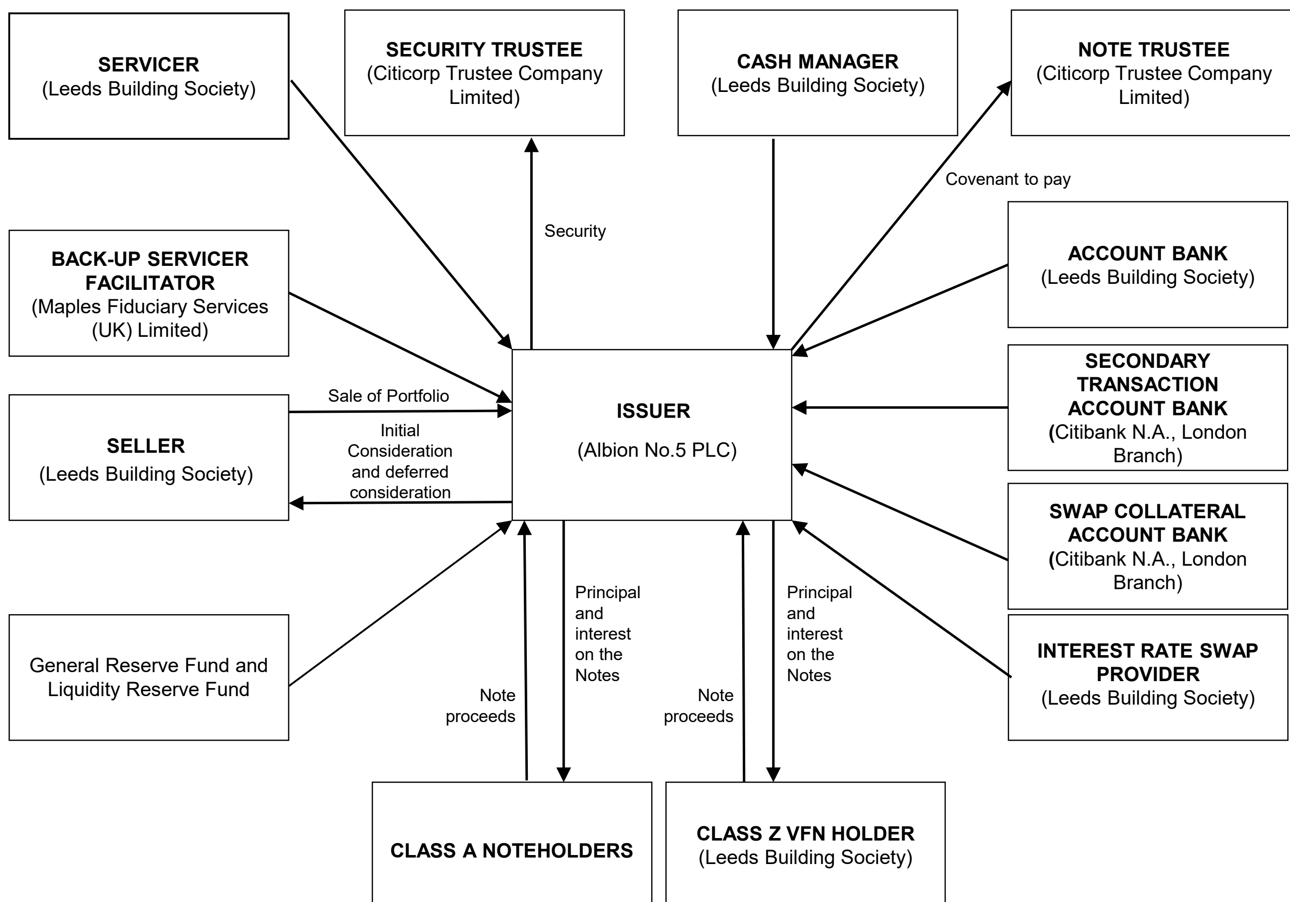
STRUCTURE DIAGRAMS AND TRANSACTION PARTIES ON THE CLOSING DATE

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

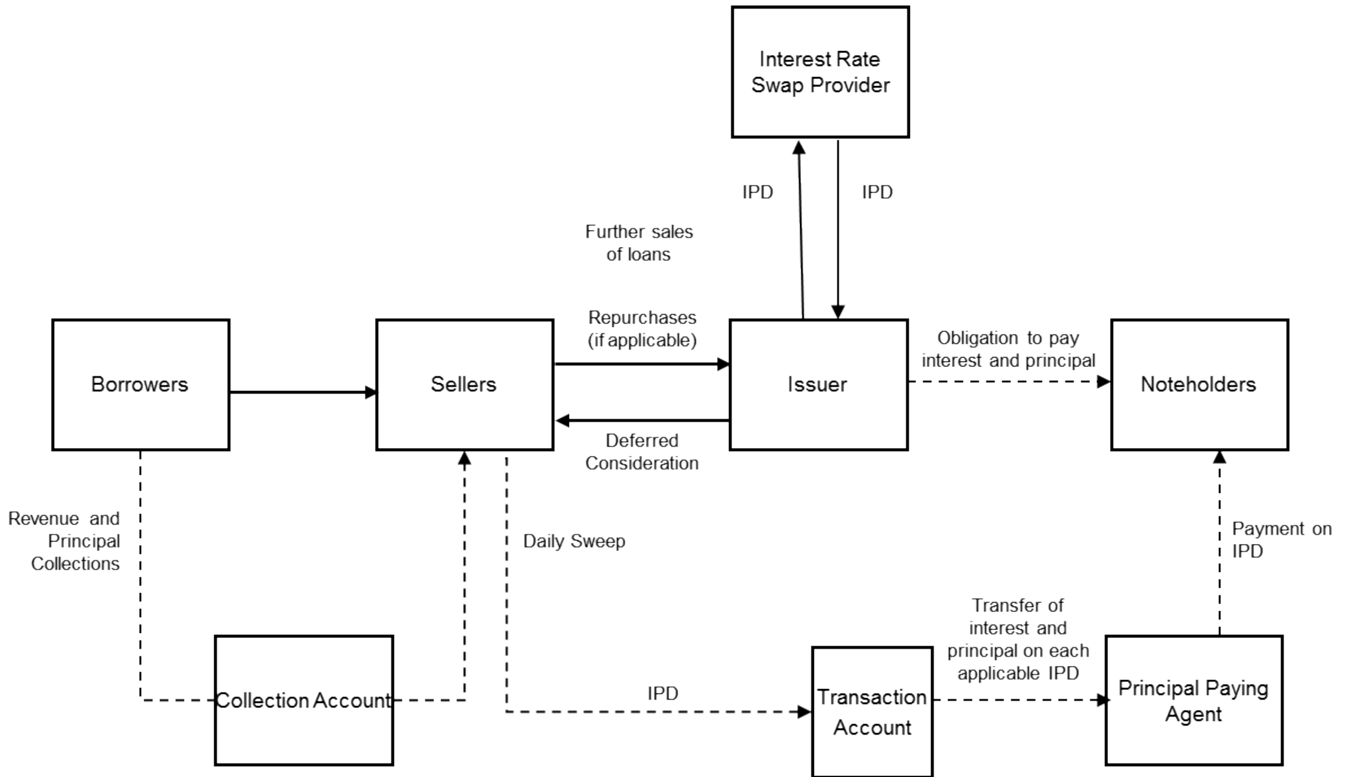
The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.

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

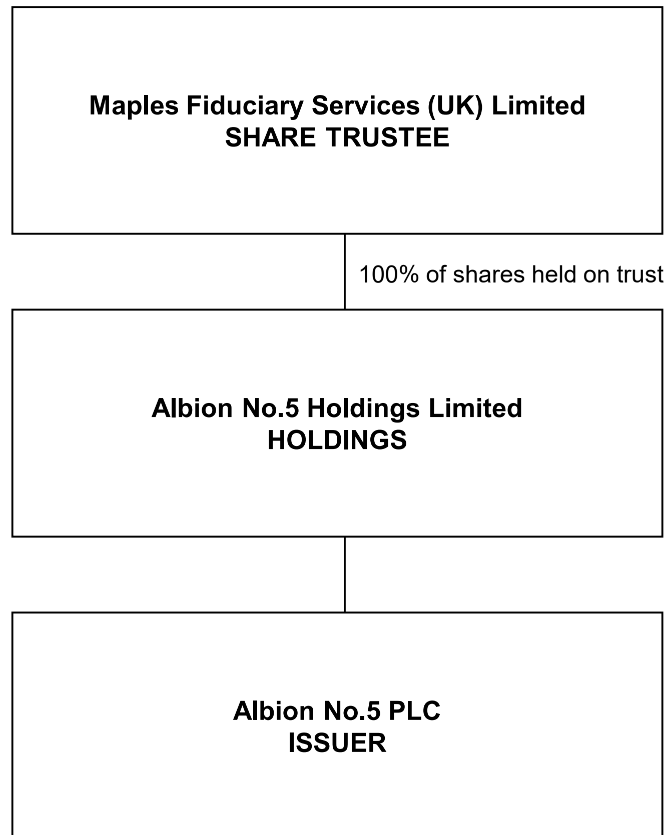
Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.



DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOWS



OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER



The above diagram illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The Issuer is a wholly-owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary 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 LBS or any member of the group of companies containing LBS.

TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed/Further Information
Issuer	Albion No.5 PLC	11th Floor 200 Aldersgate Street London EC1A 4HD	See the section entitled "*The Issuer*" for further information.
Holdings	Albion No.5 Holdings Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	See the section entitled "*Holdings*" for further information.
Seller	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	See the section entitled "*Leeds Building Society*" for further information.
Servicer	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	Servicing Agreement. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" for further information.
Back-Up Servicer Facilitator	Maples Fiduciary Services (UK) Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Servicing Agreement. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" for further information.
Cash Manager	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	Cash Management Agreement. See the section entitled "*Summary of the Key Transaction Documents – Cash Management Agreement*" for further information.
Class Z VFN Holder	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	See the section entitled "*Leeds Building Society*" for further information.
Interest Rate Swap Provider	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	Interest Rate Swap Agreement. See the section entitled "*Credit Structure – Interest Rate Risk for the Notes – Interest Rate Swap*" for further information.

Party	Name	Address	Document under which appointed/Further Information
Account Bank	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	The Bank Account Agreement. See the section entitled "*Summary of the Key Transaction Documents – Bank Account Agreement*" for further information.
Secondary Transaction Account Bank	Citibank N.A., London Branch	Citigroup Centre, Canada Square, London E14 5LB	Secondary Transaction Account Agreement. See the section titled "*Summary of the Key Transaction Documents – Secondary Transaction Account Agreement*" for further information.
Swap Collateral Account Bank	Citibank N.A., London Branch	Citigroup Centre, Canada Square, London E14 5LB	Swap Collateral Account Bank Agreement. See the section titled "*Summary of the Key Transaction Documents – Swap Collateral Account Bank Agreement*" for further information.
Security Trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, London E14 5LB	Deed of Charge. See the sections entitled "*Summary of the Terms and Conditions of the Notes – Security*", "*Summary of the Key Transaction Documents – Deed of Charge*" and the Conditions for further information.
Note Trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, London E14 5LB	Trust Deed. See the sections entitled "*Summary of the Key Transaction Documents – Trust Deed*" the *Conditions* for further information.

Party	Name	Address	Document under which appointed/Further Information
Principal Paying Agent and **Agent Bank**	Citibank N.A., London Branch	Citigroup Centre, Canada Square, London E14 5LB	Agency Agreement. See the Conditions and the section entitled "*Summary of the Key Transaction Documents – Agency Agreement*" for further information.
Class Z VFN Registrar	Leeds Building Society	26 Sovereign Street Leeds LS1 4BJ	See the Conditions for further information.
Corporate Services Provider	Maples Fiduciary Services (UK) Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Corporate Services Agreement. See the section entitled "*Summary of the Key Transaction Documents – Corporate Services Agreement*" for further information.
Share Trustee	Maples Fiduciary Services (UK) Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Issuer Share Trust Deed.
Joint Arranger and **Joint Lead Manager**	BNP Paribas	16 Boulevard des Italiens, 75009 Paris, France	See the section entitled "*Subscription and Sale*" for more information.
Joint Arranger and **Joint Lead Manager**	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	See the section entitled "*Subscription and Sale*" for more information.

RISK FACTORS

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

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. In each category of factors set out below, the Issuer believes that each factor included in each category of factors is material, with the most material in each category (based on the Issuer's assessment of the probability of its occurrence and the expected magnitude of its negative impact) being described first in each category. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

1. RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

No reliance on any person other than the Issuer to make payments on the Notes

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Seller, the Interest Rate Swap Provider, the Joint Arrangers, the Joint Lead Managers, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Cash Manager, the Account Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, any other Paying Agent, the Agent Bank, the Class Z VFN Registrar, the Note Trustee, the Security Trustee, any company in the same group of companies as such entities, any other party to the Transaction Documents or by any person other than the Issuer.

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

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent primarily on receipts from the Loans in the Portfolio, interest earned on the Bank Accounts and any Authorised Investments, amounts standing to the credit of the General Reserve Fund, the Liquidity Reserve Fund (if established), and the receipts under the Interest Rate Swap Agreement. Other than the foregoing, the Issuer is not expected to have any other material funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. .

The timing and amount of payments on the Loans could be affected by various factors which may adversely affect payments on the Notes

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The 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. Further interest rates rises may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual,

personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan 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. See further the Risk Factor headed "Delinquencies or Default by Borrowers in paying amounts due on their Loans" below.

In order to enforce a power of sale in respect of a mortgaged property in England & Wales, the relevant mortgagee 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. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations and to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law, are restricted in the future.

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

The yield to maturity of the Class A Notes will depend on, *inter alia*, the amount and timing of payment of principal and interest on the Loans and the price paid by the holders of the Notes. Prepayments on the Loans may result from refinancing, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgages, as well as the receipt of proceeds under the insurance policies. In addition, the repurchase of Loans required to be made under the Mortgage Sale Agreement will have the same effect as a prepayment of such Loans. The yield to maturity of the Notes of any Class may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of 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, the competitiveness of replacement products, the impact of whether a Loan imposes an early repayment charge on a Borrower, the end of any incentive periods which a particular Borrower may currently be on, local and regional economic conditions, homeowner mobility, natural disasters, wars and widespread health crises or the fear of such crises (such as an epidemic or pandemic). However, the rate of prepayment cannot be predicted. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans, save where such decrease in interest rates arises as a result of action taken by government to ease the effects of any widespread economic, social or health emergency. For instance, borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). In addition, if the Seller is required, per the terms of the Mortgage Sale Agreement, to repurchase a Loan or Loans under a Mortgage Account and their Related Security from the Issuer because, for example, one of the Loans does not comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all the Loans under that Mortgage Account. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience.

Payments and prepayments of principal on the Loans will be applied to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments (see "*Cashflows*" below) (to the extent not used to credit the Liquidity Reserve Fund, if established) or used to fund a Revenue Deficiency.

On any Interest Payment Date (i) falling in April 2028 or upon any Interest Payment Date thereafter or (ii) on which the aggregate Principal Amount Outstanding of the Class A Notes is equal to or less than 10 per cent.

of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Class A Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer or the Interest Rate Swap Provider being required to make a deduction or withholding for or on account of tax. This may adversely affect the yield to maturity on the Class A Notes.

Following the occurrence of an Event of Default, service of a Note Acceleration Notice and enforcement of the Security, there is no assurance that the Issuer will have sufficient funds to redeem the Notes in full.

Considerations relating to the Annual Review Scheme and its impact on funds available to the Issuer

In respect of floating rate loans that are based on the Seller's SVR or which are linked to a variable interest rate other than the Seller's SVR, the terms and conditions of the Loans may provide that a Borrower's monthly payments will remain fixed (the **Fixed Monthly Amount**) for a period of 12 months (each a **Fixed Payment Period**) irrespective of any interest rate changes during such period. If the terms and conditions of a Loan provide for this feature, the amount of a Borrower's Fixed Monthly Amount will only vary on an annual basis in accordance with the terms of an annual payment review which takes place once a year (the **Annual Review**). While the Seller has recently amended the terms and conditions of the loans such that, in relation to new origination, an Annual Review is no longer a feature of floating rate loans, a large proportion of the Portfolio will be based on terms and conditions which provide for an Annual Review (such loans, **Annual Review Loans**).

In relation to Annual Review Loans, during any Fixed Payment Period, although a Borrower's monthly payments remain fixed, the Loan will continue to accrue interest at the **Accrual Rate** (being the actual rate of interest chargeable on a Loan as determined on a daily basis). The difference between the amounts calculated using the Accrual Rate (the **Monthly Accrual Amount**) and the Fixed Monthly Amount will be taken into account during the Annual Review in recalculating the Fixed Monthly Amounts due by a Borrower during the subsequent Fixed Payment Periods. Ordinarily the Seller would try to recover the difference over the term of the Loan.

The effect of the Annual Review on the Fixed Monthly Amounts payable by Borrowers will mean that if the Accrual Rate falls on the Loans, a larger proportion of the Fixed Monthly Amount will be used to repay principal on the Loans. In such circumstances, the amount of Principal Receipts received by the Issuer will increase and could result in a redemption of the Notes. If the Accrual Rate falls more than anticipated as at the Closing Date, Noteholders could receive redemptions earlier than would otherwise be anticipated.

Conversely, if the Accrual Rate rises on the Loans, a larger proportion of the Fixed Monthly Amount (where the Borrower repays interest and principal) will be applied towards payment of interest amounts due on the Loans. In respect of Interest-only Loans and where the rate of interest has risen such that the Monthly Accrual Amount is greater than the Fixed Monthly Amount (the **Contractual Difference**), the Contractual Difference will be capitalised and added to the outstanding balance of the Loan at the Annual Review. A Borrower will not be in default under their Loan if a Contractual Difference occurs during a Fixed Payment Period. If a Contractual Difference occurs in respect of a Loan, this could result in the Issuer receiving less Principal Receipts than would otherwise be anticipated under the Loans and could result in Noteholders receiving redemptions on the Notes later than would otherwise be expected and the weighted average life of the Notes may be extended.

In relation to Annual Review Loans in the Portfolio, amounts equal to the aggregate of any Negative Amortisation Amounts will be reallocated from Available Principal Receipts and applied as Available Revenue Receipts. Should any such Negative Amortisation Amounts be significant in size, Noteholders could receive redemptions on the Notes later than would otherwise be expected and the weighted average life of the Notes may be extended.

2. RISKS RELATING TO THE UNDERLYING ASSETS

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

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 and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Loan. The strength and performance of the United Kingdom economy (due to local, national and/or global macroeconomic factors) typically has a correlated effect on the housing market. In addition, any natural disasters, or widespread health crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises (including, but not limited to, the COVID-19 pandemic), and/or the fear of any such crises whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions in the United Kingdom and also globally and may reduce the value of the affected Properties. 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 Loans is reduced this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

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

Variation in characteristics of the Portfolio

The information in the section headed "*Characteristics of the Portfolio*" has been extracted from the systems of the Seller as at the Provisional Pool Date. The Portfolio will be randomly selected from the Provisional Pool Date Portfolio. The Provisional Pool Date Portfolio comprises 3,366 Loans with an aggregate True Balance of £428,087,237. The characteristics of the Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of loans prior to the Closing Date and the removal of any Loans that fail to satisfy the Loan Warranties on the Closing Date. Neither the Seller nor the Servicer has provided any assurance that there will be no material change in the characteristics of the Provisional Pool Date Portfolio and the Portfolio, or the characteristics of the Provisional Pool Date Portfolio between the Provisional Pool Date and the Closing Date which in each case could adversely affect payments on the Notes.

Loans may 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 (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions in the United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section. The economy of each geographic region within the United Kingdom is dependent on a different mixture of industries and other factors. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. In addition, any natural disasters or widespread health crises or the fear of such crises (such as Covid-19, measles, SARS, Ebola or other epidemic diseases) in a particular region may weaken economic conditions and reduce the value of affected Properties, the ability to sell Properties in a timeline manner and/or negatively impact the ability of affected Borrowers to make timely payments on the

Loans. This may result in a loss being incurred upon the sale of such Properties. If the timing and payment of the Loans is adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Provisional Pool Date, see "*Characteristics of the Portfolio — Geographical Distribution*".

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

The Issuer is subject to the risk of default in payment by the Borrowers and the risk of failure by the Servicer (or, if at any time applicable, any back-up servicer) on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Loans. This risk may affect the Issuer's ability to make payments on the Notes. No assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss. Should there be credit losses in respect of the Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes.

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The 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 (due to local, national and/or global macroeconomic and geopolitical factors such as the war between Russia and Ukraine) or housing conditions, changes in tax laws, interest rates, inflation, cost of living, energy prices, the availability of financing, yields on alternative investments, political developments and government policies, natural disasters and widespread health crises or the fear of such crises (such as coronavirus (including Covid-19), measles, SARS, Ebola or other epidemic diseases).

The UK economy is experiencing a range of economic effects including high energy prices, inflation and a cost-of-living crisis (the cost of living in the UK having risen at its fastest rate in 30 years), partly associated with COVID-19 and the war between Russia and Ukraine, with uneven impacts. Developments such as consumer energy price inflation and disruption to global supply chains alongside elevated global demand for goods and supply shortages of specific goods have led to recent inflationary pressure. The United Kingdom is also in a rising interest rate environment (in part to curb inflationary rises) and such rises in interest rates are likely to be passed on to consumers leading to an increase in their cost of debt as well as further discouraging expenditure. Risks to the housing market are growing because of rising mortgage rates and tightening lending standards, which may result in adjustments to housing valuations. An increase in housing costs could make current customer borrowing unaffordable, leading to an increase in defaults.

Further inflationary pressure may result in further interest rate increases over time. There is currently some economic uncertainty and concern in relation to potential stagnation or recession. If there were further interest rate increases, this could adversely affect Borrowers' disposable income and ability to pay interest or repay principal on their Mortgages, particularly against a background of price rises for essential goods. If inflationary pressure on prices combines with suppressed wage growth, there is the potential for stagflation. Widespread economic impacts have the potential to create contagion effects. A deflationary environment may negatively affect property values. Rises in a Borrower’s cost of debt and cost of living could lead to increased strain on their ability to service the Loans and ultimately lead to losses on the Notes.

Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings (including and in particular in relation to self-employed Borrowers experiencing more volatile earnings and Borrowers suffering the impact of being furloughed for a period of time or ultimately being made redundant by an employer as a result of the wider macroeconomic conditions), illness (including any illness arising in connection with an epidemic, pandemic or health crises such as Covid-19), divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay

the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan 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.

Delay in payment by the Borrowers may affect the Issuer's ability to make payments on the Notes

Interest Only Loans

Approximately 14.8% of the Portfolio (based on the aggregate Current Balance as at the Cut-Off Date) are interest-only loans. Where the Borrower is only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term, the Seller requires that the Borrower has a credible repayment strategy such as an investment policy in place to ensure that funds will be available to repay the capital at the end of the term, however, the Seller does not take security over any investment policies taken out by Borrowers and for Loans originated prior to October 2012 did not require proof of any such repayment mechanism. Since October 2012 the Seller's criteria for originating Loans have required Borrowers to evidence the repayment mechanism, such as through a savings and investments plan or through the sale of property and a review of the repayment strategy is carried out at least once during the product term. The maximum original loan to value for all interest only loans is 60%.

The ability of a Borrower to repay an Interest-only Loan (as defined in "*Characteristics of the Loans — Repayment Terms*" below) or part thereof 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, individual savings accounts or endowment policies. The ability of a Borrower to refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the Borrower's age and employment status, the financial condition and payment history of the Borrower, tax laws and prevailing general economic conditions. In recent times, mortgage lenders have maintained stricter conditions to the advancing of interest-only (and other) mortgage loans. The inability of the Borrowers to refinance their respective Properties may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes. Borrowers may not have been making payment in full or on time of the premiums due on any relevant investment or life policy, which may therefore have lapsed and/or no further benefits may be accruing thereunder. In certain cases, the policy may have been surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not have been applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest-only Loan at maturity without resorting to the sale of the underlying property depends on such Borrower's ability to ensure that sufficient funds are available from a given source such as pension policies, personal equity plans, individual savings accounts or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest-only Loan and a Loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured.

As a result of UK Government attention on interest-only mortgage loans, borrowers with interest-only mortgage loans have been prompted 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 Seller, to amend the terms of its Loan from an Interest-only Loan to a Repayment Loan, the relevant Loan would remain with the Issuer as part of the Portfolio, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Loan and the relevant Notes respectively, earlier than would otherwise be the case. See further "*Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*" above.

Contractual Differences are more likely to occur in relation to Interest-only Loans than Loans which are repayable on a capital repayment basis or a combination capital repayment/interest payment basis. As a result, Negative Amortisation Amounts and the subsequent reallocation of Available Principal Receipts as Available Revenue Receipts (resulting in Noteholders receiving principal redemptions later than they would otherwise have expected), are more likely to occur in relation to Interest-only Loans in the Portfolio. See

"*Annual Mortgage Payment Review*" for further information in relation to Contractual Differences and the impact of Negative Amortisation Amounts.

Additional Loan Advances and Product Switches

The Seller or the Servicer (on behalf of the Seller) may offer a Borrower, or a Borrower may request, an Additional Loan Advance or a Product Switch from time to time. Any Loan which has been the subject of an Additional Loan Advance or a Product Switch following an application by the Borrower will remain in the Portfolio. If the Issuer subsequently determines that any Additional Loan Advance or Product Switch does not satisfy an Asset Condition as at the last day of the Monthly Period in which the relevant Additional Loan Advance or Product Switch was made (and as determined on the relevant Monthly Test Date), and such breach is not remedied in accordance with the Mortgage Sale Agreement, the Seller will be required to repurchase the relevant Loan and its Related Security. See further "*Summary of the Key Transaction Documents — Mortgage Sale Agreement — Repurchase by the Seller*".

It should be noted that any Loan Warranty made by the Seller in relation to an Additional Loan Advance and/or Product Switch may be amended from time to time and such changes will be notified to the Rating Agencies. The consent of the Noteholders in relation to such amendments will not be obtained if the Security Trustee has given its prior consent to such amendment (and for such purpose, the Security Trustee may, but is not obliged to, have regard to any Rating Agency Confirmation in respect of those amendments). Where the Seller is required to repurchase because the warranties are not true, there can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. Either of these circumstances may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments on the Notes.

The number of Additional Loan Advance and Product Switch requests received by the Seller 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.

Further, there may be circumstances in which a Borrower might seek to argue that any Loan, Additional Loan Advance or Product Switch is wholly or partly unenforceable by virtue of non-compliance with the Financial Services and Markets Act 2000 (**FSMA**) or the Consumer Credit Act 1974 (**CCA**) as further discussed below.

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

The valuation of Properties using an automated valuation model may adversely affect payments on the Notes

The valuation of the Property securing a Loan was undertaken by means of an automated valuation model in relation to approximately 24.5% of the aggregate True Balance of the Loans as at the Cut-Off Date. The accuracy of automated valuation models is based on available prior valuation information on the relevant property and on the existence of a sufficient amount of similar properties that have been valued or sold recently in the vicinity of the relevant property. As a result, automated valuation models tend to be less accurate when valuing properties with unique features or properties located in sparsely populated areas with little property turnover. In addition, automated valuation models may have a tendency to overvalue low-value properties and undervalue high-value properties. If any Property has been overvalued due to the use of an automated valuation model, the related LTV ratio is likely to be underestimated, which may result in a greater than expected loss if the related Loan were to go into default and the Property sold.

Searches, Investigations and Warranties in Relation to the Loans

The Seller will give certain warranties to each of the Issuer and the Security Trustee regarding the Loans and their Related Security sold to the Issuer on the Closing Date and will give similar warranties to each of the

Issuer and the Security Trustee regarding any Additional Loan Advances or Product Switches, at the last day of the Monthly Period in which such Additional Loan Advance or Product Switch occurs (see "*Summary of the Key Transaction Documents — Mortgage Sale Agreement*" below for a summary of these).

None of the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Arrangers, the Joint Lead Managers nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date or on the last day of the Monthly Period in which the Additional Loan Advance or Product Switch (as applicable) was made, which breach is not remedied within 90 days after receiving written notice of such breach, is that the Seller shall be required to repurchase the relevant Loan and its Related Security in accordance with the repurchase provisions in the Mortgage Sale Agreement. However, there can be no assurance that the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

It should also be noted that any warranties made by the Seller in relation to Additional Loan Advances and/or Product Switches may be amended from time to time and differ from the warranties made by the Seller at the Closing Date without the consent of the Noteholders, provided that the Security Trustee has given its consent to such amendments (and for such purpose, the Security Trustee may, but is not obliged to, have regard to any Rating Agency Confirmation in respect of those amendments). Changes to the warranties may affect the quality of Loans in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

Seller to Initially Retain Legal Title to the Loans and Risks Relating to Set-off

The sale by the Seller to the Issuer of the Loans and their Related Security (until legal title is conveyed) takes effect in equity only. This means that legal title to the Loans in the Portfolio and their Related Security will remain with the Seller until certain trigger events occur under the terms of the Mortgage Sale Agreement (see "*Summary of the Key Transaction Documents — Mortgage Sale Agreement*" below). Until such time, the assignment by the Seller to the Issuer of the Loans and their Related Security takes effect in equity only. The Issuer has not and will not apply to the Land Registry to register or record its equitable interest in the Mortgages.

As a consequence of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby, a *bona fide* purchaser from the Seller for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that 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 Seller of its contractual obligations or from fraud, negligence or mistake on the part of the Seller or the Issuer or their respective personnel or agents.

Further, prior to the insolvency of the Seller, unless notice of the assignment was given to a Borrower who is a creditor of the Seller in the context of the Loans and their Related Security, equitable or independent set-off rights may accrue in favour of the Borrower against his or her obligation to make payments to the Seller under the relevant Loan. These rights may result in the Issuer receiving reduced payments on the Loans. The transfer of the benefit of any 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 is given to the Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Loan) may not arise after the date notice is given.

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

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

Once notice has been given to the Borrowers of the assignment of the Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Seller (such as set-off rights not associated with or connected to the relevant 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 Loan) will not be affected by that notice and will continue to exist.

For so long as the Issuer does not have legal title, the Seller 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 relevant Loans and their Related Security.

Insurance Policies

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

Regulatory considerations in relation to the Loans

Certain regulatory risks exist in relation to the Loans, including in relation to the legal and regulatory considerations relating to the Loans and their Related Security, changes in law, regulation, the possibility of complaints by Borrowers in relation to terms of the Loans and in relation to the policies and procedures of the Seller. If any of these risks materialise, they could have an adverse effect on the ability of the Issuer to satisfy its obligations under the Notes. For a description of the key legal and regulatory considerations in the United Kingdom in relation to the residential mortgage business and the Loans, please see the section entitled "Information Relating to the Regulation of Mortgages in the UK".

3. OTHER RISKS RELATING TO THE NOTES AND THE STRUCTURE

Subordination of the Class Z VFN

The Class Z VFN is subordinated in right of payment of interest and principal to the Class A Notes. There is no assurance that the subordination of the Class Z VFN will protect the holders of Class A Notes from all risk of loss.

Deferral of Interest Payments on the Class Z VFN

If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Class Z VFN after having paid or provided for items of higher priority in the Pre-Acceleration Revenue Priority of Payments, then the Issuer will be entitled under Condition 16 (*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 Class Z VFN becomes immediately due and repayable in accordance with the Conditions. Such deferral will not constitute an Event of Default. If there are no Class A

Notes then outstanding, the Issuer will not be entitled, under Condition 16 (*Subordination by Deferral*), to defer payments of interest in respect of the Class Z VFN.

Failure to pay interest on the Class A Notes or, if the Class A Notes have been redeemed in full, the Class Z VFN, shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

4. RISKS RELATED TO CHANGES TO THE STRUCTURE AND DOCUMENTS

Conflict between Noteholders

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

If, in the Note Trustee's opinion, however, there is or may be a conflict between the interests of the holders of the Class A Notes and the holders of the Class Z VFN, the Note Trustee will be required to have regard only to the interests of the holders of the Class A Notes and will not have regard to the interests of the holders of the Class Z VFN.

Conflict between Noteholders and other Secured Creditors

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Deed of Charge, the Trust Deed and Condition 12.4 (Meetings of Noteholders, Modification, Waiver and Substitution).

LBS will purchase the Class Z VFN (see "Subscription and Sale" below). However, pursuant to the terms of the Trust Deed, the Notes held or controlled for or by any of LBS or the Issuer or any of their Holding Companies or Subsidiaries (or Subsidiaries of such Holding Companies), will not be taken into account by the Note Trustee for the purposes of: (i) the right to attend and vote at any meeting of the Noteholders of any Class, any written resolution or any Electronic Consent, (ii) the determination of how many and which Notes are outstanding for the purposes of action, proceedings and indemnification by the Note Trustee, meetings of the Noteholders, events of default and enforcement, (iii) any discretion, power or authority which the Security Trustee and/or the Note Trustee is required to exercise by reference to the interests of the Noteholders of any Class and (iv) the determination by the Note Trustee of whether, in its opinion, something is materially prejudicial to the interests of the Noteholders or any Class thereof unless such parties hold all of the relevant class of Notes and there are no *pari passu* or junior classes of Notes which they do not also hold in their entirety. Those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, any Subsidiary or Holding Company of the Issuer or the Seller, 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 Subsidiary or Holding Company of the Seller or any other Subsidiary of such Holding Company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the Relevant Class of Notes) shall be deemed to remain outstanding except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding. LBS acts in various capacities in the transaction, including as the Servicer and the Cash Manager. Actual or potential conflicts may arise between the interests of such entities and the interests of the Issuer and the Noteholders.

Certain material interests

Certain of the Joint Arrangers and the Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may

perform services for LBS. BNP Paribas and Lloyds Bank Corporate Markets plc are acting as Joint Lead Managers. LBS is acting as Interest Rate Swap Provider. LBS will act as the Account Bank. Citibank N.A., London Branch will act as Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Paying Agent and the Agent Bank. Citibank Europe Plc will act as the Common Service Provider. Maples Fiduciary Services (UK) Limited will act as Back-up Servicer Facilitator and Corporate Services Provider. Other parties to the transaction may also perform multiple roles, including LBS, who will act as (among other roles) the Servicer and the Cash Manager.

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

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

(a) having previously engaged or in the future engaging in transactions with other parties to the transaction;

(b) having multiple roles in this transaction;

(c) purchasing some of the Notes and subsequently dealing in such Notes; and/or

(d) carrying out other roles or transactions for third parties.

Meetings of Noteholders, Modification and Waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit decisions of defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Note Trustee may agree and/or may direct the Security Trustee to agree, without the consent of the Noteholders or the other Secured Creditors (but only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), (i) (other than in respect of a Basic Terms Modification) to any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions of the Notes or any of the Transaction Documents which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders or (ii) to any modification to the Conditions of any of the Transaction Documents which, in the Note Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such agreement will not be materially prejudicial to the interests of the Noteholders, agree (or direct the Security Trustee to agree) that an Event of Default shall not, or shall not subject to any specified conditions, be treated as such. See "*Terms and Conditions of the Notes – Condition 12 (Meetings of Noteholders, Modification and Waiver)*" below.

The Interest Rate Swap Provider's written consent is required to modify any Transaction Document to which the Interest Rate Swap Provider is not a party if such modification would, in the opinion of the Interest Rate Swap Provider (which shall be confirmed in writing to the Note Trustee and the Security Trustee prior to such modification), materially adversely affect (i) the amount or timing of payments or deliveries due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer; or (ii) the Interest Rate Swap Provider's ranking in the Priorities of Payment. In particular, pursuant to the Interest Rate Swap Agreement, any amendment to any of the Transaction Documents to which the Interest Rate Swap Provider is not a party without the prior written consent of the Interest Rate Swap Provider, that (in the opinion of the Interest Rate Swap Provider, acting reasonably) materially adversely affects (i) the amount or timing of payments or deliveries due to or by the Interest Rate Swap Provider; or (ii) the Interest Rate Swap Provider's

ranking in the Priorities of Payment, can result in the termination of the Interest Rate Swap Agreement in accordance with its terms.

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

The Note Trustee is also obliged to agree with the Issuer in making the amendments described in Condition 12.12 (*Additional Rights of Modification*), subject to the satisfaction of the relevant conditions set out therein, without the consent of the Noteholders or any other Secured Creditor (other than Secured Creditors party to any Transaction Documents being amended). See Condition 12.12 (*Additional Rights of Modification*) for further details.

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by an Extraordinary Resolution of the Class A Noteholders, shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

So long as no Class A Notes remain outstanding, upon the occurrence of an Event of Default, the Note Trustee shall, if so directed in writing by the sole Class Z VFN Holder (subject to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration Notice to the Issuer that the Class Z VFN is immediately due and repayable at its respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

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

(a) it shall have been directed to do so by an Extraordinary Resolution of the Class A Noteholders or (for so long as no Class A Notes remain outstanding) it has been directed to do so by the Class Z VFN Holder or in writing by the holders of at least 25 per cent. in Principal Amount Outstanding of the Class A Notes then outstanding; and

(b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction,

provided that the Note Trustee or the Security Trustee shall not, and shall not be bound to, act at the direction of the Class Z VFN Holder as aforesaid so long as any Class A Notes are outstanding. If neither the Note Trustee nor the Security Trustee use their discretion where they have not been directed as described above, it may adversely affect the ability of the Issuer to make payments on the Notes following the service of a Note Acceleration Notice.

See further "*Terms and Conditions of the Notes – Condition 11 (Enforcement)*" below.

5. COUNTERPARTY RISKS

Issuer Reliance on Other Third Parties

The Issuer is party to contracts with a number of third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Interest Rate Swap Provider has agreed to provide hedging to the Issuer pursuant to the Interest Rate Swap Agreement, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Account Bank has agreed to provide the Transaction Account to the Issuer pursuant to the Bank Account Agreement, the Secondary Transaction Account Bank has agreed to provide the Secondary Transaction Account to the Issuer pursuant to the Secondary Transaction Account Agreement, the Swap Collateral Account Bank has agreed to provide the Swap Collateral Account to the Issuer pursuant to the Swap Collateral Account Bank Agreement and if required, the Securities Custody Account pursuant to the Securities Custody Agreement, the Servicer has agreed to service the Portfolio pursuant to the Servicing Agreement, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement, the Back-Up Servicer Facilitator has agreed to assist in appointing a back-up servicer pursuant to the Servicing Agreement and the Paying Agents, the Class Z VFN Registrar and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to the Agency Agreement.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, Noteholders may be adversely affected.

The Issuer also depends on third parties whose computer systems may be subject to cybercrime attacks. Cybercrime includes attempts by computer hackers to gain access to computer systems and could include business disruption, the manipulation of data, the causing of systems failures and the stealing of personal customer information. Such attacks are by their nature technologically sophisticated and may be difficult or impossible to detect and defend. If prevention measures do not work or are circumvented this could cause the third parties, such as the Seller, the Cash Manager or Servicer, to fail to perform their obligations under their respective agreements with the Issuer. Noteholders could therefore be adversely affected.

Change of Counterparties

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

These criteria include requirements imposed under the FSMA and, in respect of Moody's, the short-term and long-term unguaranteed, unsubordinated and unsecured ratings or counterparty risk assessment ascribed to such party by Moody's and, in respect of Fitch, the requirements in relation to long-term or short-term issuer default rating or deposit rating ascribed to such party by Fitch. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In relation to the Account Bank, in the event that the Account Bank ceases to hold the required Account Bank Rating, pursuant to the terms of the Bank Account Agreement, any funds standing to the credit of the Transaction Account held with the Account Bank shall be transferred to the Secondary Transaction Account and held by the Secondary Transaction Account Bank on the terms set out in the Secondary Bank Account Agreement. Where a party is replaced with a replacement entity, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes. A third party or any substitute may be unable to perform its obligations under the agreements to which it is a party as a result of factors outside its control, including disruptions due to technical difficulties (including as a result of cyber threats) and local, national and/or global macroeconomic factors (such as epidemics). In the event of a

successful cyber attack, third parties would be exposed to financial loss, reputational loss, the risk of not achieving their business objectives as well as major disruption in their operations which could result in their failure to perform their obligations under the respective agreements to which they are party. Such a failure may disrupt the Issuer's ability to receive collections on the Portfolio and/or make payments on the Notes.

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

Ability to appoint a Substitute Servicer

If the Servicer is removed, there is no guarantee that a substitute servicer would be found, which could disrupt collection of payments due on the Loans and ultimately could adversely affect payments on the Notes. Such risk is mitigated by the provisions of the Servicing Agreement pursuant to which the Back-Up Servicer Facilitator, in certain circumstances, shall assist the Issuer in appointing a substitute servicer.

LBS has been appointed by the Issuer as the Servicer to service the Loans. If the Servicer breaches the terms of the Servicing Agreement, then (prior to the delivery of a Note Acceleration Notice and with the prior written consent of the Security Trustee (acting on the instructions of the Note Trustee)) the Issuer or (after delivery of a Note Acceleration Notice) the Security Trustee (acting on the instructions of the Note Trustee) will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement and the Issuer and the Seller shall use their reasonable endeavours to appoint a new servicer in its place whose appointment is approved by the Security Trustee.

There can be no assurance that a substitute servicer with sufficient experience of servicing the Loans would be found who would be willing and able to service the Loans on the terms of the Servicing Agreement. In addition, as described below, any substitute servicer will be required, inter alia, to be authorised under the FSMA in order to service the Loans. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect payments on the 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.

Rating Agency Confirmations

The Conditions provide that if a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and (i) (A) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate (upon which the Note Trustee and the Security Trustee can rely) signed by two directors certifying and confirming that the events in one of (i) (A) or (B) above and the event in (ii) above has occurred following the delivery by or on behalf of the Issuer of a written request to each Rating Agency. Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating

Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Class A Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Class A Notes may have an adverse effect on the value of the Class A Notes.

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

Interest Rate Risk

The Loans in the Portfolio are subject to variable and fixed interest rates while the Issuer's liabilities under the Notes are based on Compounded Daily SONIA.

To hedge its interest rate exposure in relation to the Fixed Rate Loans in the Portfolio, the Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Provider on the Closing Date (see "*Credit Structure — Interest Rate Risk for the Notes*" below). The Interest Rate Swap covers a major share of the interest rate risk present in the context of the Notes. As of the date of this Prospectus, the Issuer has not hedged its interest rate exposure in relation to Tracker Rate Loans or Variable Rate Loans in the Portfolio and an increase in the rate of Compounded Daily SONIA could result in the Issuer having insufficient funds to make payment under the Notes.

A failure by the Interest Rate Swap Provider to make timely payments of amounts due under the Interest Rate Swap Agreement will constitute a default thereunder. The Interest Rate Swap Agreement provides that the Sterling amounts owed by the Interest Rate Swap Provider on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer on the same payment date. Accordingly, (i) if the amounts owed by the Issuer to the Interest Rate Swap Provider on a payment date are greater than the amounts owed by the Interest Rate Swap Provider to the Issuer on the same payment date, then the Issuer will pay the positive difference to the Interest Rate Swap Provider on such payment date; (ii) if the amounts owed by the Interest Rate Swap Provider to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Interest Rate Swap Provider on the same payment date, then the Interest Rate Swap Provider will pay the positive difference to the Issuer on such payment date; and (iii) if the amounts owed by both parties are equal on a payment date, neither party will make a payment to the other on such payment date. To the extent that the Interest Rate Swap Provider defaults in its obligations under its Interest Rate Swap Agreement to make payments to the Issuer in Sterling, on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date), the Issuer will be exposed to the possible variance between the interest rates payable on the Fixed Rate Loans in the Portfolio and Compounded Daily SONIA. Further, if the Interest Rate Swap Provider fails to pay any amounts or make any deliveries when due under the Interest Rate Swap Agreement, the Available Revenue Receipts may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest payments due to be received by them.

The Interest Rate Swap Provider will be obliged to make payments under the Interest Rate Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Interest Rate Swap Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Interest Rate Swap Agreement will provide, however, that in case of a Tax Event, the Interest Rate Swap Provider may transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the Interest Rate

Swap Provider is unable to transfer its rights and obligations under the Interest Rate Swap Agreement to another office, branch or affiliate, it will have the right to terminate the Interest Rate Swap Agreement. Upon such termination, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other party.

In the event that the Interest Rate Swap Provider is downgraded below the Required Swap Rating, the Issuer may terminate the Interest Rate Swap Agreement if the Interest Rate Swap Provider fails to take certain remedial measures within the timeframe stipulated in the Interest Rate Swap Agreement. Such remedial measures may include providing collateral for its obligations under the Interest Rate Swap Agreement, arranging for its obligations under the Interest Rate Swap Agreement to be transferred to an entity with the Required Swap Ratings, procuring another entity with the Required Swap Ratings to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swap Agreement or taking such other action (which may include taking no action) that would result in the rating of the Class A Notes being maintained at, or restored to, the level it would have been at prior to such ratings downgrade. However, in the event the Interest Rate Swap Provider is downgraded there can be no assurance that a co-obligor, guarantor or replacement interest rate swap provider will be found or that the amount of collateral provided will be sufficient to meet the Interest Rate Swap Provider's obligations. Unless one or more comparable replacement interest rate swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes.

If the Interest Rate Swap Provider posts any Swap Collateral to an account established for such purpose with the Swap Collateral Account Bank, such collateral will be utilised solely in returning collateral and making payments directly to the Interest Rate Swap Provider (and not in accordance with the relevant Priority of Payments) in accordance with the terms of the Interest Rate Swap Agreement and the credit support annex entered into in connection with such agreement. Following the termination of the Interest Rate Swap Agreement, any Swap Collateral or the liquidation proceeds thereof which is not returned to the Interest Rate Swap Provider as a termination payment shall constitute Available Revenue Receipts.

The Interest Rate Swap Agreement will be terminable early by one party if an Early Termination Event occurs, which includes, inter alia, (i) an Event of Default or Termination Event (as defined in the Interest Rate Swap Agreement) occurring in relation to the other party; (ii) an Additional Tax Representation in respect of the Interest Rate Swap Provider proving incorrect or misleading in a material respect; (iii) a Note Acceleration Notice being served; (iv) the Class A Notes being redeemed pursuant to Condition 7.3 (*Optional Redemption of the Class A Notes in Full*) or Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) or (v) if any of the Transaction Documents to which the Interest Rate Swap Provider is not a party is amended without the prior written consent of the Interest Rate Swap Provider and the Interest Rate Swap Provider determines (acting reasonably) that such amendment would materially adversely affect the amount or timing of any payments or deliveries due to or by the Interest Rate Swap Provider, or its ranking in the Priorities of Payments. Events of default under the Interest Rate Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Rate Swap Agreement and (ii) certain insolvency events.

The Interest Rate Swap will terminate on the earlier of (i) the date on which an Early Termination Event occurs; (ii) the date on which the Class A Notes are redeemed in full; and (iii) the date on which the aggregate of the True Balances of the Fixed Rate Loans is reduced to zero.

If a replacement swap is entered into following an Early Termination Event, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including inter alia, the Noteholders). The Issuer may not be able to enter into a replacement interest rate swap with a replacement interest rate swap provider immediately or at a later date. If a replacement interest rate swap provider cannot be found, the risk of a difference between the rate of interest to be received by the Issuer on the Fixed Rate Loans in the Portfolio and the rate of interest payable by the Issuer on the Notes will not be hedged, and so the funds available to the Issuer to pay any interest on the Notes may be insufficient if the interest revenues received by the Issuer on such Fixed Rate Loans in the Portfolio are substantially lower than the rate of interest payable by it on the Notes. In these circumstances,

the holders of Notes may experience delays and/or reductions in the interest payments to be received by them, and the Class A Notes may also be downgraded.

The rates payable by the Issuer under the Interest Rate Swap are not intended to be an exact match of the interest rates that the Issuer receives in respect of the Fixed Rate Loans in the Portfolio. As such, there may be circumstances in which the fixed rate payable by the Issuer under the Interest Rate Swap exceeds the amount that the Issuer receives in respect of the Fixed Rate Loans in the Portfolio.

Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap (including any extra costs incurred in entering into replacement interest rate swaps) will also rank prior to payments in respect of the Notes. This may adversely affect amounts available to pay interest on the Notes and, following service of a Note Acceleration Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating of the interest rate swap provider for the replacement transactions.

6. ORIGINATOR RISKS

Pensions Act 2004

Under the Pensions Act 2004 a person that is 'connected with' or an 'associate' of an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction. The Issuer may be treated as 'connected with' an employer under an occupational pension scheme which is within the LBS Group.

A contribution notice could be served on the Issuer if it was party to an act, or a deliberate failure to act, the main purpose or one of the main purposes of which was either (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under section 75 of the Pensions Act 1995 or (ii) otherwise than in good faith, to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due.

A financial support direction could be served on the Issuer where the employer is either a service company or insufficiently resourced. An employer is insufficiently resourced if the value of its resources is broadly less than 50 per cent. of the pension scheme's deficit calculated on an annuity buy-out basis and there is a connected or associated person whose resources at least cover that difference. A financial support direction can only be served where the Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

If a contribution notice or financial support direction were to be served on the Issuer this could adversely affect the interests of the Noteholders.

7. MACROECONOMIC AND MARKET RISKS

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

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

The secondary market for mortgage-backed securities has experienced disruptions as a result of economic conditions in the Eurozone. This has had a material adverse impact on the market value of mortgage-backed

securities and resulted in the secondary market for mortgage-backed securities similar to the Class A Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

Whilst central bank schemes provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral 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. Recognition of any of the Notes as eligible securities for the purposes of any of the liquidity schemes being operated by the Bank of England or the European Central Bank will depend upon satisfaction of the relevant eligibility criteria. None of the Issuer, the Note Trustee, the Security Trustee, the Seller, the Joint Arrangers or the Joint Lead Managers gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for any liquidity facility operated by the Bank of England or the European Central Bank and be recognised as eligible collateral for the purposes of such liquidity schemes or whether any funding hair-cut will be applied. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for the purposes of such liquidity scheme operated by the Bank of England or the European Central Bank and as to whether any funding haircut applies. No assurance can be given that the Notes will be eligible securities for the purposes of the liquidity schemes operated by the Bank of England or the European Central Bank or whether any particular hair-cuts will be applied and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

It should also be noted that the market for the Class A Notes may be affected by any restructurings of sovereign debt by countries in the Eurozone. Any consequent uncertainty may have implications for the liquidity of the Class A Notes in the secondary market.

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

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. This may contribute to higher delinquency rates and higher losses, which could have an adverse effect on the Issuer’s ability to make payments under the Notes. Where the reversionary rate is the current Standard Variable Rate, in the Seller's mortgage terms, the reversionary rate for Borrowers reaching the end of their fixed periods may be higher than prevailing market rates. This would mean that it is more likely that Borrowers will refinance, which may contribute to higher prepayment rates and may lead to a reduction in the average weighted life of the Notes and may affect their yield to maturity. See further the Risk Factor headed “*Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*“.

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 the Sterling Overnight Index Average (SONIA) as a reference rate in the capital markets and its adoption as an alternative to interbank offered rates such as Sterling 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 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 Notes that reference a SONIA rate issued under this Prospectus. Equally in such circumstances it may be difficult for the Issuer to find any future required Interest

Rate Swap Provider to properly hedge its interest rate exposures should the Interest Rate Swap Provider need to be replaced and the Notes at that time use an application of SONIA that differs from products then prepared to be hedged by such swap providers. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant SONIA Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

In addition, the manner of adoption or application of SONIA reference rates in the bond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA. Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

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

Interest rates and other indices which are deemed to be "benchmarks", including SONIA, are the subject of recent national, international and other regulatory reforms and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

The EU Benchmarks Regulation applies from 1 January 2018 in general, subject to certain transitional provisions. Certain requirements of the EU Benchmarks Regulation apply with respect to the provision of a wide range of benchmarks (including SONIA), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the EU Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The administrators of SONIA are not currently required to obtain authorisation/registration and SONIA does not fall within the scope of the EU Benchmarks Regulation or the UK Benchmarks Regulation by virtue of Article 2 of each of these regulations.

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

These reforms and other pressures may cause one or more interest rate benchmarks (including SONIA) to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading

to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

Based on the foregoing, investors should be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(b) while an amendment may be made under Condition 12.12(ix) to change the SONIA rate on the Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation, there can be no assurance that any such amendment or replacement will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and

(c) if SONIA is discontinued, and whether or not an amendment is made under Condition 12.12(ix) to change the SONIA rate on the Notes as described in paragraph (b) above, there can be no assurance that the applicable fall-back provisions under the Interest Rate Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Interest Rate Swap is the same as that used to determine interest payments under the relevant Class of Notes, or that any such amendment made under Condition 12.12(ix) would allow the Interest Rate Swap to effectively mitigate interest rate risks on the relevant Class of Notes.

Investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Condition 12.12(ix). As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, inter alia, any public statements by the relevant administrator or its supervisor to that effect. In addition, a Base Rate Modification may also be made if the Cash Manager (on behalf of the Issuer) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based or base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 12.12(ix), which include, inter alia, a base rate utilised in a publicly listed new issue of sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is a UK finance member or an affiliate thereof or such other base rate as the Servicer (on behalf of the Issuer) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see "Meetings of Noteholders, Modification and Waivers" above).

When implementing any Base Rate Modification, neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person, and the Note Trustee and the Security Trustee shall act and rely solely and without further investigation on any certificate (including, but not limited to, a Base Rate Modification Certificate) or other evidence (including, but not limited to, a Ratings Confirmation) provided to them by the Issuer or Cash Manager, as the case may be, pursuant to Condition 12.12(ix) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

More generally, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (c) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in adjustment to the Conditions, early redemption, delisting or other consequence in

relation to the Notes. No assurance may be provided that relevant changes will not be made to SONIA or any other relevant benchmark rate and/or that such benchmarks will continue to exist.

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

Ratings of the Class A Notes and confirmation of ratings

The ratings assigned to the Class A Notes by each Rating Agency are based, amongst other things, on the terms of the Transaction Documents and other relevant structural features of this transaction, including (but not limited to) the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings or issuer default ratings or deposit ratings or counterparty risk assessment of the Interest Rate Swap Provider, the Servicer, the Cash Manager, the Account Bank, the Secondary Transaction Account Bank and the Swap Collateral Account Bank, a credit assessment of the Loans, and reflect only the views of the Rating Agencies. The ratings issued by Moody's address the expected loss posed to investors by the Final Maturity Date and consider the likelihood of timely payment to the Class A Noteholders of interest on each Interest Payment Date and ultimate payment of principal on the Final Maturity Date of the Class A Notes.

The expected ratings of the Class A Notes assigned on the Closing Date are set out in "*Ratings*", below. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances (including without limitation, a reduction in the credit rating of the Interest Rate Swap Provider and/or the Account Bank and/or the Secondary Transaction Account Bank and/or the Swap Collateral Account Bank) in the future so warrant. See also "*Change of Counterparties*" below.

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

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

The Class Z VFN will not be rated by the Rating Agencies.

Limited Secondary Market for Loans

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

8. LEGAL AND REGULATORY RISKS

Noteholders' interests may be adversely impacted by a change of law

The transaction described in this Prospectus (including the issue of the Notes) and the ratings which are to be assigned to the Class A Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the 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), administrative practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, LBS (in its capacity as the Seller, the Servicer or the Cash Manager), the Security Trustee, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Lead Managers nor the Joint Arrangers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision (the **BCBS**) has approved significant changes to the Basel II regulatory capital and liquidity framework (such changes being commonly referred to by the BCBS as **Basel III**, and referred to colloquially as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date) including certain revisions to the securitisation framework. The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II frameworks in Europe and the UK, both of which are under review and subject to further reform. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

Non-compliance with the securitisation regulation regimes in the EU and/or the UK, as applicable, may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity of the Notes.

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019 and, from 9 April 2021, the EU Securitisation Regulation applies as amended by Regulation (EU) 2021/557. However, some legislative measures necessary for the full implementation of the EU Securitisation Regulation regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions. In addition, further amendments are expected to be introduced to the EU Securitisation Regulation regime as a result of its wider review on which, under Article 46 of the EU Securitisation Regulation,

the European Commission published a report on 10 October 2022 outlining a number of areas where legislative changes may be introduced in due course.

The EU Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including recast of pre-1 January 2019 risk retention and investor due diligence regimes).

The EU Securitisation Regulation has direct effect in member states of the EU, once the EU Securitisation Regulation is incorporated into the EEA Agreement, it will apply more broadly in the EEA, including Iceland, Norway and Liechtenstein.

The UK Securitisation Regulation applies in the UK from 11pm London time on 31 December 2020 following the end of the transition period relating to the UK's withdrawal from the EU (note that the UK is also no longer part of the EEA). The UK Securitisation Regulation largely mirrors (with some adjustments) the EU Securitisation Regulation as it applied in the EU at the end of 2020 (meaning that the amendments that took effect in the EU from 9 April 2021 are not part of the UK regime). The UK Securitisation Regulation regime is currently subject to legislative reforms under the "Edinburgh Reforms" of UK financial services unveiled on 9 December 2022 and the UK post-Brexit move to "A Smarter Regulatory Framework for Financial Services". Such legislative reforms will be effected through a combination of a statutory instrument made under the Financial Services and Markets Act 2023 (a near-final draft of which was laid before Parliament on 11 July 2023) to be known as the Securitisation Regulation 2023 (the **2023 UK SR SI)**; amendments to the PRA Rulebook to, amongst other things, introduce a new section on securitisation, in relation to which a consultation (CP15/23) was published by the PRA on 27 July 2023 (the **PRA Consultation**); and a set of rules to be implemented by the FCA into the FCA Handbook (such rules to be known as the Securitisation Sourcebook), in relation to which a consultation (FCA CP23/17) was published by the FCA on 7 August 2023 (the **FCA Consultation**). Each of the PRA Consultation and the FCA Consultation close on 30 October 2023 and it is unlikely that the new regime in the UK will be in force before April 2024. In addition to the changes proposed in the 2023 UK SR SI, the PRA Consultation and the FCA Consultation, further consultations and reforms relating to the UK securitisation regime (including a review of the reporting templates required under the UK Securitisation Regulation) are expected throughout the course of 2024 and into 2025. While divergence between the UK and EU regimes already exists, it is likely this position will change over the next 6-24 months, and the risk of further divergence in the longer term cannot be ruled out.

The EU Securitisation Regulation and/or the UK Securitisation Regulation requirements will apply to the Notes. As such, certain European-regulated institutional investors or UK-regulated institutional investors, which include relevant credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation, as applicable, with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify under their respective EU or UK regime certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements and, on transactions notified as EU STS or UK STS, compliance of that transaction with the EU or UK STS requirements, as applicable.

If the relevant European- or UK-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, as applicable to them under their respective EU or UK regime, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors.

Aspects of the requirements of the EU Securitisation Regulation and the UK Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of the requirements applicable to them in their respective

jurisdictions and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the EU Securitisation Regulation (and any corresponding national measures which may be relevant) or the UK Securitisation Regulation.

Various parties to the securitisation transaction described in this Prospectus (including the Issuer and LBS) are also subject to the requirements of the UK Securitisation Regulation. However, some uncertainty remains in relation to the interpretation of some of these requirements and what is or will be required to demonstrate compliance to the relevant UK regulators

It is expected that in due course the EU Securitisation Regulation regime will be amended as a result of the wider review of the functioning of the EU Securitisation Regulation regime, on which the European Commission published a report on 10 October 2022 (the **October Report**). The October Report outlined a number of areas where legislative changes may be introduced. It is expected that this will include amendments to the EU Reporting Requirements, as the October Report includes a mandate to ESMA to review the Article 7 EU Technical Standards. As at the date of this Prospectus, ESMA has commenced an informal consultation on the review of the Article 7 EU Technical Standards, although it is unclear as to what amendments may be made or when any such amendments will take effect.

Prospective investors should note that the obligation of LBS to comply with the EU Reporting Requirements is strictly contractual and LBS has elected to comply with such requirements in its discretion and such obligations apply until such time when LBS is able to certify to the Issuer and the Note Trustee that a competent EU authority has confirmed that the satisfaction of the UK Reporting Requirements, will also satisfy the EU Reporting Requirements due to the application of an equivalence regime or similar analogous concept. In addition, in the event that, after the Closing Date, there are any amendments or changes to the EU Reporting Requirements, and LBS is or would be unable to comply with the EU Reporting Requirements (as if such provisions were applicable to it) following such amendments or changes coming into effect, LBS may elect not to comply with the EU Reporting Requirements as so amended or changed. Investors should therefore note that if LBS is unable to comply with any amendments or changes to the EU Reporting Requirements that come into effect after the Closing Date, then the EU Reporting Requirements may no longer be complied with following such changes or amendments coming into effect.

There can be no assurance that the information in this Prospectus or to be made available to investors in accordance with such undertakings will be adequate for any prospective institutional investors to comply with their due diligence obligations under the EU Securitisation Regulation or the UK Securitisation Regulation (as applicable).

Non-compliance with the UK Securitisation Regulation and/or the EU Securitisation Regulation could adversely affect the regulatory treatment of the Notes and the market value and/or liquidity of the Notes in the secondary market.

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

Simple, transparent and standardised securitisations (STS) and UK STS designation – UK STS designation impacts on regulatory treatment of the Notes.

The UK Securitisation Regulation (and the UK CRR) includes provisions that implement the revised securitisation framework developed by BCBS (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as UK STS securitisation.

The UK STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment from the perspective of the applicable UK regulatory regimes, such as the

prudential regulation of UK CRR firms and UK Solvency II firms, and from the perspective of the UK EMIR regime, as to which investors are referred to "*Regulatory Disclosures – STS considerations*" section below and the risk factor entitled "Impact of UK EMIR on the Interest Rate Swaps".

It is intended that a UK STS Notification will be submitted to the FCA by LBS, as originator. The UK STS Notification, once notified to the FCA, will be made available on the Reporting Websites, with the short-form (anonymised) particulars of such UK STS Notification being made available on the FCA STS Register website.

LBS and the Issuer have used the services of PCS UK to carry out the UK STS Verification (and to provide additional assessments with regard to the status of the Notes for the purposes of Article 243 and Article 270 of the UK CRR and Articles 7 and 13 of the UK LCR Regulation (the **UK STS Additional Assessments**)). It is expected that the UK STS Verification and the UK STS Additional Assessments prepared by PCS UK will be available on its website at https://www.pcsmarket.org/sts-verification-transactions/. For the avoidance of doubt, the website of PCS UK and the contents of that website do not form part of this Prospectus.

It is important to note that the involvement of PCS UK is not mandatory and the responsibility for compliance with the UK Securitisation Regulation (or, if applicable, the EU Securitisation Regulation) remains with the relevant institutional investors, originators, sponsors and issuers, as applicable in each case. A UK STS Verification (and/or UK STS Additional Assessments) will not absolve such entities from making their own assessments with respect to the UK Securitisation Regulation (or, if applicable the EU Securitisation Regulation) and other relevant regulatory provisions, and an UK STS Verification (and/or UK STS Additional Assessments) cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities.

The UK STS status of the Notes is not static and investors should verify the current status on the FCA STS Register website, which will be updated where the Notes are no longer considered to be UK STS compliant following a decision of the FCA or another relevant UK regulator or a notification by LBS.

The UK STS securitisation designation is not an opinion on the creditworthiness of the relevant Notes nor on the level of risk associated with an investment in the relevant Notes. It is not an indication of the suitability of the relevant Notes for any investor and/or a recommendation to buy, sell or hold Notes. Institutional investors that are subject to the due diligence requirements of the UK Securitisation Regulation (or, if applicable, the EU Securitisation Regulation) need to make their own independent assessment and may not solely rely on any UK STS Verification, the UK STS Notification, any UK STS Additional Assessments or other disclosed information.

No assurances can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as a UK STS securitisation under the UK Securitisation Regulation. The relevant institutional investors are required to make their own assessment with regard to compliance of the securitisation with the UK STS Requirements and such investors should be aware that non compliance with the UK STS Requirements and the change in the UK STS status of the Notes may result in the loss of better regulatory treatment of the Notes under the applicable UK regulatory regime(s), including in the case of prudential regulation, higher capital charges being applied to the Notes and may have a negative effect on the price and liquidity of the Notes in the secondary market. In addition, non-compliance may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, including LBS, which may have an impact on the availability of funds to pay the Notes.

Note that designation as UK STS securitisation does not meet, as at the date of this Prospectus, the STS requirements of the EU Securitisation Regulation, and, as such, better or more flexible regulatory treatment under the relevant EU regulatory regimes (in particular, under the EU CRR, the EU LCR Regulation and the EU Solvency II regime) will not be available. While it is possible that in due course, as part of the wider review of the EU Securitisation Regulation regime, an equivalence regime for non-EU STS securitisations may be introduced in the EU, resulting in the UK STS regime being considered equivalent, no assurances can be

made that such equivalence regime will be introduced or that, when introduced, it will benefit the EU regulatory treatment of the Notes.

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which, based on contractual (such as the contractual Priority of Payments as contemplated in this transaction) and/or trust principles, subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent English Supreme Court and US Bankruptcy Court cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms included in the Transaction Documents relating to the subordination of Interest Rate Swap Excluded Termination Amounts payable in respect of the Interest Rate Swap Agreement (or any replacement interest rate swap agreement).

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the US Bankruptcy Court has held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. However, a subsequent US Bankruptcy Court decision held that flip clauses are protected under the Bankruptcy Code and therefore enforceable on bankruptcy. This decision was affirmed on 14 March 2018 by the US District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as the Interest Rate Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer (such as an Interest Rate Swap Excluded Termination Amount which has been subordinated as it is being made as a result of that swap provider's insolvency), a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priority of Payments which refers to the ranking of a swap provider's payment rights in respect of Interest Rate Swap Excluded Termination Amounts). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws.

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

English law security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see Summary of the Key Transaction Documents – Deed of Charge). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering

into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the Restructuring Plan) that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cramdown procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application of the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws, Scottish insolvency laws (if applicable) or the laws affecting the creditors' rights generally).

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

Fixed charges may take effect under English law as floating charges

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

The law in England and Wales relating to the characterisation of fixed charges is unsettled. There is a risk that a court could determine that the fixed charges purported to be granted by the Issuer take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the charged property for the security to be said to constitute fixed charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. Monies paid into accounts or derived from those assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

Liquidation expenses payable on floating charge realisation will reduce amounts available to satisfy the claims of secured creditors of the Issuer

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, it is now the case that the costs

and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended).

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

Limited recourse

The Notes will be limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent upon the receipt by it in full of (a) principal and interest from the Borrowers under the Loans and their Related Security in the Portfolio, (b) payments (if any) due from the Interest Rate Swap Provider, (c) interest income on the Bank Accounts, and any Authorised Investments, (d) funds available in the Liquidity Reserve Fund (if established), and (e) funds available in the General Reserve Fund. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes. Upon enforcement of the Security by the Security Trustee, if:

(a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;

(b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

(c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal and interest),

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

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Deed of Charge shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Deed of Charge.

Risks relating to the Banking Act 2009

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

include LBS in its various capacities and Citibank N.A., London Branch as Secondary Transaction Account Bank and Swap Collateral Account Bank.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. In respect of UK building societies, the relevant tools include (i) modified property transfer powers which also refer to cancellation of shares and conferring rights and liabilities in place of such shares, (ii) modified share transfer powers as well as a public ownership tool which may involve (amongst other things) arranging for deferred shares in a building society to be publicly owned, cancellation of private membership rights and the eventual winding up or dissolution of the building society and (iii) modified bail-in powers such that exercise of the tool may be immediately preceded by the demutualisation of the building society through the conversion of it into a company or the transfer of all of the property, rights or liabilities of the building society to a company. It is possible that the tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

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

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

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

If the bail-in powers were used in respect of a building society (such as the Seller), then pursuant to section 84D of the Banking Act, a banking group company is defined for the purposes of such powers to be a "subsidiary" of the relevant building society (or any successor company where demutualisation has taken place). The term "subsidiary" is not defined for these purposes. As a result, it is not clear whether or not the Issuer would be regarded to be a subsidiary and, as a result, whether the bail-in powers could be used in respect of any unsecured liabilities of it. However, we would note that membership, control and/or voting rights are common features of a parent-subsidiary relationship, and the Seller is not a member of the Issuer and does not hold or control any voting rights in the Issuer. As a result the Notes are not eligible liabilities in respect of which the bail-in tool may be used if the security is sufficient to secure the Notes at the relevant time.

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

Regulatory Risks in relation to the underlying assets

Certain regulatory risks exist in relation to the Loans, including in relation to the legal and regulatory considerations relating to the Loans and their Related Security, changes in law, regulation, the possibility of complaints by Borrowers in relation to terms of the Loans and in relation to the policies and procedures of the Seller. If any of these risks materialise they could have an adverse effect on the Seller and the Issuer and could adversely affect the ability of the Issuer to make payments on the Notes. Considerations in relation to the regulation of mortgages in the UK is set out in further detail in the section headed "*Information relating to Mortgages in the UK*".

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 standards that they will adopt when helping their regulated mortgage borrowers worried about high interest rates (the **Mortgage Charter**). LBS is a signatory to the Mortgage Charter and has agreed that, among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. 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.

The FCA has amended the Mortgages and Home Finance: Conduct of Business Sourcebook (**MCOB**) to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement.

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, including further amending and extending the scope of the Mortgage Charter or related rules. Such developments may adversely affect the ability of the Issuer to make payments in full on the Notes when due. Further detail is included in the section headed "Information relating to the Regulation of Mortgages in the UK – Mortgage Charter".

Withholding Tax under the Notes

Provided that the Class A Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of Section 1005 of the Income Tax Act 2007 (the **ITA**) for the purposes of section 987 of the ITA), as

at the date of this Prospectus, no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Class A Notes. However, there can be no assurance that the law in this area will not change during the life of the Class A Notes.

In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders of any amounts due under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. However, in such circumstances, the Issuer may, in accordance with Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) of the Notes, redeem all of the Class A Notes where such requirement cannot be avoided by the Issuer appointing a Paying Agent in another jurisdiction or using its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee.

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

UK Taxation Treatment of the Issuer

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

Volcker Rule

The transaction has been structured so that the Issuer should not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it should not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions and/or exemptions may be available to the Issuer, this view is based on the conclusion that the Issuer should satisfy all the elements of the exemption from the definition of "investment company" in the Investment Company Act of 1940, as amended, provided by Section 3(c)(5)(C) thereunder and, accordingly, should be excluded from the definition of a "covered fund" under the Volcker Rule. To the extent that these implementing regulations are modified or superseded, the Issuer may no longer be able to rely on such exemption. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

U.S. Risk Retention Requirements

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

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

The Portfolio will comprise of mortgage loans and their related security, all of which are originated by the Originator, being a company incorporated in England. See the section entitled "*Leeds Building Society*".

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

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

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

(b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States[1];

(c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);

(d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

(e) any agency or branch of a foreign entity located in the United States;

(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(h) any partnership, corporation, limited liability company, or other organisation or entity if:

    (i) organised or incorporated under the laws of any foreign jurisdiction; and

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

(ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act[2];

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

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

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

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Joint Arrangers, the Issuer or any other Transaction Party or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Impact of UK EMIR on the Interest Rate Swaps

UK EMIR (as amended from time to time) prescribes a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for specified classes of OTC derivatives contracts (the **Clearing Obligation**); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts that have not been declared subject to clearing (the **Risk Mitigation Requirements**); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of the Interest Rate Swaps will depend on the classification of the counterparties to such derivative transactions.

Pursuant to UK EMIR, counterparties can be classified as: (i) financial counterparties (**FCs** (which includes a sub-category of small FCs (**SFCs**)), and (ii) non-financial counterparties (**NFCs**). The category of "NFC" is further split into: (A) non-financial counterparties whose trading exceeds the "clearing threshold" (**NFC+s**), and (B) non-financial counterparties whose trading falls below the "clearing threshold" (**NFC-s**). Whereas FCs and NFC+s may be subject to the relevant Clearing Obligation or, to the extent that the relevant types of derivatives

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

transactions have not been declared subject to the Clearing Obligation, to the relevant collateral exchange obligation and the relevant daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC-s.

The Issuer is currently an NFC- for the purposes of UK EMIR, although a change in its position cannot be ruled out and no assurances can be given that any future changes made to UK EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above. Should the status of the Issuer change to an NFC+ or FC for the purposes of UK EMIR, this may result in the application of the relevant Clearing Obligation or (more likely) the relevant collateral exchange obligation and relevant daily valuation obligation under the Risk Mitigation Requirements as it seems unlikely that the Interest Rate Swap Agreement would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under UK EMIR to date.

It should also be noted that the relevant collateral exchange obligation should not apply in respect of the Interest Rate Swaps entered into prior to the relevant application date, unless such a swap is materially amended on or after that date. In respect of UK EMIR, it should also be noted that, given the intention to seek the UK STS designation for the Notes, should the status of the Issuer change to a NFC+ or FC, another exemption from the Clearing Obligation and a partial exemption from the collateral exchange obligation may be available for the Interest Rate Swap, provided the applicable conditions are satisfied.

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

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

Lastly, it should be noted that, as described under "– Risks Related to Changes to the Structure and Documents – Meetings of Noteholders, Modification and Waivers" above, UK EMIR-related amendments and/or EU EMIR-related amendments may be made to the transaction documents and/or to the terms and conditions applying to Notes, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Manager on behalf of the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy any requirements that may apply under UK EMIR and/or EU EMIR and have been drafted solely to that effect and subject to the fulfilment of certain conditions set out in Conditions 12.5 (Modification) and 12.6 (Additional Right of Modification).

9. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

The minimum denomination of the Notes may adversely affect payments on the Notes if issued in definitive form

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

holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

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

Book-Entry Interests

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

The Class A Notes will be represented by Global Notes delivered to a common safekeeper for Clearstream, Luxembourg and Euroclear, and will not be held by the beneficial owners or their nominees. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until Class A Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Note Trustee as Noteholders, as that term is used in the Trust Deed. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Payments of principal and interest on, and other amounts due in respect of, each Global Note will be made by the Principal Paying Agent to the order of the Common Safekeeper for Euroclear and Clearstream, Luxembourg against presentation of such Global Note. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, the Agent Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Back-up Servicer Facilitator, the Joint Lead Managers, the Joint Arrangers or any Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

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

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no

obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

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

PORTFOLIO AND SERVICING

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

Sale of Portfolio:

The primary source of funds available to the Issuer to pay interest and principal on the Notes will be the Revenue Receipts and Principal Receipts generated by the Loans in the Portfolio. Pursuant to the Mortgage Sale Agreement, the Seller will sell its interest in the Portfolio to the Issuer on the Closing Date. The sale by the Seller to the Issuer of each Loan in the Portfolio which is secured by a Mortgage over a Property located in England or Wales will be given effect by an equitable assignment.

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

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Portfolio will not be given to the relevant individual or individuals specified as borrowers in the relevant loan and related mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay a relevant Loan or any part of it (the **Borrowers**) under those Loans transferred and the Issuer will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable or beneficial interest in the Mortgages.

The **Portfolio** will consist of the Loans, the Related Security and all monies derived therefrom from time to time.

The Loans

The term **Loans** when used in this Prospectus means the residential mortgage loans, secured by Mortgages and Related Security, in the Portfolio to be sold to the Issuer by the Seller on the Closing Date together with, where the context so requires, each Additional Loan Advance (as defined in "*Summary of the Key Transaction Documents — Mortgage Sale Agreement*") sold to the Issuer by the Seller after the Closing Date and excluding any Loans repurchased by the Seller and any alteration to a Loan by the Seller pursuant to a Product Switch but excluding (for the avoidance of doubt) each Loan and its Related Security which is repurchased by the Seller pursuant to the Mortgage Sale Agreement or otherwise sold by the Issuer in accordance with the terms of the Transaction Documents and no longer beneficially owned by the Issuer.

The term **Loan** when used in this Prospectus means a Loan secured by a Mortgage (as defined below) and other Related Security.

When used in this Prospectus:

Business Day means a day other than a Saturday or Sunday on which banks are open for business in London.

Calculation Date means the 12th of January, April, July and October of each year or if such day is not a Business Day, the next following Business Day unless such day falls in the next month, in which case the preceding Business Day.

Collection Period means the quarterly period commencing on and including the Collection Period Start Date and ending on but excluding the immediately following Collection Period Start Date except that the first Collection Period will commence on the Cut-Off Date and end on but exclude the Collection Period Start Date falling in January 2024.

Collection Period Start Date means the 1st of February, May, August and November of each year.

Monthly Period means the monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month except that the first Monthly Period will commence on the Cut-Off Date and end on the last calendar day of September 2023.

Monthly Period End Date means the last day of the calendar month.

Monthly Pool Date means the 12th of each month or if such day is not a Business Day, the next following Business Day unless such day falls in the next month, in which case the preceding Business Day.

Monthly Test Date means the 12th of each month or if such day is not a Business Day, the next following Business Day unless such day falls in the next month, in which case the preceding Business Day.

Mortgage means in respect of any Loan each first fixed charge by way of legal mortgage, or as applicable, first ranking security secured over a freehold or leasehold Property located in England and Wales, which is, or is to be, sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement which secures the repayment of the relevant Loan including the Mortgage Conditions applicable to it.

Property means a freehold, leasehold or commonhold property in England and Wales.

Related Security means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto acquired as part of any Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement (as described more fully in the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*").

The **True Balance** of a Loan means, on any date, the aggregate balance of the Loan at such date including (but avoiding double counting):

(a) the original amount advanced to the relevant Borrower and any Additional Loan Advance advanced on or before such date to the relevant Borrower 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 properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent 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 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 less any prepayment, repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released and any Additional Loan Advances committed to be made but not made by the end of the Business Day immediately preceding that given date.

As at the Closing Date, the Loans in the Portfolio will comprise Loans which pay interest based on:

(a) discretionary rates of interest set by the Seller based on general interest rates and competitive forces in the UK mortgage market from time to time (which may include discounted rate loans);

(b) a rate which is linked to the base rate set by the Bank of England; or

(c) fixed rates of interest or series of rates of interest set for a fixed period or periods.

In addition, the Loans will comprise repayment Loans and/or interest-only Loans. See "*The Loans*" for a full description of the Loans.

If a Borrower ports a Loan comprised in the Portfolio, such Loan will be treated as a redemption and the principal element of such amount will be applied as Available Principal Receipts and the interest element of such amount will be applied as Available Revenue Receipts on the next Interest Payment Date.

Features of the Loans

The following is a summary of certain features of the Loans as at 30 June 2023 (the **Provisional Pool Date**). The Portfolio as at 30 June 2023 (the **Cut-Off Date**) will be selected from the Portfolio as at the Provisional Pool Date. Noteholders should refer to, and carefully consider, further details in respect of the Loans set out in *"Characteristics of The Portfolio"*.

Type of Borrower	Prime
Type of mortgage	Repayment, Interest Only
Self-certified Loans	No

Buy to Let Loan		No	
New Build Loan		No	
Offset Loan		No	
Right to Buy Loan		No	
Shared Ownership Loan		No	
Shared Equity Loan		No	
Fast-Track Mortgage Loan		No	
Number of Loans		3,366	
Aggregate True Balance		£428,087,237	
	Average	Minimum	Maximum
True Balance (£)	£127,179.81	£786.28	£670,981.90
	Weighted average	Minimum	Maximum
Indexed LTV (per cent.)	50.1	0.3	84.5
Original LTV (per cent.)	62.5	2.1	95.0
Seasoning (months)	28.34	2.07	209.06
Remaining Term (years)	21.83	0.14	39.83

Consideration

The Issuer will use the proceeds of the issue of the Class A Notes to pay the Initial Consideration (or a portion thereof). If the proceeds of the Class A Notes are insufficient to pay the Initial Consideration in respect of the Portfolio, the remaining portion of the Initial Consideration will be funded using the proceeds of the Class Z VFN. The Loans will be sold to the Issuer at a price equal to their True Balance as at the Cut-Off Date. The Issuer will pay Deferred Consideration to the Seller from excess Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments.

Representations and Warranties

The Seller will make the Loan Warranties regarding the Loans and Related Security to the Issuer on the Closing Date, and in relation to an Additional Loan Advance or a Product Switch, on the last day of the Monthly Period in which each Additional Loan Advance and/or Product Switch takes place.

The Loan Warranties are comprised of representations and warranties in respect of the legal nature of the Loans and their Related Security, as well as asset representations and warranties which include the following:

- First ranking security in respect of properties located in England and Wales;
- No Loan has a True Balance of more than £1,000,000;
- No Loan is in arrears and at least two monthly payments have been made in respect of each Loan;
- No Loan is a Self-certified Loan, a Buy to Let Loan, a New Build Loan, an Offset Loan, a Right to Buy Loan, a Shared Ownership Loan a Fast-Track Mortgage Loan or a Shared Equity Loan;
- No Loan has a maturity date falling later than three years earlier than the Final Maturity Date; and
- To the best of the Seller's knowledge, no Borrower had ever filed for bankruptcy or been sequestrated or had a county court judgment or court decree entered or awarded against him on or in the six years prior to the date they executed the relevant Mortgage.

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

Repurchase of the Loans and Related Security

The Issuer shall offer to sell and the Seller shall repurchase any Loan and its Related Security in the following circumstances:

- Upon a material breach of the Loan Warranties (which is either not capable of remedy or which has not been remedied by the Seller within a 90 day grace period) in respect of that Loan sold into the Portfolio on the Closing Date;
- Upon any Loan Warranty proving to be materially untrue in the case of a Loan in respect of which an Additional Loan Advance or Product Switch is made, as at the last day of the Monthly Period in which that Additional Loan Advance or Product Switch is made (as tested at the Monthly Test Date immediately after the Monthly Period in which the Seller made the relevant Additional Loan Advance or Product Switch), (which is either not capable of remedy or which has not been remedied by the Seller within a 90 day grace period);
- If the Issuer is unable to fund the purchase of any Additional Loan Advance in relation to that Loan from funds standing to the credit of the Principal Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall; and
- Upon a breach of the Asset Conditions in respect of such Loan subject to an Additional Loan Advance or Product Switch (which

is either not capable of remedy or if the Seller failed to remedy it within the agreed 90 day grace period).

- If LBS is replaced as the Interest Rate Hedge Provider, then the Seller will be required to repurchase any Loan subject to an Additional Loan Advance or Product Switch (in each case after the date of replacement of LBS as the Interest Rate Hedge Provider) on the Monthly Pool Date immediately following the Monthly Period in which such Advance Date and/or Switch Date occurred.

Consideration for repurchase

The amount payable by the Seller in respect of the repurchase of the Loan and its Related Security shall be equal to the aggregate of the True Balance (excluding, if applicable, the amount of any Additional Loan Advance which has not yet been paid for by the Issuer) of the relevant Loan calculated as at the actual date on which such Loan is repurchased.

Perfection Events

Completion of transfer of the legal title of the Loans by the Seller to the Issuer will be completed on or before the 20th Business Day after the earliest to occur of the following:

(a) the Seller being required to perfect transfer of legal title to the Loans and their Related Security: (i) by an order of a court of competent jurisdiction or (ii) by a regulatory authority which has jurisdiction over the Seller or (iii) by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply;

(b) it becoming necessary by law to perfect the transfer of legal title to the Loans and their Related Security;

(c) the security under the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding) to take action to reduce that jeopardy;

(d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;

(e) the occurrence of a Seller Insolvency Event;

(f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days; or

(g) the occurrence of a Severe Deterioration Event.

Prior to the completion of the transfer of legal title to the relevant Loans and Related Security, the Issuer will hold only the equitable title and will therefore be subject to certain risks as set out in the risk factor entitled

"*Seller to Initially Retain Legal Title to the Loans and risks relating to set-off*" in the Risk Factors section.

Servicing of the Portfolio

The parties to the Servicing Agreement to be entered into on or about the Closing Date will be the Issuer, the Security Trustee, the Servicer, the Seller, the Cash Manager and the Back-Up Servicer Facilitator (the **Servicing Agreement**).

The Servicer will be appointed by the Issuer and the Seller (and, upon the earlier to occur of (i) service of a Note Acceleration Notice and (ii) enforcement or realisation of the Security shall act pursuant to the direction of the Security Trustee) to service, on a day-to-day basis, the Loans sold to the Issuer and their Related Security on behalf of the Issuer (such services, *inter alia*, the **Services**).

So long as LBS or any of its subsidiaries (LBS and its subsidiaries being the **LBS Group**) acts as the Servicer, the Issuer will, on each Interest Payment Date, pay to the Servicer a servicing fee (inclusive of VAT) (the **Servicing Fee**) totalling 0.03 per cent. per annum on the aggregate True Balance of the Loans in the Portfolio as determined on the preceding Calculation Date. If a substitute servicer from outside the LBS Group is appointed in accordance with the terms of the Servicing Agreement, the Issuer shall pay the successor servicer for its services a fee to be determined at the time of such appointment. The Servicing Fee will rank ahead of all payments on the Notes.

The appointment of the Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee acting on the instructions of the Note Trustee) or, following the service of a Note Acceleration Notice, the Security Trustee (acting on the instruction of the Note Trustee) upon the occurrence of the following events (the **Servicer Termination Events**):

- the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting on the instruction of the Note Trustee), as the case may be, requiring the same to be remedied;

- the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which default in the opinion of the Security Trustee acting on the instructions of the Note Trustee is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting on the instruction of the Note Trustee) as the case may be requiring the Servicer's non-compliance to be remedied (subject to certain provisos in relation to the situation where the

default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations);

- an Insolvency Event (as defined in the Master Definitions and Construction Schedule) occurs in relation to the Servicer; or
- the Issuer resolves, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated.

Subject to the fulfilment of certain conditions, the Servicer may also resign upon giving 12 months' written notice provided a replacement servicer has been appointed by the Issuer (with the consent of the Security Trustee).

The appointment of the Servicer will also be terminated in the event that a third party becomes obliged to undertake the servicing of the Loans (other than as master servicer) pursuant to any back-up servicing agreement contemplated by the Servicing Agreement, as described below.

In the absence of a Servicer Termination Event, Noteholders have no right to instruct the Note Trustee to instruct the Security Trustee to terminate the appointment of the Servicer.

In the event that the Servicer has:

(a) ceased to be assigned a long term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes); or

(b) ceased to be assigned a long term issuer default rating by Fitch of at least BBB- (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes),

then (i) the Back-Up Servicer Facilitator shall use best endeavours to identify, on behalf of the Issuer, a suitable back-up servicer, and (ii) the Issuer will require the Servicer to use best endeavours to appoint a back-up servicer of good repute and active in the UK RMBS market.

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

Delegation

The Servicer may delegate some of its servicing functions to a third party provided that the Servicer remains liable for the failure of and for the performance of any functions so delegated.

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

SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

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

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class Z VFN
Currency	GBP	GBP
Principal Amount:	£350,000,000	£38,310,000 (being the initial Principal Amount subscribed for as at the Closing Date) up to a maximum of £350,000,000
Credit enhancement and liquidity support features:	Subordination of the Class Z VFN. The availability of the General Reserve Fund, as funded by the proceeds of issue of the Class Z VFN on the Closing Date. Upon LBS ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long-term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2, the availability of the Liquidity Reserve Fund, as funded by Available Principal Receipts. Excess Available Revenue Receipts. The application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency (as defined herein) in the Available Revenue Receipts. The reallocation of any Aggregate Negative Amortisation Amounts from Available Principal Receipts to Available Revenue Receipts.	Excess Available Revenue Receipts.
Issue Price:	100 per cent.	100 per cent.
Interest Rate:	Compounded Daily SONIA plus the Relevant Margin	Compounded Daily SONIA plus the Relevant Margin
Relevant Margin:	Prior to the Step-Up Date 0.52 per cent. per annum and on and after the Step-Up Date 1.04 per cent. per annum	0.00 per cent. per annum

	Class A Notes	Class Z VFN
Step-Up Date:	Interest Payment Date falling in April 2028	N/A
Interest Accrual Method:	Actual/365	Actual/365
Interest Payment Dates:	17th day of January, April, July and October, in each year	17th day of January, April, July and October, in each year
Business Day Convention:	Modified Following	Modified Following
First Interest Payment Date:	17 January 2024	17 January 2024
Final Maturity Date:	Interest Payment Date falling in July 2066	Interest Payment Date falling in July 2066
Form of the Notes:	Bearer	Registered
Application for Listing:	Euronext Dublin's Regulated Market	Not listed
Clearance/Settlement:	Euroclear / Clearstream, Luxembourg	N/A
ISIN:	XS2673394909	N/A
Common Code:	267339490	N/A
CFI:	DAVNFB	N/A
FISN:	ALBION NO.5 PLC/VARASST BKD 2200123	N/A
Ratings* (Fitch / Moody's):	AAAsf/Aaa(sf)	Not rated
Minimum Denomination	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £100 in excess thereof

* As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the UK and is registered under the UK CRA Regulation. The ratings issued by Fitch and Moody's have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under the EU CRA Regulation. As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) (this website and the contents thereof do not form part of this Prospectus). In general, European Union and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable) unless otherwise

endorsed by a credit rating agency registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

Ranking and Form of the Notes

The Issuer will issue the following classes of the Notes on the Closing Date under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due 2066 (the **Class A Notes**); and
- Class Z Variable Funding Note due 2066 (the **Class Z VFN**),

and together, the Class A Notes and the Class Z VFN, are the **Notes** and the holders thereof from time to time, the **Noteholders**.

The Class A Notes will rank *pari passu* and *pro rata* as to payments of interest and principal ahead of the Class Z VFN at all times.

The Class A Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves as to payments of principal and interest. Pursuant to the Deed of Charge, the Notes will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security. Amounts due in respect of the Class A Notes will rank in priority to amounts due in respect of the Class Z VFN. Certain amounts due by the Issuer to its other Secured Creditors will rank in priority to amounts due in respect of the Notes.

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

Variable Funding Note

The Issuer will issue the Class Z VFN on the Closing Date.

So long as the Class A Notes are outstanding, the Principal Amount Outstanding of the Class Z VFN shall not fall below 5 per cent. of the initial aggregate True Balance of the Loans as at the Closing Date.

On the Closing Date, the Class Z VFN will be subscribed for in the amount of £38,310,000. Prior to the Class Z VFN Commitment Termination Date, the Class Z VFN will have a maximum principal amount of £350,000,000 or such other amount as may be agreed from time to time by the Issuer and the holder of the Class Z VFN (the **Class Z VFN Holder**), which on the Closing Date will be LBS and notified to the Note Trustee (the **Maximum Class Z VFN Amount**), that can be funded by the Class Z VFN Holder at the request of the Issuer.

The commitment of the Class Z VFN Holder in respect of holding the Class Z VFN will be extinguished on the earlier to occur of:

(a) the Interest Payment Date falling in July 2066; and

(b) an Event of Default,

(the **Class Z VFN Commitment Termination Date**).

The maximum principal amount outstanding under the Class Z VFN shall not exceed the Maximum Class Z VFN Amount.

If the Maximum Class Z VFN Amount in relation to the Class Z VFN has been drawn and, in accordance with the Conditions, the Issuer repays some of the principal due on such Class Z VFN, such repaid principal amount will be available to be redrawn by the Issuer up to the Maximum Class Z VFN Amount.

Security

Pursuant to a deed of charge to be entered into between, *inter alios*, the Issuer and the Security Trustee (the **Deed of Charge**) on the Closing Date, the Notes will be secured by, *inter alia*, the following security (the **Security**):

(a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents, other than the Trust Deed, the Deed of Charge itself and the Subscription Agreement (subject to any rights of set-off or netting provided for therein);

(b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the Loans and the Mortgages and their other Related Security and other related rights comprised in the Portfolio;

(c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies sold to the Issuer pursuant to the Mortgage Sale Agreement;

(d) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in its bank accounts maintained with the Account Bank and the Secondary Transaction Account Bank and any other bank account or securities account of the Issuer and any sums standing to the credit thereof;

(e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Cash Manager on behalf of the Issuer; and

(f) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge.

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

Collateral	Mortgage loans that were originated by the Seller on the terms of the Standard Documentation of the Seller from time to time and comprised in the Cut-Off Date Portfolio as at the Cut-Off Date.
Interest Provisions	Please refer to the "*Full Capital Structure of the Notes*" table above and as fully set out in Condition 5 (*Interest*).
Interest Deferral	Interest due and payable on the Class A Notes outstanding will not be deferred. Interest due and payable on the Class Z VFN may be deferred in accordance with Condition 17 (*Increasing the Principal Amount Outstanding of the Class Z VFN and Adjusting the Maximum Class Z VFN Amount*).
Gross-up	None of the Issuer nor any Paying Agent or any other person will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.
Redemption	The Notes are subject to the following optional or mandatory redemption events: • mandatory redemption in whole on the Interest Payment Date falling in July 2066 (the **Final Maturity Date**), as fully set out in Condition 7.1 (*Redemption at Maturity*); • mandatory partial redemption (in part) on any Interest Payment Date following the first Interest Payment Date (but prior to the service of a Note Acceleration Notice) in an amount equal to the Available Principal Receipts (to the extent not used to credit the Liquidity Reserve Fund, if established) which shall be applied (a) to repay the Class A Notes *pro rata* and *pari passu* until they are repaid in full and then (b) to repay the Class Z VFN until it is repaid in full, as fully set out in Condition 7.2 (*Mandatory Redemption*); • optional redemption of all (but not some only) of the Class A Notes, exercisable by the Issuer on the Optional Redemption Date, subject to certain provisions as fully set out in Condition 7.3 (*Optional Redemption of the Class A Notes in Full*); and • optional redemption of the Class A Notes exercisable by the Issuer in whole for tax reasons on any Interest Payment Date following the date on which there is a change in tax law or other law, as fully set out in Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*); Any Note redeemed pursuant to the above redemption provisions 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 date of redemption.
Expected Average Lives of the Class A Notes	The actual average lives of the Class A Notes cannot be stated, as the actual rate of repayment of the Loans and redemption of the Loans and a number of other relevant factors are unknown. However, calculations

of the possible average lives of the Notes can be made based on certain assumptions as described under "*Estimated Weighted Average Lives of the Notes*", below.

Events of Default

As fully set out in Condition 10 (*Events of Default*), which broadly includes (where relevant, subject to the applicable grace period):

- non-payment of interest and/or principal in respect of the Class A Notes;
- breach of contractual obligations by the Issuer under the Transaction Documents;
- certain insolvency events in respect of the Issuer; and
- the entry into the documents and/or the performance of the obligations thereunder by the Issuer becoming illegal under the laws of England and Wales.

Purchase of Class Z VFN

It is intended that LBS will subscribe for and retain the Class Z VFN on the Closing Date.

Limited Recourse

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 11.4 (*Limited Recourse*).

Governing Law

The Trust Deed, the Deed of Charge, the Notes and the 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.

RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

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

Prior to an Event of Default

Prior to the occurrence of an Event of Default, Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Class A Notes then outstanding (or, if no Class A Notes are then outstanding, at the direction of the holder of the Class Z VFN) are entitled to direct the Note Trustee to convene a Noteholders' meeting. The Note Trustee shall have no obligation to convene a Noteholders' meeting unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction. Noteholders are also entitled to participate in a Noteholders' meeting convened by the Issuer or the Note Trustee to consider any matter affecting their interests.

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

Following an Event of Default

Following the occurrence of an Event of Default, Noteholders may (subject to the Note Trustee being indemnified and/or secured and/or prefunded to its satisfaction), if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Class A Notes then outstanding or if they pass an Extraordinary Resolution, direct the Note Trustee to give a Note Acceleration Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding.

So long as no Class A Notes remain outstanding, upon the occurrence of an Event of Default, the Note Trustee shall, if so directed in writing by the holder of the Class Z VFN (subject to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration Notice to the Issuer that the Class Z VFN is immediately due and repayable at its Principal Amount Outstanding, together with Accrued Interest as provided in the Trust Deed.

Noteholders Meeting provision

	Initial Meeting	Adjourned Meeting
Notice period:	21 clear days (and no more than 365 calendar days) for an initial meeting.	10 clear days (and no more than 42 clear days) for an adjourned meeting.
Quorum:	For an initial meeting, one or more persons holding or representing not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class of Notes then outstanding for all Ordinary	One or more persons holding or representing any percentage holding for an adjourned meeting (other than a Basic Terms Modification, which requires one or more persons holding or representing 25 per cent.

	Resolutions; one or more persons holding or representing not less than 50 per cent. of the Principal Amount Outstanding of the relevant Class of Notes for an Extraordinary Resolution (other than a Basic Terms Modification, which requires one or more persons holding or representing not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes then outstanding).	of the Principal Amount Outstanding of the relevant Class of Notes then outstanding).
Required majority:	For initial meetings, 50 per cent. of votes cast for matters requiring Ordinary Resolution and 75 per cent. of votes cast for matters requiring Extraordinary Resolution (including a Basic Terms Modification).	For adjourned meetings, 50 per cent. of votes cast for matters requiring Ordinary Resolution and 75 per cent. of votes cast for matters requiring Extraordinary Resolution (including a Basic Terms Modification).
Written Resolution:	50 per cent. of the Principal Amount Outstanding of the relevant Class of Notes then outstanding for matters requiring Ordinary Resolutions and 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes then outstanding for matters requiring Extraordinary Resolutions. A written resolution has the same effect as an Ordinary Resolution or an Extraordinary Resolution, as appropriate. A resolution in writing by the Class Z VFN Holder means a written resolution.	
Electronic Consent:	75 per cent. of the aggregate Principal Amount Outstanding of any Class or sub-class of the Class A Notes then outstanding by the close of business on the Consent Date in accordance with the operating rules and procedures of the relevant Clearing Systems.	
Time and place:	Every such meeting shall be held at such time and place as the Note Trustee may appoint or approve, provided that the place shall be a location in the United Kingdom (or, if applicable, the European Union).	

Extraordinary Resolution means:

(a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and the Conditions by a majority consisting of not less than three-quarters of the votes cast;

(b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the Class A Notes then outstanding which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of that Class;

(c) where the Class A Notes are held on behalf of a Clearing System or Clearing Systems, approval of a resolution proposed by the Issuer or the Note Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant Clearing System(s) in accordance with their operating rules and procedures (**Electronic Consent**) by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of any Class or sub-class of the Class A Notes then outstanding; or

(d) a resolution in writing signed by the Class Z VFN Holder.

Ordinary Resolution means:

(a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and the Conditions by a clear majority;

(b) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the Class A Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders;

(c) where the Class A Notes are held on behalf of a Clearing System or Clearing Systems, approval of a resolution proposed by the Issuer or the Note Trustee (as the case may be) given by way of Electronic Consent by or on behalf of the Noteholders of not less than a simple majority in aggregate Principal Amount Outstanding of any Class or sub-class of the Class A Notes then outstanding; or

(d) a resolution in writing signed by the Class Z VFN Holder.

Matters requiring Extraordinary Resolution

Broadly speaking, the following matters require an Extraordinary Resolution:

- to approve any Basic Terms Modification;
- to approve the substitution of any person for the Issuer (or any previous substitute for the Issuer) as principal debtor under the Notes and the Trust Deed;

- to approve or assent to any modification of the provisions contained in the Notes, the Conditions or the Trust Deed or any other Transaction Document, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default or potential Event of Default under the Notes;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, the Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to give any other authorisation or sanction which under the Trust Deed or the Notes or any other Transaction Document is required to be given by Extraordinary Resolution; and
- to appoint any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

See Condition 13 (*Indemnification and Exoneration of the Note Trustee and the Security Trustee*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

Additional Right of Modification

As more fully set out in Condition 12.12, the Conditions also provide that the Note Trustee shall be obliged (subject to receipt of a Modification Certificate from the Issuer certifying that such modification is required solely for such purpose and has been drafted solely to such effect but, without any consent or sanction of the Noteholders), to concur with the Issuer and/or direct the Security Trustee to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions or any other Transaction Document to which either the Note Trustee or Security Trustee is a party or in relation to which the Security Trustee 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;

(b) for the purpose of complying with any changes in the requirements of (i) Article 6 of the UK Securitisation Regulation or Article 6 of the EU

Securitisation Regulation, or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation, or (ii) any other risk retention legislation or regulations or official guidance in relation thereto;

(c) for the purpose of enabling the Notes to comply with the requirements of the UK Securitisation Regulation and/or the EU Securitisation Regulation, including relating to compliance with the UK STS Requirements and the treatment of the Notes as a simple, transparent and standardised securitisation;

(d) in order to enable the Issuer and/or the Interest Rate Swap Provider to comply with any requirements which apply to under UK EMIR and/or EU EMIR;

(e) for the purpose of enabling the Class A Notes to be (or to remain) listed on Euronext Dublin;

(f) for the purposes of enabling the Issuer or a Transaction Party to comply with certain sections of the U.S. Internal Revenue Code of 1986, agreements relating thereto, FATCA, and similar tax laws;

(g) for the purpose of complying with any changes in the requirements of the UK CRA Regulation; or

(h) for the purpose of amending the Secondary Transaction Account Agreement; or

(i) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including an alternative base rate where such base rate may remain linked to SONIA but may be calculated in a different manner).

See Condition 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

Relationship between Classes of Noteholders

Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of Class A Noteholders shall be binding on the Class Z VFN Holder and would override any resolutions to the contrary by them.

A Basic Terms Modification requires an Extraordinary Resolution of the Class A Noteholders.

Relationship between Noteholders and other Secured Creditors

So long as the Notes are outstanding, the Security Trustee will have regard solely to the interests of the Noteholders and shall not have regard to the interests of any other Secured Creditor, subject to the provisions of the Deed of Charge.

Provision of Information to the Noteholders

For so long as the Notes remain outstanding, the Cash Manager on behalf of the Issuer will publish (i) a quarterly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the

UK Securitisation Regulation and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to LBS) (each, a **Quarterly Report**) and (ii) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to LBS) (the **Loan Level Information**), in each case, simultaneously each quarter (to the extent required under Article 7(1) of the UK Securitisation Regulation and Article 7(1) of the EU Securitisation Regulation (as if it were applicable to LBS) and no later than one month after the relevant Interest Payment Date). If, following the Closing Date, there are amendments or changes to the EU Reporting Requirements and LBS is or would be unable to comply with the EU Reporting Requirements (as if the EU Reporting Requirements were applicable to it) following such amendments or changes coming into effect, LBS may elect not to comply with the EU Reporting Requirements as so amended or changed. In the event LBS is unable to comply with any EU Reporting Requirements in effect following any such amendments or changes, the Cash Manager shall, without delay, procure the publication of an inside information and significant event report in accordance with Article 7(1)(g) of the UK Securitisation Regulation and Article 7(1)(f) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to LBS and the Issuer) notifying that LBS shall no longer comply with the EU Reporting Requirements.

The Cash Manager will make such information available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

LBS shall make available or procure on demand, from the Closing Date until the date the last Note is redeemed in full, a liability cashflow model (the **Cash Flow Model**) to investors, either directly or indirectly through one or more entities which provide such Cash Flow Models, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (i) prior to pricing of the Notes to potential investors, and (ii) on an on-going basis and to investors in the Notes and to potential investors in the Notes upon request.

Each Quarterly Report and Loan Level Information will be published:

(a) in accordance with Article 10 of the UK Securitisation Regulation, on a securitisation repository at https://editor.eurodw.co.uk; or

(b) in accordance with Article 10 of the EU Securitisation Regulation on a securitisation repository at https://editor.eurodw.eu,

each being a website which conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to LBS) respectively, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to LBS) respectively (such websites being, together, the **Reporting Websites**), and the Cash Flow

Model will be published by means of the website of Moody's Analytics (https://sfportal.com). None of the reports or the websites or the contents thereof form part of this Prospectus.

LBS and the Issuer will procure that the Cash Manager will publish a monthly investor report (the **Investor Report**) detailing, inter alia, certain aggregated loan data in relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. Such reports will be published on LBS' website and the Reporting Websites. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. LBS will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

Information required to be made available prior to pricing to potential investors in the Notes pursuant to Article 7 and Article 22(5) of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as if it were applicable to LBS) was made available by means of the Reporting Websites.

EU Reporting Requirements means (i) Article 7(1) of the EU Securitisation Regulation, (ii) Commission Implementing Regulation (EU) 2020/1225 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the European Insurance and Occupational Pensions Authority ("**EIOPA**") (or their successor) or by the European Commission; and (iii) Commission Delegated Regulation (EU) 2020/1224 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission, in each case, as in effect as of the Closing Date or, to the extent any amendments, standards, guidance, or statements come into effect after the Closing Date, as otherwise adopted by LBS . The obligation of LBS to comply with the EU Reporting Requirements is strictly contractual. In the event that, after the Closing Date, there are any amendments or changes to the EU Reporting Requirements and LBS is or would be unable to comply with the EU Reporting Requirements (as if the EU Reporting Requirements were applicable to it) following amendments or changes coming into effect, LBS may elect not to comply with the EU Reporting Requirements as so amended or changed. Potential EU Investors should therefore be aware that, if LBS is unable to comply with any amendments or changes to the EU Reporting Requirements that come into effect after the Closing Date, the EU Reporting Requirements may no longer be complied with following such amendments or changes coming into effect.

UK Reporting Requirements means: (i) Article 7(1) of the UK Securitisation Regulation, (ii) Commission Implementing Regulation (EU) 2020/1225 as it forms part of the domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto; and (iii) Commission Delegated Regulation (EU) 2020/1224 as it forms part of the domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

Communication with Noteholders

Other than the monthly Investor Reports, Quarterly Reports, Loan Level Information and Cash Flow Models referenced above, any notice to be given by the Issuer or the Note Trustee to Noteholders shall be given in one of the following ways:

(a) so long as the Notes are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders; and/or

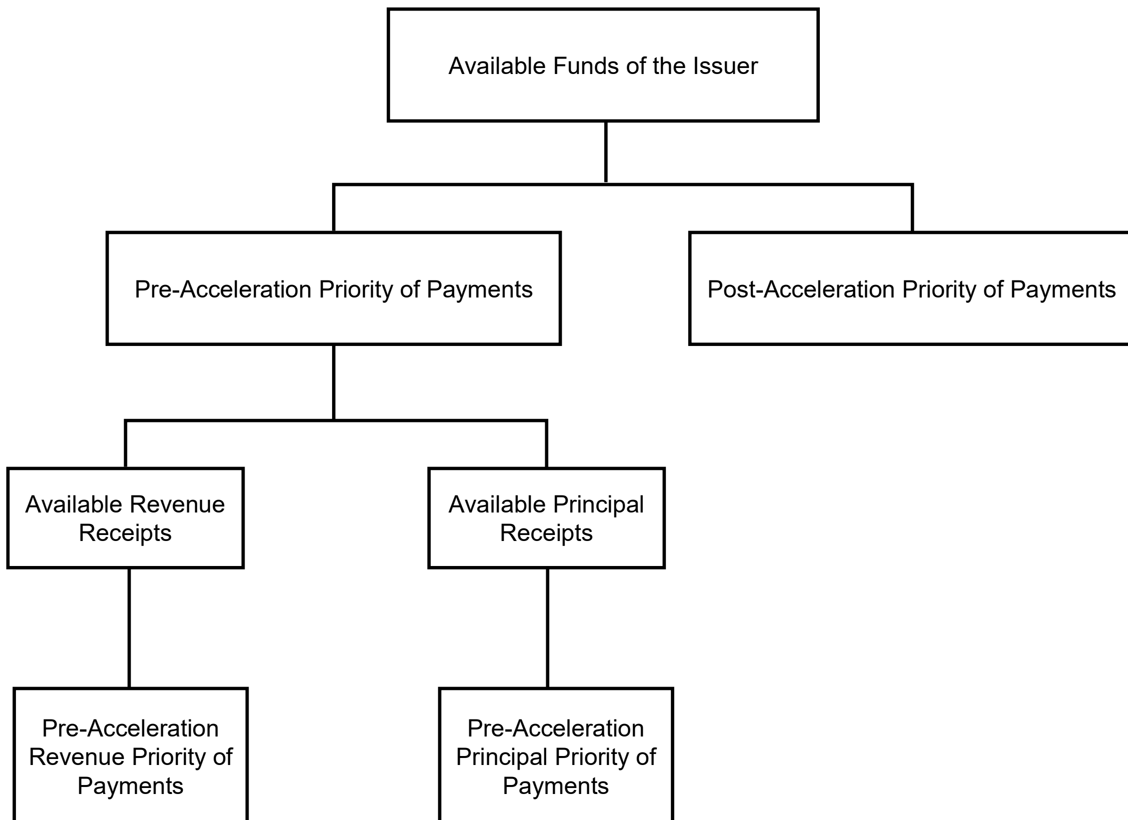
(b) so long as the Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange.

The Note Trustee shall be at liberty to sanction another method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require. Notices to the Class Z VFN Holder will be sent to it by the Issuer to the fax number or email address notified to the Issuer from time to time in writing.

See Condition 15 (*Notice to Noteholders*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

CREDIT STRUCTURE AND CASHFLOW

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



Available Funds of the Issuer

The Issuer will have Available Revenue Receipts and Available Principal Receipts for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

Available Revenue Receipts will, broadly speaking, include the following:

(a) Revenue Receipts received during the immediately preceding Collection Period or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;

(b) interest payable to the Issuer on the Bank Accounts and income from any Authorised Investments in each case received during the immediately preceding Collection Period;

(c) amounts received by the Issuer under the Interest Rate Swap Agreements (other than (i) any early termination amount received by the Issuer under the Interest Rate Swap Agreement to the extent it is to be applied in acquiring a replacement swap, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer

on early termination of the Interest Rate Swap under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap in which case such amounts will be included in Available Revenue Receipts, (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the Interest Rate Swap Provider and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date);

(d) the Amortisation General Reserve Release Amount (if any) in respect of such Interest Payment Date;

(e) on the Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full, any amount standing to the credit of the General Reserve Fund;

(f) other net income of the Issuer received during the immediately preceding Collection Period (excluding any Principal Receipts) other than as described in paragraph (h), below;

(g) amounts deemed to be Available Revenue Receipts in accordance with paragraph (d) of the Pre-Acceleration Principal Priority of Payments;

(h) amounts credited to the Transaction Account or the Secondary Transaction Account, as the case may be, (including any interest thereon (if any)) on the immediately preceding Interest Payment Date in accordance with paragraph (m) of the Pre-Acceleration Revenue Priority of Payments;

(i) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

less:

(j) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):

    (i) payments of certain insurance premiums provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;

    (ii) 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;

    (iii) payments by the Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and

(iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller,

(items within (j) of the definition of Available Revenue Receipts being collectively referred to herein as **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the Transaction Account or the Secondary Transaction Account, as the case may be, to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

plus

(k) if a shortfall occurs such that the aggregate of items (a) to (i) less (j) is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, the General Reserve Required Debit Amount in respect of such Interest Payment Date (if any);

plus

(l) if a Revenue Deficiency occurs such that the aggregate of items (a) to (i) less (j) above plus (k) is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency;

plus

(m) if a Revenue Deficiency occurs such that the aggregate of items (a) to (i) less (j) plus (k) plus (l) is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, the amount then standing to the credit of the Liquidity Reserve Fund (if established) and available to be drawn to the extent necessary to pay such Revenue Deficiency;

plus

(n) any Aggregate Negative Amortisation Amount deducted from Available Principal Receipts.

Available Principal Receipts will, broadly speaking, include the following:

(a) all Principal Receipts or, in relation to a Determination Period, any Calculated Principal Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date (i) received by the Issuer during the immediately preceding Collection Period (less an amount equal to the aggregate of all Additional Loan Advance Purchase Prices paid by the Issuer in such Collection Period but in aggregate not exceeding such Principal Receipts) and (ii) received by the Issuer from the Seller during the immediately preceding Collection Period in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement;

(b) the amount standing to the credit of the Liquidity Reserve Fund (if established) (to the extent not utilised on such Interest Payment Date pursuant to paragraph (m) of the definition of Available Revenue Receipts);

(c) (in respect of the first Interest Payment Date only) the amount paid into the Transaction Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z VFN used to establish the General Reserve Fund and to pay the initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date) over the Initial Consideration;

(d) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Acceleration Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class Z VFN Principal Deficiency Sub-Ledger is reduced;

(e) in relation to a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

less

(f) any amounts utilised to pay a Revenue Deficiency pursuant to paragraph (l) of the definition of Available Revenue Receipts;

less

(g) an amount equal to the Aggregate Negative Amortisation Amount.

Summary of Priorities of Payments

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

Pre-Acceleration Revenue Priority of Payments:	Pre-Acceleration Principal Priority of Payments:	Post-Acceleration Priority of Payments:
(a) Amounts due in respect of the Note Trustee's, Security Trustee's or any Appointee's fees, costs, liabilities, charges and expenses	(a) Following the date on which (i) LBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2, and (ii) LBS ceases to be assigned a long-term issuer	(a) Amounts due in respect of, the Note Trustee's, the Security Trustee's, any Appointee's and any Receiver's fees, costs, liabilities, charges and expenses
(b) Amounts due in respect of the fees, costs, liabilities, charges and		(b) Amounts due in respect of

	expenses of the Class Z VFN Registrar, the Corporate Services Provider, the Agent Bank, the Paying Agents, the Account Bank, the Secondary Transaction Account Bank and the Swap Collateral Account Bank		default rating by Fitch of at least BBB or (iii) LBS ceases to be assigned a short term issuer default rating by Fitch of at least F2, amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount		the fees, costs, liabilities, charges and expenses of the Class Z VFN Registrar, the Corporate Services Provider, the Agent Bank, the Paying Agents, the Account Bank, the Secondary Transaction Account Bank and the Swap Collateral Account Bank
(c)	Third party expenses	(b)	To repay all Principal amounts due on the Class A Notes	(c)	Amounts due in respect of the fees, costs, liabilities, charges and expenses of the Servicer, the Back-Up Servicer Facilitator, the Cash Manager
(d)	Amounts due in respect of the fees, costs, liabilities, charges and expenses of the Servicer, the Back-Up Servicer Facilitator, the Cash Manager	(c)	To repay all Principal amounts due on the Class Z VFN	(d)	Amounts due to the Interest Rate Swap Provider (excluding any Interest Rate Swap Excluded Termination Amounts)
(e)	Amounts due to the Interest Rate Swap Provider (excluding any Interest Rate Swap Excluded Termination Amounts)	(d)	Amounts to be applied as Available Revenue Receipts	(e)	Interest and principal amounts due on the Class A Notes
(f)	Interest due on the Class A Notes			(f)	Amounts due in respect of
(g)	Amounts to be credited to the Class A Principal Deficiency Sub-Ledger				
(h)	Amounts to be credited to the				

	General Reserve Ledger		principal and interest on the Class Z VFN
(i)	Amounts to be credited to the Class Z VFN Principal Deficiency Sub-Ledger	(g)	Interest Rate Swap Excluded Termination Amounts
(j)	Interest due on the Class Z VFN	(h)	Issuer Profit Amount
(k)	Issuer Profit Amount	(i)	Deferred Consideration
(l)	Interest Rate Swap Excluded Termination Amounts		
(m)	If such Interest Payment Date falls within a Determination Period, then the excess (if any) to the Transaction Account or the Secondary Transaction Account, as the case may be		
(n)	Following redemption in full of the Class A Notes, Principal Amounts due on the Class Z VFN		
(o)	Deferred Consideration		

General Credit Structure

The general credit structure of the transaction includes, broadly speaking, the following elements:

- availability of the **General Reserve Fund**, which will be funded on the Closing Date by the Class Z VFN up to the General Reserve Required Amount from a portion of the proceeds of the Class Z VFN Holder's subscription of the Class Z VFN. The General Reserve Fund will be held in the Transaction Account or, if the Account Bank no longer holds the Account Bank Rating, the Secondary Transaction Account. Each of the Amortisation General Reserve Release Amount and the General Reserve Required Debit Amount in relation to an Interest Payment

Date (if any) will be withdrawn from the General Reserve Fund and applied as Available Revenue Receipts on such Interest Payment Date. After the Closing Date, the General Reserve Fund will be replenished up to the General Reserve Required Amount on each Interest Payment Date from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments (see section *"Credit Structure – General Reserve Fund and General Reserve Ledger"* for further details);

- following the Business Day on which LBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long-term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2, availability of the **Liquidity Reserve Fund** funded by the Issuer out of Available Principal Receipts up to the Liquidity Reserve Fund Required Amount which will be applied as Available Revenue Receipts to the extent necessary to pay senior expenses and interest payments on the Class A Notes in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The Liquidity Reserve Fund will be deposited in the Transaction Account or, if the Account Bank no longer holds the Account Bank Rating, the Secondary Transaction Account, and will be funded from time to time, to the extent necessary on each Interest Payment Date up to the Liquidity Reserve Fund Required Amount following the date on which LBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long-term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2 from Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments. The Principal Deficiency Ledger will be debited on each Interest Payment Date by an amount equal to the amount drawn from the Liquidity Reserve Fund on that date (if any). The Liquidity Reserve Fund will be applied by the Issuer as Principal Receipts on the earlier of the Interest Payment Date falling on or prior to the Final Maturity Date and the date on which all Class A Notes have been redeemed in full. If LBS subsequently is assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long-term issuer default rating by Fitch of at least BBB or a short-term issuer default rating by Fitch of at least F2, the Liquidity Reserve Fund Required Amount will be zero, and moneys allocated to the Liquidity Reserve Fund will form part of Available Principal Receipts and shall be applied on the following Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments (see section *"Credit Structure – Liquidity Reserve Fund and Liquidity Reserve Fund Ledger"* for further details);

- a Principal Deficiency Ledger will be established for each Class of Notes to record the notional principal losses corresponding to each Class of Notes in reverse sequential order. Available Revenue Receipts will be applied in accordance with the Pre-Acceleration Revenue Priority of Payments to make up the relevant Principal Deficiency Ledger in sequential order (see section *"Credit Structure – Principal Deficiency Ledgers"* for further details);

- availability of an overnight rate provided by the Account Bank or the Secondary Transaction Account Bank, as applicable, in respect of monies held in the Transaction Account or the Secondary Transaction Account, as applicable (see section *"Credit Structure – Transaction Account"* for further details);

- availability of a fixed interest rate swap provided by the Interest Rate Swap Provider to hedge against the possible variance between the fixed rates of interest received on the Fixed Rate Loans in the Portfolio and the floating rates of interest payable on the Class A Notes (see section "*Credit Structure – Interest Rate Risk for the Notes*" for further details); and

- if, on any Interest Payment Date whilst there are Class A Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest otherwise due on the Class Z VFN, then the Issuer will be entitled to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date (see the section "*Credit Structure – Available Receipts*" for further details).

Bank Accounts

The Issuer will enter into the Bank Account Agreement with the Account Bank, the Secondary Transaction Account Agreement with the Secondary Transaction Account Bank and the Swap Collateral Account Agreement with the Swap Collateral Account Bank, as applicable, on or about the Closing Date in respect of the Transaction Account, the Secondary Transaction Account and the Swap Collateral Account, respectively, and any additional accounts to be established by the Issuer pursuant to the Bank Account Agreement, the Secondary Transaction Account Agreement or the Swap Collateral Account Bank Agreement, as required. In the event that the Interest Rate Swap Provider is required to post collateral under the terms of the Interest Rate Swap Agreement and wishes to post collateral in the form of securities (as permitted under the terms of the Interest Rate Swap Agreement), then the Issuer shall enter into a securities custody agreement (the **Securities Custody Agreement**) with the Swap Collateral Account Bank pursuant to which the Issuer shall open and maintain a securities custody account (the **Securities Custody Account** ") with the Swap Collateral Account Bank to hold such collateral.

The Transaction Account, the Secondary Transaction Account, the Swap Collateral Account and any additional accounts established by the Issuer pursuant to the Bank Account Agreement, the Secondary Transaction Account Agreement or the Swap Collateral Account Bank Agreement, respectively, or any other bank account agreement that may be entered into by the Issuer from time to time, are referred to in this Prospectus as the **Bank Accounts**.

Collections of revenue and principal in respect of the Loans in the Portfolio are received by the Seller in its collection account(s). The Seller (and, where relevant, the Servicer) is obliged to transfer collections in respect of the Loans in the Portfolio from the collection account(s) on a daily basis to the Transaction Account or, in the event the Account Bank ceases to hold the required Account Bank Rating, the Secondary Transaction Account. On each Interest Payment Date, the Cash Manager will apply monies from the Transaction Account (or, if

applicable, the Secondary Transaction Account) in accordance with the relevant Priority of Payments.

In the event that the Account Bank no longer holds the Account Bank Ratings, any amounts standing to the credit of the Transaction Account (including amounts representing the General Reserve Fund and, if established, the Liquidity Reserve Fund) will be diverted from the Transaction Account and be paid into the Secondary Transaction Account held with the Secondary Transaction Account Bank. Thereafter, on each Interest Payment Date, the Cash Manager will apply monies standing to the credit of the Secondary Transaction Account in accordance with the relevant Priority of Payments.

Amounts standing to the credit of the Liquidity Reserve Fund (if established) will be withdrawn from the Transaction Account or, in the event the Account Bank ceases to hold the required Account Bank Rating, the Secondary Transaction Account, to the extent necessary to pay senior expenses and interest payments on the Class A Notes in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date.

Monies from the Transaction Account or the Secondary Transaction Account, as the case may be, may also be used to pay the Additional Loan Advance Purchase Price in respect of any Additional Loan Advance on any Monthly Pool Date.

In the event that the Account Bank, having been rated below the Account Bank Ratings, later regains the Account Bank Ratings, any amounts standing to the credit of the Secondary Transaction Account (including amounts representing the General Reserve Fund and, if established, the Liquidity Reserve Fund) will be diverted from the Secondary Transaction Account and be paid into the Transaction Account held with the Account Bank. Thereafter, on each Interest Payment Date, the Cash Manager will apply monies standing to the credit of the Transaction Account in accordance with the relevant Priority of Payments.

Swap Collateral Account means the account (including a cash and/or a Securities Custody Account) opened by the Issuer with the Swap Collateral Account Bank for the purposes of depositing any collateral to be posted by an Interest Rate Swap Provider pursuant to the terms of an Interest Rate Swap Agreement.

Swap Collateral Account Bank means Citibank N.A., London Branch.

Swap Collateral Account Bank Agreement means an agreement between, *inter alios*, the Issuer and a Swap Collateral Account Bank, pursuant to which the Issuer will open one or more Swap Collateral Accounts with a Swap Collateral Account Bank.

Cash Management

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 function will be effecting payments to and from the Transaction Account, the Secondary Transaction Account and the Swap Collateral Account (if applicable). In addition, the Cash Manager will:

(a) operate the Transaction Account, the Secondary Transaction Account, any Swap Collateral Account (including the Securities Custody Account, if applicable) and any additional account(s) and ensure that payments are made into and from such accounts in accordance with the Cash Management Agreement, the Bank Account Agreement, the Secondary Transaction Account Agreement, the Swap Collateral Bank Account Agreement, the Securities Custody Account (if applicable), the Deed of Charge, the Interest Rate Swap Agreement, any additional bank account agreement that may be entered into by the Issuer from time to time and any other Transaction Document, provided that nothing in the Cash Management Agreement shall require the Cash Manager to make funds available to the Issuer to enable such payments to be made other than as expressly required by the provisions of the Cash Management Agreement;

(b) provide the Issuer, the Note Trustee, the Seller, the Class A Noteholders and the Rating Agencies with a monthly investor report (the **Investor Report**) setting out certain aggregated loan data in relation to the Portfolio by publishing such Investor Report(s) on the LBS website at www.leedsbuildingsociety.co.uk by no later than the 18th day of each month or if such day is not a Business Day, the next following Business Day unless such day falls in the next month, in which case the preceding Business Day;

(c) publish, on behalf of the Seller (as originator), the relevant reports and data required under Article 7 of the UK Securitisation Regulation and the EU Securitisation Regulation;

(d) calculate the Available Revenue Receipts and Available Principal Receipts of the Issuer;

(e) apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments;

(f) if required by the Security Trustee, apply, or cause to be applied, amounts received or recovered following the service of the Note Acceleration Notice on the Issuer (subject to certain exceptions as set out in the Deed of Charge) in accordance with the Post-Acceleration Priority of Payments;

(g) establish and record credits to, and debits from, the General Reserve Ledger, the Revenue Ledger, the Issuer Profit Ledger, the Principal Deficiency Ledger, the Principal Ledger and the Liquidity Reserve Ledger as and when required;

(h) make payments of any Additional Loan Advance Purchase Price to the Seller;

(i) make a drawing under the Class Z VFN as required, including, without limitation, any drawing required to fund the Additional Loan Advance Purchase Price;

(j) make any determinations required to be made by the Issuer under the Interest Rate Swap Agreement; and

(k) make any determinations and calculations in respect of the Reconciliation Amount, if necessary.

Interest Rate Swap

On or about the Closing Date, the Interest Rate Swap Provider will enter into a ISDA 2002 Master Agreement (including a schedule and a credit support annex thereto and a confirmation thereunder) with the Issuer (as amended from time to time) (the **Interest Rate Swap Agreement**).

Payments received by the Issuer under some of the Loans in the Portfolio will be subject to fixed rates of interest. The interest amounts payable by the Issuer in respect of the Notes will be calculated by reference to Compounded Daily SONIA. Pursuant to the Interest Rate Swap Agreement the Issuer will enter into a interest rate swap transaction to hedge against the possible variance between the fixed rates of interest received on the Fixed Rate Loans in the Portfolio and Compounded Daily SONIA (the **Interest Rate Swap**).

The Interest Rate Swap has the following key commercial terms:

Fixed Notional Amount means**,** in relation to an Interest Period, an amount in Sterling equal to the aggregate True Balance of the Fixed Rate Loans in the Portfolio on the last calendar day of the calendar month immediately preceding the first day of such Interest Period (each a **Quarter Date**), (adjusted for Additional Loan Advances, Product Switches or repurchases by the Seller in accordance with the Mortgage Sale Agreement, that took effect on the Monthly Pool Date immediately preceding the first day of the relevant Interest Period).

Issuer payment is the amount equal to the product of (i) 1.90 per cent. per annum and (ii) in relation to the first Interest Period, an amount notified by the Servicer equal to the aggregate True Balance of the Fixed Rate Loans in the Portfolio on 31 August 2023 or, in relation to any other Interest Period, the product of the Fixed Notional Amount of the Interest Rate Swap for the relevant Interest Period and the relevant Payment Ratio, and (iii) the relevant day count fraction.

Interest Rate Swap Provider Payment: the amount equal to the product of (i) in relation to the first Interest Period, an amount notified by the Servicer equal to the aggregate True Balance of the Fixed Rate Loans in the Portfolio on 31 August 2023 or, in relation to any other Interest Period, the product of the Fixed Notional Amount of the Interest Rate Swap for the relevant Interest Period and the relevant Payment Ratio; (ii) Compounded Daily SONIA determined as at the related Interest Determination Date; and (iii) the relevant day count fraction.

Frequency of payment of the Interest Rate Swap Provider Payment is quarterly on each Interest Payment Date.

Payment Ratio: in respect of an Interest Period, the ratio of X/Y where:

"X" is the Fixed Notional Amount for such Interest Period less the aggregate True Balance of the Fixed Rate Loans in the Portfolio which relate to properties that have been repossessed from defaulting Borrowers on or before the Quarter Date immediately preceding such Interest Period; and

"Y" is the Fixed Notional Amount for such Interest Period.

Termination Date: the earlier of (i) the occurrence of an Early Termination Event; (ii) the date on which the Class A Notes are redeemed in full; and (iii) the date on which the aggregate of the True Balances of the Fixed Rate Loans is reduced to zero.

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

TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
Cash Manager	Ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or a long-term issuer default rating by Fitch of at least BBB- (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes).	Under the Cash Management Agreement the Issuer shall require the Cash Manager, within 60 days, to use best endeavours to appoint a back-up Cash Manager which meets the requirements for a substitute cash manager provided for by the Cash Management Agreement.
Seller	(a) The short-term, unsecured, unsubordinated debt obligation rating of the Seller fall below P-2 by Moody's, as at a Monthly Pool Date (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes); or	(a) Seller must provide to the Issuer and the Security Trustee a Solvency Certificate (substantially in the form set out in the Mortgage Sale Agreement), in accordance with the terms of the Mortgage Sale Agreement, and for so long as the rating of the short-term, unsecured, unsubordinated debt obligations of the Seller remains below P-2 by Moody's, the Seller must provide such a certificate to the Issuer and the Security Trustee every three months.
	(b) The short-term, issuer default rating of the Seller fall below F2 by Fitch, as at a Monthly Pool Date (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes);	(b) Seller must provide to the Issuer and the Security Trustee a Solvency Certificate (substantially in the form set out in the Mortgage Sale Agreement), in accordance with the terms of the Mortgage Sale Agreement, and for so long as the short-term, issuer default rating of the Seller remains below F2 by Fitch, the Seller must provide such a certificate to the Issuer and the Security Trustee every three months;

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	(c) The rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller fall below Baa3 by Moody's (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes); or	(c) Seller will deliver to the Issuer and the Security Trustee within 20 Business Days (i) details of the names and addresses of the Borrowers with Loans then in the Portfolio, (ii) a draft letter of notice to such Borrowers of the sale, assignment of those Loans and the Related Security to the Issuer and (iii) an update of such information to the same parties every month from the date the information is in (i) and (ii) above first delivered thereafter;
	(d) The long-term issuer default rating of the Seller fall below BBB- from Fitch (or such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes).	(d) Seller will deliver to the Issuer and the Security Trustee within 20 Business Days (i) details of the names and addresses of the Borrowers with Loans then in the Portfolio, (ii) a draft letter of notice to such Borrowers of the sale, assignment of those Loans and the Related Security to the Issuer.
	(e) For so long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of LBS cease to be assigned a rating by Moody's of at least Baa2 and the long-term issuer default rating assigned by Fitch ceases to be at least BBB or the short-term issuer default rating assigned by Fitch ceases to be at least F2.	(e) The Cash Manager on behalf of the Issuer will establish the Liquidity Reserve Fund pursuant to the terms of the Cash Management Agreement.
Servicer	(a) Ceasing to be assigned a long term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 (or such other lower rating that the Cash Manager certifies in writing to the Security Trustee would not	(a) Servicer, with the assistance of the Back-Up Servicer Facilitator, shall, within 60 days, use best endeavours to appoint a back-up servicer which meets the requirements for a substitute servicer provided for by the Servicing Agreement;

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	have an adverse effect on the ratings of the Class A Notes); or	
	(b) Ceasing to be assigned a long term issuer default rating by Fitch of at least BBB- (or such other lower rating that the Cash Manager certifies in writing to the Security Trustee would not have an adverse effect on the ratings of the Class A Notes); or	(b) Servicer, with the assistance of the Back-Up Servicer Facilitator, shall, within 60 days, use best endeavours to appoint a back-up servicer which meets the requirements for a substitute servicer provided for by the Servicing Agreement.
Interest Rate Swap Provider	**Moody's**: A long term counterparty risk assessment from Moody's of A3(cr) or above, or if a counterparty risk assessment is not available for such entity, if its senior unsecured debt rating from Moody's is A3 or above (the "**Qualifying Collateral Trigger Rating**").	If the Interest Rate Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and either (a) has not had a Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time the Interest Rate Swap Provider (or its successor or relevant guarantor) had a Qualifying Collateral Trigger Rating, the Interest Rate Swap Provider must, if required, post collateral and may either (i) transfer its rights and obligations under the Interest Rate Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party. A failure by the Interest Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Swap Agreement.
	Moody's: A long term counterparty risk assessment from Moody's of Baa1(cr) or above, or above, or if a counterparty risk assessment is not available for such entity, if its senior unsecured debt rating from Moody's is Baa1 or above (the "**Qualifying Transfer Trigger Rating**").	If the Interest Rate Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Interest Rate Swap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the Interest Rate

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
		Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party. A failure by the Interest Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Swap Agreement.
	Fitch required ratings: The Fitch required ratings depend on the rating of the Class A Notes from Fitch (the **Fitch Relevant Notes**) and are set out in the table below.	

Current Fitch rating of Class A Notes	Without collateral	With collateral – flip clause	With collateral – no flip clause
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Class A Notes rating	B+	BB-
B+sf or below or Class A Notes are not rated by Fitch	At least as high as the Class A Notes rating	B-	B-

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	Fitch initial required ratings	
	The Interest Rate Swap Provider, or an applicable guarantor, fails to have the short-term issuer default rating or a derivative counterparty rating (or if a derivative counterparty rating is not	The Interest Rate Swap Provider must within 14 calendar days provide collateral (to the extent required depending on the value of the Interest Rate Swap to each of the parties at

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	available, a long-term issuer default rating) by Fitch at least as high as specified in the table below under the column "Without collateral" corresponding to the then current rating by Fitch of the Class A Notes.	such time) and within 60 days, transfers all of its rights and obligations in respect of the Interest Rate Swap Agreement to an entity that is eligible to be a swap provider under the Fitch ratings criteria or obtains a guarantee or co-obligation in respect of the Interest Rate Swap Agreement from an entity with the required "Without collateral" ratings. The Issuer may terminate the Interest Rate Swap if the Interest Rate Swap Provider fails to take the relevant actions above.
	Fitch subsequent required ratings	
	The Interest Rate Swap Provider, or an applicable guarantor, fails to have the short-term issuer default rating or a derivative counterparty rating (or if a derivative counterparty rating is not available, a long-term issuer default rating) by Fitch at least as high as specified in the table below under the column "With collateral – flip clause" or "With collateral – no flip clause" (as applicable) corresponding to the then current rating by Fitch of the Class A Notes.	The Interest Rate Swap Provider must, within 60 calendar days, either (i) transfer its obligations in respect of the Interest Rate Swap Agreement to an entity that is eligible to be a swap provider under the Fitch ratings criteria, (ii) obtain a guarantee or co-obligation in respect of the Interest Rate Swap Agreement from an entity with the required "Without collateral" ratings, or an entity with the "With collateral – flip clause" or "With collateral – no flip clause" (as applicable) I provided that such entity complies with the collateral requirements of an applicable guarantor who fails to have the required "Without collateral" ratings (as set out above). Whilst this process is ongoing the Interest Rate Swap Provider must also provide collateral within 14 calendar days or if collateral has previously been provided, continue to provide collateral (to the extent required depending on the value of the Interest Rate Swap to each of the parties at such time). The Issuer may terminate the Interest Rate Swap if the Interest Rate Swap Provider fails to provide collateral in respect of the Interest Rate Swap in the

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
		relevant time period (to the extent the Interest Rate Swap Provider is required to do so). The Issuer may also terminate the Interest Rate Swap if the Interest Rate Swap Provider fails to take the relevant actions in (i) to (ii) above.

Current Fitch rating of Class A Notes	Without collateral	With collateral – flip clause	With collateral – no flip clause*
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Class A Notes rating	B+	BB-
B+sf or below or Class A Notes are not rated by Fitch	At least as high as the Class A Notes rating	B-	B-
* If the Interest Rate Swap Provider is not incorporated in the same jurisdiction as the Issuer and, following a request from Fitch, has not provided Fitch with a legal opinion, in a form acceptable to Fitch, confirming the enforceability of the subordination provisions against it in its jurisdiction, the "With collateral – no flip clause" shall be applicable.			

Transaction Party	Required Ratings	Contractual requirements
Account Bank	**Account Bank Rating**	
	(a) Long-term deposit rating of at least Baa3 by Moody's (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes); and	(a) The consequences of breach are all amounts standing to the credit of the Transaction Account will be diverted from the Transaction Account and paid into the Secondary Transaction Account by the Issuer (within 30 calendar days);

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	(b) Short-term issuer default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of least A by Fitch (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes).	(b) The consequences of breach are all amounts standing to the credit of the Transaction Account will be diverted from the Transaction Account and paid into the Secondary Transaction Account by the Issuer (within 30 calendar days).
	Replacement Account Bank Rating	
	In respect of any replacement Account Bank: A long-term unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's and a short-term issuer default rating of at least F1 by Fitch or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch, (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes).	The consequences of breach are that the appointment of the replacement account bank may be terminated by the Issuer (within 60 calendar days) (such termination being effective on a replacement account bank being appointed by the Issuer with the prior written consent of the Security Trustee).
Secondary Transaction Account Bank	Unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's and a short-term issuer default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term deposit rating) of at least A by Fitch (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash	The consequences of breach are that the Secondary Transaction Account Bank's appointment may be terminated and the Secondary Transaction Account closed by the Issuer (within 60 calendar days) (such termination being effective on a replacement secondary transaction account bank being appointed by the Issuer with the prior written consent of the Security Trustee).

Transaction Party	Required Ratings	Contractual requirements on occurrence of breach of ratings trigger include the following:
	Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes).	
Swap Collateral Account Bank	Unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's and a short-term issuer default rating of at least F1 or a deposit rating (if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes).	The consequences of breach are that the Issuer will be required (within 60 calendar days) to arrange for the transfer (at its own cost) of the Swap Collateral Account to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Swap Collateral Account Bank Agreement in order to maintain the ratings of the Notes at their then current ratings unless the Swap Collateral Account Bank has arranged a guarantee of its obligations by a suitably rated third party. Any termination of the appointment of the Swap Collateral Account Bank will not occur until a replacement has been appointed.

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Contractual requirements on occurrence of breach of trigger include the following:
Servicer Termination Event See the section entitled "*Summary of the Key Transaction Documents – The Servicing Agreement*" for further information.	The occurrence of any of the following: (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee, as the case may be, requiring the same to be remedied; (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer, the Seller or the Security Trustee requiring the Servicer's non-compliance to be remedied;	On the occurrence of a Servicer Termination Event, the Issuer may terminate the appointment of the Servicer under the Servicing Agreement.

FEES

The following table sets out the on-going fees to be paid by the Issuer to the transaction parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fees	0.03 per cent. per annum, (inclusive of VAT, if any), on the aggregate True Balance of the Loans in the Portfolio as determined on the preceding Calculation Date (if a substitute servicer from outside the LBS Group is appointed in accordance with the terms of the Servicing Agreement, the Issuer shall pay the successor servicer for its services a fee to be determined at the time of such appointment).	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date
Cash Management Fee	For so long as LBS (or any member of the LBS Group) is the Cash Manager, 0.01 per cent. per annum, (inclusive of VAT, if any), on the aggregate True Balance of the Loans in the Portfolio as determined on the preceding Calculation Date (if a replacement cash manager from outside the LBS Group is appointed in accordance with the terms of the Cash Management Agreement, the Issuer shall pay the replacement cash manager for its services a fee to be determined at the time of such appointment).	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at £72,000 each year (exclusive of any applicable VAT)	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Expenses related to the admission to trading of the Notes The standard rate of UK VAT is currently chargeable at 20.0 per cent.	Estimated at €6,000 (exclusive of any applicable VAT)		On or about the Closing Date

CERTAIN REGULATORY DISCLOSURES

Risk retention

LBS will retain, as originator for purposes of the UK Securitisation Regulation (the **Retention Holder**), for the life of the transaction a material net economic interest of not less than 5% in the securitisation as required by Article 6(1) of the UK Securitisation Regulation. As at the Closing Date, such interest will comprise the retention of the first loss tranche, in this case represented by LBS holding the Class Z VFN in accordance with the text of Article 6(3)(d) of the UK Securitisation Regulation (the **UK Retained Interest**). Any change to the manner in which such interest is held will be notified to the Note Trustee and the Noteholders in accordance with the applicable Conditions and the requirements of the UK Securitisation Regulation. LBS' UK Retained Interest will be confirmed through the disclosure in the monthly Investor Reports**.**

In addition, although the EU Securitisation Regulation is not applicable to it or the Issuer, the Retention Holder will retain (on a contractual basis), as originator for the purposes of the EU Securitisation Regulation, on an ongoing basis, a material net economic interest of not less than 5% in the securitisation described in this Prospectus in accordance with the EU Retention Requirement by holding the first loss tranche, in this case represented by LBS holding the Class Z VFN in accordance with the text of Article 6(3)(d) of the EU Securitisation Regulation (as if the EU Securitisation Regulation were applicable to it and solely as it applies on the Closing Date, until such time when the Retention Holder is able to certify to the Issuer, the Security Trustee and the Note Trustee that a competent EU authority has confirmed that the satisfaction of the UK Retention Requirements will also satisfy the EU Retention Requirements due to the application of an equivalence regime or similar analogous concept) (the **EU Retained Interest** and together with the UK Retained Interest, the **Retained Interest**). Prospective investors should note that the obligation of the Retention Holder to comply with the EU Retention Requirements is strictly contractual and the Retention Holder has elected to comply with such requirements in its discretion and it will be under no obligation to comply with any amendments to applicable EU technical standards, guidance or policy statements introduced in relation thereto after the Closing Date.

The Retention Holder's Retained Interest will be confirmed through the disclosure in the Quarterly Reports. See below the section entitled "Transparency and Reporting" for further information.

The Seller has provided a corresponding undertaking with respect to the Retained Interest as specified in the paragraph above to the Joint Arrangers and the Joint Lead Managers in the Subscription Agreement and to the Issuer, the Security Trustee and the Note Trustee on behalf of the Noteholders in the Deed of Charge; and (ii) the interest to be retained by the Seller as specified in the introductory paragraph above.

Transparency and Reporting

For the purposes of Article 7(2) of the UK Securitisation Regulation, LBS has been designated as the entity responsible for compliance with the UK Reporting Requirements and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that LBS will not be in breach of such undertaking if LBS fails to so comply due to events, actions or circumstances beyond LBS's control. LBS will be responsible for compliance with Article 7 of the UK Securitisation Regulation for the purposes of Article 22(5) of the UK Securitisation Regulation.

The relevant regulatory and implementing technical standards, including the standardised templates which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements have been adopted by the FCA (the **UK Disclosure Templates**). The Issuer will comply with the transparency and reporting requirements under the UK Securitisation Regulation and will make use of such UK Disclosure Templates (as amended, varied or supplemented from time to time after the Closing Date). The information required to be made available for the purposes of Article 7(2) of the UK Securitisation Regulation will be published or made otherwise available by LBS by means of the Reporting Websites.

The obligation of LBS to comply with the EU Reporting Requirements is strictly contractual. If, after the Closing Date, there are any amendments or changes to the EU Reporting Requirements and LBS is or would be unable to comply with the EU Reporting Requirements (as if the EU Reporting Requirements were applicable to it) following such amendments or changes coming into effect, LBS may elect not to comply with the EU Reporting Requirements as so amended or changed.

Consequently, investors should note that, in the event that there are any amendments or changes to the EU Reporting Requirements after the Closing Date and LBS is or would be unable to comply with the EU Reporting Requirements (as if the EU Reporting Requirements were applicable to it) following such amendments or changes coming into effect, the EU Reporting Requirements may no longer be complied with following such amendments or changes coming into effect. In the event that LBS is unable to comply with the EU Reporting Requirements following any such amendments or changes coming into effect, the Cash Manager shall, without delay and prior to the amendments to the EU Reporting Requirements coming into effect, procure the publication of an inside information and significant event report in accordance with Article 7(1)(g) of the UK Securitisation Regulation and Article 7(1)(f) of the EU Securitisation Regulation (as if such regulation was applicable to it) notifying that, as from the date the new requirements take effect, LBS shall no longer comply with the EU Reporting Requirements.

Affected EU investors may therefore no longer be able to satisfy their obligations under Article 5 of the EU Securitisation Regulation and any corresponding national measures. Each EU investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, the Joint Arrangers, the Joint Lead Managers, LBS or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

UK STS

LBS has procured that on or about the date of this Prospectus a UK STS Notification shall be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the UK STS Requirements have been satisfied with respect to the Notes. It is expected that the (anonymised) particulars of the UK STS Notification, once notified to the FCA will be available on the FCA STS register website. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. A draft version of the UK STS Notification was made available prior to pricing to potential investors in the Notes by way of the Reporting Websites.

LBS and the Issuer have used the services of PCS UK as a verification agent authorised under Article 28 of the UK Securitisation Regulation in connection with the UK STS Verification and to prepare an assessment of compliance of the Notes with the requirements of Articles 18 to 22 of the UK Securitisation Regulation (the **UK STS Verification**) and to prepare an assessment of compliance of the Notes with the relevant provisions of Article 243 and Article 270 of the UK CRR and Articles 7 and 13 of the UK LCR Regulation (the **UK STS Additional Assessments**)). It is expected that the UK STS Verification prepared by PCS UK will be available on the PCS UK website (https://www.pcsmarket.org/sts-verification-transactions/) together with detailed explanations of its scope at https://pcsmarket.org/disclaimer/ on and from the Closing Date. For the avoidance of doubt, this PCS UK website and the contents thereof do not form part of this Prospectus. No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as a UK STS securitisation under the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future. For further information please refer to the Risk Factor entitled "Risk Factors – Legal and Regulatory Risks – Simple, Transparent and Standardised Securitisations and UK STS Designation".

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and, after the Closing Date, to the Investor Reports, Quarterly Reports and Cash Flow Model (a general description of which is set out in "*Summary of*

the Key Transaction Documents – Cash Management Agreement"). Further information in respect of individual loan level data may be obtained on the following website: www.leedsbuildingsociety.co.uk or by means of the Reporting Websites. None of the reports or the websites or the contents thereof form part of this Prospectus.

It is not intended that the issue of the Notes complies with the requirements of Articles 18-22 of the EU Securitisation Regulation.

The Notes are not part of a re-securitisation, nor are they part of a securitisation of one or more exposures where at least one of the underlying exposures is a securitisation position.

Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant and none of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Seller or any of the other Transaction Parties (i) makes any representation that the information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes and (ii) should have any liability to any prospective investor or any other person for any insufficiency of such information or failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of the UK Securitisation Regulation and/or Article 5 of the EU Securitisation Regulation or any other applicable legal, regulatory or other requirements, or (iii) should have any obligation to enable compliance with the requirements of the UK Securitisation Regulation or any other applicable legal, regulatory or other requirements.

Mitigation of interest rate risks

The Loans and the Notes are affected by interest rate risks (see the sections "*Credit Structure – Interest Rate Risk for the Notes*" in this Prospectus). The Issuer aims to hedge the relevant interest rate exposures in respect of the Loans and the Notes, as applicable, by entering into certain swap agreements (see the sections "*Credit Structure – Interest Rate Risk for the Notes – Interest Rate Swap*" in this Prospectus).

Information regarding the policies and procedures of the Seller

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation, as required by Article 9(1) of the UK Securitisation Regulation. The policies and procedures of the Seller in this regard broadly include the following:

(a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits, as to which see the information set out under "The Loans – Origination channels" and "The Loans – Lending Criteria" and "Summary of the Key Transaction Documents – Servicing Agreement";

(b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures. The Portfolio will be serviced in line with the usual servicing procedures of the Seller, as to which see the information set out under "Summary of the Key Transaction Documents – Servicing Agreement".

(c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy, as to which, in relation to the Portfolio, see the information set out under "Characteristics of the Portfolio"; and

(d) policies and procedures in relation to risk mitigation techniques, as to which see the information set out under "The Loans – Origination channels" and "The Loans – Lending Criteria", "Summary of the Key Transaction Documents – Servicing Agreement".

The Seller has applied the same policies, procedures and sound and well defined criteria for the Loans as they apply to equivalent mortgage loans that are not part of the Portfolio.

Verification of data

The Seller has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. Such Loans have been subject to an agreed upon procedures review of a representative sample of Loans selected from the Cut-off Date Portfolio as at the Cut-off Date (to review, amongst other things, conformity with the Loan Warranties (where applicable)) conducted by a third party and completed on or about 28 August 2023 (the **AUP Report**). An appropriate and independent third party has verified that the tables disclosed under the section "*Characteristics of the Portfolio*" of this Prospectus in respect of the underlying exposures are accurate. The Seller has reviewed such reports and is of the opinion that there were no significant adverse findings in such reports. The third parties undertaking such reviews only have obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.

Volcker Rule Considerations

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, will not be, a "covered fund" as defined in the Volcker Rule. Although other statutory or regulatory exclusions or exemptions under the Investment Company Act or the Volcker Rule may be available to the Issuer, this view is based on the determination that the Issuer may rely on the exclusion from the definition of "investment company" under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and accordingly the Issuer need not rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for its exemption from registration under the Investment Company Act and may rely on the exemption from the definition of "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act. To the extent that these implementing regulations are modified or superseded, the Issuer may no longer be able to rely on such exemption. Any prospective investor in notes issued by the Issuer, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding the Volcker Rule and its effects.

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under the Mortgage Sale Agreement, on the Closing Date, subject to the condition that no Event of Default shall have occurred which is continuing as at the Closing Date, the Issuer will pay the Initial Consideration to the Seller and a portfolio of English and Welsh residential mortgage loans and their associated mortgages and other Related Security (together, the **Loans**) will be assigned by way of equitable assignment to the Issuer, and in each case referred to as the sale by the Seller to the Issuer of the Loans and Related Security.

The Loans and Related Security and all monies derived therefrom from time to time are referred to herein as the **Portfolio**. The **Loans** and **Related Security** are further defined in "Characteristics of the Portfolio".

The Consideration due to the Seller in respect of the sale of the Portfolio will consist of:

(a) an amount equal to the True Balance of the Loans in the Portfolio on the Closing Date (the **Initial Consideration**); and

(b) a covenant by the Issuer to pay any Deferred Consideration.

The Deferred Consideration will be paid in accordance with the priority of payments set out in the section headed "*Cashflows — Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer*" below.

Deferred Consideration means the consideration due and payable to the Seller pursuant to the Mortgage Sale Agreement in respect of the sale of the Portfolio, which shall be an amount equal to the amount remaining after making payment of (as applicable):

(a) the items described in (a) to (n) inclusive of the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date; or

(b) the items described in (a) to (h) inclusive of the Post-Acceleration Priority of Payments.

Consideration means the Initial Consideration and the Deferred Consideration.

The Portfolio does not contain transferable securities as defined in point (44) of MiFID II, derivative instruments or securitisation positions.

Title to the Mortgages, Registration and Notifications

The completion of the transfer of the Loans and Related Security (and where appropriate their registration) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and Related Security therefore remains with the Seller. Notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer will be completed as soon as reasonably practicable after the earliest to occur of the following:

(a) the Seller being required to perfect legal title to the Loans and their Related Security (i) by an order of a court of competent jurisdiction, (ii) by a regulatory authority which has jurisdiction over the Seller or (iii) by any organisation of which the Seller is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans and their Related Security; or

(b) it becoming necessary by law to perfect legal title to the Loans and their Related Security; or

(c) the security under the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy; or

(d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;

(e) the occurrence of a Seller Insolvency Event;

(f) the Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days; or

(g) the occurrence of a Severe Deterioration Event,

(each of the events set out in paragraphs (a) to (g) inclusive being a **Perfection Event**)

Risk Weighted Assets means, as at any date, the aggregate amount of the risk weighted assets of the Seller as at such date, as calculated by the Seller on an individual consolidated basis (as referred to in Article 9 of the UK CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing capital regulations.

A **Seller Insolvency Event** will occur in the following circumstances:

(a) an order is made or an effective resolution passed for the winding up of the Seller; or

(b) the Seller stops or threatens to stop payment to its creditors generally or the Seller ceases or threatens to cease to carry on its business or substantially the whole of its business; or

(c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the Seller or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the Seller and, in the case of any of the foregoing events, is not discharged within 30 days; or

(d) the Seller is unable to pay its debts as they fall due.

A **Severe Deterioration Event** means all or any part having an aggregate value in excess of 10 per cent. of the property, business, undertakings, assets or revenues of the Seller having been attached as a result of any distress, execution or diligence being levied or any encumbrancer taking possession or similar attachment and such attachment having not been lifted within 30 days.

Save in relation to Loans which are Dematerialised Loans, the title deeds and customer files relating to the Portfolio are currently held by or to the order of the Seller. The Seller will undertake that all the title deeds and customer files relating to the 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 or following the occurrence of an Event of Default, to the order of the Security Trustee.

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

Loan Porting

If a Borrower ports (i.e. transfers its Loan to a new property) a Loan comprised in the Portfolio, such Loan will be redeemed and the principal element of such amount will be applied as Available Principal Receipts and the interest element of such amount will be applied as Available Revenue Receipts on the next Interest Payment Date.

Representations and Warranties

On the Closing Date, the Loan Warranties (as defined below) will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer.

The Seller will represent and warrant to the Issuer and the Security Trustee in the Mortgage Sale Agreement on the terms of the Loan Warranties (as defined below) in each case subject to certain additional amendments and conditions as set out in the Mortgage Sale Agreement:

(a) in respect of each Loan and its Related Security in the Portfolio, as at the Closing Date;

(b) in relation to any Additional Loan Advance, as at the last day of the Monthly Period in which the relevant Advance Date occurred; and

(c) in relation to each Loan which is subject to a Product Switch, as at the last day of the Monthly Period in which the relevant Switch Date occurred.

If any of the Loan Warranties are materially breached in respect of a Loan as at the Closing Date or as at the last day of the Monthly Period in which the relevant Advance Date and/or Switch Date (as the case may be) occurred, such Loan will be repurchased by the Seller in accordance with the provisions of the Mortgage Sale Agreement (*See "Repurchase by the Seller" below for more details*).

The **Loan Warranties** to be given by the Seller will include, *inter alia*, the following warranties:

Loans

(a) The particulars of the Loans set out in the **Portfolio Notice** (being a notice setting out certain data in respect of the Loans in the Portfolio) are true, complete and accurate in all material respects.

(b) Each loan was originated by the Seller in the ordinary course of business.

(c) Each Loan was originated by and made by the Originator on its own account pursuant to underwriting standards that are no less stringent than those the Originator applied at the time of origination to similar loans that are not securitised and was denominated in pounds sterling upon origination (and is still denominated in Sterling).

(d) No Loan has a True Balance of more than £1,000,000.

(e) Prior to the making of each Initial Advance and each Additional Loan Advance, the Lending Criteria and all preconditions to the making of any Loan were satisfied in all material respects subject only to such exceptions and waivers as made on a case by case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender.

(f) The Lending Criteria are consistent with the criteria that would be used by a Reasonable, Prudent Mortgage Lender.

(g) Each Loan was made and its Related Security was taken or received substantially on the terms of the Standard Documentation without any material variation thereto 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.

(h) At least two monthly payments due in respect of each Loan have been paid by the relevant Borrower.

(i) The True Balance on each Loan and its Related Security constitutes a legal, valid, binding and enforceable debt due to the Seller from the relevant Borrower and the terms of each Loan and its Related Security constitute valid and binding obligations of the Borrower enforceable in accordance with their terms and non-cancellable except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the court's discretion in relation to equitable remedies.

(j) The rate of interest under each Loan is charged in accordance with the Standard Documentation, subject to the terms of any offer letter in relation thereto.

(k) No agreement for any Loan is in whole or in part (i) a "regulated credit agreement" under Article 60B of the Financial Services and Markets Act 2000 (Regulated) Order 2001 or (ii) a "regulated agreement" or "regulated credit agreement" under Section 8 of the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time).

(l) All of the Borrowers are individuals (and not partnerships) and were aged 18 years or older at the date they executed the relevant Mortgage.

(m) No Loan has a maturity date falling later than three years earlier than the Final Maturity Date.

(n) All approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer, or a transfer of servicing or other disposal as and in the manner contemplated by the Transaction Documents from the Seller to the Issuer, of the Loans and their related Mortgages to be sold under the Mortgage Sale Agreement have been obtained or taken and there is no requirement in order for the transfer to be effective to obtain the consent of the Borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the Loans and their related Mortgages and such transfer or disposal shall not give rise to any claim by the Borrower against the Issuer, the Security Trustee or any of their successors in title or assigns.

(o) No Loan or Related Security is or consists of "stock" or "marketable securities" (in either case for the purposes of Section 122 of the Stamp Act 1891), "chargeable securities" (for the purposes of Section 99 of the Finance Act 1986) or a "chargeable interest" for the purposes of Section 48 of the Finance Act 2003 or Section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017.

(p) None of the provisions of the Loans have been waived, altered or modified in any way by the Seller other than:

  (i) any variation agreed with a Borrower to control or manage arrears on a Loan;

  (ii) any variation in the maturity date of a Loan unless the maturity date is later than three years earlier than the Final Maturity Date;

  (iii) any variation imposed by statute or as a result of UK Government policy changes or initiatives aimed at assisting homeowners (including Borrowers) in meeting payments on their mortgage loans or any variation in the frequency with which the interest payable in respect of the Loan is charged;

  (iv) any variation in the frequency with which the interest payable in respect of the Loan is charged;

(v) any variation to the interest rate as a result of the Borrowers switching to a different rate;

(vi) any change to a Borrower under the Loan or the addition of a new Borrower under a Loan or removal of a Borrower;

(vii) any change in the repayment method of the Loan; or

(viii) any partial release of security where, after such release, the Loan continues to satisfy the applicable LTV ratio requirements set out in the Rating Agency Tests,

provided that this Loan Warranty (p) does not apply to Product Switches.

(q) No Loan is one or more months in arrears.

(r) So far as the Seller is aware, no Borrower is in breach of any obligation under a Loan other than in respect of Monthly Payments.

(s) To the best of the Seller's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within six years prior to the Closing Date.

(t) To the best of the Seller's knowledge, at the time of origination of the relevant Loan, no Borrower either (i) appeared on a register available to the Seller of persons with an adverse credit history or (ii) had a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made was significantly higher than for comparable exposures held by the Seller which are not included in the Portfolio.

(u) The Seller has full recourse to the Borrower and any guarantor of the Borrower under the relevant Loans.

(v) Each Loan (including any Additional Loan Advances) sold by LBS to the Issuer pursuant to the Mortgage Sale Agreement will be, at the time when the Issuer acquires such Loan (or as the case may be such Additional Loan Advance), a "financial asset" as defined in International Accounting Standard 32 (**IAS 32**).

(w) LBS has good and marketable title to, and is the absolute unencumbered legal and beneficial owner of, each Loan and its Related Security, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption and subject to registration or recording at the Land Registry of LBS as proprietor or heritable creditor of the relevant Mortgage.

(x) No Loan is a Self-certified Loan, Buy to Let Loan, a New Build Loan, an Offset Loan, a Fast-Track Mortgage Loan, a Right to Buy Loan, a Shared Ownership Loan or a Shared Equity Loan.

(y) No Loan had an Unindexed LTV greater than 95 per cent. as at the Cut-Off Date.

(z) No Loan had an Indexed LTV greater than 95 per cent. as at the Cut-Off Date.

(aa) No Loan is guaranteed by a third-party guarantor.

(bb) Each Loan has been designated as a prime Loan under the Seller's designated origination policies.

(cc) The Seller is not required to make any future Additional Loan Advances under any Loan (such as with future reserve loans and retention loans).

(dd) The aggregate True Balance of all Loans made to a single Borrower in the Portfolio does not exceed 2 per cent. of the aggregate True Balance of the Loans.

(ee) As at the Closing Date, each Loan has a standardised risk weight equal to or smaller than 40 per cent. on an exposure value-weighted average basis for the Portfolio, as such terms are described in Article 243 of the CRR.

(ff) No loan is considered by the Seller as being in default within the meaning of Article 178(1) of the UK CRR.

(gg) No Loan is a Loan which, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired obligor" as described in Article 13(2)(j) of the UK LCR Regulation or paragraph 2(k) of Article 177 of Regulation (EU) No 2015/35 (or, in each case, if different, the equivalent provisions in any such enacted version of such Commission Delegated Regulation).

(hh) No Loan is a Loan which, so far as the Seller is aware, is a Loan to a Borrower who is a "credit-impaired debtor" as described in Article 20(11) of the UK Securitisation Regulation, and, in each case, in accordance with any official guidance issued in relation thereto.

Mortgages

(a) Subject in certain appropriate cases to the completion of an application for registration or recording at the Land Registry, the whole of the True Balance on each Loan is secured by a Mortgage or Mortgages over a residential Property and each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage or charge, and subject only in certain appropriate cases to applications for registrations or recordings at the Land Registry of England and Wales which, where required, have been made and are pending and in relation to such cases the Seller is not aware of any notice or any other matter that would prevent such registration or recording.

(b) Each Mortgage is substantially in the form of the pro forma contained in the Standard Documentation which was applicable at the time the Mortgage was executed.

(c) The Borrower has good and marketable title to the relevant Property (subject to registration of the title at the Land Registry) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:

  (i) the lease cannot be forfeited or irritated on the bankruptcy or sequestration of the tenant;

  (ii) any requisite consent of the landlord to or notice to the landlord of, the creation of the Related Security has been obtained or given; and

  (iii) a copy of the consent or notice has been or will be placed with the Title Deeds (which may be in dematerialised form).

The Properties

(a) All of the Properties are in England and Wales.

(b) Each Property constitutes a separate dwelling unit and is either freehold, leasehold or commonhold.

(c) Save for children of Borrowers and children of someone living with the Borrower (including in each case, children under the age of 25 who are in full-time education), every person who, at the date upon which a Mortgage over Property situated in England and Wales was granted, had attained the age of 18 and who had been notified to the Seller as being in or about to be in actual occupation of the

relevant Property, is either named as a Borrower or has signed a deed of consent in the form of the pro forma contained in the Standard Documentation which was applicable at the time the Mortgage was executed.

(d) As far as the Seller is aware, no Property has been let by the Borrower otherwise than by way of:

(i) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988;

(ii) an assured tenancy; or

(iii) any other tenancy which does not give the tenant security of tenure beyond the contractual expiry of the tenancy,

in each case which meets the Seller's Policy in connection with lettings to non-owners.

(e) No Loan relates to a Property which is not a residential Property.

Valuers' and Solicitors' Reports

(a) Prior to the granting of each Mortgage, the Seller received a Valuation Report from a Valuer on the relevant Property (or such other form of valuation as would be acceptable to a Reasonable, Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Reasonable, Prudent Mortgage Lender.

(b) Prior to the taking of each Mortgage (other than a remortgage), the Seller:

(i) instructed its solicitor or licensed conveyancer to carry out an investigation of title to the relevant Property and to undertake other searches, investigations, enquiries and other actions on behalf of the Seller in accordance with the instructions which the Seller issued to the relevant solicitor, licensed conveyancer as are set out in the UK Finance Lenders' Handbook for England and Wales (or, for Mortgages taken before the CML's Lenders' Handbook (as it was formerly known) for England and Wales was adopted in 1999, the Seller's standard form instructions to solicitors) 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 Reasonable, Prudent Mortgage Lender; and

(ii) received a certificate of title from the solicitor or licensed conveyancer or qualified conveyancer referred to in paragraph (b)(i) above relating to such Property and the results thereof were such as would be acceptable to a Reasonable, Prudent Mortgage Lender.

(c) The benefit of all Valuation Reports any other valuation report referred to above and certificates of title, to the extent assignable, which were provided to the Seller not more than two years prior to the date of the Mortgage Sale Agreement or the relevant Transfer Date (as applicable) can be validly assigned to the Issuer without obtaining the consent of the relevant Valuer, solicitor, licensed conveyancer or qualified conveyancer. .

Buildings Insurance

As far as the Seller is aware, at origination, each Property was insured under a buildings insurance policy arranged by the Borrower in accordance with the relevant Mortgage Conditions or under the buildings insurance policy arranged by the Seller, or (in the case of a leasehold property or a commonhold property) a buildings insurance policy arranged by the relevant landlord or property management company or commonhold association; or

The Seller's Title

(a) Immediately prior to the purchase of any Loan and the Related Security by the Issuer, and subject to registration or recording at the Land Registry, the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned and/or held in trust by the Seller to or for the Issuer pursuant to the Mortgage Sale Agreement free and clear of all security interests, claims and equities (including, without limitation, rights of set-off or counterclaim and unregistered dispositions which override first registration and unregistered interests which override registered dispositions (as listed in Schedule 1 and Schedule 3 respectively of the Land Registration Act 2002) in the case of any property, interests or rights governed by English law), subject in each case only to the Mortgage Sale Agreement and the Borrower's equity of redemption and the Seller is not in breach of any covenant or warranty implied by reason of its selling the Portfolio with full title guarantee (or which would be implied if the relevant Land Registry transfers (the **Land Registry Transfers**) were completed and registered or recorded, as appropriate).

(b) As far as the Seller is aware, all steps necessary to perfect the Seller's title to the Loans and the Related Security were duly taken at the appropriate time or are in the process of being taken, in each case (where relevant) within any applicable priority periods or time limits for registration with all due diligence and without undue delay.

(c) Save in relation to Loans which are Dematerialised Loans, the Loan Files relating to each of the Loans and their Related Security are held by, or are under the control of:

(i) the Seller; or

(ii) the Servicer.

(d) Neither the entry by the Seller into the Mortgage Sale Agreement nor any transfer, assignment or creation of trust contemplated by the Mortgage Sale Agreement affects or will adversely affect any of the Loans and their Related Security and the Seller may freely assign and enter into trust arrangements in respect of all its rights, title, interests and benefits therein as contemplated in the Mortgage Sale Agreement without breaching any term or condition applying to any of them.

(e) The Seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Loan or its Related Security, other than waivers and acquiescence such as a **Reasonable, Prudent Mortgage Lender** might make on a case by case basis.

Interest Rates payable under the Loans

Each Loan in the Portfolio is either:

(a) a Variable Rate Loan (including a Discount Rate Loan) or a Fixed Rate Loan; or

(b) a New Loan Type which will not result in the then current ratings of the Class A Notes being downgraded, withdrawn or qualified.

Regulation

(a) In respect of any Mortgages entered into on or after 31 October 2004, the Seller was authorised by and had permission from the Appropriate Regulator for entering into regulated mortgage contracts as lender at the time that it entered into each such Mortgage and continues to be so authorised and hold such permission.

(b) From 31 October 2004, the Seller is authorised by and had permission from the Appropriate Regulator for conducting any other regulated activities (as set out in the FSMA (Regulated Activities) Order 2001, as amended (the Order)) in respect of a Regulated Mortgage Contract (as defined in Article 61(3)(a) of the Order in respect of the Mortgages).

(c) The Seller has complied in all material respects with all regulatory requirements in respect of the Mortgages, in particular but without limitation the provisions of MCOB.

(d) Each officer or employee of the Seller in any capacity which involves a controlled function (as defined in the Appropriate Regulator's Rules) or involves the supervision of any person or persons so engaged is and was at all relevant times a validly registered "approved person" in accordance with the Appropriate Regulator's Rules.

(e) The Seller has created and maintained all records in respect of the Mortgages in accordance with the Appropriate Regulator's Rules and any other regulatory requirement.

(f) The Seller has not altered the terms of any letter of offer accepted by a Borrower relating to a Loan or otherwise changed any of the terms and conditions relating to any Loan other than in accordance with the terms and conditions of the letter of offer relating to a Loan as accepted by the applicable Borrower or other than as requested by a Borrower.

(g) To the extent that any of the Loans qualify as Distance Contracts (as defined by Article 2 of the Distance Marketing of Consumer Financial Services Directive) the Seller had complied with the relevant provisions of the Distance Marketing of Consumer Financial Services Directive, as implemented in the United Kingdom.

General

(a) The Seller has, since the making of each Loan, kept or procured the keeping of full and proper accounts, books and records as are necessary to show all material transactions, payments, receipts, proceedings and notices relating to such Loan.

(b) Neither the Seller (nor as far as the Seller is aware any of its agents) has received written notice of any litigation, claim, dispute or complaint (in each case, subsisting, threatened or pending) in respect of any Borrower, Property, Loan or Related Security which (if adversely determined) might have a material adverse effect on the value of the Portfolio or any part of it.

(c) There are no governmental authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to render the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence in a court in England and Wales.

Additional Loan Advance means, in relation to a Loan, any advance of further money to the relevant Borrower (including any commitment to fund any further amount which has not yet been advanced or any further amount advanced but not yet drawn) following the making of the Initial Advance, which is secured by the same mortgage as the Initial Advance, but does not include loans in relation to which a portion of the Initial Advance was retained by the Seller. For the avoidance of doubt, the Seller shall not be under any obligation to make an Additional Loan Advance to any Borrower;

Appropriate Regulator means:

(a) in respect of the period before 1 April 2013, the FSA; and

(b) in respect of the period on or after 1 April 2013:

(i) the FCA; or

(ii) the PRA and the FCA;

as applicable.

Appropriate Regulator's Rules means the rules made by the Appropriate Regulator under the FSMA;

Buy to Let Loans means Loans taken out by Borrowers in relation to the purchase or re-mortgage of properties for letting purposes;

Dematerialised Loan means a Loan completed on or after 1 January 2004 over a Property located in England or Wales in respect of which the Seller does not retain the Title Deeds;

Fast-Track Mortgage Loan means a Loan or any sub-account(s) of such Loan which are approved by a lender without proof of income of the Borrower at the time of the making of the Loan;

Fixed Rate Loan means a Loan or any sub-account(s) of such Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the outstanding balance does not vary and is fixed for a certain period of time by the Seller;

Indexed LTV means the ratio (expressed as a percentage) of the True Balance of the relevant Loan divided by the indexed valuation of the relevant Property based on the average of the Halifax House Price Index and the Nationwide House Price Index, from the date of the latest recorded Valuation of the Property to the Cut-Off Date;

Loan Agreement means, in relation to a Loan, the loan agreement entered into between the relevant Borrower and the Seller, as amended and/or restated from time to time;

Loan Files means the file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing *inter alia* correspondence between the Borrower and the Seller and including mortgage documentation applicable to the Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to that extent available, the solicitor's or licensed or qualified conveyancer's certificate of title;

LTV, **LTV ratio** or **loan-to-value ratio** means the ratio (expressed as a percentage) of the outstanding True Balance of a Loan to the value of the Property securing that Loan;

Monthly Payment means the amount which the relevant Mortgage Conditions require a Borrower to pay on each monthly payment date in respect of that Borrower's Loan;

Mortgage Conditions means all the terms and conditions applicable to a Loan, including without limitation those set out in the Seller's relevant mortgage conditions booklet and the Seller's relevant general conditions, each as varied from time to time by the relevant Loan Agreement and the relevant Mortgage Deed;

Mortgage Deed means, in respect of any Mortgage, the deed in written form creating that Mortgage;

New Build Loan means a loan in respect of a property whose construction date is within 12 months of the mortgage application date;

New Loan Type means a new type of mortgage loan originated or acquired by the Seller, which the Seller intends to transfer to the Issuer, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Loans comprised in the Portfolio and for the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from the Loans due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate or any other interest rate or the

benefit of any discounts, cash backs and/or rate guarantees or if it has flexible features, provided that the relevant Loan must at all times have an interest rate that is based on a generally accepted market or sectoral interest rates reflective of cost of funds and shall not reference complex formulae or derivatives;

Offset Loan means a Loan which permits the Borrower to offset the amount of monies standing to the credit of specified savings account(s) against the true balance of their Loan for the purposes of reducing the interest bearing balance of their Loan;

Reasonable, Prudent Mortgage Lender means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales who generally satisfies the lending criteria of traditional sources of residential mortgage capital;

Right to Buy Loan means a Loan in respect of a Property made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under the Housing Act 1985 and the Housing Act 1996 (each as amended and updated from time to time);

Self-certified Loan means a Loan marketed and underwritten on the premise that the loan applicant or, as applicable, any intermediary, was made aware that the information provided might not be verified by the Seller;

Shared Equity Loan means a loan in respect of a property where the borrower purchases 100 per cent. of the relevant property but only pays a percentage of the market value with the balance of the purchase monies being provided by an equity sharing lender;

Shared Ownership Loan means a loan in respect of a property where the borrower acquires a percentage of the relevant property and pays rent to a landlord in respect of the remaining interest in the property;

Standard Documentation means the standard documentation, a list of which is set out in Exhibit 1 to the Mortgage Sale Agreement, or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a **Reasonable, Prudent Mortgage Lender**;

Switch Date means the date that the Product Switch is made;

Title Deeds means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage;

Title Insurance Policy means each of the title insurance policies set out in the Mortgage Sale Agreement together with, in each case, any other insurance policies in replacement, addition or substitution thereof or thereto from time to time which relate to the Loans; together with, in each case, any other insurance policies in replacement, addition or substitution thereof or thereto from time to time which relate to the Loans;

Tracker Rate Loans means loans which track the Bank of England's loan rate for a specified period of time;

Unindexed LTV means the ratio (expressed as a percentage) of the True Balance of the relevant Loan divided by the latest recorded valuation of the relevant Property;

Valuation Report means the valuation report or reports for mortgage purposes, in the form of one of the pro forma contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a **Reasonable, Prudent Mortgage Lender** and which has been approved by the relevant officers of the Seller; and

Valuer means an Associate or Fellow of the Royal Institution of Chartered Surveyors who was at the relevant time either a member of a firm which was on the list of Valuers approved by or on behalf of the Seller from

time to time or an Associate or Fellow of the Royal Institution of Chartered Surveyors employed in-house by the Servicer acting for the Seller in respect of the valuation of a Property;

Variable Rate Loans means those Loans or any sub-account(s) of such Loan to the extent that and for such period that their Mortgage Conditions provide that they are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Conditions (and shall, for the avoidance of doubt, exclude Loans or any sub-account(s) of such Loan during the period that they are Fixed Rate Loans or Tracker Rate Loans).

Additional Loan Advances and Product Switches

As used in this Prospectus, **Initial Advance** means the initial amount advanced by the Seller to a Borrower including any retention advanced to the Borrower after completion of the relevant Mortgage. Subject to the satisfaction of certain conditions described generally below, the Issuer will acquire Additional Loan Advances.

Additional Loan Advances: The Issuer shall purchase Additional Loan Advances from the Seller on the date that the relevant Additional Loan Advance is advanced to the relevant Borrowers by the Seller (the **Advance Date**). The Issuer will pay the Seller an amount equal to the principal amount of the relevant Additional Loan Advance (the **Additional Loan Advance Purchase Price**) on the Monthly Pool Date immediately following the Monthly Period in which the relevant Advance Date occurred by using amounts standing to the credit of the Principal Ledger. Where the Issuer (or the Cash Manager on its behalf) determines that the aggregate of the amounts standing to the credit of the Principal Ledger would not be sufficient to fund such Additional Loan Advance Purchase Price, the Issuer will, prior to the Class Z VFN Commitment Termination Date, make a drawing under the Class Z VFN in an amount equal to the difference between (i) the aggregate of amounts standing to the credit of the Principal Ledger and (ii) the Additional Loan Advance Purchase Price and use such proceeds of the Class Z VFN to fund the purchase of Additional Loan Advances under the Loans. If the Issuer is unable to fund the purchase of any Additional Loan Advance from funds standing to the credit of the Principal Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall in the Additional Loan Advances Purchase Price to be paid on the Monthly Pool Date, or if the Additional Loan Advance occurs after the Step-Up Date the Issuer shall not complete the purchase of the relevant Additional Loan Advance and the Seller must repurchase the related Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement. (*See* "*Repurchase by the Seller*" below for more details*).*

If it is determined by the Servicer on the Monthly Test Date immediately following the Monthly Period in which the relevant Advance Date occurred that any of the Asset Conditions have not been met as at the last day of the Monthly Period in which the relevant Advance Date occurred (or if it is subsequently discovered that the Asset Conditions were breached as at the last day of the Monthly Period in which the relevant Advance Date occurred) in respect of the Loan subject to such Additional Loan Advance, then the Seller will have an obligation to remedy such breach within 90 days after receiving written notice of such breach from the Servicer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 90 day period on behalf of the Issuer, the Seller has an obligation to repurchase such Loan and its Related Security in accordance with the provisions of the Mortgage Sale Agreement. (*See* "*Repurchase by the Seller*" below for more details*).*

Neither the Servicer nor the Seller shall make an offer to a Borrower for an Additional Loan Advance if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

Product Switches: The Seller (or the Servicer on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch. Any Loan which has been subject to a Product Switch will remain in the Portfolio provided that it continues to satisfy the Asset Conditions and it is a Permitted Product Switch. If it is subsequently determined by the Servicer on the Monthly Test Date immediately following the Monthly Period in which the Product Switch was made that any of the Asset Conditions have not been met

or the Product Switch was not a Permitted Product Switch as at the last day of the Monthly Period in which the relevant Switch Date occurred (or such breach was subsequently discovered in respect of such date) in respect of a Loan which is the subject of a Product Switch and which remains in the Portfolio, then the Seller will have an obligation to remedy such breach within 90 days after receiving written notice of such breach from the Servicer. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 90 day period, the Seller has an obligation to repurchase such Loan and its Related Security (*See* "*Repurchase by the Seller*" below for more details).

The Seller (or the Servicer on its behalf) will be solely responsible for offering and documenting any Product Switch. Neither the Servicer nor the Seller shall make an offer to a Borrower for a Product Switch if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

Product Switch means a variation to the financial terms or conditions included in the Mortgage Conditions applicable to a Loan other than any variation:

(a) agreed with a Borrower to control or manage arrears on the Loan;

(b) in the maturity date of the Loan (unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);

(c) imposed by statute;

(d) to the interest rate as a result of the Borrowers switching to a different rate by operation of the Loan;

(e) to a Borrower under the Loan or the addition of a new Borrower under a Loan;

(f) in the repayment method of the Loan; or

(g) in the frequency with which the interest payable in respect of the Loan is charged.

Permitted Product Switch is a Product Switch where:

(a) the relevant Borrower has made at least one Monthly Payment, in full, on its Loan;

(b) the new loan for which the prior Loan is to be exchanged is subject to either a Fixed Rate or the Seller's SVR; and

(c) on the Monthly Test Date immediately following the making of the Product Switch, each of the Asset Conditions are satisfied.

Such variations may be made to the Loans without the requirement for the Seller to obtain any further consent or comply with any further condition.

Repurchase by the Seller

As set out above and below, the Seller does not have any discretionary rights of repurchase and shall only be required to repurchase the relevant Loans and their Related Security in the following circumstances:

(a) *Breach of Loan Warranties on the Closing Date*. If it is determined that a Loan sold to the Issuer on the Closing Date had materially breached any of the Loan Warranties as at the Closing Date, and where such breach is either not capable of remedy or has not been remedied by the Seller within 90 days of receiving notice of such breach from the Issuer, then the Issuer shall serve a notice on the

Seller (the **Loan Repurchase Notice**) requiring the Seller to repurchase such Loan on the Monthly Pool Date following the receipt by the Seller of such Loan Repurchase Notice. The repurchase price for such Loan shall be equal to its True Balance determined as at such Monthly Pool Date;

(b) *Breach of Loan Warranties in respect of Loans subject to an Additional Loan Advance or Product Switch.* If it is determined that any of the Loan Warranties is materially untrue in the case of a Loan in respect of which an Additional Loan Advance or Product Switch is made, as at the last day of the Monthly Period in which such Additional Loan Advance or Product Switch is made as tested at the Monthly Test Date immediately after the Monthly Period in which the Seller made the relevant Additional Loan Advance or Product Switch (as the case may be) and where such breach is either not capable of remedy or has not been remedied by the Seller within 90 days of receiving notice of such breach from the Issuer, then, subject to the prior written consent of the Security Trustee, the Issuer shall serve a Loan Repurchase Notice on the Seller requiring the Seller to repurchase such Loan on the Monthly Pool Date following the receipt by the Seller of such Loan Repurchase Notice;

(c) *Insufficient Funds to fund Additional Loan Advances*. If the Issuer is unable to fund the purchase of any Additional Loan Advance from funds standing to the credit of the Principal Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall, then the Issuer shall serve a Loan Repurchase Notice on the Seller requiring the Seller to repurchase the Loan subject to such Additional Loan Advance on the Monthly Pool Date following the period in which such Additional Loan Advance was advanced. The repurchase price for such Loan shall be equal to its True Balance determined as at such Monthly Pool Date (excluding the amount of the Additional Loan Advance);

(d) *Breach of the Asset Conditions in respect of Loans subject to an Additional Loan Advance and/or Product Switch*. If it is determined that a Loan subject to an Additional Loan Advance or Product Switch had not complied with the Asset Conditions on the relevant Monthly Test Date and where such breach is either not capable of remedy or has not been remedied by the Seller within 90 days of receiving notice of such breach from the Issuer, then the Issuer shall serve a Loan Repurchase Notice on the Seller requiring the Seller to repurchase such Loan subject to the relevant Additional Loan Advance or Product Switch on the Monthly Pool Date following the receipt by the Seller of such Loan Repurchase Notice. The repurchase price for such Loan shall be equal to its True Balance determined as at such Monthly Pool Date (excluding, if applicable, the amount of any Additional Loan Advance which has not yet been paid for by the Issuer); and

(e) *Interest Rate Hedging*: If LBS is replaced as the Interest Rate Hedge Provider, then the Seller will be required to repurchase any Loan subject to an Additional Loan Advance or Product Switch (in each case after the date of replacement of LBS as the Interest Rate Hedge Provider) on the Monthly Pool Date immediately following the Monthly Period in which such Advance Date and/or Switch Date occurred. The repurchase price for such Loan shall be equal to its Current Balance determined as at such Monthly Pool Date (excluding, if applicable, the amount of any Additional Loan Advance which has not yet been paid for by the Issuer).

No active portfolio management

The Seller's rights and obligations to sell Loans and their Related Security to the Issuer and/or repurchase Loans and their Related Security from the Issuer pursuant to the Mortgage Sale Agreement (including with respect to breach of Loan Warranties, breach of the Asset Conditions and interest rate hedging) do not constitute active portfolio management for purposes of Article 20(7) of the UK Securitisation Regulation.

Centre of main interests

Pursuant to the Mortgage Sale Agreement, the Seller shall confirm that its "centre of main interests" for the purposes of the Regulation (EU) 2015/848 as it forms part of domestic law by virtue of the EUWA and the Insolvency (Amendment) (EU Exit) Regulations 2009, SI 2019/146 (the **UK Insolvency Regulation)**,

Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (the **EU Insolvency Regulation**) and the UNCITRAL Implementing Regulations is in England and Wales and that it has no "establishment" (as defined in the UK Insolvency Regulation, the EU Insolvency Regulation and the UNCITRAL Implementing Regulations) other than in England and Wales.

Asset Conditions

In order for any Loan which has been the subject of an Additional Loan Advance or Product Switch to remain in the Portfolio, the conditions below (the **Asset Conditions**) must be complied with as of the last day of the Monthly Period in which the relevant Switch Date or Advance Date occurred. The Asset Conditions will be tested on the Monthly Test Date immediately following the Monthly Period in which such sale of the Additional Loan Advance or Product Switch took place.

If the Seller accepts an application from or makes an offer (which is accepted) to a Borrower for an Additional Loan Advance or a Product Switch and if any of the Asset Conditions relating to the Loan subject to that Additional Loan Advance or Product Switch is not satisfied as at the last day of the Monthly Period in which the relevant Advance Date and/or Switch Date occurred, then such Loan will be repurchased by the Seller in accordance with the provisions of the Mortgage Sale Agreement (see "*Repurchase by the Seller*" above for more details.)

The Asset Conditions are:

(i) the True Balance of the Loans comprising the Portfolio, in respect of which the aggregate amount in arrears is more than three times the Monthly Payment then due, is less than 3 per cent. of the aggregate True Balance of the Loans comprising the Portfolio at that date;

(ii) the General Reserve Fund is at the General Reserve Required Amount, or failing such condition, a drawing is made under the Class Z VFN in order to replenish the General Reserve Fund to the General Reserve Fund Required Amount;

(iii) the Cash Manager is not aware that the then current ratings of the Class A Notes then outstanding would be downgraded, withdrawn or qualified as a result of the relevant Additional Loan Advance and/or Product Switch remaining in the Portfolio;

(iv) each Loan and its Related Security which is the subject of an Additional Loan Advance and/or Product Switch complies at the date of such Additional Loan Advance and/or Product Switch with the Loan Warranties;

(v) the Rating Agency Tests will not be breached as a result of the relevant Additional Loan Advance and/or Product Switch remaining in the Portfolio (after taking into account any drawing under the Class Z VFN);

(vi) no Event of Default has occurred which is continuing;

(vii) if the making of a Product Switch would result in a New Loan Type being included in the Portfolio and advance notice in writing of any such Loans subject to a Product Switch remaining in the Portfolio has been provided to Moody's and Fitch and there being no reduction, qualification or withdrawal by Moody's or Fitch of the then current ratings of the Class A Notes as a consequence thereof (provided that no response or action is required to be taken by Moody's in response to such notification and provided further that should Moody's not respond or take no action in response to such notification the Seller shall be entitled to assume no reduction, qualification or withdrawal of the then current ratings of the Class A Notes shall occur by Moody's as a result of such Product Switch);

(viii) the Interest Rate Swap Agreement, which for Fixed Rate Loans complies with Moody's and Fitch's interest rate hedging criteria as at the date the Interest Rate Swap is entered into or amended, hedges

against the interest rates payable in respect of such Additional Loan Advance and/or Product Switch until the maturity of such Loan;

(ix) the Class A Principal Deficiency Sub-Ledger does not have a debit balance as at the most recent Interest Payment Date after applying all Available Revenue Receipts on that Interest Payment Date;

(x) the aggregate amount of all Additional Loan Advances (including the Additional Loan Advances made since the Closing Date) does not exceed 3 per cent. of the True Balance of the Loans comprised in the Portfolio on the Closing Date;

(xi) if the short-term, unsecured, unsubordinated debt obligation rating of the Seller falls below P-2 by Moody's or the short-term issuer default rating of the Seller falls below F2 by Fitch, respectively as at a Monthly Pool Date (or such other lower rating that the Cash Manager (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes) and the Seller has delivered a Solvency Certificate to the Security Trustee as required pursuant to clause 4.4 (*Solvency Certificate*) of the Mortgage Sale Agreement;

(xii) in respect of Additional Loan Advances or Product Switches, the Additional Loan Advance Date or the Switch Date (as the case may be) falls before the Step-Up Date;

(xiii) no Seller Insolvency Event has occurred; and

(xiv) for Product Switches which are Fixed Rate Loans, the date that such loan reverts to the Seller SVR following such Product Switch is no later than five (5) years and one Interest Payment Date after the Step-Up Date.

Rating Agency Tests means tests which satisfy each of the following conditions as at the last day of the Monthly Period immediately preceding the relevant Monthly Test Date:

(a) for Additional Loan Advances, the weighted average original LTV ratio (calculated by dividing Total Debt Advanced by the Original Valuation) of the Loans in the Portfolio does not exceed 80 per cent.;

(b) for Additional Loan Advances, the outstanding True Balance of any Loans in the Portfolio (including the relevant Additional Loan Advances) with an original LTV ratio (calculated by dividing Total Debt Advanced by Original Valuation) of more than 85 per cent. does not exceed 25 per cent. of the aggregate True Balance of the Portfolio;

(c) for Additional Loan Advances and Product Switches, the outstanding True Balance of any Loans in the Portfolio (including the relevant Additional Loan Advances) with an interest only part does not exceed 30 per cent. of the aggregate True Balance of the Portfolio; and

(d) for Additional Loan Advances, the original LTV ratio (calculated by dividing Total Debt Advanced by Original Valuation) of each Loan is less than 95 per cent.

Original Valuation means the property valuation at the time of the latest advance.

Total Debt Advanced means the total amount of debt outstanding immediately following the last advance to the relevant Borrower.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Servicing Agreement

Introduction

On or about the Closing Date, the Servicer will be appointed by the Issuer. The Servicer must comply with any proper directions and instructions that the Issuer or, following service of a Note Acceleration Notice, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer's actions in servicing the Loans and their Related Security in accordance with its procedures are binding on the Issuer. The Servicer may, in some 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 Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor.

Powers

Subject to the guidelines for servicing set forth in the preceding section, the Servicer has the power, among other things:

(a) to exercise the rights, powers and discretions of the Issuer in relation to the Loans and their Related Security and to perform its duties in relation to the 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 Loans and their Related Security or the exercise of such rights, powers and discretions.

Undertakings by the Servicer

The Servicer has undertaken to the Issuer and the Security Trustee to, among other things:

(a) service the Loans and their Related Security sold by the Seller to the Issuer as if the same had not been sold to the Issuer but had remained with the Seller in accordance with the originating, underwriting, administration, arrears and enforcement policy for their repayment which are beneficially owned solely by the Seller applied by the Seller from time to time to such Loans and their Related Security (the **Seller's Policy**) and, as such, LBS will service the Loans in the Portfolio in the same way as comparable loans which are not included in the Portfolio;

(b) provide the Services in such manner and with the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender;

(c) comply with any proper directions, orders and instructions which the Issuer may from time to time give to it in accordance with the provisions of the Servicing Agreement;

(d) keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under the Servicing Agreement and in particular any necessary notification under Data Protection Laws and any authorisation and permissions under the FSMA;

(e) prepare and submit on behalf of the Issuer all relevant applications and requests for licences, approvals, authorisations and consents in connection with the business of the Issuer and in particular all relevant applications to renew and to vary and all notifications of change under the FSMA, Data Protection Laws and the Consumer Credit Act;

(f) allocate office space, facilities, equipment and staff sufficient to enable it to perform its obligations under the Servicing Agreement;

(g) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services;

(h) 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;

(i) not without the prior written consent of the Security Trustee amend or terminate any of the Transaction Documents save in accordance with their terms;

(j) as soon as reasonably practicable upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Loan sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, notify the Issuer in writing of such event;

(k) to use best endeavours, together with the Back-Up Servicer Facilitator, to appoint a back-up servicer in accordance with the provisions of the Servicing Agreement;

(l) on or prior to each Monthly Test Date, to provide the Cash Manager with the Servicer Report;

(m) provide to the Cash Manager all information in its possession necessary for any reporting obligation to be undertaken by the Cash Manager on behalf of the Issuer in accordance with the UK Securitisation Regulation and the EU Securitisation Regulation (as if it were applicable to LBS); and

(n) deliver to the Issuer and the Security Trustee as soon as reasonably practicable but in any event within five Business Days of becoming aware thereof a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same.

Data Protection Laws means any law, enactment, regulation or order concerning the processing of data relating to living persons, including:

(a) the UK GDPR Data Protection Act 2018, and The Privacy and Electronic Communications (EC Directive) Regulations 2003;

(b) the EU GDPR and any law, enactment, regulation or order transposing, implementing, adopting, supplementing or derogating from, the EU GDPR and the EU Directive 2002/58/EC in each EU Member State,

(c) in each case to the extent applicable to activities or obligations under or pursuant to the Transaction Documents.

EU GDPR means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

UK GDPR means the General Data Protection Regulation 2016/679 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).

Setting of Interest Rates on the Loans

In addition to the undertakings described above, the Servicer has also undertaken in the Servicing Agreement to determine and set, in relation to the Loans in the Portfolio, the Issuer Standard Variable Rate and any other

discretionary rates or margins applicable in relation to the Loans comprising the Portfolio from time to time. The Servicer will not (except in limited circumstances) at any time set or maintain:

(a) the Issuer Standard Variable Rate applicable to any Loans with a Standard Variable Rate in the Portfolio at rates which are higher than (although they may be equal to) the then prevailing relevant Standard Variable Rate which applies to Loans beneficially owned by the Seller outside the Portfolio (the **Seller Standard Variable Rates** and together with the Issuer Standard Variable Rates, the **Standard Variable Rates**); or

(b) any other discretionary rate or margin (together with the Standard Variable Rates, the **Discretionary Rates**) in respect of any other Loan in the Portfolio which is higher than (although it may be equal to) the interest rate or margin of the Seller, which applies to that type of Loan beneficially owned by the Seller outside the Portfolio.

Issuer Standard Variable Rate means the standard variable rate applicable to Loans in the Portfolio as set, other than in limited circumstances, by the Servicer in accordance with the provisions of the Servicing Agreement.

In particular, the Servicer shall determine as of each Calculation Date immediately preceding each Interest Payment Date, having regard to the aggregate of:

(a) the revenue which the Issuer would expect to receive during the next succeeding Collection Period;

(b) the Discretionary Rates or margins applicable in respect of the Loans which the Servicer proposes to set under the Servicing Agreement; and

(c) the other resources available to the Issuer, including the Interest Rate Swap Agreement, the General Reserve Fund and the Liquidity Reserve Fund (if established),

whether the Issuer would receive an amount of revenue during the relevant Collection Period which is less than the amount which is the aggregate of the amount of interest which would be payable in respect of the Notes on the Interest Payment Date falling at the end of that Interest Period and amounts which rank in priority thereto under the Priority of Payments.

If the Servicer determines that there would be a shortfall in the foregoing amounts, it will give written notice to the Issuer, within three Business Days of such determination of the amount of the shortfall.

If the Issuer notifies the Servicer that, having regard to the obligations of the Issuer, the Discretionary Rates should be increased, then the Servicer will take all steps which are necessary to increase the Discretionary Rates, including publishing any notice which is required in accordance with the applicable mortgage terms.

Prior to the delivery of a Note Acceleration Notice, the Issuer with the prior written consent of the Security Trustee and (following delivery of a Note Acceleration Notice), the Security Trustee may terminate the authority of the Servicer under the Servicing Agreement to determine and set the Discretionary Rates on or after the occurrence of a Servicer Termination Event defined under "*Removal or Resignation of the Servicer*" below in which case the Issuer shall set the Discretionary Rate itself in accordance with the above provisions.

As soon as reasonably practicable following a Perfection Event, the Servicer shall take all steps which are necessary to set the Issuer Standard Variable Rate (including publishing any notice which is required in accordance with the Mortgage Conditions to effect such change in the Issuer Standard Variable Rate) to a rate equivalent to a rate equal to not less than Compounded Daily SONIA as calculated in accordance with the Conditions in relation to the most recent Interest Payment Date plus 2.00 per cent. and thereafter the Servicer shall set the Issuer Standard Variable Rate on a quarterly basis on each Interest Determination Date at a rate equivalent to a rate equal to not less than Compounded Daily SONIA as calculated in accordance with the Conditions in relation to such Interest Payment Date plus 2.00 per cent.

Reasonable, Prudent Mortgage Lender

For the avoidance of doubt, any action taken by the Servicer to set the Discretionary Rates which are lower than that of the competitors of the Seller will be deemed to be in accordance with the standards of a Reasonable, Prudent Mortgage Lender.

Compensation of the Servicer

The Servicer receives a fee for servicing the Loans and their Related Security. So long as LBS (or any member of the LBS Group) is the Servicer, the Issuer pays to the Servicer a servicing fee (inclusive of VAT, if any) of 0.03 per cent. per annum on the aggregate True Balance of the Loans in the Portfolio as determined on the preceding Calculation Date. The fee is payable quarterly in arrears on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments. If a substitute servicer from outside the LBS Group is appointed in accordance with the terms of the Servicing Agreement, the Issuer shall pay the successor servicer for its services a fee to be determined at the time of such appointment.

Removal or Resignation of the Servicer

The Issuer (subject to the prior written consent of the Security Trustee acting on the instructions of the Note Trustee) or (following the delivery of a Note Acceleration Notice) the Security Trustee (acting on the instructions of the Note Trustee) may, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a **Servicer Termination Event**) occurs and while such event continues:

- the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting on the instructions of the Note Trustee), as the case may be, requiring the same to be remedied;

- the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which default in the reasonable opinion of the Security Trustee (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the default and of receipt by the Servicer of written notice from the Issuer, the Seller or, after the delivery of a Note Acceleration Notice, the Security Trustee (acting on the instructions of the Note Trustee) requiring the Servicer's non-compliance to be remedied; provided that where the relevant default occurs as a result of a default by any person to whom the Servicer has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Servicer Termination Event if, within such period of 30 Business Days of receipt of such notice from the Issuer, the Seller and/or (as the case may be), after the delivery of a Note Acceleration Notice, the Security Trustee, the Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer, the Seller and/or (as the case may be), after the delivery of a Note Acceleration Notice, the Security Trustee (acting on the instructions of the Note Trustee) may in their absolute discretion specify to remedy such default or to indemnify and/or secure and/or prefund the Issuer and/or the Security Trustee against the consequences of such default;

- an insolvency event occurs in relation to the Servicer; or

- the Issuer resolves, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' written notice to the Security Trustee and the Issuer with a copy to the Rating Agencies (or such shorter time as may be agreed between the Servicer, the Issuer and the Security Trustee) provided that a substitute servicer qualified to act as such under the FSMA and the Data Protection Laws and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer substantially on the same terms as the Servicing Agreement and such appointment to be effective not later than the date of such termination. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Class A Notes unless the Noteholders agree otherwise by Extraordinary Resolution.

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver the title deeds and loan files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the Issuer The Servicing Agreement will terminate at such time as the Issuer has no further interest in any of the Loans or their Related Security serviced under the Servicing Agreement that have been comprised in the Portfolio.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Liability of the Servicer

The Servicer will indemnify each of the Issuer and the Security Trustee on demand on an after-tax basis for any loss, liability, claim, expense or damage suffered or incurred by it in respect of the negligence, fraud or wilful default of the Servicer or any of its sub-contractors or delegates in carrying out its functions as Servicer under, or as a result of a breach by the Servicer of the terms and provisions of the Servicing Agreement or such other Transaction Documents to which the Servicer is a party (in its capacity as such) in relation to such functions.

Back-Up Servicer Facilitator

Under the Servicing Agreement in the event that (a) the rating of the long term unsecured, unguaranteed and unsubordinated debt obligations of the Servicer falls below Baa3 by Moody's (or such other lower rating that the Cash Manager (on behalf of the Issuer) certifies in writing to the Security Trustee would not have an adverse effect on the ratings of the Class A Notes); or (b) the long term unsecured, issuer default rating of the Servicer falls below BBB- by Fitch (or such other lower rating that the Cash Manager (on behalf of the Issuer) certifies in writing to the Security Trustee would not have an adverse effect on the ratings of the Class A Notes), the Issuer with the assistance of the Back-Up Servicer Facilitator shall, within 60 days, use reasonable endeavours to enter into a back-up servicing agreement with a back-up servicer with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require, subject to, in accordance with and on substantially the same terms as the Servicing Agreement and the Back-up Servicer Facilitator shall use best endeavours to identify, on behalf of the Issuer, a suitable back-up servicer or successor servicer, as applicable, in accordance with the terms of the Servicing Agreement.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Deed of Charge

On the Closing Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the **Security**) as trustee for itself and for the benefit of the other Secured Creditors (including the Noteholders):

(a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (subject to any set-off or netting provisions provided therein) (other than the Subscription Agreement, the Trust Deed and the Deed of Charge);

(b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the Loans and the Mortgages and their respective Related Security and other related rights comprised in the Portfolio;

(c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies sold to the Issuer pursuant to the Mortgage Sale Agreement;

(d) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in its bank accounts maintained with the Account Bank and the Secondary Transaction Account Bank and any other bank account (including any securities account) and any sums standing to the credit thereof;

(e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Cash Manager (acting in its sole discretion) on behalf of the Issuer; and

(f) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge.

Authorised Investments means:

Sterling gilt-edged securities and/or Sterling treasury bills, money market funds and Sterling demand or time deposits, certificates of deposit and unsecured, unsurbordinated 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 such investments are scheduled to mature or can be broken or demanded by the Issuer (at no cost to the Issuer) on or before the three Business Days prior to the next Calculation Date subject to:

(a) investments with remaining maturities which are greater than or equal to three months, having a short term rating of at least F1+ by Fitch and P-1 by Moody's and a long term rating of AA- by Fitch and Aa3 by Moody's (or, as applicable, Aaa-mf by Moody's or AAAmmf by Fitch in respect of money market funds) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); or

(b) investments with remaining maturities which are greater than or equal to 30 days but less than three months, having a short term rating of at least F1+ by Fitch and P-1 by Moody's and a long term rating of AA- by Fitch and A2 by Moody's (or, as applicable, Aaa-mf by Moody's or AAAmmf by Fitch in respect of money market funds) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes); or

(c) investments with remaining maturities which are less than 30 days, having a short-term rating of at least F1 by Fitch and P-1 by Moody's and a long term rating of A by Fitch and A2 by Moody's (or, as applicable, Aaa-mf by Moody's or AAAmmf by Fitch in respect of money market funds) (or such other short term or long term rating which would not affect the then current rating of the Class A Notes).

For the avoidance of doubt, no Authorised Investments consist of tranches of other asset-backed securities, credit-linked notes, swaps or other derivatives instruments, synthetic securities or similar claims.

Liability means, in respect of any person, any loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability including, but without limitation, legal costs and expenses properly incurred (including, in each case, irrecoverable VAT in respect thereof).

Transaction Documents means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Secondary Transaction Account Agreement, the Swap Collateral Account Bank Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (including any documents entered into pursuant to the Deed of Charge), the Interest Rate Swap Agreement, the Issuer Power of Attorney, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, the Seller Power of Attorney, the Trust Deed and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes.

Secured Creditors means the Security Trustee, the Note Trustee, the Noteholders, the Seller, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Interest Rate Swap Provider, any replacement interest rate swap provider, the Account Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Corporate Services Provider, the Paying Agents, the Class Z VFN Registrar, the Agent Bank and any other person who is expressed in the Deed of Charge or any deed supplemental to the Deed of Charge to be a secured creditor.

Secured Obligations means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge in terms of the relevant provisions of the Deed of Charge and all other amounts owed by it to the Secured Creditors under and pursuant to the Transaction Documents.

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically following the occurrence of specific events set out in the Deed of Charge, including, among other events, when an Event of Default occurs, where crystallisation will occur on the appointment of an administrative receiver or receiver or upon commencement of the winding up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

Pre-Acceleration Revenue Priority of Payments and Pre-Acceleration Principal Priority of Payments

Prior to the Note Trustee serving a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Transaction Account as described in "*Cashflows — Application of Available Revenue Receipts prior to service of a Note Acceleration Notice on the Issuer*" and "*Application of Available Principal Receipts prior to the service of a Note Acceleration Notice on the Issuer*" below.

Post-Acceleration Priority of Payments

After the Note Trustee has served a Note Acceleration Notice (which has not been withdrawn) on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) shall apply the monies available in accordance with the Post-Acceleration Priority of Payments defined in "*Cashflows — Distribution of Available Principal Receipts and Available Revenue Receipts following the service of a Note Acceleration Notice on the Issuer*" below.

The Security will become enforceable following the service of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either:

(a) the Cash Manager certifies to the Security Trustee that a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Class A Noteholders (and all persons ranking in priority to the Class A Noteholders as set out in the order of priority of payment below) or once all of the Class A Noteholders have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto) which certificate shall be binding on the Secured Creditors. or

(b) the Security Trustee is of the opinion which opinion shall be binding on the Secured Creditors and based exclusively on the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice) that the cashflow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders and all persons ranking in priority to the Class A Noteholders as set out in the order of priority below or, once all of the Class A Noteholders have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto).

The Security Trustee shall not be bound to make the determination contained herein unless the Security Trustee 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.

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer.

For the purposes of Article 21(4)(d) of the UK Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default of the Issuer.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Trust Deed

On or about the Closing Date, the Issuer, the Security Trustee, the Class Z VFN Holder and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes are subject to the provisions in the Trust Deed. The Conditions and the forms of the Notes are constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs occasioned by such

retirement. The Class A Noteholders and Class Z VFN Holders may by Extraordinary Resolution remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge provided that the trustees will be provided with a minimum of sixty (60) days' prior written notice. The retirement of the Note Trustee shall not become effective unless there remains a trustee (being a trust corporation) in office after such retirement or being removed by Extraordinary Resolution of the Class A Noteholders. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement or Extraordinary Resolution of the Class A Noteholders the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee (being a trust corporation) be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the Class A Noteholders and Class Z VFN Holders.

Governing Law

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Agency Agreement

On or prior to the Closing Date, the Issuer, the Note Trustee, the Principal Paying Agent, the Agent Bank and the Class Z VFN Registrar will enter into the Agency Agreement pursuant to which provision will be made for, among other things, payment of principal and interest in respect of the Notes.

Governing Law

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Cash Management Agreement

On the Closing Date, the Cash Manager, the Issuer, and the Security Trustee will enter into the Cash Management Agreement.

Cash Management Services to be provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal function will be effecting payments to and from the Transaction Account, the Secondary Transaction Account and the Swap Collateral Accounts (if any). In addition, the Cash Manager will, *inter alia*:

(a) operate the Transaction Account, the Secondary Transaction Account, any Swap Collateral Account (including the Securities Custody Account, if applicable) and any additional account(s) and ensure that payments are made into and from such accounts in accordance with the Cash Management Agreement, the Bank Account Agreement, Secondary Transaction Account Agreement, the Swap Collateral Bank Account Agreement, the Securities Custody Agreement (if applicable), the Deed of Charge, the Interest Rate Swap Agreement, any additional bank account agreement that may be entered into by the Issuer from time to time and any other Transaction Document, provided that nothing in the Cash Management Agreement shall require the Cash Manager to make funds available to the Issuer to enable such payments to be made other than as expressly required by the provisions of the Cash Management Agreement;

(b) provide the Issuer, the Note Trustee, the Seller, the Class A Noteholders and the Rating Agencies with the Investor Report setting out certain aggregated loan data in relation to the Portfolio, such

Investor Reports will be published on the LBS website at www.leedsbuildingsociety.co.uk (the website and the contents thereof do not form part of this Prospectus)

(c) publish, on behalf of the Seller (as originator), the reports and data under Article 7 of the UK Securitisation Regulation and Article 7 of the EU Securitisation Regulation (as if it were applicable to LBS) as described in "*Reporting under the UK Securitisation Regulation and the EU Securitisation Regulation*" below;

(d) apply, or cause to be applied, Available Revenue Receipts, in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments;

(e) if required by the Security Trustee, apply, or cause to be applied, amounts received or recovered following the service of a Note Acceleration Notice on the Issuer (subject to certain exceptions as set out in the Deed of Charge) in accordance with the Post-Acceleration Priority of Payments;

(f) make payments of the consideration for an Additional Loan Advance to the Seller;

(g) make a drawing under the Class Z VFN as required, including, without limitation, any drawing required to fund the Additional Loan Advance Purchase Price;

(h) make any determinations required to be made by the Issuer under the Interest Rate Swap Agreement;

(i) open the Swap Collateral Account and any other account(s) as may be required under the Interest Rate Swap Agreement and, (iii) if applicable, credit all swap collateral posted by the Interest Rate Swap Provider if required pursuant to the Interest Rate Swap Agreement to the relevant Swap Collateral Account;

(j) make any determinations and calculations in respect of any Reconciliation Amount, if necessary;

(k) maintain the following ledgers (the **Ledgers**) on behalf of the Issuer:

    (i) the **Principal Ledger**, which will record (i) as a credit all Principal Receipts received by the Issuer (whether deposited in the Transaction Account or the Secondary Transaction Account) and (ii) as a debit, (A) the distribution of the Principal Receipts in order to pay the Additional Loan Advance Purchase Price; (B) payments in accordance with the Pre-Acceleration Principal Priority of Payments or the Post-Acceleration Priority of Payments (as applicable) and (C) Available Principal Receipts used as Available Revenue Receipts;

    (ii) the **Revenue Ledger**, which will record (i) as a credit all Revenue Receipts received by the Issuer (whether deposited in the Transaction Account or the Secondary Transaction Account) and (ii) as a debit, the payment of the distribution of the same in relation to any intra-period payment to third parties and in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments (as applicable);

    (iii) the **General Reserve Ledger** which will record (i) as a credit, all amounts credited to the general reserve fund (the **General Reserve Fund**) from the proceeds of the Class Z VFN Holder's funding of the Class Z VFN and thereafter from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and (ii) as a debit, withdrawals of each of the Amortisation General Reserve Release Amount and the General Reserve Required Debit Amount (in each case, if any) in relation to an Interest Payment Date from the General Reserve Ledger on such Interest Payment Date (see "*Credit Structure — General Reserve Fund and General Reserve Ledger*" below);

(iv) the **Principal Deficiency Ledger** (comprising two sub-ledgers) which will record on the Class A Principal Deficiency Sub-Ledger and the Class Z VFN Principal Deficiency Sub-Ledger (as the case may be) (i) as a debit, deficiencies arising from Losses on the Portfolio and amounts drawn from the Liquidity Reserve Fund (if established) (ii) as a debit, Principal Receipts used to pay a Revenue Deficiency and (iii), as a credit, Available Revenue Receipts applied pursuant to items (g) and (i) of the Pre-Acceleration Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon be applied as Available Principal Receipts) (see "*Credit Structure — Principal Deficiency Ledger*" below);

(v) the **Liquidity Reserve Ledger** which will record (i) as a credit, amounts credited to the Liquidity Reserve Fund (if established) from Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments and (ii) as debits, amounts drawn from the Liquidity Reserve Fund (if established) (to fund senior expenses and interest payments on the Class A Notes to the extent necessary) in accordance with the Pre-Acceleration Revenue Priority of Payments and (iii) as a debit amounts credited to Available Principal Receipts (see "*Credit Structure — Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*" below);

(vi) the **Issuer Profit Ledger** which shall (i) record as a credit the Issuer Profit Amount retained by the Issuer as profit in accordance with the relevant Priority of Payments and (ii) record as a debit any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer;

(l) calculate on each Calculation Date the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the relevant Interest Payment Date;

(m) invest monies standing from time to time to the credit of a Bank Account in Authorised Investments as determined by the Issuer or by the Cash Manager subject to the following provisions:

(i) any such Authorised Investment shall be made in the name of the Issuer;

(ii) any costs properly and reasonably incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and

(iii) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account or, if the Authorised Investments were purchased from funds standing to the credit of the Secondary Transaction Account, to the Secondary Transaction Account; and

(iv) such Authorised Investments mature at least one Business Day before the next Interest Payment Date; and

(n) on behalf of the Issuer, perform any portfolio reconciliation and dispute resolution risk mitigation techniques and carry out the reporting requirements required by UK EMIR.

Issuer Profit Amount means an amount equal to £300 as at each Interest Payment Date (£1,200 per annum).

The Cash Manager also covenants with and undertakes to the Issuer that it will, assist the Issuer to or on behalf of the Issuer:

(a) perform any Portfolio Reconciliation Risk Mitigation Techniques (as such term is defined in the PDD Protocol (as defined in the Interest Rate Swap Agreement)) as may be required in accordance with the requirements of UK EMIR;

(b) perform any Dispute Resolution Risk Mitigation Techniques (as such term is defined in the PDD Protocol (as defined in the Interest Rate Swap Agreement)) as may be required in accordance with

the requirements of article 11(1) of UK EMIR and the terms of the Interest Rate Swap Agreement and any other relevant swap transaction;

(c) monitor on an ongoing basis, and inform the Interest Rate Swap Provider should such status change, the status of the Issuer as a financial counterparty, a non-financial counterparty below the clearing threshold or a non-financial counterparty exceeding the clearing threshold, in each case as defined under EMIR and with the thresholds as specified under article 10(3) of UK EMIR;

(d) fulfil any other requirements which may arise on the Issuer from time to time in relation to UK EMIR; and

(e) act as designated reporting entity for the purpose of complying with Article 8b of Regulation (EC)1060/2009,

(such matters being the **EMIR Services**).

Bank of England Reporting

LBS and the Issuer will procure that the Cash Manager will publish, by no later than the 18th day of each month (or if such day is not a Business Day, the next following Business Day unless such day falls in the next month, in which case the preceding Business Day) a monthly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. In addition, the Cash Manager will produce loan-by-loan information on a monthly basis in a format required by the Bank of England.

Such reports will be published on the Seller's website and by means of the Reporting Websites. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. Any documents provided in draft form are subject to amendment and completion without notice.

Reporting under the UK Securitisation Regulation and the EU Securitisation Regulation

The Cash Manager, on behalf of the Seller (as originator), will:

(a) publish a quarterly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to LBS);

(b) publish (simultaneously with the report referred to in paragraph (a) above) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to LBS);

(c) publish any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation and Article 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if it were applicable to LBS) without delay. Such information will also be made available, on request, to potential holders of the Notes; and

(d) within 15 days of the issuance of the Notes, make available via the Reporting Websites final copies of the Transaction Documents, the UK STS Notification and this Prospectus.

Such reports and information shall be published by means of the Reporting Websites.

The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

Cashflow model

LBS will procure that the Cash Manager will make available a liability cash flow model (**Cash Flow Model**), through the website of Moody's Analytics at https://www.sfportal.com, either directly or indirectly through one or more entities which provide such cash flow models to investors generally, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer (i) prior to pricing of the Notes to potential investors and (ii) on an ongoing basis to investors in the Notes and potential investors upon request.

Assisting the Issuer in entering into a replacement Interest Rate Swap Agreement

If on or prior to the date of the earlier of (a) the reduction of the aggregate Principal Amount Outstanding of the Notes to zero, (b) the service of a Note Acceleration Notice, or (c) the reduction of the aggregate True Balances of the Fixed Rate Loans in the Portfolio to zero, the Interest Rate Swap Agreement is terminated, the Cash Manager (on behalf of the Issuer) shall use reasonable endeavours to purchase a replacement swap (taking into account any early termination payment received from or payable to the Interest Rate Swap Provider) against fluctuations in the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to Compounded Daily SONIA, on terms acceptable to the Issuer and the Security Trustee and that are acceptable to the Rating Agencies, with a swap provider the identity of which the Issuer shall have notified the Rating Agencies and the Rating Agencies have acknowledged receipt of such notification.

Remuneration of Cash Manager

The Cash Manager will be paid a fee (inclusive of VAT, if any) for its cash management services under the Cash Management Agreement quarterly in arrear on each Interest Payment Date. So long as LBS (or any member of the LBS Group) is the Cash Manager, the Issuer will pay to the Cash Manager a cash management fee (inclusive of VAT, if any) of 0.01 per cent. per annum on the aggregate True Balance of the Loans in the Portfolio as determined on the preceding Calculation Date. The fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments. If a replacement cash manager from outside the LBS Group is appointed, the Issuer shall pay the replacement cash manager for its services a fee to be determined at the time of such appointment. For so long as Leeds Building Society is acting as Cash Manager, no fee shall be payable by the Issuer to the Cash Manager in respect of the EMIR Services.

Termination of Appointment and Replacement of Cash Manager

In certain circumstances the Issuer and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and upon termination the Issuer shall use reasonable efforts to appoint a successor (the identity of which will be subject to the Security Trustee's written approval). Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (or, where taking into account the then prevailing market conditions, the Issuer or the Cash Manager determines it is not practical to agree terms substantially the same as those set out in the Cash Management Agreement, the Issuer or the Cash Manager certifies in writing to the Security Trustee, upon which certificate the Security Trustee shall be entitled to rely absolutely and without any liability to any person for so doing, that such terms are reasonable commercial terms taking into account the then prevailing current market conditions, a replacement agreement may be entered into on such reasonable commercial terms (although the fee payable to the substitute cash manager may be higher).

The Cash Management Agreement provides that on the Cash Manager ceasing to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa3 or a long-term issuer default rating of BBB- by Fitch (or such other lower rating that the Cash Manager certifies in writing to the Security Trustee would not have an adverse effect on the ratings of the Class A Notes), the Issuer shall

require the Cash Manager, within 60 days, to use best endeavours to appoint a back-up cash manager which meets the requirements for a substitute cash manager provided for by the Cash Management Agreement.

Liability of the Cash Manager

The Cash Manager will indemnify each of the Issuer and the Security Trustee on an after-tax basis for any loss, liability, claim, expense or damage suffered or incurred by it in respect of the negligence, fraud or wilful default of the Cash Manager in carrying out its functions as Cash Manager under, or as a result of a breach by the Cash Manager of, the terms and provisions of the Cash Management Agreement or such other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to such functions.

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on the Closing Date between the Issuer, the Account Bank, the Cash Manager and the Security Trustee, the Issuer will maintain with the Account Bank a bank account providing an overnight rate of interest from time to time on amounts standing to the credit thereof (the **Transaction Account**), which will be operated in accordance with the Cash Management Agreement and the Deed of Charge. The Account Bank (in its absolute discretion) may alter the then prevailing rate of interest (if any) payable from time to time in respect of monies standing to the credit of the Transaction Account upon written notice of 30 Business Days to the Issuer.

All amounts received from Borrowers in respect of Loans in the Portfolio will be paid into the Transaction Account or in the event that the Account Bank ceases to hold the required Account Bank Rating, the Secondary Transaction Account (or its successor) from the Seller's collection account(s). Such amounts will be credited to the Revenue Ledger or the Principal Ledger as applicable, and as set out in the Cash Management Agreement. On each Interest Payment Date, monies from the Transaction Account or in the event that the Account Bank ceases to hold the required Account Bank Rating, the Secondary Transaction Account (or its successor), will be applied by the Cash Manager pursuant to the Cash Management Agreement and in accordance with the Priorities of Payments described below under "*Cashflows*".

The Bank Account Agreement provides that:

(a) The charges of the Account Bank for the operation of the Transaction Account held with the Account Bank shall be as agreed in a separate side letter between the Issuer and the Account Bank from time to time *provided that* if there are insufficient funds available under the relevant Priority of Payment, the Account Bank shall not be relieved of its obligations in respect of the Transaction Account held with the Account Bank;

(b) the fees and charges of the Account Bank shall be paid by the Issuer subject to and in accordance with the Priority of Payments or as otherwise agreed between the Account Bank and the Seller.

If at any time the unsecured, unsubordinated and unguaranteed debt obligation rating or the short-term or long-term issuer default rating or the long-term deposit rating of the Account Bank are downgraded below the Account Bank Rating, the Issuer will be required (within 30 days) to arrange for the transfer (at its own cost) of the accounts held with the Account Bank to the Secondary Transaction Account Bank or, to the extent that the Secondary Transaction Account Bank does not hold the Secondary Transaction Account Bank Rating, with any bank or financial institution with the Replacement Account Bank Rating on terms substantially similar to those set out in the Bank Account Agreement in order to maintain the ratings of the Class A Notes at their then current ratings, or, where taking into account the then prevailing market conditions, the Issuer or the Cash

Manager determines it is not practical to agree terms substantially the same as those set out in the Bank Account Agreement, the Issuer or the Cash Manager certifies in writing to the Security Trustee, upon which certificate the Security Trustee shall be entitled to rely absolutely and without any liability to any person for so doing, that such terms are reasonable commercial terms taking into account the then prevailing current market conditions, a replacement agreement may be entered into on such reasonable commercial terms (although the fee payable to the substitute cash manager may be higher).

In the event that the Account Bank, having been rated below the Account Bank Ratings, later regains the Account Bank Ratings, any amounts standing to the credit of the Secondary Transaction Account will be transferred from the Secondary Transaction Account and be paid into the Transaction Account held with the Account Bank. Thereafter, on each Interest Payment Date, the Cash Manager will apply monies standing to the credit of the Transaction Account in accordance with the relevant Priority of Payments.

If at any time the replacement account bank falls below the Replacement Account Bank Rating, the appointment of the replacement account bank may be terminated by the Issuer (within 60 calendar days) (such termination being effective on a replacement account bank being appointed by the Issuer with the prior written consent of the Security Trustee).

The Bank Account Agreement may be terminated in other circumstances by the Cash Manager, the Issuer (in each case with the consent of the Security Trustee) or (following the delivery of a Note Acceleration Notice) the Security Trustee, including the occurrence of an insolvency event in respect of the Account Bank or material default by the Account Bank in the performance of its obligations under the Bank Account Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default.

Account Bank Rating means a long-term deposit rating of at least Baa3 by Moody's and a short-term deposit rating of at least F1 by Fitch or a long-term deposit rating of least A by Fitch (or in the event deposit ratings are not available, issuer defaulting rating), (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes.

Replacement Account Bank Rating means long-term unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's and a short-term issuer default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch, (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes.

Governing Law

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Secondary Transaction Account Agreement

Pursuant to the terms of the Secondary Transaction Account Agreement entered into on the Closing Date between the Issuer, the Secondary Transaction Account Bank, the Cash Manager and the Security Trustee, the Issuer will maintain with the Secondary Transaction Account Bank a bank account providing an overnight rate of interest from time to time on amounts standing to the credit thereof (the **Secondary Transaction**

Account), which will be operated in accordance with the Cash Management Agreement and the Deed of Charge. The Secondary Transaction Account Agreement provides that:

(a) The charges of the Secondary Transaction Account Bank for the operation of the Secondary Transaction Account held with the Secondary Transaction Account Bank shall be as agreed in a separate side letter between the Issuer and the Secondary Transaction Account Bank from time to time *provided that* if there are insufficient funds available under the relevant Priority of Payment, the Secondary Transaction Account Bank shall not be relieved of its obligations in respect of the Secondary Transaction Account held with the Secondary Transaction Account Bank;

(b) the fees and charges of the Secondary Transaction Account Bank shall be paid by the Issuer subject to and in accordance with the Priority of Payments or as otherwise agreed between the Secondary Transaction Account Bank and the Seller.

If at any time the unsecured, unsubordinated and unguaranteed debt obligation rating or the short-term or long-term issuer default rating or the long-term deposit rating of the Secondary Transaction Account Bank are downgraded below the Secondary Transaction Account Bank Rating, the Issuer will be required (within 60 days) to arrange for the transfer (at its own cost) of the accounts held with the Secondary Transaction Account Bank to a bank or financial institution with the Replacement Secondary Transaction Account Bank Rating on terms substantially similar to those set out in the Secondary Transaction Bank Account Agreement in order to maintain the ratings of the Class A Notes at their then current ratings, or, where taking into account the then prevailing market conditions, the Issuer or the Cash Manager determines it is not practical to agree terms substantially the same as those set out in the Secondary Transaction Account Agreement, the Issuer or the Cash Manager certifies in writing to the Security Trustee, upon which certificate the Security Trustee shall be entitled to rely absolutely and without any liability to any person for so doing, that such terms are reasonable commercial terms taking into account the then prevailing current market conditions, a replacement agreement may be entered into on such reasonable commercial terms (although the fee payable to the substitute cash manager may be higher).

The Secondary Transaction Account Agreement may be terminated in other circumstances by the Cash Manager, the Issuer (in each case with the consent of the Security Trustee) or (following the delivery of a Note Acceleration Notice) the Security Trustee, including the occurrence of an insolvency event in respect of the Secondary Transaction Account Bank or material default by the Secondary Transaction Account Bank in the performance of its obligations under the Secondary Transaction Account Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default.

Secondary Transaction Account Bank Rating means a long-term unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's and a short-term default rating of at least F1 or a deposit rating (or if a deposit rating is not available, a long-term issuer default rating) of least A by Fitch (or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Security Trustee would not have an adverse effect on the ratings of the Class A Notes.

Replacement Secondary Transaction Account Bank Rating means long-term unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's and a short-term issuer default rating of at least F1 or a deposit rating (if a deposit rating is not available, a long-term issuer default rating) of at least A by Fitch, or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Security Trustee would not have an adverse effect on the ratings of the Class A Notes.

The Secondary Transaction Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Swap Collateral Account Bank Agreement

Pursuant to the terms of the Swap Collateral Account Bank Agreement entered into on the Closing Date between the Issuer, the Swap Collateral Account Bank, the Security Trustee and the Cash Manager, the Issuer will maintain with the Swap Collateral Account Bank one or more accounts (including a cash and/or a securities account) for the purposes of depositing any Swap Collateral posted by the Interest Rate Swap Provider pursuant to the terms of the Interest Rate Swap Agreement (the **Swap Collateral Account**).

The Issuer will deposit any Swap Collateral which is required to be paid to the Issuer by the Interest Rate Swap Provider in accordance with the terms of the Interest Rate Swap Agreement in the relevant Swap Collateral Account. To the extent that any cash is held in the Swap Collateral Account, any amount standing to the credit of the Swap Collateral Account will bear interest at a rate and as agreed from time to time between the Issuer and the Swap Collateral Account Bank (provided such rate shall not be below zero per cent. per annum).

The Note Trustee and/or the Security Trustee (acting on the instructions of the Note Trustee) may from time to time agree with the Issuer and any other person (without the consent or sanction of the other Secured Creditors or the Noteholders (but in the case of the Security Trustee only with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents)) in making or sanctioning any modification to the Swap Collateral Account Bank Agreement which in its opinion is (i) not materially prejudicial to the interests of the Noteholders of any Class or (ii) of a formal, minor or technical nature or to correct a manifest error.

The Swap Collateral Account Bank Agreement may be terminated in other circumstances by the Cash Manager or the Issuer (in each case with the consent of the Security Trustee) including the occurrence of an insolvency event in respect of the Swap Collateral Account Bank or default by the Swap Collateral Account Bank in the performance of its obligations under the Swap Collateral Account Bank Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default.

If, at any time the unsecured, unsubordinated and unguaranteed debt obligations, short-term issuer default, long-term deposit rating or long-term issuer default rating (as applicable) of the Swap Collateral Account Bank are downgraded below the Swap Collateral Account Bank Rating, the Issuer will be required (within 60 calendar days) to transfer (at its own cost) the Swap Collateral Account to an appropriately rated bank or financial institution on substantially similar terms to those set out in the Swap Collateral Account Bank Agreement, in order to maintain the ratings of the Class A Notes at their then current ratings unless the Swap Collateral Account Bank has arranged a guarantee of its obligations by a suitable rated third party.

The Swap Collateral Account Bank Agreement is governed by English Law.

Swap Collateral Account Bank Rating means a short-term issuer default rating of at least F1 or a deposit rating (if a deposit rating is not available, or a long-term issuer default rating) of at least A by Fitch and a long-term unsecured, unsubordinated and unguaranteed debt obligations rated at least A3 by Moody's or (i) such other rating which is consistent with the then current rating methodology of the relevant Rating Agency or (ii) such other lower rating that the Cash Manager certifies in writing to the Note Trustee and the Security Trustee would not have an adverse effect on the ratings of the Class A Notes.

Securities Custody Agreement

In the event that the Interest Rate Swap Provider is required to post collateral under the terms of the Interest Rate Swap Agreement and wishes to post collateral in the form of securities (as permitted under the terms of the Interest Rate Swap Agreement), then the Issuer shall enter into a securities custody agreement with the Swap Collateral Account Bank pursuant to which the Issuer shall open and maintain a securities custody account with the Swap Collateral Account Bank to hold such collateral.

Corporate Services Agreement

On or prior to the Closing Date, the Issuer and, among others, the Corporate Services Provider will enter into a corporate services agreement (the **Corporate Services Agreement**) pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), the providing of the **directors** with information in connection with the Issuer and Holdings and the arrangement for the convening of shareholders' and directors' meetings.

Governing Law

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Interest Rate Swap Agreement

For a description of the Interest Rate Swap Agreement see "*Credit Structure*" below.

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Seller, the Interest Rate Swap Provider, the Joint Arrangers, the Joint Lead Managers, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Account Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, any other paying Agent, the Agent Bank, the Class Z VFN Registrar, the Note Trustee, the Security Trustee, any company in the same group of companies as any such entities or any other party to the Transaction Documents. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Seller, the Interest Rate Swap Provider, the Joint Arrangers, the Joint Lead Managers, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Account Bank, the Secondary Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, any other Paying Agents, the Agent Bank, the Class Z VFN Registrar, the Note Trustee, the Security Trustee or by any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

1. Credit Support for the Notes provided by Available Revenue Receipts

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (o) (inclusive) of the Pre-Acceleration Revenue Priority of Payments. The actual amount of any Deferred Consideration payable under item (o) of the Pre-Acceleration Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio (as to which, see "*Interest Rate Risk for the Notes*" below) and the performance of the Portfolio.

Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Acceleration Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met under items (a) to (g) (inclusive) of the Pre-Acceleration Revenue Priority of Payments, such excess is available to replenish and increase the General Reserve Fund up to and including an amount equal to the General Reserve Required Amount.

2. General Reserve Fund and General Reserve Ledger

On the Closing Date, the Issuer will establish a fund called the **General Reserve Fund** to provide credit enhancement for the Class A Notes which will be credited with the General Reserve Required Amount on the Closing Date. The General Reserve Fund will be funded from the proceeds of the Class Z VFN Holder's funding of the Class Z VFN on the Closing Date and following the Closing Date from Available Revenue Receipts to the extent required from time to time to increase the General Reserve Fund to the General Reserve Required Amount in accordance with the Pre-Acceleration Revenue Priority of Payments and following requests from the Issuer from time to time with the proceeds of drawings under the Class Z VFN pursuant to Condition 17.1(a). The General Reserve Fund will be deposited in the Transaction Account or, if the Account Bank no longer holds the Account Bank Rating, the Secondary Transaction Account (in each case with a corresponding credit being made to the General Reserve Ledger). The Cash Manager (acting in its sole discretion) may, on behalf of the Issuer, invest amounts standing to the credit of the Bank Accounts in Authorised Investments. For more information about the application of the amounts standing to the credit of the General Reserve Fund, see the section "*Cashflows – Application of Monies Released from the General Reserve Fund*" below.

The Cash Manager will maintain the General Reserve Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund.

After the Closing Date, the General Reserve Fund will be funded up to the General Reserve Required Amount from Available Revenue Receipts and will be replenished from Available Revenue Receipts in accordance with the provisions of the Pre-Acceleration Revenue Priority of Payments on every Interest Payment Date.

The **General Reserve Required Amount** means on the Closing Date, an amount equal to £5,250,000 (being an amount equal to 1.50 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date) and thereafter, on each Interest Payment Date, (i) if on such date the General Reserve Amortisation Conditions are met the General Reserve Required Amount shall be an amount equal to 1.50 per cent. of the Principal Amount Outstanding of the Class A Notes on such date prior to deducting any repayments to be made on the related Interest Payment Date and (ii) if on such Interest Payment Date the General Reserve Amortisation Conditions are not met, the General Reserve Required Amount shall be an amount equal to the General Reserve Required Amount on the immediately preceding Interest Payment Date (in each case, subject to a minimum of 0.10 per cent. of the aggregate True Balance of the Portfolio as at the calendar day immediately preceding the Closing Date). The General Reserve Required Amount shall be zero on any date on or after the Class A Notes are fully paid.

The **General Reserve Amortisation Conditions** means each of the following conditions:

(a) no Event of Default has occurred and is continuing;

(b) the Class A Principal Deficiency Sub-Ledger will not have a debit balance on that Interest Payment Date after applying all Available Revenue Receipts on that Interest Payment Date;

(c) the True Balance of the Loans comprising part of the Portfolio in respect of which the aggregate amount in arrears is more than three times the Monthly Payment then due, is less than 2 per cent. of the aggregate True Balance of the Loans comprising the Portfolio as at such relevant date; and

(d) cumulative losses on the Portfolio as at such relevant date represent less than 1 per cent. of the aggregate True Balance of the Loans comprising the Portfolio as at the Closing Date.

3. Use of Principal Receipts in the event of any Aggregate Negative Amortisation Amounts

Certain Principal Receipts may be applied as Available Revenue Receipts in the event that the relevant Monthly Accrual Amount in relation to any Loan in the Portfolio is greater than the Fixed Monthly Amount payable by the Borrower in relation to such Loan. In such event, amounts equal to the Aggregate Negative Amortisation Amounts will be reallocated from Principal Receipts and applied as Available Revenue Receipts. Aggregate Negative Amortisation Amounts shall not incur entries in the Principal Deficiency Ledger.

4. Use of Principal Receipts to pay Revenue Deficiency

On each Calculation Date, the Cash Manager will calculate whether the aggregate of items (a) to (i) less (j) plus (k) of the Available Revenue Receipts is insufficient to pay items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments. If there is a deficit (the **Revenue Deficiency**), then the Issuer (or the Cash Manager on its behalf) shall pay or provide for that Revenue Deficiency by the application of amounts standing to the credit of the Principal Ledger, if any, and the Cash Manager shall make a corresponding entry in the relevant Principal Deficiency Ledger, as described in "*Principal Deficiency Ledgers*" below as well as making a debit in the Principal Ledger. Any such entry and debit shall be made and taken into account prior to the application of Available Principal Receipts on the relevant Interest Payment Date. For more information about the application of Principal Receipts to pay a Revenue Deficiency, see the section "*Cashflows – Application of Principal Receipts to pay Revenue Deficiency*".

5. Liquidity Reserve Fund and Liquidity Reserve Ledger

On the date on which LBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and the long term issuer default rating assigned by Fitch ceases to be at least BBB or the short term issuer default rating assigned by Fitch ceases to be at least F2, the Issuer will establish a fund to fund senior expenses and interest payments on the Class A Notes, if necessary (the **Liquidity Reserve Fund**). The Issuer will be required to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount from Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments. Such amounts will be paid into the Transaction Account or, if the Account Bank no longer holds the Account Bank Rating, the Secondary Transaction Account and in each case will be credited to the Liquidity Reserve Ledger. The Issuer will be required to top up the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount on each Interest Payment Date. For more information about the application of the amounts standing to the credit of the Liquidity Reserve Fund, see the section "*Cashflows – Applications of Monies Released from the Liquidity Reserve Fund*".

Liquidity Reserve Fund Required Amount means an amount equal to the greater of (a) 4 per cent. of the Principal Amount Outstanding of the Class A Notes at the beginning of the relevant Interest Period less the amount standing to the credit of the General Reserve Fund as determined by the Cash Manager on the relevant Calculation Date after taking into account the amount of Available Revenue Receipts to be credited to the General Reserve Fund on the Interest Payment Date immediately following such Calculation Date in accordance with the Pre-Acceleration Revenue Priority of Payments and (b) zero. If LBS is subsequently assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2, the Liquidity Reserve Fund Required Amount shall be zero and the Liquidity Reserve Fund shall form part of Available Principal Receipts and be applied in accordance with the Pre-Acceleration Principal Priority of Payments.

The Principal Deficiency Ledger will be debited on each Interest Payment Date by an amount equal to the amount drawn from the Liquidity Reserve Fund (if established) to fund senior expenses and interest payments on the Class A Notes on that date (if any).

6. Principal Deficiency Ledgers

A Principal Deficiency Ledger, comprising two sub ledgers, known as the Class A Principal Deficiency Ledger (relating to the Class A Notes) (the **Class A Principal Deficiency Sub-Ledger**) and the Class Z VFN Principal Deficiency Ledger (the **Class Z VFN Principal Deficiency Sub-Ledger**, each a **Principal Deficiency Sub-Ledger** and, together, the **Principal Deficiency Sub-Ledgers**), will be established on the Closing Date in order to record any Losses on the Portfolio as allocated against each of the Classes of Notes referenced above and/or the application of Principal Receipts to pay any Revenue Deficiency and/or any debiting of the Liquidity Reserve Fund (if established) on an Interest Payment Date to fund senior expenses and interest payments on the Class A Notes. Losses or debits recorded on the Class A Principal Deficiency Sub-Ledger shall be recorded in respect of the Class A Notes. Losses or debits recorded on the Class Z VFN Principal Deficiency Sub-Ledger shall be recorded in respect of the Class Z VFN. Losses of principal to be credited to the Principal Deficiency Ledger will be calculated after applying any recoveries to outstanding interest amounts due and payable on the relevant Loan.

The application of any Principal Receipts to meet any Losses on the Portfolio will be recorded as a debit:

(a) first, to the Class Z VFN Principal Deficiency Sub-Ledger up to a maximum of the Class Z VFN Principal Deficiency Limit; and

(b) second, to the Class A Principal Deficiency Sub-Ledger.

Losses means all realised losses in respect of a Loan.

Realised losses will be calculated after applying any recoveries following enforcement of a Loan (but on or prior to the completion of enforcement proceedings in respect of such Loan) to outstanding fees and interest amounts due and payable on the relevant Loan.

Class Z VFN Principal Deficiency Limit means the Principal Amount Outstanding of the subscription under the Class Z VFN used to fund the True Balance (calculated as at such corresponding funding date) of the Loans.

Amounts allocated to each Principal Deficiency Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments. Such amounts will be applied in repayment of principal as Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments.

7. Available Receipts

To the extent that the Available Revenue Receipts and Available Principal Receipts are sufficient on any Calculation Date, they shall be paid on the immediately following Interest Payment Date to the persons entitled thereto (or a relevant provision made) in accordance with the Pre-Acceleration Revenue Priority of Payments or the Pre-Acceleration Principal Priority of Payments, as applicable. It is not intended that any surplus will be accumulated in the Issuer although this does not include the Issuer Profit Amount which the Issuer expects to generate each accounting period as its profit in respect of the business of the Issuer, amounts standing to the credit of the General Reserve Ledger or amounts standing to the credit of the Liquidity Reserve Fund (if established).

If, on any Interest Payment Date whilst there are Class A Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest otherwise due on the Class Z VFN then the Issuer will be entitled under Condition 16 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Such deferral will not constitute an Event of Default. If there are no Class A Notes then outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class Z VFN.

Failure to pay interest on the Class A Notes (or the Class Z VFN after the Class A Notes have been redeemed in full) within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

8. Transaction Account

Pursuant to the Bank Account Agreement, the Account Bank will pay interest on amounts (if any) standing to the credit of the Transaction Account on and from the Closing Date at an unguaranteed overnight rate. The Cash Manager may (in its absolute discretion), on behalf of the Issuer, invest amounts standing to the credit of the Bank Accounts in Authorised Investments. The Account Bank (in its absolute discretion) may alter the then prevailing rate of interest (if any) payable from time to time in respect of monies standing to the credit of the Transaction Account upon 30 days written notice to the Issuer.

If, at any time the unsecured, unsubordinated and unguaranteed debt obligations, short-term issuer default rating, long-term deposit rating or long-term issuer default rating (as applicable) of the Account Bank are downgraded below the Account Bank Rating, the Issuer will be required (within 30 days) to arrange for the transfer (at its own cost) of the Transaction Account to the Secondary Transaction Account Bank, or to the extent that the Secondary Transaction Account Bank ceases to hold the Secondary Transaction Account Bank Rating, to a bank or financial institution with the Replacement Account Bank Rating on terms substantially similar to those set out in the Bank Account Agreement (or, where the Issuer or the Cash Manager determines that it is not practicable, taking into account the then prevailing market conditions, to agree terms substantially similar to those set out in the Bank Account Agreement with such replacement financial institution, on terms which are reasonable commercial terms provided that either the Issuer or the Cash Manager shall have

certified in writing to the Security Trustee that, to the extent the terms are not substantially similar, such terms are reasonable commercial terms taking into account the then prevailing current market conditions), in order to maintain the ratings of the Notes at their then current ratings.

9. Secondary Transaction Account

Pursuant to the Secondary Transaction Account Agreement, the Secondary Transaction Account Bank will pay interest on amounts (if any) standing to the credit of the Secondary Transaction Account on and from the Closing Date at an unguaranteed overnight rate. The Cash Manager may (in its absolute discretion), on behalf of the Issuer, invest amounts standing to the credit of the Bank Accounts in Authorised Investments.

If, at any time the long-term unsecured, unsubordinated and unguaranteed debt obligations rated, long-term or short-term issuer default rating or short-term deposit rating of the Secondary Transaction Account Bank falls below the Secondary Transaction Account Bank Rating, the Issuer will be required (within 60 calendar days) to transfer (at its own cost) the Secondary Transaction Account to an appropriately rated bank or financial institution on terms substantially similar to those set out in the Secondary Transaction Account Agreement (or, where the Issuer or the Cash Manager determines that it is not practicable, taking into account the then prevailing market conditions, to agree terms substantially similar to those set out in the Secondary Transaction Account Agreement with such replacement financial institution, on terms which are reasonable commercial terms provided that either the Issuer or the Cash Manager shall have certified in writing to the Security Trustee that, to the extent the terms are not substantially similar, such terms are reasonable commercial terms taking into account the then prevailing current market conditions), or on any other terms that the Issuer or the Cash Manager may agree with the Rating Agency.

10. Interest Rate Risk for the Notes

Some of the Loans in the Portfolio pay a fixed rate of interest for a period of time. Other Loans in the Portfolio pay a variable rate of interest. However, the interest rate payable by the Issuer with respect to the Notes is an amount calculated by reference to Compounded Daily SONIA.

To provide a hedge against the possible variance between:

(a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and

(b) a rate of interest calculated by reference to Compounded Daily SONIA payable on the Class A Notes,

the Issuer will enter into the Interest Rate Swap with the Interest Rate Swap Provider on the Closing Date.

The Interest Rate Swap will be governed by the Interest Rate Swap Agreement.

11. Interest Rate Swap

Payments received by the Issuer under some of the Loans in the Portfolio will be subject to fixed rates of interest. The interest amounts payable by the Issuer in respect of the Notes will be calculated by reference to Compounded Daily SONIA. Pursuant to the Interest Rate Swap Agreement the Issuer will enter into the Interest Rate Swap to hedge against the possible variance between the fixed rates of interest received on the Fixed Rate Loans in the Portfolio and the rates of interest payable on the Class A Notes (the **Interest Rate Swap**).

Under the Interest Rate Swap, for each Interest Period falling prior to the termination date of the Interest Rate Swap, the following amounts will be calculated:

(a) the amount equal to the product of (i) in relation to the first Interest Period, an amount notified by the Servicer equal to the aggregate True Balance of the Fixed Rate Loans in the Portfolio on 31 August 2023 or, in relation to any other Interest Period, the product of the Fixed Notional Amount of the Interest

Rate Swap for the relevant Interest Period and the relevant Payment Ratio; (ii) Compounded Daily SONIA determined as at the related Interest Determination Date; and (iii) the relevant day count fraction (the **Fixed Interest Period Swap Provider Amount**); and

(b) the amount equal to the product of (i) 1.90 per cent. per annum and (ii) in relation to the first Interest Period, an amount notified by the Servicer equal to the aggregate True Balance of the Fixed Rate Loans in the Portfolio on 31 August 2023 or, in relation to any other Interest Period, the product of the Fixed Notional Amount of the Interest Rate Swap for the relevant Interest Period and the relevant Payment Ratio, and (iii) the relevant day count fraction (the **Fixed Interest Period Issuer Amount**).

After these two amounts are calculated in relation to an Interest Period, the following payments will be made on the relevant Interest Payment Date:

(a) if the Fixed Interest Period Swap Provider Amount for that Interest Payment Date is greater than the Fixed Interest Period Issuer Amount for that Interest Payment Date, then the Interest Rate Swap Provider will pay the positive difference to the Issuer;

(b) if the Fixed Interest Period Issuer Amount for that Interest Payment Date is greater than the Fixed Interest Period Swap Provider Amount for that Interest Payment Date, then the Issuer will pay the positive difference to the Interest Rate Swap Provider; and

(c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Interest Rate Swap Provider, that payment will be included in the Available Revenue Receipts and will be applied on the relevant Interest Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the relevant Priority of Payments of the Issuer.

Subject to the circumstances described below, unless an Early Termination Event (as defined below), occurs, the Interest Rate Swap will terminate on the earlier of (i) the date on which the Class A Notes are redeemed in full; and (ii) the date on which the aggregate of the True Balances of the Fixed Rate Loans is reduced to zero.

Fixed Notional Amount means, in relation to an Interest Period, an amount in Sterling equal to the aggregate True Balance of the Fixed Rate Loans in the Portfolio on the last calendar day of the calendar month immediately preceding the first day of such Interest Period (each a **Quarter Date**), (adjusted for Additional Loan Advances, Product Switches, or repurchases by the Seller in accordance with the Mortgage Sale Agreement, that took effect on the Monthly Pool Date immediately preceding the first day of the relevant Interest Period).

Payment Ratio means in respect of an Interest Period, the ratio of X/Y where: (i) "X" is the Fixed Notional Amount for such Interest Period less the aggregate True Balance of the Fixed Rate Loans in the Portfolio which relate to properties that have been repossessed from defaulting Borrowers on or before the Quarter Date immediately preceding such Interest Period; and (ii) "Y" is the Fixed Notional Amount for such Interest Period.

12. Interest Rate Swap Agreement

Under the terms of the Interest Rate Swap Agreement, in the event that the relevant rating(s) or counterparty risk assessment of the Interest Rate Swap Provider assigned by a Rating Agency is or are below the rating or counterparty risk assessment specified in the Interest Rate Swap Agreement (in accordance with the requirements of the Rating Agencies) (the **Required Swap Rating**), the Interest Rate Swap Provider will, in accordance with the Interest Rate Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Interest Rate Swap Agreement and at its own cost which may include providing collateral for its obligations under the Interest Rate Swap Agreement, arranging for its obligations under the

Interest Rate Swap Agreement to be transferred to an entity with the Required Swap Ratings, procuring another entity with the Required Swap Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Interest Rate Swap Agreement or taking such other action that would result in the rating of the Class A Notes being maintained at, or restored to, the level it would have been at prior to such rating or counterparty risk assessment being assigned by the relevant Rating Agency. The Interest Rate Swap is not designed to provide a perfect hedge for the Loans included in the Portfolio or eliminate all risks associated with the mismatch between rates payable in respect of such Loans and interest rates in respect of the Notes. However, the Interest Rate Swap covers a major share of the interest rate risk present in the context of the Notes.

The Interest Rate Swap Agreement may be terminated in certain circumstances, including, among others, the following, each as more specifically defined in the Interest Rate Swap Agreement (an **Early Termination Event**):

(a) if there is a failure by a party to pay amounts due under an Interest Rate Swap Agreement and any applicable grace period has expired;

(b) if certain insolvency events occur with respect to a party;

(c) if a breach of a provision of the Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;

(d) if a change of law results in the obligations of one of the parties becoming illegal or a *force majeure* event results in the performance by either party of its obligations becoming impossible;

(e) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Interest Rate Swap due to change in law (a **Tax Event**);

(f) if the Interest Rate Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Interest Rate Swap Agreement and described above;

(g) service by the Note Trustee of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes;

(h) if there is a redemption of the Notes pursuant to Condition 7.3 (*Optional Redemption of the Class A Notes in Full*) or Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*); and

(i) if any of the Transaction Documents to which the Interest Rate Swap Provider is not a party is amended without the prior written consent of the Interest Rate Swap Provider (such consent not to be unreasonably withheld) and the Interest Rate Swap Provider (acting reasonably) determines that such amendment would materially adversely affect the Interest Rate Swap Provider's ranking in the Priorities of Payment or the amount or timing of any payments or deliveries due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer.

In addition to the above specified Early Termination Events, the Interest Rate Swap Agreement will also terminate on the earlier of (i) the date on which the Class A Notes are redeemed in full; and (ii) the date on which the aggregate of the True Balances of the Fixed Rate Loans is reduced to zero.

Upon termination following the designation of an Early Termination Date (as defined in the Interest Rate Swap Agreement), depending on the circumstances prevailing at the time of termination, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will in certain circumstances (including following an Interest Rate Swap Provider Default or an Interest Rate Swap Provider Downgrade Event) be based on the market value of the terminated swaps as determined on the basis of firm offers sought

from leading dealers as to the costs of entering into a transaction that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. In other circumstances (including where no firm offers can be obtained, or following early termination due to a default by the Issuer), the amount of any termination payment may reflect, among other things, the cost of entering into a replacement transaction at the time, third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination. In either case, the early termination amount will include any unpaid amounts that became due and payable on or prior to the date of termination, taking account of any collateral transferred by the Interest Rate Swap Provider to the Issuer.

Depending on the terms of the Interest Rate Swap and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

The Interest Rate Swap Provider may, subject to certain conditions specified in the Interest Rate Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Interest Rate Swap Agreement to another entity with the ratings as specified in the Interest Rate Swap Agreement.

The Issuer is not obliged under the Interest Rate Swap Agreement to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Interest Rate Swap. However, if the Interest Rate Swap Provider is required to receive a payment subject to withholding under the Interest Rate Swap due to a change in law, the Interest Rate Swap Provider may terminate the Interest Rate Swap.

The Interest Rate Swap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by it under the Interest Rate Swap. However, if the Interest Rate Swap Provider is required to gross up a payment under the Interest Rate Swap due to a change in the law, the Interest Rate Swap Provider may terminate the Interest Rate Swap.

The Interest Rate Swap Agreement is governed by English law.

CASHFLOWS

Definition of Revenue Receipts

Revenue Receipts means (a) payments of interest and other fees due from time to time under the Loans (including Early Repayment Charges and any Arrears of Interest) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced and (c) recoveries of any amounts (including any interest and principal amounts) from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed if such recoveries are identifiable by the Seller as pertaining to a Loan in the Portfolio.

Definition of Available Revenue Receipts

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

(a) Revenue Receipts received during the immediately preceding Collection Period or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;

(b) interest payable to the Issuer on the Bank Accounts and income from any Authorised Investments in each case received during the immediately preceding Collection Period;

(c) amounts received by the Issuer under the Interest Rate Swap Agreement (other than (i) any early termination amount received by the Issuer under the Interest Rate Swap Agreement to the extent it is to be applied in acquiring a replacement swap, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the Interest Rate Swap under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap in which case such amounts will be included in Available Revenue Receipts, (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the Interest Rate Swap Provider and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date);

(d) the Amortisation General Reserve Release Amount (if any) in respect of such Interest Payment Date;

(e) on the Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full, any amounts standing to the credit of the General Reserve Fund;

(f) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts other than as specified in (h), below;

(g) amounts deemed to be Available Revenue Receipts in accordance with paragraph (d) of the Pre-Acceleration Principal Priority of Payments;

(h) amounts credited to the Transaction Account or the Secondary Transaction Account, as the case may be (including any interest thereon (if any)) on the immediately preceding Interest Payment Date in accordance with paragraph (m) of the Pre-Acceleration Revenue Priority of Payments;

(i) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*);

less:

(j) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):

  (i) payments of certain insurance premiums provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;

  (ii) 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;

  (iii) payments by the Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and

  (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller,

  (items within (j) of the definition of Available Revenue Receipts being collectively referred to herein as **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the Transaction Account or the Secondary Transaction Account, as the case may be, to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

plus

(k) if a shortfall occurs such that the aggregate of items items (a) to (i) less (j) above is insufficient to pay or provide for (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, the General Reserve Required Debit Amount in respect of such Interest Payment Date (if any);

plus

(l) if a Revenue Deficiency occurs such that the aggregate of items (a) to (i) less (j) above plus (k) is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency;

plus

(m) if a Revenue Deficiency occurs such that the aggregate of items (a) to (i) less (j) plus (k) plus (l) is insufficient to pay or provide for items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, the amount then standing to the credit of the Liquidity Reserve Fund (if established) and available to be drawn to the extent necessary to pay such Revenue Deficiency;

plus

(n) any Aggregate Negative Amortisation Amount deducted from Available Principal Receipts.

Application of Monies Released from the General Reserve Fund

Prior to service of a Note Acceleration Notice on the Issuer, each of the Amortisation General Reserve Release Amount and the General Reserve Required Debit Amount in relation to an Interest Payment Date (if any) will be withdrawn from the General Reserve Fund and applied on such Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments. Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the General Reserve Ledger will be applied in accordance with the Post-Acceleration Priority of Payments.

The **Amortisation General Reserve Release Amount** shall, on any Calculation Date, be an amount equal to the General Reserve Required Amount on the immediately preceding Interest Payment Date minus the General Reserve Required Amount on the immediately following Interest Payment Date, provided that on any Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full and the General Reserve Required Amount is reduced to zero, the Amortisation General Reserve Release Amount shall be zero.

The **General Reserve Required Debit Amount** shall, on any Calculation Date, be an amount equal to any shortfall in amounts required by the Issuer to pay or provide for items (a) to (g) of the Pre-Acceleration Revenue Priority of Payments on the immediately following Interest Payment Date (taking into account any Amortisation General Reserve Release Amount to be applied as Available Revenue Receipts on such Interest Payment Date), subject to a minimum of zero and a maximum of the amount standing to the credit of the General Reserve Fund (less any Amortisation General Reserve Release Amount to be debited from the General Reserve Fund on such Interest Payment Date), as at such Calculation Date.

Application of Principal Receipts to pay Revenue Deficiency

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Principal Ledger as at the end of the immediately preceding Collection Period may be applied on each Interest Payment Date to make payments to items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments in an amount equal to the Revenue Deficiency on such Interest Payment Date.

If any amounts are applied from the Principal Ledger to pay or provide for a Revenue Deficiency on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding entry in the relevant Principal Deficiency Ledger.

Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Principal Ledger will be applied in accordance with the Post-Acceleration Priority of Payments.

Application of Monies Drawn from the Liquidity Reserve Fund

Prior to service of a Note Acceleration Notice on the Issuer and following the date on which LBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2, if following the application of the amounts standing to the credit of the Principal Ledger there remains a Revenue Deficiency then monies standing to the credit of the Liquidity Reserve Fund as at the end of the immediately preceding Collection Period may be applied on each Interest Payment Date to make payments at items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments to the extent required.

Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Liquidity Reserve Fund (if any) will be applied in accordance with the Post-Acceleration Priority of Payments.

If any amounts are applied from the Liquidity Reserve Fund to fund items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments, a corresponding debit will be made to the Principal Deficiency Ledger.

Application of Monies following redemption of the Notes in full

On any Optional Redemption Date on which the Notes are repaid or provided for in full, the Issuer (or the Cash Manager on its behalf) may, or if directed by the Seller, shall, apply all amounts standing to the credit of any Bank Account of the Issuer (other than amounts standing to the credit of the Issuer Profit Ledger) to repay any liabilities of the Issuer and to discharge all other amounts required to be paid by the Issuer in accordance with the order of priority set out in the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments.

Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer

On each relevant Interest Payment Date prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, the Cash Manager, on behalf of the Issuer, shall apply or provide for the application of the Available Revenue Receipts 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-Acceleration Revenue Priority of Payments**)):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) value added tax (**VAT**) thereon as provided therein; and

(ii) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable to the Agent Bank and the Paying Agents and any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

(ii) any amounts then due and payable to the Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Account Bank in the immediately succeeding Interest Period under the provisions of the Bank Account Agreement and the other Transaction Documents, together with (if applicable) VAT thereon as provided therein;

(iii) any amounts then due and payable to the Secondary Transaction Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Secondary Transaction Account Bank for itself in the immediately succeeding Interest Period under the provisions of the Secondary Transaction Account Agreement and the other Transaction Documents, together with (if applicable) VAT thereon as provided therein;

(iv) any amounts then due and payable to the Swap Collateral Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Swap Collateral Account Bank in the immediately succeeding Interest Period under the provisions of the Swap Collateral Bank Account Agreement or (if applicable) the Securities Custody Agreement and the other Transaction Documents, together with (if applicable) VAT thereon as provided therein;

(v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Corporate Services Provider in the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and

(vi) any amounts then due and payable to the Class Z VFN Registrar and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Class Z VFN Registrar in the immediately succeeding Interest Period under the provisions of the Agency Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein,

(c) *third*, in or towards satisfaction of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (k) below);

(d) *fourth,* to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any amounts then due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding Interest Period under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein; and

(iii) any amounts then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;

(e) *fifth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due to the Interest Rate Swap Provider (excluding Interest Rate Swap Excluded Termination Amounts) in respect of the Interest Rate Swap Agreement including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium or amounts standing to the credit of the Swap Collateral Account (if applicable) but excluding, if applicable, any related Interest Rate Swap Excluded Termination Amount;

(f) *sixth,* to provide for amounts due on the relevant Interest Payment Date, to pay interest due and payable on the Class A Notes according to the respective Principal Amount Outstanding thereof;

(g) *seventh,* to credit (so long as any Class A Notes will remain outstanding following such Interest Payment Date) the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied in repayment of principal as Available Principal Receipts);

(h) *eighth*, provided such Interest Payment Date is not the final interest payment date of the transaction, to credit the General Reserve Ledger up to the General Reserve Required Amount;

(i) *ninth,* (so long as the Notes will remain outstanding following such Interest Payment Date), to credit the Class Z VFN Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (any such amounts to be applied in repayment of principal as Available Principal Receipts);

(j) *tenth*, to provide for amounts due on the relevant Interest Payment Date to pay interest (including any Deferred Interest) due and payable on the Class Z VFN according to the respective Principal Amount Outstanding thereof;

(k) *eleventh*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer;

(l) *twelfth*, to pay *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the Interest Rate Swap Agreement to the Interest Rate Swap Provider in respect of the Interest Rate Swap Excluded Termination Amount;

(m) *thirteenth,* (so long as any Class A Notes will remain outstanding following such Interest Payment Date), if such Interest Payment Date falls within a Determination Period, then the excess (if any) to the Transaction Account or the Secondary Transaction Account, as the case may be to be applied as Available Revenue Receipts on the next following Interest Payment Date;

(n) *fourteenth*, (so long as no Class A Notes remain outstanding following such Interest Payment Date), to pay principal due and payable on the Class Z VFN in an amount equal to the Class Z Repayment Amount; and

(o) *fifteenth*, any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

As used in this Prospectus:

Accrued Interest means in respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date in respect of that Borrower's Loan immediately preceding the relevant date to (but excluding) the relevant date;

Aggregate Negative Amortisation Amount means, in respect of the preceding Collection Period, the lesser of (i) the aggregate of all Negative Amortisation Amounts and (ii) the amount of Principal Receipts;

Appointee means any attorney, manager, agent, delegate, nominee, Receiver, receiver and manager, custodian or other person appointed or engaged by the Note Trustee or the Security Trustee (as applicable) to discharge any of its functions under the provisions of the Transaction Documents;

Arrears of Interest means as at any date in respect of any Loan, the aggregate of all interest (other than Accrued Interest or Capitalised Interest) on that Loan which is currently due and payable and unpaid on that date;

Capitalised Interest means, for any Loan at any date, Arrears of Interest in respect of that Loan and which as at that date has been added to the True Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date);

Class Z Repayment Amount means, as at an Interest Payment Date, the greater of (A) (i) the Principal Amount Outstanding of the Class Z VFN on such Interest Payment Date (taking into account any amounts to be applied to pay principal on the Class Z VFN on such Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments) less (ii) the True Balance of the Loans as at the end of the preceding Collection Period and (B) zero;

Early Repayment Charge means any charge or fee which the Mortgage Conditions applicable to a Loan require the relevant Borrower to pay in the event that all or part of that Loan is repaid before a certain date;

Early Repayment Charge Receipts means an amount equal to sums received by the Issuer from time to time in respect of Early Repayment Charges;

Excess Swap Collateral means, in respect of an Interest Rate Swap Agreement, an amount (which will be transferred directly to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement) (i) in the case of a termination resulting from the designation of an Early Termination Date under and as defined in the Interest Rate Swap Agreement, equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Interest Rate Swap Provider (including any interest and distributions in respect thereof) to the Issuer pursuant to the Interest Rate Swap Agreement and held by the Issuer at such time exceeds the Interest Rate Swap Provider's liability under the Interest Rate Swap Agreement as determined on or as soon as reasonably practicable after the date of termination of such Interest Rate Swap Agreement (such liability shall be determined in accordance with the terms of the Interest Rate Swap Agreement except that for the purpose of this definition only the value of the collateral will not be applied as an unpaid amount owed by the Issuer to the Interest Rate Swap Provider); or (ii) in any other circumstance, which the Interest Rate Swap Provider is otherwise entitled to under the terms of the Interest Rate Swap Agreement including as a result of changes in the value of the collateral and/or the Interest Rate Swap;

Interest Period means, in relation to a Note, the period from (and including) an Interest Payment Date for that Note (except in the case of the first Interest Period for the Notes, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date for that Note;

Interest Rate Swap Excluded Termination Amount means the amount of any termination payment due and payable to that Interest Rate Swap Provider as a result of an Interest Rate Swap Provider Default or Interest Rate Swap Provider Downgrade Event (to the extent such payment cannot be satisfied by (i) payment by the Issuer of any Replacement Swap Premium and/or (ii) amounts standing to the credit of the Swap Collateral Account (if applicable));

Interest Rate Swap Provider Default means the occurrence of an Event of Default (as defined in the Interest Rate Swap Agreement) where the Interest Rate Swap Provider is the Defaulting Party (as defined in the Interest Rate Swap Agreement);

Interest Rate Swap Provider Downgrade Event means the occurrence of an Additional Termination Event (as defined in the Interest Rate Swap Agreement) following the failure by the Interest Rate Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Interest Rate Swap Agreement;

Monthly Interest Accrual Amount means, in respect of any Loan, in any month, the amount of interest accrued in respect of such Loan based on the accrual rate determined by the Seller on a daily basis;

Negative Amortisation Amount means, in respect of any Loan, in each month, the amount (if any) by which the Monthly Interest Accrual Amount exceeds the Fixed Monthly Amount, provided that the Borrower has paid an amount during such month at least equal to the Fixed Monthly Amount;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge;

Redemption Fee means the standard redemption fee charged to the Borrower by the Seller where the Borrower makes a repayment of the full outstanding principal of a Loan on the scheduled maturity date of such Loan;

Replacement Swap Premium means an amount received by the Issuer from a replacement interest rate swap provider upon entry by the Issuer into an agreement with such replacement interest rate swap provider to replace the Interest Rate Swap;

Swap Collateral means an amount equal to the value of collateral (other than Excess Swap Collateral) provided by an Interest Rate Swap Provider to the Issuer under the Interest Rate Swap Agreement and includes any interest and distributions in respect thereof; and

Swap Tax Credits means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by an Interest Rate Swap Provider to the Issuer.

Definition of Principal Receipts

Principal Receipts means (a) principal repayments under the Loans, (b) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property), (c) any payment pursuant to any insurance policy in respect of a mortgaged property in connection with a Loan in the Portfolio and (d) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement.

Definition of Available Principal Receipts

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

(a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date (i) received by the Issuer during the immediately preceding Collection Period (less an amount equal to the aggregate of all Additional Loan Advance Purchase Prices paid by the Issuer in such Collection Period but in aggregate not exceeding such Principal Receipts) and (ii) received by the Issuer from the Seller during the immediately preceding Collection Period in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller pursuant to the Mortgage Sale Agreement;

(b) the amount standing to the credit of the Liquidity Reserve Fund (if established) (to the extent not utilised on such Interest Payment Date pursuant to paragraph (m) of the definition of Available Revenue Receipts);

(c) (in respect of the first Interest Payment Date only) the amount paid into the Transaction Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z VFN used to establish the General Reserve Fund and to pay the initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date) over the Initial Consideration;

(d) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Acceleration Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class Z VFN Principal Deficiency Sub-Ledger is reduced;

(e) if in a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.8(c) (*Determinations and Reconciliation*); and

less

(f) any amounts utilised to pay a Revenue Deficiency pursuant to paragraph (l) of the definition of Available Revenue Receipts.

less

(g) an amount equal to the Aggregate Negative Amortisation Amount.

Application of Available Principal Receipts Prior to the Service of a Note Acceleration Notice on the Issuer

Prior to the service of a Note Acceleration Notice on the Issuer, 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-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of higher priority have been paid in full):

(a) *first,* following the date on which LBS ceases to be assigned a long-term unsecured, unguaranteed and unsubordinated debt obligation rating by Moody's of at least Baa2 and a long term issuer default rating by Fitch of at least BBB or a short term issuer default rating by Fitch of at least F2 and provided such Interest Payment Date is not the final Interest Payment Date in respect of the Class A Notes, to credit the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount;

(b) *second*, in or towards repayment of the principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(c) *third*, in or towards repayment of the principal amounts outstanding on the Class Z VFN until the Principal Amount Outstanding of the subscription under the Class Z VFN used to fund the True Balance of the Loans has been reduced to zero; and

(d) *fourth*, the excess (if any) to be applied as Available Revenue Receipts.

Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer

Following the service of a Note Acceleration Notice (which has not been revoked) on the Issuer, the Security Trustee (or the Cash Manager acting on its instructions) or a Receiver will apply amounts received or recovered following the service of a Note Acceleration Notice on the Issuer (including, for the avoidance of doubt, on enforcement of the Security) other than:

(a) amounts representing any Excess Swap Collateral which shall be returned directly to an Interest Rate Swap Provider under the Interest Rate Swap Agreement;

(b) any Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the Interest Rate Swap under the Interest Rate Swap Agreement which shall be returned directly to the Interest Rate Swap Provider;

(c) any Swap Tax Credits which shall be returned directly to an Interest Rate Swap Provider;

(d) any Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to an Interest Rate Swap Provider) which shall be paid directly to an Interest Rate Swap Provider; and

(e) any amounts standing to the credit of the Issuer Profit Ledger or any Issuer Profit Amount which shall be used by the Issuer in or towards satisfaction of any amounts due and payable by the Issuer to third parties (and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period) and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been

provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer,

in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Post-Acceleration Priority of Payments** and, together with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments, the **Priority of Payments**):

(a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or provided for as being or to be payable to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and

(ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or provided for as being or to be payable to the Security Trustee, any Receiver appointed by the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

(b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration then due and payable or provided for as being or to be payable to the Agent Bank and the Paying Agents and any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to them under the provisions of the Agency Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

(ii) any amounts then due and payable to the Account Bank and any fees, costs, charges, liabilities and expenses then due and payable to the Account Bank under the provisions of the Bank Account Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

(iii) any amounts then due and payable to the Secondary Transaction Account Bank and any fees, costs, charges, liabilities and expenses then due and payable to the Secondary Transaction Account Bank for itself under the provisions of the Secondary Transaction Account Agreement and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;

(iv) any amounts then due and payable to the Swap Collateral Account Bank and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Swap Collateral Account Bank in the immediately succeeding Interest Period under the provisions of the Swap Collateral Bank Account Agreement or (if applicable) the Securities Custody Agreement and the other Transaction Documents, together with (if applicable) VAT thereon as provided therein;

(v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with (if payable) VAT thereon as provided therein; and

(vi) any amounts then due and payable to the Class Z VFN Registrar and any fees, costs, charges, liabilities and expenses then due and payable to the Class Z VFN Registrar under the provisions of the Agency Agreement together with (if payable) VAT thereon as provided therein,

(c) *third*, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

   (i) any amounts due and payable to the Servicer and any fees, costs, charges, liabilities and expenses then due and payable to the Servicer under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;

   (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein; and

   (iii) any amounts then due and payable to the Back-Up Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein; and

(d) *fourth*, to pay amounts due and payable *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due to the Interest Rate Swap Provider (excluding Interest Rate Swap Excluded Termination Amounts) in respect of the Interest Rate Swap Agreement including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of amounts standing to the credit of the Swap Collateral Account (if applicable) but excluding, where applicable, any related Interest Rate Swap Excluded Termination Amount;

(e) *fifth*, to pay according to the respective outstanding amounts interest and any principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(f) *sixth*, to pay according to the respective outstanding amounts interest and principal due and payable on the Class Z VFN until the Principal Amount Outstanding on the Class Z VFN has been reduced to zero;

(g) *seventh,* to pay *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the Interest Rate Swap Agreement to an Interest Rate Swap Provider in respect of any Interest Rate Swap Excluded Termination Amount;

(h) *eighth*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer in the Bank Accounts as profit in respect of the business of the Issuer; and

(i) *ninth*, to pay any Deferred Consideration due and payable under the Mortgage Sale Agreement to the Seller.

Application of Amounts in Respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium

Amounts received by the Issuer in respect of Excess Swap Collateral, Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of an Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the relevant Interest Rate Swap under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap), Swap Tax Credits and Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to an Interest Rate Swap Provider) shall, to the extent due and payable under the terms

of the Interest Rate Swap Agreement, be paid directly to the Interest Rate Swap Provider without regard to the Priority of Payments and in accordance with the terms of the Deed of Charge.

Disclosure of Modifications to the Priority of Payments

Any events which trigger changes in any Priority of Payments and any change in any Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed without undue delay to the extent required under Article 21(9) of the UK Securitisation Regulation.

DESCRIPTION OF THE NOTES IN GLOBAL FORM AND THE VARIABLE FUNDING NOTE

General

The Class A Notes, as at the Closing Date, will initially be represented by a Temporary Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Temporary Global Note will be deposited on or about the Closing Date on behalf of the subscribers for the Class A Notes with a Common Safekeeper for both Euroclear and Clearstream, Luxembourg (together, the **Clearing Systems**). Upon deposit of the Temporary Global Note, the Clearing Systems will credit each subscriber of Notes with the principal amount of Notes of the relevant class equal to the aggregate principal amount thereof for which the subscriber will have subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is the first business day following the period of 40 calendar days from (but not including) the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests recorded in the records of the Clearing Systems in a Permanent Global Note.

The Class A Notes are, upon issuance, intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended, upon issue, to be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg but does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (**Eurosystem Eligible Collateral**) either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem Eligible Collateral.

For so long as the Class A Notes are represented by a Global Note and the Clearing Systems so permit, the Class A Notes will be tradeable only in the minimum authorised denomination of £100,000 and integral multiples of £1,000 in excess thereof.

Payments on the Global Note

Payments in respect of principal, premium (if any) and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. Each payment of principal, premium or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers which reflect such customers' interest in the Notes) and such records shall be prima facie evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered pro rata in the records of the relevant Clearing Systems but any failure to make such entries shall not affect the discharge referred to above.

Payments will be made, in respect of the Global Notes, by credit or transfer to an account in Sterling maintained by the payee with a bank in London.

Payments in respect of principal, premium (if any) and interest on the Global Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 5 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Information Regarding Euroclear and Clearstream, Luxembourg

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

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Security Trustee or the Note Trustee requests any action of Noteholders or if a Noteholder desires to give instructions or to take any action that a Noteholder 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 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 the 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 or to the order of the Common Safekeeper and, upon final payment, the Common Safekeeper will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. The redemption price payable in connection with the redemption will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. Any redemptions of the Global Note in part will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants. See "*Description of the Notes in global form and the Variable Funding Note — General*", above.

Issuance of Definitive Notes

If, while any of the Class A Notes are represented by a Permanent Global Note, (a) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were such Notes in definitive form, then the Issuer will issue Definitive Notes in exchange for such Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. The Conditions and the Transaction Documents will be amended in such manner as the Note Trustee and the Security Trustee require to take account of the issue of Definitive Notes.

Any Class A Notes issued in definitive form will be issued in definitive bearer form in the denominations set out in the Conditions and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above.

Reports

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, each Global Note or the Book-Entry Interests. In addition, so long as the Class A Notes are admitted to Euronext Dublin's Official List and trading on its Regulated Market, any notice may also be published in accordance with the relevant rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin). See also Condition 15 (*Notice to Noteholders*) of the Notes.

Variable Funding Note

The Class Z VFN will be issued in dematerialised registered form and no certificate evidencing entitlement to the Class Z VFN will be issued. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFN will be registered in the name of the Class Z VFN Holder. Transfers of the Class Z VFN may be made only through the register maintained by the Issuer and are subject to the transfer restrictions set out in Condition 2.2 (*Title*).

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions (the ***Conditions*** *of the Notes and any reference to a* ***Condition*** *shall be construed accordingly) of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).*

1. GENERAL

The £350,000,000 class A asset backed floating rate notes due July 2066 (the **Class A Notes**) and the up to £350,000,000 variable funded note due July 2066 issued at an initial Principal Amount Outstanding (as of the Closing Date) of £38,310,000 (the **Class Z VFN** and, together with the Class A Notes, the **Notes**), in each case of Albion No.5 PLC (the **Issuer**) are constituted by and have the benefit of a trust deed, including any schedules thereto (the **Trust Deed**) dated 21 September 2023 (the **Closing Date**) and made between, *inter alios*, the Issuer and Citicorp Trustee Company Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes or the Class Z VFN, as the case may be, or to the respective holders thereof, in each case except where the context otherwise requires.

The security for the Notes is constituted by and pursuant to a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, *inter alios*, the Issuer and Citicorp Trustee Company Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on the Closing Date and made between the Issuer, the Note Trustee, Citibank N.A., London Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agents**), Leeds Building Society as Class Z VFN registrar (in such capacity, the **Class Z VFN Registrar**) and Citibank N.A., London Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and the master definitions and construction schedule (the **Master Definitions and Construction Schedule**) entered into by, *inter alios*, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours and on reasonable notice at the specified office for the time being of the Principal Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

The Class Z VFN will be issued on the Closing Date with a nominal principal amount of up to £350,000,000 and a Principal Amount Outstanding of which £38,310,000 will be subscribed for on the Closing Date.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Class A Notes are initially represented by a temporary global note (a **Temporary Global Note**) in bearer form in the aggregate principal amount on issue of £350,000,000 for the Class A Notes. The Temporary Global Note has been deposited on behalf of the subscribers of the Class A Notes with a common safekeeper (the

Common Safekeeper) for Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear** and together with Clearstream, Luxembourg, the **Clearing Systems**) on the Closing Date. Upon deposit of the Temporary Global Note, the Clearing Systems credited each subscriber of Class A Notes with the principal amount of Class A Notes of the relevant class equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is the first business day following the period of 40 calendar days from (but not including) the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (a **Permanent Global Note**) representing the Class A Notes (the expressions **Global Notes** and **Global Note** meaning, the Temporary Global Note and the Permanent Global Note, or (ii) the Temporary Global Note or Permanent Global Note, as the context may require). The Permanent Global Note has also been deposited with the Common Safekeeper for the Clearing Systems.

Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

The Class Z VFN will be in dematerialised registered form.

For so long as the Class A Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Class A Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000.

A Permanent Global Note will be exchanged for Class A Notes in definitive form (such exchanged Global Note, the **Definitive Notes**) (free of charge to the persons entitled to them) only if either of the following applies:

(a) both Euroclear and Clearstream, Luxembourg:

(i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or

(ii) announce an intention permanently to cease business and do so cease to do business

and in either case, no alternative clearing system satisfactory to the Note Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Class A Notes which would not be required were the Class A Notes in definitive form.

If Definitive Notes are issued in respect of Class A Notes originally represented by a Global Note, the beneficial interests represented by the Global Note shall be exchanged by the Issuer for the Class A Notes in definitive form. The aggregate principal amount of the Definitive Notes shall be equal to the Principal Amount Outstanding at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the Global Note.

Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.

Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000.

The Class Z VFN has a minimum denomination of £100,000 and may be issued and redeemed in integrals of £100. No certificate evidencing entitlement to the Class Z VFN will be issued. The Class Z VFN will be in dematerialised registered form.

The Class Z VFN will be issued on the Closing Date with a nominal principal amount of up to £350,000,000 and a Principal Amount Outstanding of which £38,310,000 will be subscribed for on the Closing Date. So long as the Class A Notes are outstanding, the Principal Amount Outstanding of the Class Z VFN shall not fall below 5 per cent. of the aggregate True Balance of the Loans as at the Closing Date. If a further funding is made in respect of any of the Class Z VFN, the Class Z VFN Registrar shall record such increase in the Principal Amount Outstanding of the Class Z VFN in the register for the Class Z VFN (the **Class Z VFN Register**).

References to **Notes** in these Conditions shall include the Global Notes, the Class Z VFN and the Definitive Notes.

For the purposes of these Conditions, **outstanding** means, in relation to the Notes, all the Notes issued from time to time other than:

(a) those Notes which have been redeemed in full and cancelled pursuant to the Conditions;

(b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with these Conditions) and remain available for payment against presentation of the relevant Notes;

(c) those Notes which have been cancelled in accordance with Condition 7.8 (*Cancellation*) of the Notes;

(d) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 9 (*Prescription*) of the Notes;

(e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*) with respect to the Notes;

(f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Notes outstanding and without prejudice to the status for any other purpose of the relevant instrument) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*) with respect to the Notes; and

(g) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions,

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the Noteholders of any Class or Classes, an Extraordinary Resolution in writing or an Ordinary Resolution in writing as envisaged by paragraph 1 of Schedule 4 to the Trust Deed, any Electronic Consent and any direction or request by the holders of Notes of any Class or Classes;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 10.1 and Schedule 4 to the Trust Deed, Conditions 10 (*Events of Default*) and 11 (*Enforcement*) of the Notes;

(iii) any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and

(iv) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, any Subsidiary or Holding Company of the Issuer or the Seller, 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 Subsidiary or Holding Company of the Seller or any other Subsidiary of such Holding Company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding;

For the purposes of these Conditions, **Subsidiary** means a subsidiary and **Holding Company** means a holding company, each as defined in section 1159 of the Companies Act 2006.

2.2 Title

Title to the Global Note or Definitive Notes shall pass by delivery.

Title to a Class Z VFN shall only pass by and upon registration of the transfer in the Class Z VFN Register provided that no transferee shall be registered as a new Class Z VFN Holder unless (i) the prior written consent of the Issuer and (for so long as any Class A Notes are outstanding) the Note Trustee has been obtained (and the Note Trustee shall give its consent to such a transfer if the same has been sanctioned by an Extraordinary Resolution of the Class A Noteholders) and (ii) such transferee has certified to, *inter alios*, the Class Z VFN Registrar and the Issuer that it is (A) a person falling within paragraph 3 of Schedule 2A to the Insolvency Act 1986, (B) independent of the Issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006 and (C) a Qualifying Noteholder.

Qualifying Noteholder means:

(a) a person which is beneficially entitled to interest in respect of the Class Z VFN and is:

(i) a company resident in the United Kingdom for United Kingdom tax purposes;

(ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account payments of interest in respect of the Notes in computing the chargeable profits (for the purposes of Section 19 of the Corporation Tax Act 2009 (the **CTA**)) of that company; or

(iii) a partnership each member of which is:

(A) a company resident in the United Kingdom; or

(B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which will bring into account in computing its chargeable profits (for the purposes of Section 19 of the CTA) the

whole of any share of a payment of interest in respect of the Notes that is attributable to it by reason of Part 17 of the CTA; or

(b) a person which falls within any of the other descriptions in section 935 or 936 of the Income Tax Act 2007 (**ITA 2007**) and satisfies any conditions set out therein in order for the interest to be an excepted payment for the purposes of section 930 of the ITA 2007.

Noteholders means (i) the Class A Noteholders and (ii) the person(s) in whose name a Class Z VFN is registered in the Class Z VFN Register.

Class A Noteholders means holders of the Class A Notes.

Class Z VFN Holder means holders of the Class Z VFN.

3. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

3.1 *Status and relationship between the Notes*

(a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 *(Enforcement)*) unconditional obligations of the Issuer. The Class A Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves as to payments of principal and interest.

(b) The Class Z VFN constitutes direct, secured and (subject as provided in Condition 16 (*Subordination by Deferral*) and the limited recourse provisions in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class Z VFN rank junior to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class Z VFN Holder will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding).

(c) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise) but requiring the Note Trustee in any such case to have regard only to the interests of the Class A Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of the Class A Noteholders and those of the Class Z VFN Holder. As long as the Notes are outstanding but subject to Condition 12.4 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Security Trustee shall not have regard to the interests of the other Secured Creditors.

(d) The Trust Deed and the Deed of Charge contain provisions limiting the powers of the Class Z VFN Holder to request or direct the Note Trustee or the Security Trustee to take any action according to the effect thereof on the interests of the Class A Noteholders.

(e) Except in certain circumstances set out in the Trust Deed and the Deed of Charge, there is no such limitation on the powers of the Class A Noteholders, the exercise of which will be binding on the Class Z VFN Holder.

3.2 *Security*

(a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for itself, the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

(b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

4. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) **Negative pledge**: create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;

(b) **Restrictions on activities**: (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 2006) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;

(c) **Disposal of assets**: transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;

(d) **Equitable Interest**: permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;

(e) **Dividends or distributions**: pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the Priorities of Payments which are available for distribution in accordance with the Issuer's Memorandum and Articles of Association and with applicable laws or issue any further shares;

(f) **Indebtedness**: incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;

(g) **Merger**: consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(h) **No modification or waiver**: without prejudice to Condition 12 or otherwise than in accordance with the Conditions, permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;

(i) **Bank accounts**: have an interest in any bank account other than the Bank Accounts (including the Swap Collateral Account), unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;

(j) **US activities**: engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles;

(k) **Corporation tax**: prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006;

(l) **Class Z VFN:** so long as the Class A Notes are outstanding, allow the Principal Amount Outstanding of the Class Z VFN to be less than 5 per cent. of the aggregate True Balance of the Loans as at the Closing Date;

(m) **VAT**: apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the VAT (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re enact, replace, amend, vary, codify, consolidate or repeal any of the same; or

(n) **Derivative contracts**: enter into any derivative contracts other than for the purpose of hedging interest rate exposure.

5. INTEREST

5.1 *Interest Accrual*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Class A Note, that part only of such Class A Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 6 *(Payments)*, payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

5.2 *Interest Payment Dates*

The first Interest Payment Date will be the Interest Payment Date falling on January 2024.

Interest will be payable quarterly in arrear on the 17th day of January, April, July and October, in each year or, if such day is not a Business Day, on the immediately succeeding Business Day unless it would thereby fall into the next calendar month, in which event it will be payable on the immediately preceding Business Day (each such date being an **Interest Payment Date**), for all classes of Notes.

In these Conditions, **Interest Period** shall mean the period from (and including) an Interest Payment Date (except in the case of the first Interest Period for the Notes, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date.

5.3 *Rate of Interest*

(a) The rate of interest payable from time to time in respect of each class of the Notes (each a **Rate of Interest** and together the **Rates of Interest**) will be Compounded Daily SONIA determined as at the related Interest Determination Date and, in the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent. There will be no maximum Rate of Interest.

(b) The margin on the Class A Notes changes from (and including) the Interest Payment Date falling in April 2028 (the **Step-Up Date**).

(c) In these Conditions (except where otherwise defined), the expression:

    (i) **Business Day** means a day (other than a Saturday or a Sunday) on which banks are generally open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

    (ii) **Compounded Daily SONIA** means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest)

and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i-5LBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

Where:

d is the number of calendar days in the relevant Interest Period;

d_o is the number of Business Days in the relevant Interest Period;

i is a series of whole numbers from one to d_o, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period, up to but excluding the last Business Day in such Calculation Period;

LBD means a Business Day;

n_i, for any day **i**, means the number of calendar days from and including such day **i** up to but excluding the following Business Day; and

$SONIA_{i-5LBD}$ means, in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling five Business Days prior to that Business Day **i**;

(iii) **Interest Determination Date** means the fifth Business Day before the Interest Payment Date for which the relevant Rate of Interest will apply;

(iv) **Observation Period** means the period from and including the date falling five Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling five Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);

(v) **Relevant Margin** means:

(A) in respect of the Class A Notes, prior to the Step-Up Date 0.52 per cent. per annum and on and after the Step-Up Date 1.04 per cent. per annum (the **Class A Margin**); and

(B) in respect of the Class Z VFN, 0 per cent. per annum (the **Class Z VFN Margin**); and

(vi) **Screen** means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA Page on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service as may replace such screen;

(vii) **SONIA Reference Rate** means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such Business Day as provided by the administrator of SONIA to, and published by, authorised distributors of the rate as of 9.00 a.m. London time on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the 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 Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

(d) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

(e) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors. To the extent that any amendments or modifications to the Conditions or the Transaction Documents are required in order for the Agent Bank to follow such guidance in order to determine SONIA, the Agent Bank shall have no obligation to act until such amendments or modifications have been made in accordance with these Conditions and the Transaction Documents.

5.4 *Determination of Rates of Interest and Interest Amounts*

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date but in no event later than the third Business Day thereafter, determine the Sterling amount (the **Interest Amounts**) in respect of the Notes, payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall be determined by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure downwards to the nearest penny.

5.5 *Publication of Rates of Interest and Interest Amounts*

The Agent Bank shall cause the Rates of Interest and the Interest Amounts for each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Class Z VFN Registrar, the listing agent in connection with the Class A Notes and the Paying Agents (as applicable) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6 *Notifications, etc. to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Agent Bank or the Cash Manager, will (in the absence of manifest error or actual knowledge of wilful default, gross negligence, or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Class Z VFN Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence, or fraud) no liability to the Issuer or the Noteholders shall attach to the Cash Manager, the Agent Bank, the Class Z VFN Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 5.

5.7 *Agent Bank*

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. Subject to the detailed provisions of the Agency Agreement, the Agent Bank may not resign its duties or be removed without a successor having been appointed.

5.8 *Determinations and Reconciliation*

(a) In the event that the Cash Manager does not receive any Servicer Report which is due during a Collection Period (the **Determination Period**), then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods for which all relevant Servicer Reports are available (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 5.8 (*Determinations and Reconciliation*). If and when the Cash Manager ultimately receives all the Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.8(c). Any (i) calculations properly done on the basis of such estimates in accordance with Conditions 5.8(b) and/or 5.8(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 5.8(b) and/or 5.8(c), shall (in any case) 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 recent Collection Periods for which all Servicer Reports are available (or, where there are not at least three such Collection Periods, any previous Collection Periods for which all relevant Servicer Reports are available);

   (ii) calculate the Revenue Receipts for such Determination Period as the product of (i) the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the **Calculated Revenue Receipts**); and

   (iii) calculate the Principal Receipts for such Determination Period as the product of (i) 1 minus the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the **Calculated Principal Receipts**).

(c) Following 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 5.8(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);

(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 Note Trustee of such Reconciliation Amount.

(d) In this Condition, the expression:

Interest Determination Ratio means (i) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports divided by (ii) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports;

Reconciliation Amount means in respect of any Collection 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; and

Servicer Report means a report to be provided by the Servicer on or prior to each Monthly Test Date and detailing the information relating to the Portfolio necessary to produce the Investor Report.

6. PAYMENTS

6.1 *Payment of Interest and Principal*

Payments in respect of principal, premium (if any) and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent (or the Class Z VFN Registrar in respect of the Class Z VFN) or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) for such purpose, subject, in the case of the Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. Each payment of principal, premium or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers and reflect such customers' interest in the Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing System but any failure to make such entries shall not affect the discharge referred to above.

Payments will be made in respect of the Notes by credit or transfer to an account in Sterling maintained by the payee with a bank in London.

6.2 *Laws and Regulations*

Payments of principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA**). Noteholders will not be charged commissions or expenses on payments.

6.3 *Payment of Interest following a Failure to pay Principal*

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 5.1 *(Interest Accrual)* and Condition 5.3(b) *(Rate of Interest)* will be paid, in respect of a Global Note, as described in Condition 6.1 *(Payment of Interest and Principal)* above and, in respect of any Definitive Note, in accordance with this Condition 6.

6.4 *Change of Paying Agents*

Subject to the detailed provisions of the Agency Agreement, the Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Class Z VFN Registrar and to appoint additional or other registration and paying agents provided that:

(a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent;

(b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority; and

(c) there will at all times be a person appointed to perform the obligations of the Class Z VFN Registrar.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Class Z VFN Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 *(Notice to Noteholders)* and will notify the Rating Agencies of such change or addition.

6.5 *No Payment on non-Business Day*

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 6.5, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

6.6 *Partial Payment*

If the Class Z VFN Registrar (in respect of the Class Z VFN) makes a partial payment in respect of the Class Z VFN, the Class Z VFN Registrar will, in respect of the Class Z VFN, annotate the Class Z VFN Register, indicating the amount and date of such payment.

6.7 *Payment of Interest*

If interest is not paid in respect of the Class Z VFN on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 6.5 (*No Payment on non-Business Day*))) or

by reason of non-compliance by the Noteholder with Condition 6.1 *(Payment of Interest and Principal)*, then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Class Z VFN until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 15 *(Notice to Noteholders)*.

7. REDEMPTION

7.1 *Redemption at Maturity*

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amounts Outstanding on the Interest Payment Date falling in July 2066.

7.2 *Mandatory Redemption*

(a) Each Note shall, subject to Condition 7.3 (*Optional Redemption of the Class A Notes in Full)* and 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons)*, be redeemed on each Interest Payment Date prior to the service of a Note Acceleration Notice in an amount equal to the Available Principal Receipts available for such purpose (to the extent not used to credit the Liquidity Reserve Fund, if established) which shall be applied (a) first to repay the Class A Notes until they are repaid in full and then (b) to repay the Class Z VFN until it is repaid in full subject in each case to the Pre-Acceleration Principal Priority of Payments and, as applicable, the Pre-Acceleration Revenue Priority of Payments.

(b) With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any principal repayment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) in relation to the Class A Notes only, the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, in the case of that Note, is the Principal Amount Outstanding of that Note on the Closing Date and the Pool Factor shall in each case (in the absence of manifest error or actual knowledge of wilful default, gross negligence or fraud) be final and binding on all persons.

(c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and, in the case of the Class A Notes only, Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Security Trustee, the Paying Agents, the Agent Bank, the Interest Rate Swap Provider and (for so long as the Class A Notes are listed on the Official List of Euronext Dublin and admitted to trading on Euronext Dublin) Euronext Dublin, and will immediately cause notice of each such determination to be given in accordance with Condition 15 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Class A Notes on any Interest Payment Date a notice to this effect will be given to the relevant Noteholders.

7.3 *Optional Redemption of the Class A Notes in Full*

(a) On giving not more than 60 nor less than 30 days' notice to: (i) the Class A Noteholders in accordance with Condition 15 *(Notice to Noteholders)*, (ii) the Note Trustee and (iii) the Interest Rate Swap Provider, the Issuer may redeem all (but not some only) of the Class A Notes provided that:

  (i) on or prior to the Interest Payment Date on which such notice expires (the **Optional Redemption Date**), no Note Acceleration Notice has been served;

  (ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Class A Notes on the relevant Optional Redemption Date and to discharge all other amounts required to be

paid in priority to or *pari passu* with all the Class A Notes on such Optional Redemption Date and, as the case may be, on the immediately following Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer) (and for the avoidance of doubt, the order of priority shall be as set out in the Pre-Acceleration Priority of Payments); and

(iii) the Optional Redemption Date is any Interest Payment Date either (i) falling in April 2028 or upon any Interest Payment Date thereafter, or (ii) on which the aggregate Principal Amount Outstanding of all of the Class A Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date.

(b) Any Class A Note redeemed pursuant to Condition 7.3(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Class A Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Class A Note up to, but excluding, the Optional Redemption Date.

7.4 *Optional Redemption of the Class A Notes for Taxation or Other Reasons*

If:

(a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Class A Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Class A Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or

(b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes; or

(c) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Interest Rate Swap Provider would be required to deduct or withhold from any payment under the Interest Rate Swap Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature,

then the Issuer shall, if the same would avoid the effect of such relevant event described in subparagraph (a) or (b) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Class A Notes and the Trust Deed, provided that (A) the Issuer or the Cash Manager has certified in writing to the Note Trustee and the Security Trustee that such proposed action (i) (while any Class A Note remains outstanding) has been notified to the Rating Agencies, (ii) would not adversely impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (iv) would not have an adverse effect on the rating of the Class A Notes; and (B) a legal opinion of independent legal advisers of recognised standing, in form and substance satisfactory to the Note Trustee and the Security Trustee is delivered to the Issuer and to the Note Trustee and the Security Trustee confirming that such substitution would not require registration of any new security under US securities laws or materially increase the disclosure requirements under US law; provided further that if any taxes referred to in this Condition 7.4 arise in connection with FATCA, the requirement to avoid the effect of any event described in subparagraph (a) or (b) above shall not apply. The Note Trustee and the Security Trustee shall be entitled, without further

investigation to accept and rely on such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (a) and (b) above, in which event they shall be conclusive and binding on all Noteholders and the Secured Creditors.

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in subparagraph (a), (b) or (c) above is continuing and in the case of paragraph (a) or (b), that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice to the Note Trustee, the Interest Rate Swap Provider and Class A Noteholders in accordance with Condition 15 *(Notice to Noteholders)*, redeem all (but not some only) of the Class A Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee and the Security Trustee (a) a certificate signed by two directors of the Issuer stating that (i) one or more of the circumstances referred to in subparagraph (a), (b) or (c) above prevail(s), (ii) setting out details of such circumstances and (iii) confirming that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution and (b) an opinion in form and substance satisfactory to the Note Trustee and the Security Trustee of independent legal advisers of recognised standing to the effect that the Issuer, the Paying Agents or the Interest Rate Swap Provider have or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled, without further investigation, to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on all the Noteholders and the Secured Parties.

The Issuer may only redeem the Class A Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Class A Notes as aforesaid and any amounts required under the Pre-Acceleration Revenue Priority of Payments to be paid in priority to or *pari passu* with the Class A Notes outstanding in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer.

7.5 *Principal Amount Outstanding*

The Principal Amount Outstanding:

(a) in respect of the Class A Notes on any date shall be their original principal amount of £350,000,000 less the aggregate amount of all principal payments in respect of such Class A Notes which have been made since the Closing Date; and

(b) in respect of the Class Z VFN shall be, as at a particular day (the **Reference Date**), the total principal amount of all drawings under the Class Z VFN on and since the Closing Date less the aggregate amount of all principal payments in respect of such Class Z VFN which have been made since the Closing Date and not later than the Reference Date (such amounts to be notified in writing by the Class Z VFN Registrar to the Principal Paying Agent and any other Paying Agents).

7.6 *Notice of Redemption*

Any such notice as is referred to in Condition 7.3 (*Optional Redemption of the Class A Notes in Full)* or Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 7.3 (*Optional Redemption of the Class A Notes in Full)* or Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons)* may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

7.7 *No Purchase by the Issuer*

The Issuer will not be permitted to purchase any of the Notes.

7.8 *Cancellation*

All Notes (other than the Class Z VFN) redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

On each Interest Payment Date on which the Class Z VFN is redeemed pursuant to Condition 7.2 (*Mandatory Redemption*), the Class Z VFN Registrar shall cancel the Class Z VFN in an amount equal to such mandatory redemption, thereby reducing the nominal principal amount of the Class Z VFN by an amount equal to such mandatory redemption.

Each Class Z VFN will be cancelled when redeemed in full after the Class Z VFN Commitment Termination Date and may not be resold or re-issued once cancelled.

8. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law or by agreement of the Issuer (or any Paying Agent or the Class Z VFN Registrar) under the provisions of section 1471(b) of the Code or otherwise imposed pursuant to FATCA. In that event, subject to Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), the Issuer or, as the case may be, the relevant Paying Agent or the Class Z VFN Registrar shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer, the Class Z VFN Registrar nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 9, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 15 *(Notice to Noteholders)*.

10. EVENTS OF DEFAULT

10.1 *Class A Notes*

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by an Extraordinary Resolution of the Class A Noteholders shall, (subject to being indemnified and/or secured and/or prefunded to its satisfaction) give a notice (a **Note Acceleration Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with Accrued Interest as provided in the Trust Deed, in any of the following events (each, an **Event of Default**):

(a) if default is made in the payment of any principal or interest due in respect of the Class A Notes and the default continues for a period of: (i) seven days in the case of principal, or (ii) 14 days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party and (except in any case where the Note Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Class A Noteholders; or

(d) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Class A Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

(e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, diligence, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 days; or

(f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 ***Class Z VFN***

This Condition 10.2 shall not apply as long as any Class A Note remains outstanding. Subject thereto, for so long as any Class Z VFN remains outstanding, the Note Trustee shall if so directed by the sole Class Z VFN Holder (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give a Note Acceleration Notice to the Issuer in any of the following events (each, an **Event of Default**):

(a) if default is made in the payment of any principal or interest due in respect of the Class Z VFN and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or

(b) if any of the Events of Default referred to in Condition (b) to 10.1(f) (*Class A Notes*) occurs with references, where applicable, to the Class A Noteholders being read as to the Class Z VFN Holder.

10.3 *General*

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Condition 10.1 (*Class A Notes*) or Condition 10.2 (*Class Z VFN*) above, all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with Accrued Interest as provided in the Trust Deed.

11. ENFORCEMENT

11.1 *General*

The Note Trustee (including by instructions to the Security Trustee), may at any time, in its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in respect of the Note Trustee) the Notes and/or the Trust Deed (including these Conditions), or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of a Note Acceleration Notice, the Security Trustee may, in its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

(a) subject in all cases to restrictions contained in the Trust Deed and the Deed of Charge to protect the interests of any higher ranking class or classes of Noteholders (including the provisions set out in Clause 10 and Schedule 4 of the Trust Deed), it shall have been so directed by an Extraordinary Resolution of the Class A Noteholders or so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes or, if there are no Class A Notes then outstanding, the holders of all the Class Z VFN; and

(b) in all cases, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 *Preservation of Assets*

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either:

(a) the Cash Manager certifies to the Security Trustee (upon which certification the Security Trustee can rely) that a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Class A Noteholders (and all persons ranking in priority to the Class A Noteholders), or once all of the Class A Noteholders have been repaid, to the Class Z VFN Holder (and all persons ranking in priority to and *pari passu* with the Class A Noteholders, as set out in the Priorities of Payments), which certificate shall be binding on the Secured Creditors; or

(b) the Security Trustee is of the opinion (which opinion shall be binding on the Secured Creditors and based exclusively on the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice)) that the cashflow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders and all persons ranking in priority to and *pari passu* with the Class A Noteholders as set out in the Post-Acceleration Priority of Payments or, once all of the Class A Noteholders have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto).

The Security Trustee shall not be bound to make the determination contained herein unless the Security Trustee 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. The fees and expenses of the

aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer.

11.3 *Limitations on Enforcement*

No Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

Amounts available for distribution after enforcement of the Security shall be distributed in accordance with the terms of the Deed of Charge.

11.4 *Limited Recourse*

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the **Charged Assets**). If:

(i) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;

(ii) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

(iii) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any), interest),

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any), interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

12.2 An Extraordinary Resolution (other than in relation to a Basic Terms Modification) passed at any meeting of the Class A Noteholders shall be binding on the Class Z VFN Holder irrespective of the effect upon it, subject to Condition 12.3 (*Quorum*).

12.3 Quorum

(a) Subject as provided below, the quorum at any meeting of Class A Noteholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes, or, at any adjourned meeting, one or more persons being or representing a Class A Noteholder, whatever the aggregate Principal Amount Outstanding of the Class A Notes then outstanding held or represented by it or them.

(b) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of the Class A Noteholders for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal

or interest in respect of the Notes, (iii) sanction a modification of the amount of principal payable or the rate of interest in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes (other than where such modification is made in accordance with Condition 12.12 and the Trust Deed), (iv) alter the currency in which payments under the Notes are to be made (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal or substitution for the sale, conversion or cancellation of the Notes or (vii) alter any of the provisions contained in this exception (each a **Basic Terms Modification**) shall be one or more persons holding or representing in the aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or, at any adjourned meeting, one or more persons present and holding or representing in the aggregate not less than one-quarter of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding and any Extraordinary Resolution in respect of such a modification shall only be effective if duly passed at a meeting of the Class A Noteholders for as long as there are any Class A Notes outstanding.

The Trust Deed and the Deed of Charge contain similar provisions in relation to directions in writing from the Noteholders upon which the Note Trustee or, as the case may be, the Security Trustee (acting on the instructions of the Note Trustee) is bound to act.

12.4 The Note Trustee may agree with the Issuer or any other parties and/or (as appropriate) direct the Security Trustee to agree with the Issuer or any other parties, but without the consent of the Noteholders or the other Secured Creditors (but only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document, such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document):

(a) other than in respect of a Basic Terms Modification, to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee is not materially prejudicial to the interests of the Noteholders or (where the Note Trustee determines that there is a conflict between the interests of the Class A Noteholders and the interests of the Class Z VFN Holder), the Class A Noteholders; or

(b) to any modification to these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error; or

(c) that an actual or potential Event of Default or actual or potential breach of the Conditions shall not, or shall not subject to any specified conditions, be treated as such if to do so will not in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders or (where the Note Trustee determines that there is a conflict between the interests of the Class A Noteholders and the interests of the Class Z VFN Holder, the Class A Noteholders), provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution or by a direction under Condition 10 (Events of Default) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made,

provided that in respect of any modifications to any of the Transaction Documents to which the Interest Rate Swap Provider is not a party which would (in the opinion of the Interest Rate Swap Provider, which shall be confirmed in writing to the Note Trustee and the Security Trustee prior to such modification) materially adversely affect (i) the amount or timing of any payments or deliveries due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer; or (ii) the Interest Rate Swap Provider's ranking in the Priorities of Payment, the written consent of the Interest Rate Swap Provider shall have been provided to the Note Trustee and the Security Trustee prior to such modification. Unless the Security Trustee and the Note Trustee receive such

confirmation within 20 Business Days of the Interest Rate Swap Provider having been notified of such proposed amendment, they shall be entitled to assume (without liability to any person) that no such consent is required. The Issuer will notify the Interest Rate Swap Provider of any proposed modification to any of the Transaction Documents under this Condition 12.4.

12.5 Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15 *(Notice to Noteholders)*.

12.6 Any modification to the Transaction Documents shall be notified by the Issuer in writing to the Rating Agencies.

12.7 In connection with any such substitution of principal debtor referred to in Condition 7.4 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons)*, the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders.

12.8 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee may at its absolute discretion, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current rating of the Class A Notes. It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

12.9 Where, in connection with the exercise or performance by the Note Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to herein), the Note Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall have regard to the general interests of the Noteholders of such Class or Classes as a Class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12.10 Extraordinary Resolution means:

(a) a resolution passed at a meeting of the Class A Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters of the votes cast;

(b) a resolution in writing signed by or on behalf of the Class A Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the Class A Notes then outstanding which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class A Noteholders;

(c) where the Class A Notes are held on behalf of a Clearing System or Clearing Systems, approval of a resolution proposed by the Issuer or the Note Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant Clearing System(s) in accordance with their operating rules and procedures (**Electronic Consent**) by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of any Class or sub-class of the Class A Notes then outstanding; or

(d) a resolution in writing signed by the sole Class Z VFN Holder.

Details of any Extraordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to Moody's and Fitch by the Issuer.

12.11 Issuer Substitution Condition

The Note Trustee may concur with the Issuer, subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 4 (*Covenants*). In the case of a substitution pursuant to this Condition 12.11, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

12.12 Additional Rights of Modification

(a) Notwithstanding any of the provisions of Condition 12 (Meetings of Noteholders, Modification, Waiver and Substitution), the Note Trustee shall be obliged (at the cost of the Issuer), without any consent or sanction of the Noteholders, or, subject to the prior written consent of each Secured Creditor (other than any Noteholder) which is party to the relevant Transaction Document having been obtained by the Issuer, any of the other Secured Creditors, to concur with the Issuer, and/or direct the Security Trustee to concur with the Issuer, in entering into a Securities Custody Agreement, any new agreements or making any modification (other than in respect of a Basic Terms Modification) to these Conditions or any other Transaction Document to which either the Note Trustee or the Security Trustee is a party or in relation to which the Security Trustee holds Security that the Issuer considers necessary in accordance with this Condition 12.12:

   (i) for the purpose of complying with, or implementing or reflecting, any change in the criteria or change in the implementation, interpretation or application of the criteria of one or more of the Rating Agencies which may be applicable from time to time;

(ii) for the purpose of complying with any changes in the requirements of Article 6 of the UK Securitisation Regulation or Article 6 of the EU Securitisation Regulation, or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or (ii) any other risk retention legislation or regulations or official guidance in relation thereto;

(iii) for the purpose of enabling the Notes to comply with the requirements of the UK Securitisation Regulation and/or the EU Securitisation Regulation, including relating to compliance with the UK STS Requirements and the treatment of the Notes as a simple, transparent and standardised securitisation;

(iv) in order to enable the Issuer and/or the Interest Rate Swap Provider to comply with any requirements which apply to UK EMIR and/or EU EMIR;

(v) for the purpose of enabling the Class A Notes to be (or to remain) listed on Euronext Dublin;

(vi) for the purposes of enabling the Issuer or any other person that is party to a Transaction Document (a **Transaction Party**) to comply with Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (**FATCA**) (or any voluntary agreement entered into with a taxing authority in relation thereto);

(vii) for the purpose of complying with any changes in the requirements of the UK CRA Regulation;

(viii) for the purpose of amending the Secondary Transaction Account Agreement, the Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) shall, without the consent or sanction of the Noteholders or any of the other Secured Creditors, concur with the Issuer (and direct the Security Trustee to concur) in entering into any new and/or amended agreement in relation to the Secondary Transaction Account Bank and/or Secondary Transaction Account (including where the unsecured, unsubordinated and unguaranteed debt obligation rating or the short-term or long-term issuer default rating or long-term deposit rating of the Secondary Transaction Account Bank are downgraded below the Secondary Transaction Account Bank Rating, and the Issuer is required (within 60 calendar days) to arrange for the transfer at its own cost of the Secondary Transaction Account to an appropriately rated bank or financial institution on similar terms to those set out in the Secondary Transaction Account Agreement in order to maintain the ratings of the Notes at their then current ratings), provided that the Cash Manager certifies to the Security Trustee and the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without further enquiry and without liability to any person) that any such new agreement and/or amendment would not have an adverse effect on the then current rating of the Class A Notes, and provided further that if the Issuer or the Cash Manager determines that it is not practicable to agree terms substantially similar to those set out in the Secondary Transaction Account Agreement, with such replacement financial institution or institutions and the Issuer or the Cash Manager certifies in writing to the Note Trustee and the Security Trustee (upon which certification the Note Trustee and the Security Trustee can rely without further enquiry and without liability to any person) that the terms upon which it is proposed the replacement bank or financial institution will be appointed are reasonable commercial terms taking into account the then prevailing current market conditions, a replacement agreement will be entered into

on such reasonable commercial terms (notwithstanding that the fee payable to the replacement secondary transaction account bank may be higher or other terms may differ materially from those on which the previously appointed bank or financial institution agreed to act);

(ix) for the purpose of entering into any Securities Custody Agreement in order that the Issuer may open a Securities Custody Account to enable it to post collateral under the Interest Rate Swap Agreement in the form of securities; or

(x) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including an alternative base rate where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate an **Alternative Base Rate**) and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Cash Manager on its behalf) to facilitate such a change (a **Base Rate Modification**), provided that the Issuer (or the Cash Manager on its behalf) certifies to the Note Trustee and the Security Trustee in writing (such certificate, a **Base Rate Modification Certificate**) (upon which certificate the Note Trustee and the Security Trustee can rely without further enquiry and without liability to any person) that:

(A) such Base Rate Modification is being undertaken due to:

(I) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;

(II) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;

(III) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);

(IV) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);

(V) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;

(VI) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or

(VII) the reasonable expectation of the Issuer (or the Cash Manager on its behalf) that any of the events specified in paragraphs (I) to (VI) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(B) such Alternative Base Rate is:

(I) a base rate published, endorsed, approved or recognised by the Bank of England, any regulator in the United Kingdom or the European Union or any

stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

(II) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;

(III) a base rate utilised in a publicly listed new issue of Sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is a UK Finance member or an affiliate thereof; or

(IV) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders (and, for the avoidance of doubt, nothing in this Condition 12.12 shall prevent the Issuer, or the Cash Manager on its behalf, from proposing an Alternative Base Rate on more than one occasion provided that the requirements set out in this Condition 12.12 are satisfied), and

provided, for the purposes of paragraphs (i) to (x) above, that the Issuer (or the Cash Manager on its behalf) provides a certificate to the Note Trustee and the Security Trustee certifying that such modification is required solely for such purpose and has been drafted solely to such effect, (a **Modification Certificate**), upon which the Note Trustee and the Security Trustee may rely absolutely and without further enquiry or liability to any person for so doing, and provided further that:

(A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;

(B) the Modification Certificate in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect;

(C) the prior written consent of each Secured Creditor (other than any Noteholder) which is party to the relevant Transaction Document has been obtained by the Issuer;

(D) either:

(I) the Issuer (or the Cash Manager on its behalf) obtains from each of the Rating Agencies written confirmation (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 the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); or

(II) the Issuer (or the Cash Manager on its behalf) 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 the Class A Notes by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent);

(E) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 15 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Class A Notes; and

(F) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class Z VFN Holder) have not contacted the Principal Paying Agent or the Issuer or the Note Trustee in writing (or, in respect of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within such notification period notifying the Principal Paying Agent or the Issuer that such Noteholders object to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding (or if no Class A Notes are outstanding, the Class Z VFN Holder) have notified the Principal Paying Agent, the Note Trustee or the Issuer in writing (or, in respect of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within the notification period referred to above that they object to the modification, then such modification will not be made unless an Extraordinary Resolution of the Class A Noteholders then outstanding is passed in favour of such modification or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class Z VFN Holder.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Where such Noteholders have not so notified the Principal Paying Agent, the Note Trustee or Issuer of such objection, or an Extraordinary Resolution of the Class A Noteholders then outstanding is passed in favour of such modification in accordance with this Condition 12 (Meetings of Noteholders, Modification, Waiver and Substitution) or (if there are no Class A Notes outstanding) it shall have been directed in writing by the Class Z VFN Holder, or (if there are no Class A Notes or Class Z VFN outstanding) it shall have been directed in writing by the Class Z VFN Holder, then the Note Trustee shall be obliged to agree to the modification and such modification will be made subject to paragraph (a) and (b) below.

When implementing any modification pursuant to this Condition 12.12 (Additional Right of Modification):

(a) save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification, the Note Trustee or the Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and absolutely and without further investigation or liability on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 12.12 (Additional Right of Modification) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

(b) the Note Trustee (or as the case may be, the Security Trustee) shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee (or as the case may be, the Security Trustee) would have the effect of (i) exposing the Note Trustee (or as the case may be, the Security 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, liabilities or duties, or decreasing the protections, rights, powers, authorisations or indemnification of the Note Trustee (or as the case may be, the Security Trustee) in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

(i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;

(ii) the Secured Creditors; and

(iii) the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or secured and/or prefunded to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. REPLACEMENT OF NOTES

Subject to the more detailed provisions of the Agency Agreement, if any Class A Note is mutilated, defaced, or is (or is alleged to have been) lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Class A Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Class A Note must be surrendered before a new one will be issued.

15. NOTICE TO NOTEHOLDERS

15.1 Publication of Notice

(a) Subject to paragraph (b) below, all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Note Trustee may approve. The holders of any coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

(b) Whilst the Class A Notes are represented by a Global Note, notices to Noteholders (other than the Class Z VFN Holder) will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders (other than the Class Z VFN Holder). Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.

(c) In respect of the Class Z VFN, notices to the Class Z VFN Holder will be sent to it by the Issuer to the fax number or email address notified to the Issuer from time to time in writing.

15.2 Note Trustee's Discretion to Select Alternative Method

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

16. SUBORDINATION BY DEFERRAL

16.1 Interest

If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding and prior to the service of a Note Acceleration Notice, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 16, include any interest previously deferred under this Condition 16.1 and Accrued Interest thereon) payable in respect of the Class Z VFN after having paid or provided for items of higher priority in the Pre-Acceleration Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the **Deferred Interest**) in respect of the Class Z VFN (unless there are no Class A Notes then outstanding) to the extent only of any insufficiency of funds (only after having paid or provided for all amounts specified as having a higher priority in the Pre-Acceleration Revenue Priority of Payments than interest payable in respect of the Class Z VFN).

16.2 General

Any amounts of Deferred Interest in respect of the Class Z VFN shall accrue interest (**Additional Interest**) at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 16.1 (*Interest*) applies) or on such earlier date as the Class Z VFN becomes due and repayable in full in accordance with these Conditions.

16.3 Notification

As soon as practicable after becoming aware but no later than 5 Business Days prior to any Interest Payment Date that any part of a payment of interest on the Class Z VFN will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class Z VFN Holder in accordance with Condition 15 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 16 will not constitute an Event of Default. The provisions of this Condition 16 shall cease to apply on the Final Maturity Date or any earlier date on which the Notes are redeemed in full or required to be redeemed in full at which time all deferred interest and Accrued Interest thereon shall become due and payable.

17. INCREASING THE PRINCIPAL AMOUNT OUTSTANDING OF THE CLASS Z VFN AND ADJUSTING THE MAXIMUM CLASS Z VFN AMOUNT

17.1 Class Z VFN

(a) If the Issuer (or the Cash Manager on behalf of the Issuer) receives a notice from the Seller prior to the Class Z VFN Commitment Termination Date notifying the Issuer (i) that an Additional Loan Advance has been made, there are insufficient funds standing to the credit of the Principal Ledger to fund the purchase of the Additional Loan Advance and of the amount of the Additional Loan Advance Purchase Price and/or such shortfall which is insufficiently funded by amounts standing to the credit of the Principal Ledger, (ii) that amounts standing to the credit of the General Reserve Fund are less

than the General Reserve Required Amount and/or (iii) of any premiums payable under any Interest Rate Swap Agreement, the Issuer (or the Cash Manager on its behalf) shall notify (by serving a Notice of Increase) the holder of the Class Z VFN (the **Class Z VFN Holder**) requesting that such Class Z VFN Holder further fund the Class Z VFN on the next following Monthly Pool Date or other Business Day specified in the Notice of Increase in an amount equal to the lower of:

(i) (A) in respect of (i) above, the Additional Loan Advance Purchase Price less amounts standing to the credit of the Principal Ledger available to pay such Additional Loan Advance Purchase Price;

(B) in respect of (ii) above, the General Reserve Required Amount less all amounts standing to the credit of the General Reserve Fund; or

(C) in respect of (iii) above, the amount of any premium payable under the Interest Rate Swap Agreement; and

(ii) the Maximum Class Z VFN Amount less the current Principal Amount Outstanding of the Class Z VFN (taking into account any predicted or forecast reductions to the Principal Amount Outstanding of the Class Z VFN on the following Interest Payment Date).

(b) The Class Z VFN Holder, upon receipt of such a notice from the Issuer or the Cash Manager (on behalf of the Issuer) prior to the Class Z VFN Commitment Termination Date requesting that the relevant Class Z VFN Holder further fund the Class Z VFN, shall notify the Issuer that the relevant Class Z VFN Holder is prepared to make such further funding (the **Further Class Z VFN Funding**), provided the relevant Class Z VFN Holder shall not be obliged to make any such further funding unless and until such time as the Issuer has complied with the requirements of Condition 17(d) below.

(c) The proceeds of the Further Class Z VFN Funding shall be applied by the Issuer to fund (i) the Additional Loan Advance Purchase Price, (ii) the General Reserve Fund up to and including an amount equal to the General Reserve Required Amount and/or (iii) any premiums payable under the Interest Rate Swap Agreement (in each case, as applicable).

(d) The Class Z VFN Holder shall advance the amount of such Further Class Z VFN Funding to the Issuer for value on the relevant Monthly Pool Date or other Business Day specified in the Notice of Increase, if the following conditions are satisfied:

(i) not later than 2.00 p.m. four Business Days prior to the proposed date for the making of such Further Class Z VFN Funding (or such lesser time as may be agreed by the Class Z VFN Holder), the relevant Class Z VFN Holder has received from the Issuer a completed and irrevocable Notice of Increase therefor, receipt of which shall oblige the relevant Class Z VFN Holder to accept the amount of the Further Class Z VFN Funding therein requested on the date therein stated upon the terms and subject to the conditions contained therein;

(ii) as a result of the making of such Further Class Z VFN Funding, the aggregate amount plus all Further Class Z VFN Funding made in respect of the relevant Class Z VFN (provided no reference shall be made in respect of any principal amount due on the relevant Class Z VFN which has already been repaid) would not exceed the Maximum Class Z VFN Amount;

(iii) either:

(A) the Issuer confirms in the Notice of Increase that no Event of Default has occurred or will occur as a result of the Further Class Z VFN Funding; or

(B) the relevant Class Z VFN Holder agrees in writing (notwithstanding any matter mentioned at (i) above) to make such Further Class Z VFN Funding available; and

(iv) the proposed date of such Further Class Z VFN Funding falls on a Business Day prior to the Class Z VFN Commitment Termination Date.

In this Condition, the expression:

Notice of Increase means a notice, substantially in the form set out in the Trust Deed.

Maximum Class Z VFN Amount for the Class Z VFN shall be £350,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class Z VFN Holder, and notified such amount to the Note Trustee.

18. NON-RESPONSIVE RATING AGENCY

(a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account (and may rely without further enquiry and without liability on) any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Class A Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a **Rating Agency Confirmation**).

(b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:

(i) (A) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and

(ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed (upon which the Security Trustee and the Note Trustee can rely) by two directors certifying and confirming that the events in one of paragraphs (i)(A) or (B) and in the event of subparagraph (ii) above has occurred, the Issuer having sent a written request to each Rating Agency.

19. GOVERNING LAW

The Trust Deed, the Deed of Charge, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The Issuer will use the proceeds of the Class A Notes to pay towards (as far as possible) the Initial Consideration of £383,059,252.95 payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date. The Issuer will use the proceeds of the issue of the Class Z VFN to fund (i) to the extent that the proceeds of the Class A Notes are insufficient to pay the Initial Consideration on the Closing Date, the remaining portion of the Initial Consideration, (ii) any Additional Loan Advance Purchase Price (to the extent not funded by amounts standing to the credit of the Principal Ledger), (iii) the establishment of the General Reserve Fund on the Closing Date, (iv) any increase in the General Reserve Fund up to the General Reserve Fund Required Amount in order to satisfy the Asset Conditions for Additional Loan Advances and/or Product Switches, (v) initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date, and (vi) any premiums payable under any Interest Rate Swap Agreement.

RATINGS

The Class A Notes, on issue, are expected to be assigned the following ratings by Fitch and Moody's. The Class Z VFN will not be rated. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Interest Rate Swap Provider and/or the Account Bank and/or the Secondary Transaction Account Bank and/or the Swap Collateral Account Bank in the future) so warrant.

Class of Notes	Fitch	Moody's
Class A Notes	AAAsf	Aaa (sf)
Class Z VFN	Not rated	Not rated

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom and is registered under the UK CRA Regulation. The ratings issued by the Rating Agencies have been endorsed by Fitch Ratings Ireland Limited and Moody's Deutschland GmbH, respectively. Each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is established in the EU and registered under the EU CRA Regulation. As such, each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority on its website (at www.esma.europa.eu/page/list-registered-and-certified-CRAs) (this website and the contents thereof do not form part of this Prospectus) and by the FCA on its website (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) (this website and the contents thereof do not form part of this Prospectus). In general, European Union and United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union or the United Kingdom (as applicable) and registered under the EU CRA Regulation or the UK CRA Regulation (as applicable) unless otherwise endorsed by a credit rating agency registered under the EU CRA Regulation or the UK CRA Regulation (as applicable).

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 13 July 2023 (registered number 15001191) as a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is 11th Floor, 200 Aldersgate Street, London EC1A 4HD. The telephone number of the Issuer's registered office is +44 (0)207 466 1600. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, 49,999 shares of £1 each, partly-paid up in cash of 25p each, 1 fully paid shares of £1 each held by Holdings as a nominee, all of which are beneficially owned by Holdings (see "*Holdings*" below).

The Issuer has been established as a special purpose vehicle or entity for the purposes of issuing asset backed securities. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer. The Issuer was established solely for the purpose of issuing the Notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 4 (Covenants). Except for the purpose of hedging interest rate risk, the Issuer will not enter into derivative contracts for purposes of Article 21(2) of the UK Securitisation Regulation.

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

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

The Issuer, since its incorporation, has not commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer has not prepared financial statements up to the date of this Prospectus. The Issuer has made a notification under the Data Protection Act 2018. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2024.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the General Reserve Ledger, the Issuer Profit Ledger and the Liquidity Reserve Ledger, if established).

Directors

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

Name	Business Address	Business Occupation
Emma Mary Tighe	11th Floor 200 Aldersgate Street London EC1A 4HD	Director
MaplesFS UK Corporate Director No.1 Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Corporate Director

Name	Business Address	Business Occupation
MaplesFS UK Corporate Director No.2 Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Corporate Director

The directors of MaplesFS UK Corporate Director No.1 Limited and MaplesFS UK Corporate Director No.2 Limited and their principal activities are as follows:

Name	Business Address	Principal Activities
Scott William Somerville	11th Floor 200 Aldersgate Street London EC1A 4HD	Chief Executive Officer
Kieran Walsh	11th Floor 200 Aldersgate Street London EC1A 4HD	Director

The company secretary of the Issuer is Maples Fiduciary Services (UK) Limited whose principal office is at 11th Floor, 200 Aldersgate Street, London EC1A 4HD. The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 13 July 2023 (registered number 15000877) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 11th Floor, 200 Aldersgate Street, London EC1A 4HD. The issued share capital of Holdings comprises 1 ordinary share of £1. Maples Fiduciary Services (UK) Limited (the **Share Trustee**) holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

Neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

Holdings has not engaged since its incorporation in any material activities other than those activities incidental to the authorisation and implementation of the Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

Directors

The directors of Holdings and their respective business addresses and occupations are:

Name	Business Address	Business Occupation
Emma Mary Tighe	11th Floor 200 Aldersgate Street London EC1A 4HD	Director
MaplesFS UK Corporate Director No.1 Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Corporate Director
MaplesFS UK Corporate Director No.2 Limited	11th Floor 200 Aldersgate Street London EC1A 4HD	Corporate Director

The directors of MaplesFS UK Corporate Director No.1 Limited and MaplesFS UK Corporate Director No.2 Limited and their principal activities are as follows:

Name	Business Address	Principal Activities
Scott William Somerville	11th Floor 200 Aldersgate Street London EC1A 4HD	Chief Executive Officer
Kieran Walsh	11th Floor 200 Aldersgate Street London EC1A 4HD	Director

The company secretary of Holdings is Maples Fiduciary Services (UK) Limited whose principal office is at 11th Floor, 200 Aldersgate Street, London EC1A 4HD.

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2024.

Holdings has no employees.

LEEDS BUILDING SOCIETY

Leeds Building Society (**LBS** and, together with its consolidated subsidiaries undertakings from time to time, the **LBS Group**) is the Seller pursuant to the Mortgage Sale Agreement, and will be appointed as Servicer pursuant to the Servicing Agreement, as Cash Manager pursuant to the Cash Management Agreement as Class Z VFN Registrar pursuant to the conditions and as Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement.

Introduction

LBS's principal office is at 26 Sovereign Street, Leeds LS1 4BJ (telephone number: 0113 225 7777). As at 30 June 2023, the LBS Group was the fifth largest building society by total assets in the United Kingdom with total assets of £26.9 billion.

The origins of LBS date back to 1845 when a group of people formed the Leeds Union Operative and Building Society. In 1875 the Leeds and Holbeck (Permanent) Building Society was founded by the shareholders of the original society along with 3 other societies. It existed in that form until March 2005 when the Societies members voted in favour of changing the name to Leeds Building Society. On 1st August 2006, LBS merged with the Mercantile Building Society.

LBS generates business from a number of sources including a network of high street branches in the United Kingdom, a customer telephone service centre, the LBS website, postal savings and financial intermediaries. The LBS's network of branches stretches across the UK with its heartland in Leeds and Yorkshire.

LBS is at the time of origination of each of the loans in the Portfolio a credit institution as defined in paragraph 4(i) of Regulation (EU) No. 575/2013 and has significantly more than five years of experience in the servicing, origination and underwriting of mortgage loans similar to those in the Portfolio.

LBS is an entity which is subject to prudential, capital and liquidity regulation in the United Kingdom and it has regulatory authorisation and permissions which are relevant to the provision of servicing in relation to the loans comprising the Portfolio and other loans originated by the Seller which are not sold to the Issuer.

Except as otherwise stated, financial information contained herein is either (i) extracted from the audited consolidated annual accounts of LBS and its Subsidiaries, (ii) calculated using financial information extracted from such annual accounts, or (iii) extracted from the interim group accounts for the six months ended June 2019. The contents of such audited consolidated annual accounts of LBS and its subsidiaries and interim group accounts do not form part of this Prospectus.

Constitution

LBS is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (**FCA**) and the Prudential Regulation Authority (**PRA**) and operates in accordance with the Building Societies Act and the Societies memorandum and rules. It is an authorised building society within the meaning of the Building Societies Act and is registered with the PRA, Registered Number 164992.

LBS, as a building society, is a mutual organisation and, unlike a company incorporated under the Companies Act 1985 or the Companies Act 2006, does not have equity shareholders in the usual sense. A share in the Society is not the same as a share in a company and voting power is not weighted according to the number or value of shares held. No individual member is entitled to more than one vote on any resolution proposed at a general meeting. LBS is a mutual organisation with both retail investors and borrowers having membership rights.

A building society may, subject to the approval of its members (by a requisite shareholders' resolution of investing members and a borrowing members' resolution) and confirmation by the PRA, transfer its business to a specially formed public company limited by shares incorporated in the United Kingdom or an EEA company

which has power to offer its shares or debentures to the public in a procedure commonly referred to as "conversion" or to an existing successor company which is a public company limited by shares incorporated in the United Kingdom or an EEA company with power to offer its shares or debentures to the public in a procedure commonly referred to as a "takeover".

The Mutual Societies Transfer Order modifies section 97 of the Building Societies Act 1986 to permit a building society to transfer the whole of its business to a relevant subsidiary of a building society, friendly society or industrial provident society incorporated in the United Kingdom or other EEA mutual society (as defined in that legislation). LBS's mission statement includes a commitment to its existing status as a mutual building society run for the benefit of its current and future members.

The affairs of LBS are conducted and managed by a board of directors who are elected by members of LBS and who serve in accordance with the rules of LBS. The board is responsible to the members for the proper conduct of the affairs of LBS and appoints and supervises the senior executives of LBS who are responsible to the board for the day-to-day management of LBS. Eligibility to vote at general meetings is governed by the Building Societies Act 1986 and the rules of LBS.

There exist no potential conflicts of interest between (i) any duties owed to LBS by any member of the board of directors or any of the senior executives and (ii) their private interests and/or other duties.

Business and Strategy of LBS

LBS's principal purpose is making loans which are secured on residential property and are funded substantially by its members.

The primary markets in which LBS operates are retail deposit taking and residential mortgage lending. LBS advances funds raised mainly to borrowers on the security of first mortgages on freehold and leasehold property located in the United Kingdom.

LBS operates across a number of distribution channels including its national network of branches, the internet, post and the mortgage intermediary market.

The other purposes and powers of LBS are specified in its Rules and Memorandum.

THE NOTE TRUSTEE AND SECURITY TRUSTEE

Citicorp Trustee Company Limited, acting as Note Trustee and the Security Trustee, will be appointed pursuant to the Trust Deed and the Deed of Charge.

Citicorp Trustee Company Limited (the "**Company**") was incorporated on 24 December 1928 under the laws of England and Wales and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with a company number 235914.

The Company is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware.

The Company is regulated by the UK's Financial Conduct Authority.

THE CORPORATE SERVICES PROVIDER

Maples Fiduciary Services (UK) Limited

Maples Fiduciary Services (UK) Limited (**MaplesFS UK**), having its principal address at 11th Floor, 200 Aldersgate Street, London EC1A 4HD with registered number 09422850 will be appointed to provide corporate services to the Issuer and Holdings pursuant to the terms of a corporate services agreement.

MaplesFS UK has served and is currently servicing as corporate services provider for a number of securitisations transactions and programmes involving pools of mortgages loans.

The terms of the Corporate Services Agreement provide that either the Issuer or MaplesFS UK may terminate such agreement upon the occurrence of certain stated events, including certain breaches by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement may be terminated by either Issuer or MaplesFS UK on 30 days' written notice to the Issuer, the Security Trustee and each other party to the Corporate Services Agreement, provided that a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

SECONDARY TRANSACTION ACCOUNT BANK AND SWAP COLLATERAL ACCOUNT BANK

CITIBANK, N.A., a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch is Authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

THE LOANS

The Portfolio

Introduction

The following is a description of some of the characteristics of the Loans originated by the Seller and comprised in the Cut-Off Date Portfolio including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Seller will select the Loans for transfer into the initial Portfolio using a system containing defined data on each of the qualifying loans in the Seller's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that the Seller makes in the Mortgage Sale Agreement in relation to the Loans (*see* "*Mortgage Sale Agreement – Representations and Warranties*"). This system also allows a limit to be set on some criteria. Once the criteria have been determined, the system identifies all loans owned by the Seller that are consistent with the criteria. From this subset, loans are selected until the target balance for Loans has been reached, or the subset has been exhausted. After a pool of Loans is selected in this way, the constituent Loans are monitored to ensure their compliance with the Loan Warranties on the Closing Date.

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

The Loans in the Initial Portfolio were not selected with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of LBS.

Any Loans sold to the Seller will be selected from the Portfolio. In addition, the Seller may offer a Borrower under a Loan comprised in the Portfolio, or a Borrower may request, a Product Switch. If this occurs the loan which the original Loan is switched into may have mortgage terms different from those Loans forming the Portfolio (including characteristics that are not currently being offered to Borrowers or that have not yet been developed) and may have been originated according to different Lending Criteria. All Product Switches will be required to comply with the Asset Conditions set out in the Mortgage Sale Agreement on their Switch Date. The material warranties in the Mortgage Sale Agreement to be given as at the Closing Date and the Asset Conditions (which include satisfaction of the warranties) which must be met on each Switch Date are described in this Prospectus. See "Summary of Key Transaction Documents – Mortgage Sale Agreement", above.

Characteristics of the Loans

(1) Repayment terms

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product, for example, free valuations and payment of legal fees. Overpayments are allowed on all products, within certain limits.

Loans are typically repayable on one of the following bases:

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

In the case of either Repayment Loans or Interest-only Loans, the required accrued rate of interest on the Loans will vary from month to month as a result of changes in interest rates. However, in relation to Annual Review Loans, as a result of the operation of the Annual Review (as to which see "*Annual Interest Rate Review*" below) the amount paid by a Borrower in respect of its Monthly Payment will only change on an annual basis (where an overpayment or a prepayment is made, the composition of the Monthly Payment is recalculated).

For Interest-only Loans, because the principal is repaid in a lump sum at the maturity of the loan, the borrower is recommended to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a Loan, subject to the payment of any Early Repayment Charges (as described in "The Loans– Early repayment charges" below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all Accrued Interest, Arrears of Interest, any unpaid expenses and any applicable repayment fee(s).

Various methods are available to Borrowers for making payments on the Loans, including, but not limited to:

- direct debit instruction from a bank or building society account, and
- standing order from a bank or building society account.

(2) Interest payments and interest rate setting

The Seller has responded to the competitive mortgage market by developing a range of products that are used to attract new borrowers and retain existing customers. Interest on the Loans is charged on one of the following bases and the Seller is able to combine these to suit the requirements of the Borrower:

- **Variable Rate Loans** are those loans which are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Conditions (such rate being the relevant **Variable Rate**). Where the Loan is subject to the Seller's discretionary standard variable rate (**Standard Variable Rate** or **SVR**), this is currently set at 7.99 per cent. Where the loan is subject to an initial discount from the SVR, this is known as a **Discount Rate Loan**.
- **Fixed Rate Loans** are loans which are subject to a fixed rate of interest for a specified period of time, usually for 2, 3, 5 or 10 years.
- **Tracker Rate Loans** are loans which track the Bank of England's base rate for a specified period of time.

The relevant interest rate (including some fixed rates and tracker rates) may apply for the life of the Loan. Otherwise, each of the above rates is offered for a predetermined period, usually between 2 and 10 years, at the commencement of the Loan (the **Product Period**). At the end of the Product Period the rate of interest charged will either (a) move to some other interest rate type for a predetermined period or (b) revert to, or remain at, a Variable Rate (currently SVR), or to some other interest rate type. The Seller may introduce other Variable Rates in the future. In certain instances, early repayment charges are payable by the Borrower if the Loan is redeemed within the Product Period. See "The Loans – Early repayment charges" below.

The majority of all loans currently originated by the Seller provide for interest to be calculated on a daily basis. The interest calculated at the end of each day on the outstanding balance of the loan is added to the amount of the loan on which the Borrower will pay interest the following day. Consequently any payment by the Borrower will immediately reduce the Borrower's balance on which interest will be calculated the following day. Other loans currently originated by the Seller provide that interest is calculated on an annual basis on the outstanding balance at the beginning of a calendar year. Such interest is calculated daily. At the end of the

calendar year, all interest is capitalised and all mortgage payments are deducted from the outstanding balance to calculate the interest-charging balance of the loan for the subsequent calendar year. The interest-charging balance may be reset during the course of the calendar year in the event of a lump sum overpayment that would result in the recalculation of the scheduled monthly payment.

Except in limited circumstances as set out in "*The Servicing Agreement – Undertakings by the Servicer*", the Servicer is responsible for setting the Variable Rates on the Loans in the Portfolio that are sold to the Issuer. Under the Leeds Building Society Mortgage Conditions 2020 (the **2020 Loan Terms**) the Seller has a right to reduce the interest rate at any time provided that the interest rate is not fixed or tracks an independently set rate, the Seller has the right to increase the interest rate at any time if the Seller reasonably believes that the increase is needed for any one or more of the following reasons (which may relate to circumstances existing at the time or which the Seller reasonably expects to apply in the near future):

(a) to respond, in a proportionate manner, to changes in the Bank of England base rate (or any rate which replaces the Bank of England base rate);

(b) to respond, in a proportionate manner, to any increase in costs reasonably incurred by the Seller in operating its mortgage business. These costs can change for a number of reasons including, for example:

(i) changes in other market rates where this impacts Seller's funding costs;

(ii) increases in the rates of interest the Seller need to pay in order to attract and retain savers; or

(iii) increases in the Seller's costs of raising funds from other sources;

(c) to respond, in a proportionate manner, to changes in the law or the interpretation of the law, decisions or recommendations of an Ombudsman, regulator or similar person, or any code of practice with which the Seller intends to comply; and/or

(d) to respond, in a proportionate manner, to a change in the costs to us of providing the Advance or the services and facilities available in connection with it (including changes in the technology the Seller uses).

The 2020 Loan Terms also provide the Seller with a power to increase the interest rate which is separate from, and in addition to the circumstances listed above. In exceptional economic or financial circumstances which the Seller reasonably believes will have a significant effect on the United Kingdom financial system, the Seller may increase the interest rate for the purpose of enabling it to run its business prudently and in accordance with regulatory requirements. If the Seller uses this power to increase the interest rate, it will always:

- respond proportionately to the circumstances in question;
- give the borrower personal notice explaining why the change is being made; and
- reduce the interest rate again when and as far as the relevant circumstances and the need to manage its business prudently permit.

These reasons may relate to circumstances existing at the time or which the Seller reasonably expects to apply in the near future.

If the Seller wishes to increase the interest rate applicable to a Variable Rate Loan, the Seller will advertise the change in the national press.

In addition to the circumstances set out above, the Seller can also increase the Interest Rate if there has been a change in the way the Property is used or occupied that increases the Seller's risk in lending to the Borrower,

including Interest Rates that the Seller is not normally free to vary, such as a fixed rate or a rate which tracks an independently set rate.

During the course of its mortgage origination business, the Seller has originated mortgage loans under a number of standard conditions, however, the 2020 Loan Terms represent the most recent origination policy of the Seller relating to the Loans comprised in the Cut-Off Date Portfolio and dictate the specified reasons to change the interest rate.

(3) Early Repayment Charges

The Borrower may be required to pay an early repayment charge (an **Early Repayment Charge**) if certain events occur during the predetermined Product Period and the loan agreement states that the Borrower is liable for Early Repayment Charges and the Seller has not waived or revised its policy with regards the payment of Early Repayment Charges. These events include a full or partial unscheduled repayment of principal in an amount greater than £1,000, or an agreement between the Seller and the Borrower to switch to a different mortgage product. If all or part of the principal owed by the Borrower, other than the scheduled monthly payments, is repaid before the end of the Product Period or the Borrower switches to another product, the Borrower will, provided such prepayment is in an amount greater than £1,000, be liable to pay to the Seller an early repayment charge based on the amount repaid or switched to another product. If the Borrower has more than one product attached to the mortgage, the Borrower may choose under which product the principal should be allocated.

The Seller permits Borrowers during a fixed/special rate period to make a lump sum repayment to reduce the loan amount in each 12 month period up to a maximum of 10 per cent. of the balance outstanding on the loan amount without incurring an Early Repayment Charge.

If the Borrower repays its mortgage during an Early Repayment Charge period to move house, the Borrower may not have to pay the charge if the Borrower takes out a new loan for the new home with the Seller, subject to certain qualifying criteria.

Some mortgage products do not include any provisions for the payment of an Early Repayment Charge by the Borrower.

(4) Overpayments

Overpayments – Overpayments are allowed on all products, although an Early Repayment Charge may be payable (as described in 'Early Repayment Charges' above). Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.

If Borrowers pay more than the scheduled monthly payment, the balance on their mortgage loan will be reduced. The Seller will charge interest on the reduced balance, which, if interst on such loan is calculated on a daily basis, reduces the amount of interest the Borrower must pay (but if the relevant loan is an Annual Review loan, although the composition of the Monthly Payment will be recalculated, the Seller will not change the Monthly Payment until the Annual Review) (unless a lump sum of £1,000 is paid). The interest-charging balance may be reset during the course of the calendar year in the event of a lump sum overpayment that would result in the recalculation of the scheduled monthly payment.

(5) Additional Loan Advances

If a Borrower wishes to take out a further loan secured by the same mortgage the Borrower will need to make an additional loan advance application and the Seller will use the lending criteria applicable to additional loan advances at that time in determining whether to approve the application. The original mortgage deed is expressed to cover all amounts due under the relevant loan which would cover any Additional Loan Advances. *(See "Summary of the Key Transaction Documents – Additional Loan Advances and Product Switches").*

Some Loans in the initial Portfolio may have Additional Loan Advances made on them prior to their being sold to the Issuer on the Closing Date.

If a Loan is subject to an Additional Loan Advance after being sold to the Issuer, the Seller will be required to repurchase the Loan and its Related Security from the Issuer to the extent that the Issuer does not have sufficient funds from the Principal Ledger or from a drawing under the Class Z VFN to fund the purchase of such Additional Loan Advance.

(6) Product Switches

From time to time, Borrowers may request or the Servicer may send an offer of a variation in the financial terms and conditions applicable to the Borrower's loan. In limited circumstances, if a Loan is subject to a Product Switch as a result of a variation, then the Seller may be required to repurchase the Loan or Loans and their Related Security from the Issuer. *(See "Summary of the Key Transaction Documents – Additional Loan Advances and Product Switches").*

Annual Mortgage Payment Review

In respect of Annual Review Loans, the terms and conditions of the Loans provide that a Borrower's monthly payments in respect of their mortgage will remain fixed (the **Fixed Monthly Amount**) for a period of 12 months (each a **Fixed Payment Period**) irrespective of any interest rate changes during such period. The amount of a Borrower's Fixed Monthly Amount will only vary on an annual basis in accordance with the terms of an annual interest rate review (the **Annual Review**). While Annual Review Loans have not been originated by the Seller since 2019 a proportion of the Portfolio will be based on terms and conditions which provide for an Annual Review.

During any Fixed Payment Period, although a Borrower's monthly payments remain fixed, the Loan will continue to accrue interest at the **Accrual Rate** (being the actual rate of interest chargeable on a Loan as determined on a daily basis). The difference between the amounts calculated using the Accrual Rate (the **Monthly Accrual Amount**) and the Fixed Monthly Amount will be taken into account during the Annual Review in recalculating the Fixed Monthly Amounts due by Borrowers during the next Fixed Payment Period.

If, due to decreasing interest rates, the aggregate Fixed Monthly Amounts paid by a Borrower during a Fixed Payment Period is greater than the aggregate Monthly Accrual Amounts due in respect of their Loan during such period, then, in effect, the Borrower has overpaid during such Fixed Payment Period. During the next Annual Review, the Borrower's Fixed Monthly Amount will be recalculated taking into account the overpayments made during the previous Fixed Payment Period which may result in lower Fixed Monthly Amounts being due from the Borrower during the next Fixed Payment Period.

If, on the other hand due to rising interest rates, the aggregate Fixed Monthly Amounts paid by a Borrower during a Fixed Payment Period is less than the aggregate Monthly Accrual Amounts due in respect of their Loan (the **Contractual Difference**) during such period, then, in effect, the Borrower has underpaid during such Fixed Payment Period. The amount of such Contractual Difference will be capitalised and added to the outstanding balance of the Loan at the Annual Review. During the next Annual Review, the Borrower's Fixed Monthly Amounts will be recalculated taking into account the Contractual Difference during the previous Fixed Payment Period which will result in higher Fixed Monthly Amounts being due from the Borrower during the next Fixed Payment Period (and future Fixed Payment Periods).

Origination channels

The Seller derives the majority of its mortgage-lending business through a network of intermediaries throughout the United Kingdom (except for certain loan related features, such as Additional Loan Advances, which are originated directly by the Seller) and from internet and telephone sales.

Once an application for a mortgage loan is received from a prospective new customer (through whichever origination channel) it is processed by the channel colleagues and the Servicer's Mortgage Lending Department. The details of the application are entered into the Servicer's relevant computer system, and arrangements are made to obtain such references and/or other proof of income, valuation, survey or other evidence of value (if any and as appropriate) that may be required by the Seller under its lending policy. A mortgage offer may then be issued to the prospective new customer and instructions are despatched to the relevant solicitor or licensed or qualified conveyancer to investigate title and issue a report on the same to the Seller. Once a satisfactory certificate of title has been received (if appropriate) and no other matters in relation to the application are outstanding, mortgage funds can be released to the solicitor or licensed conveyancer.

The Seller is subject to the FSMA, MCOB (and other FCA rules) and the Financial Ombudsman Service, which is a statutory scheme under the FSMA.

Underwriting

The underwriting approach of the Seller has changed over time. Loans in the Portfolio may have been originated in accordance with different underwriting criteria from those set out here, depending on their date of origination. The Seller currently adopts a system-based approach to lending assessment. This assessment is made with reference to a number of components including:

(a) credit score: calculation of propensity to default based on a combination of customer supplied, internal performance and credit bureau data; and

(a) affordability: calculation of an individualised lending amount that reflects the applicant's income net of tax, currently, but not in all the sample, credit commitments and assumed living expenses, currently, but not in all the sample, which vary according to income, number of applicants and dependants.

The Seller's originations system 'Mortgage Hub' replaced Leap in August 2020. Mortgage Hub is based around a Powercurve decision engine that can make some underwriting decisions itself and can generate different decision outcomes from hard declines to accepts, with referrals in between. Not all cases will be underwritten by an underwriter: some applications go through the system to offer without underwriter engagement; some (standard cases) will be underwritten only on specific rule breaks; while others (high risk and very high risk cases) will be fully underwritten. Underwriters are unable to approve a case outside of their mandate, which is agreed and signed off on by the Board before being built into each underwriter's user role in the system. Underwriters do have the ability to override some of the decisions the system has made if they have rationale or evidence to support.

Mortgage underwriting decisions, are subject to internal monitoring by the Seller in order to ensure the Seller's procedures and policies regarding underwriting are being followed by colleagues.

Lending Criteria

On the Closing Date, the Seller will represent that each Loan being sold to the Issuer was originated according to the lending criteria of the Seller at the time the Loan was offered (the **Lending Criteria**), in all material respects, subject only to exceptions made on a case-by-case basis as would be acceptable to a Reasonable, Prudent Mortgage Lender. Policy and risk appetite varies in line with a number of internal and external factors in particular expectations of the housing market and wider economy and the Seller retains the right to revise its lending criteria from time to time, so the criteria applicable to any Loans which are the subject of an Additional Loan Advance or Product Switch may not be the same as those currently used.

This document reflects the lending criteria applied for originations between 2020 and the present. The Seller's current policy reflects the uncertainty of the economy and in certain areas is more restrictive than the historic lending criteria.

(1) Type of property

Properties may be either freehold, leasehold or commonhold. In the case of leasehold properties, there must be at least 85 years left on the lease time of application. The property must be used solely as a single residential dwelling and be the main residence of the Borrower. Properties must be of good quality, in sound structural condition and in a reasonable state of repair. House boats, mobile homes, and any property on which buildings insurance cannot be arranged are not acceptable. All persons who are to be legal owners of the property on completion must be named as Borrowers under the Mortgage.

All properties have been valued by a valuer approved by the Seller, or assessed using automated valuation models (**AVM**) or other evidence, including the relevant Borrower's estimate of value (it is noted that there is no Loan comprised in the Portfolio where valuations relied solely on the relevant Borrower's estimate of value), to the standards of a Reasonable, Prudent Mortgage Lender. The valuer will provide a mortgage valuation report based on a full inspection or an external inspection report which does not involve entering the property. Any valuation of the property is checked against a series of policy rules which will indicate whether the valuation is acceptable, or whether a referral is required. If a referral is required, the valuation report is checked by a dedicated operational team to determine what action is necessary to resolve the issue identified by the valuer, which may include reducing the value of the property, or holding a retention against the mortgage.

An AVM is used subject to business rules and policies of the Seller related to the property type, the LTV ratio, maximum and minimum property values and the AVM achieving an acceptable confidence level. Where a prospective borrower's loan application fails to meet the business rules and policies for AVMs, the property will be valued by a valuer approved by the Seller.

There has been no revaluation of the properties for the purpose of the Transaction, and the valuations quoted are as at the date of the origination

(2) Term of loan

The minimum term of a loan is generally 5 years for new residential mortgages and home owner loans. The maximum term for residential loans is generally 40 years. A repayment period for an Additional Loan Advance that would extend beyond the term of the original advance may also be accepted at the Seller's discretion. However, Additional Loan Advances may only be sold to the Issuer subject to the Asset Conditions being met on the relevant Advance Date.

(3) Details of applicant

All Borrowers must be aged 18 or over and the mortgage term must normally end before the Borrower reaches 85. If the Borrower is more than 10 years from retirement and the term of the mortgage requested will extend past retirement by up to 5 years, affordability is assessed on current income. A lending into retirement declaration form will be required along with proof of pension provision and contribution in addition to state pension. If the Borrower is within 10 years of retirement or the term of the mortgage requested will extend past retirement by over 5 years, affordability will be assessed on the applicant's ability to maintain mortgage payments over the term of the mortgage, on both earned and forecast retirement income separately. A projection of pension income at retirement is required to be evidenced. When already in retirement, only the pension income is used. If retirement age is not known or declared then 70 is the assumed age.

Maximum number of applicants on any one residential mortgage application is 4.

Under the Seller's current Lending Criteria, to be accepted for a mortgage, generally all applicants must be UK or EU nationals or non-UK/EU nationals who have a permanent right to reside in the UK. In all cases applicants must usually be UK taxpayers and have resided in the UK for a minimum of 2 years unless (i) they have been in service abroad with the UK armed forces; (ii) they are employed by a UK bank or an international,

known employer and are still with the same employer or (iii) their family will reside in the property. For earlier originations borrowers had to have a legal right to reside in the UK but the length of that right varied.

All Borrowers must reside in the EEA at the time of origination of the relevant mortgage.

(4) Loan-to-value (or LTV) ratio

The maximum original LTV ratio of loans depends on the amount borrowed by the relevant borrower. The highest LTV ratio of loans normally originated by the Seller is 95 per cent. Where fees were added to the loan, they may have taken the total lending over the specified LTV limit.

When the Seller makes a loan on a property which requires repairs, the property is either valued on a "when done" basis and the loan retained until works have been completed, or if the property is acceptable security in its existing condition, it may be valued on that basis and the loan released prior to works commencing.

(5) Status of applicant(s)

Lending assessment is currently made using the lending system outlined in the underwriting section.

Employed applicant(s):

Where an applicant is in PAYE employment and the income of that applicant is required to support the loan, the Seller generally requires the applicant to be in a permanent position and not under notice of termination. However, fixed term/temporary workers are accepted where the applicant meets certain minimum requirements. The Seller requires with certain limited exceptions either the employer's reference or pay slips as evidence of income. In addition, the Seller uses an auto-income verification tool to verify certain employed customers.

Self Employed Applicant(s):

The applicant must have been trading for at least 2 years. The Seller requires with certain limited exceptions evidence of income (for example, accounts, tax assessments or other suitable evidence and more recently only an accountant's certificate or accounts are accepted). A minimum of 2 years of accounts are required.

(6) Credit history

The current policy is as follows:

Credit search:

A credit search is carried out in respect of all new applicants (and in relation to Additional Loan Advances to existing Borrowers) with a bureau of the Seller's choice at a level of the Seller's choice.

With certain limited exceptions approved by the Seller acting as a Reasonable, Prudent Mortgage Lender (including loans to existing borrowers and investors), all applications must pass the Seller's credit score test which will be carried out at the same time as the credit search. Applications may be declined where an adverse credit history is revealed (for example, certain unsatisfied or material (in quantum) county court judgements and bankruptcy notices).

Existing lender's reference:

Any reference must satisfy the Seller that the account has been properly conducted and that no history of material arrears exists.

First time buyers/applicants in rented accommodation:

Where applicants currently reside in rented accommodation, the Seller may seek sight of a bank statement or rent record book.

(7) Bank reference/Proof of income

Subject to the results of the Seller's credit score test (where applied) and subject to certain exceptions applied by the Seller acting as a Reasonable Prudent Mortgage Lender in accordance with the Seller's practice and procedures from time to time, the Seller would seek and review satisfactory bank statements and references. Additionally, under the current policy, the Seller will require all applicants to produce pay slips or similar documentation to prove income declared. A formal reference may be requested from the applicant's employer. If the applicant is self-employed, normally a reference from a qualified accountant will be obtained.

(8) Scorecard

Under the current policy, the Seller uses some of the criteria described here and various other criteria to produce an overall score for the application that reflects a statistical analysis of the risk of advancing the Loan. The lending policies and processes are determined centrally to ensure consistency in the management and monitoring of credit risk exposure. Full use is made of software technology in credit scoring new applications. Credit scoring applies statistical analysis to publicly available data and customer-provided data to assess the likelihood of an account going into arrears.

The Seller reserves the right to decline an application that has received a passing score. The Seller does have an appeals process if a potential borrower believes his or her application has been unfairly denied. It is the Seller's policy to allow only authorised individuals to exercise discretion in granting variances from the scorecard.

Changes to the underwriting policies and the Lending Criteria

The Seller's underwriting policies and Lending Criteria were and are subject to change within the Seller's sole discretion. Loans were and are originated by way of exception to the lending criteria where the Seller determined that the exception would have been acceptable to a Reasonable Prudent Mortgage Lender. Additional Loan Advances and Product Switches that are originated under Lending Criteria that are different from the criteria set out here may be sold to the Issuer.

Any material changes from the Seller's prior underwriting policies and Lending Criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the UK Securitisation Regulation.

The assessment of a Borrower's creditworthiness is conducted in accordance with the Lending Criteria and, where appropriate, shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

In addition, Noteholders should be aware that the Lending Criteria apply to all mortgage loans, including those originated by the Seller which are not included in the Provisional Portfolio. For further information on the Loans to be sold to the Issuer, Noteholders should review the warranties made by the Seller as set out in the section headed "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*".

Insurance policies

(1) Insurance on the property

Each mortgaged property is required to be insured with buildings insurance. The property may be insured by the Seller at the expense of the Borrower or, the insurance may be purchased by the Borrower or (in the case

of leasehold property) by a landlord or by a property management company. If the Seller becomes aware that no adequate insurance is in place, it has the power to arrange insurance on the property and charge the premiums for this to the Borrower's mortgage account.

Subject as set out above, the Seller only insures a property once it has repossessed the property from a defaulting Borrower.

(2) Borrower-arranged buildings insurance

The Seller requires that a Borrower maintains home insurance for the duration of the mortgage and the Seller checks that such insurance is in place at the time when the mortgage commences. The Seller issues warnings on each annual statement to Borrowers that home insurance must be in place. The Seller maintains a policy which indemnifies them for any losses incurred due to the failure of a Borrower to maintain home insurance.***Title and Search insurance***

Search insurance is obtained in some instances on remortgage cases, in these instances a solicitor does not undertake a Local Search. Local searches are undertaken on all new mortgages.

Title insurance is obtained in respect of certain limited title defects (e.g. restrictive covenants, absence of rights of way) from all solicitors on new mortgages and remortgages. An investigation of title is always undertaken and insurance obtained if an investigation of title has taken place and a defect discovered.

Debt Management Standards

The Servicer shall at all times administer the Loans and the Related Security in accordance with the Seller’s internal policies and procedures (including the Seller's debt management policy), which set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.

The Seller identifies a Loan as being in arrears where an amount equal to or greater than a full month's contractual payment remains unpaid at the end of a calendar month. The Seller aims to proactively contact Borrowers showing signs of potential financial distress in order to provide well-timed information for customers to plan ahead in case their current rate be due to end. Regular communication must be made to customers once an account has gone into arrears. The Borrower will receive an initial arrears letter from the Seller which is created on the first working day of the new calendar month. The Borrowers will also be notified when charges are applied to the relevant accounts. The Seller may send a field agent to the Borrower's address if no contact is made with the Borrower or if the Seller has been unable to ascertain a satisfactory reason and proposal for the unpaid scheduled monthly payment.

The Seller will upon establishing the Borrower's circumstances and affordability position offer options specifically tailored to return the account to order, where possible.

The Seller considers possession to be a last resort and litigation action will only be pursed if all forbearance options or exit strategies have been exhausted and the customers are not co-operative. The forbearance ptions or other special contractual terms and conditions provided to customers facing financing difficulty include, among other things:

(a) term extensions (extending the loan term beyond its contractual end date);

(b) payment date changes (rescheduling the dates of principal or interest payments;

(c) part or full non-payment concessions (granting new or additional periods of non-payment);

(d) capitalisation (capitalising arrears);

(e) temporary switch to interest only loan (changing an amortising loan to an interest payment only loan); and/or

(f) consensual sale (deferring recovery or collection actions for extended period of time, for example to allow the customer the opportunity to market and sell the property).

Subsequent to possession, if there is a shortfall on sale of the Property to fully recover the outstanding mortgage the Seller will consider pursuing recovery of the shortfall where it is cost effective and, having considered the customers' circumstances, if it is appropriate to do so. The Seller will review annual on the shortfall amounts for recovery on the relevant mortgage and whether it is practical to do so. The Seller considers write-offs to include the loss that materialises post repossession (i.e. the shortfall from recovery proceeds from the sale of the property in relation to the debt plus costs). The borrower will be provided with a completion statement once a sale has been completed, setting out how all final figures have been calculated. If there is a shortfall the Servicer will comply with the UK Finance voluntary shortfall agreement and will only pursue the borrower for 6 years from the date of the last payment on the account.

In all situations the Seller aims to comply with regulatory requirements and guidance and follow industry best practice.

Compliance with the CRR

The Seller is a credit institution and as such is bound by the requirements of the CRR. The policies and procedures of the Seller in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation are in compliance with the requirements of the CRR.

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

(a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, please see the information set out earlier in this section of this Prospectus headed "*The Loans – Lending Criteria*" and "*Summary of the Key Transaction Documents – Servicing Agreement*");

(b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Portfolio will be serviced in line with the usual servicing procedures of the Seller (please see further the section of this Prospectus headed "*Summary of the Key Transaction Documents – Servicing Agreement*");

(c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy in relation to the Portfolio (as to which, in relation to the Portfolio, please see the section of this Prospectus headed "*Characteristics of the Portfolio*");

(d) policies and procedures in relation to risk mitigation techniques (as to which, please see the sections of this Prospectus headed "*The Loans – Lending Criteria" and "Summary of the Key Transaction Documents – Servicing Agreement*").

Other Characteristics

The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date are homogeneous for purposes of Article 20(8) of the UK Securitisation Regulation, on the basis that all such Loans: (i) have been underwritten by LBS in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are repayment loans or Interest-only Loans or a combination of both entered into substantially on the terms of similar standard documentation for residential mortgage loans; (iii) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the

same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages on residential immovable property in England and Wales. The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date do not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that such Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans. The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the UK Securitisation Regulation.

Governing law

Each of the Loans is governed by English law.

CHARACTERISTICS OF THE PORTFOLIO

The statistical and other information contained in this Prospectus has largely been compiled by reference to certain Loans in a portfolio as at the Provisional Pool Date (the **Provisional Pool Date Portfolio**). The Provisional Pool Date Portfolio will consist of 3,366 Loans originated or purchased by the Seller between 2006 and 2023 and secured over properties located in England and Wales. The True Balance of the Provisional Pool Date Portfolio is £428,087,237. The portfolio as at the Cut-Off Date (the **Cut-Off Date Portfolio**) will comprise a sub-set of the Provisional Pool Date Portfolio. The Portfolio has been randomly selected from the Provisional Pool Date Portfolio. Columns may not add up to 100 per cent. due to rounding. A Loan will be removed from the Portfolio if in the period from (and including) the Provisional Pool Date up to (but excluding) the Closing Date such Loan is repaid in full or if such Loan does not comply with the Loan Warranties on the Closing Date. Except as otherwise indicated, these tables have been prepared using the True Balance as at the Provisional Pool Date, which includes all principal and Accrued Interest for the Loans in the Portfolio.

In this section:

Mortgage Accounts means the totality of the relevant loans granted by the Seller secured on the same Property and their related Security; and

Sub-Accounts means the individual relevant loans granted by the Seller secured on the same Property and their related Security.

Further information in respect of individual loan level data may be obtained on the following website: www.leedsbuildingsociety.co.uk or by means of the Reporting Websites. These websites and the contents thereof do not form part of this Prospectus.

The Issuer makes no representation as to the accuracy of the information sourced from any third party websites (including, without limitation, cash flow models, commentary and other materials). Such third party websites and the contents thereof do not form part of this Prospectus.

Original Balances as at the Provisional Pool Date

The following table shows the range of Mortgage Account Original Balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at the Provisional Pool Date.

Range of Original Balances	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
£0k < Original Balance <= £50k	10,053,150	2.3%	395	11.7%
£50k < Original Balance <= £100k	61,450,737	14.4%	904	26.9%
£100k < Original Balance <= £150k	99,553,622	23.3%	895	26.6%
£150k < Original Balance <= £200k	82,518,552	19.3%	516	15.3%
£200k < Original Balance <= £250k	58,548,261	13.7%	284	8.4%
£250k < Original Balance <= £300k	40,287,790	9.4%	159	4.7%
£300k < Original Balance <= £350k	30,199,579	7.1%	102	3.0%
£350k < Original Balance <= £400k	13,279,889	3.1%	38	1.1%
£400k < Original Balance <= £450k	15,537,636	3.6%	39	1.2%
£450k< Original Balance <= £500k	6,389,002	1.5%	15	0.4%
£500k< Original Balance <= £550k	3,081,812	0.7%	6	0.2%
£550k< Original Balance <= £600k	3,403,094	0.8%	7	0.2%
£600k< Original Balance <= £650k	1,169,593	0.3%	2	0.1%
£650k< Original Balance <= £700k	1,997,032	0.5%	3	0.1%
£700k< Original Balance <= £750k	617,488	0.1%	1	0.0%
£750k< Original Balance <= £800k	0	0.0%	0	0.0%
£800k< Original Balance <= £850k	0	0.0%	0	0.0%
£850k< Original Balance <= £900k	0	0.0%	0	0.0%
£900k< Original Balance <= £950k	0	0.0%	0	0.0%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The maximum, minimum and average Original Balance of the Loans as of the Provisional Pool Date is £710,999, £980 and £139,907, respectively.

True Balances as at the Provisional Pool Date

The following table shows the range of Mortgage True Balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at the Provisional Pool Date.

Range of True Balances	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
£0k < Current Balance <= £50k	15,594,865	3.6%	543	16.1%
£50k < Current Balance <= £100k	72,647,707	17.0%	963	28.6%
£100k < Current Balance <= £150k	102,737,592	24.0%	839	24.9%
£150k < Current Balance <= £200k	81,032,027	18.9%	468	13.9%
£200k < Current Balance <= £250k	57,168,750	13.4%	257	7.6%
£250k < Current Balance <= £300k	36,605,548	8.6%	133	4.0%
£300k < Current Balance <= £350k	23,142,070	5.4%	72	2.1%
£350k < Current Balance <= £400k	13,366,315	3.1%	36	1.1%
£400k < Current Balance <= £450k	12,616,788	2.9%	30	0.9%
£450k< Current Balance <= £500k	4,626,961	1.1%	10	0.3%
£500k< Current Balance <= £550k	4,199,425	1.0%	8	0.2%
£550k< Current Balance <= £600k	1,104,377	0.3%	2	0.1%
£600k< Current Balance <= £650k	1,247,778	0.3%	2	0.1%
£650k< Current Balance <= £700k	1,997,032	0.5%	3	0.1%
£700k< Current Balance <= £750k	0	0.0%	0	0.0%
£750k< Current Balance <= £800k	0	0.0%	0	0.0%
£800k< Current Balance <= £850k	0	0.0%	0	0.0%
£850k< Current Balance <= £900k	0	0.0%	0	0.0%
£900k< Current Balance <= £950k	0	0.0%	0	0.0%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The maximum, minimum and average True Balance of the Loans as of the Provisional Pool Date is £670,982, £786 and £127,180, respectively.

Loan to Value Ratios at Origination

The following table shows the range of loan to value ratios or LTV Ratios, which express the outstanding balance of the aggregate of Loans (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) in the Mortgage Accounts (which incorporate all Loans secured on the same Property) as at the Provisional Pool Date based on the original amount of the initial advance on the date of origination of the Loan divided by the value of the Property securing the Loans in the Mortgage Account as at that date. The Seller has not revalued any of the mortgaged properties since the date of the origination of the related Loan other than where additional lending has been applied for or advanced, and in certain product switch and re-arrangement application cases (whether such case is completed or not). In these cases the original valuation may have been updated with a more recent valuation. However, the revised valuation has not been used in formulating this data. For the avoidance of doubt, there have been no full revaluations for the purposes of the issuance of the Notes and the original valuation is the valuation quoted as at the date of the origination of the Loan.

Range of LTV Ratios at Origination	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0%< OLTV <= 5%	158,373	0.0%	5	0.1%
5%< OLTV <= 10%	1,666,583	0.4%	47	1.4%
10%< OLTV <= 15%	3,543,935	0.8%	76	2.3%
15%< OLTV <= 20%	6,810,749	1.6%	116	3.4%
20%< OLTV <= 25%	9,120,583	2.1%	131	3.9%
25%< OLTV <= 30%	10,228,366	2.4%	126	3.7%
30%< OLTV <= 35%	12,968,903	3.0%	129	3.8%
35%< OLTV <= 40%	16,254,919	3.8%	154	4.6%
40%< OLTV <= 45%	17,666,745	4.1%	147	4.4%
45% < OLTV <= 50%	21,539,474	5.0%	176	5.2%
50% < OLTV <= 55%	21,679,579	5.1%	169	5.0%
55% < OLTV <= 60%	37,953,907	8.9%	255	7.6%
60% < OLTV <= 65%	49,520,300	11.6%	341	10.1%
65% < OLTV <= 70%	40,939,298	9.6%	280	8.3%
70% < OLTV <= 75%	69,238,808	16.2%	453	13.5%
75% < OLTV <= 80%	48,428,214	11.3%	318	9.4%
80% < OLTV <= 85%	40,835,422	9.5%	282	8.4%
85% < OLTV <= 90%	16,702,839	3.9%	138	4.1%
90% < OLTV <= 95%	2,830,240	0.7%	23	0.7%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The original minimum, maximum and weighted average Loan to Value Ratio as at the Provisional Pool Date of the Loans in the Provisional Pool Date Portfolio is 2.1 per cent., 95.0 per cent. and 62.5 per cent., respectively.

Current Indexed Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the True Balance of a Loan (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at the Provisional Pool Date by the indexed latest valuation of the Property securing that Loan at the same date.

Range of Current Indexed LTV Ratios*	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0%< iCLTV <= 5%	1,583,265	0.4%	114	3.4%
5%< iCLTV <= 10%	6,579,815	1.5%	192	5.7%
10%< iCLTV <= 15%	8,361,230	2.0%	169	5.0%
15%< iCLTV <= 20%	15,017,144	3.5%	214	6.4%
20%< iCLTV <= 25%	15,708,667	3.7%	177	5.3%
25%< iCLTV <= 30%	20,279,891	4.7%	209	6.2%
30%< iCLTV <= 35%	25,437,481	5.9%	207	6.1%
35%< iCLTV <= 40%	26,716,508	6.2%	207	6.1%
40%< iCLTV <= 45%	28,474,924	6.7%	209	6.2%
45%< iCLTV <= 50%	42,127,466	9.8%	258	7.7%
50%< iCLTV <= 55%	45,751,537	10.7%	279	8.3%
55%< iCLTV <= 60%	41,419,221	9.7%	269	8.0%
60%< iCLTV <= 65%	43,457,288	10.2%	266	7.9%
65%< iCLTV <= 70%	45,370,276	10.6%	267	7.9%
70%< iCLTV <= 75%	49,832,059	11.6%	270	8.0%
75%< iCLTV <= 80%	11,817,304	2.8%	58	1.7%
80%< iCLTV <= 85%	153,160	0.0%	1	0.0%
85%< iCLTV <= 90%	0	0.0%	0	0.0%
90%< iCLTV <= 95%	0	0.0%	0	0.0%
95%< iCLTV <= 100%	0	0.0%	0	0.0%
Total	**428,087,237**	**100%**	**3,366**	**100%**

**Most recent property valuation was indexed using the Halifax House Price Index (non seasonally adjusted) based on quarterly data as at March 2019.*

The minimum, maximum and weighted average current Loan to Value Ratio as at the Provisional Pool Date of all the Loans (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 0.3 per cent., 84.5 per cent. and 50.1 per cent, respectively.

Current Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the True Balance of a Loan as at the Provisional Pool Date by the unindexed latest Valuation of the Property securing that Loan at the same date.

Range of Current LTV Ratios	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0%< CLTV <= 5%	422,442	0.1%	25	0.7%
5%< CLTV <= 10%	2,814,663	0.7%	83	2.5%
10%< CLTV <= 15%	5,155,574	1.2%	113	3.4%
15%< CLTV <= 20%	8,421,788	2.0%	139	4.1%
20%< CLTV <= 25%	10,118,518	2.4%	134	4.0%
25%< CLTV <= 30%	13,299,831	3.1%	155	4.6%
30%< CLTV <= 35%	15,434,407	3.6%	144	4.3%
35%< CLTV <= 40%	20,011,190	4.7%	191	5.7%
40%< CLTV <= 45%	22,009,960	5.1%	180	5.3%
45%< CLTV <= 50%	24,251,710	5.7%	196	5.8%
50%< CLTV <= 55%	37,225,327	8.7%	273	8.1%
55%< CLTV <= 60%	44,495,427	10.4%	288	8.6%
60%< CLTV <= 65%	56,679,881	13.2%	375	11.1%
65%< CLTV <= 70%	50,117,795	11.7%	331	9.8%
70%< CLTV <= 75%	57,108,650	13.3%	355	10.5%
75%< CLTV <= 80%	34,105,835	8.0%	210	6.2%
80%< CLTV <= 85%	25,833,512	6.0%	170	5.1%
85%< CLTV <= 90%	427,566	0.1%	3	0.1%
90%< CLTV <= 95%	153,160	0.0%	1	0.0%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The minimum, maximum and weighted average Current Loan to Value Ratio as at the Provisional Pool Date of the Loans in the Provisional Pool Date Portfolio is 0.4 per cent., 91.7 per cent. and 57.4 per cent., respectively.

Arrears Analysis of Non Repossessed Mortgage Accounts

Month(s) in Arrears*	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
Current Arrears = 0 months	428,087,237	100%	3,366	100%
Total	**428,087,237**	**100%**	**3,366**	**100%**

*Arrears are calculated in accordance with standard market practice in the UK. A mortgage 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 1 the loan is deemed to be in arrears. Arrears classification is determined based on the number of full monthly payments that have been missed. A borrower that has missed payments that in the aggregate equal or exceeding 2 monthly payments (but for which the aggregate of missed payments is less than 3 monthly payments) would be classified as being between 2 – 3 months in arrears, and so on.

Geographical Distribution

The following table shows the distribution of Properties securing the Loans throughout England and Wales as at the Provisional Pool Date. No properties are situated outside England or Wales.

Region	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
South East	64,990,220	15.2%	416	12.4%
Greater London	41,808,685	9.8%	206	6.1%
North West	51,631,846	12.1%	476	14.1%
Yorkshire and the Humber	44,910,356	10.5%	425	12.6%
West Midlands	42,284,035	9.9%	339	10.1%
South West	44,619,919	10.4%	350	10.4%
East Midlands	39,327,193	9.2%	359	10.7%
East of England	55,164,729	12.9%	373	11.1%
Wales	23,885,477	5.6%	222	6.6%
North East	19,464,776	4.5%	200	5.9%
Total	**428,087,237**	**100%**	**3,366**	**100%**

Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at the Provisional Pool Date and are calculated with respect to the initial advance.

Seasoning (months)	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0 < Seasoning <= 10	110,312,478	25.8%	795	23.6%
10 < Seasoning <= 20	68,371,826	16.0%	489	14.5%
20 < Seasoning <= 30	101,967,753	23.8%	705	20.9%
30 < Seasoning <= 40	48,310,911	11.3%	393	11.7%
40 < Seasoning <= 50	32,194,899	7.5%	297	8.8%
50 < Seasoning <= 60	25,491,241	6.0%	240	7.1%
60 < Seasoning <= 70	14,291,595	3.3%	127	3.8%
70 < Seasoning <= 80	9,564,036	2.2%	89	2.6%
80 < Seasoning <= 90	6,873,421	1.6%	54	1.6%
90 < Seasoning <= 100	1,138,814	0.3%	19	0.6%
100 < Seasoning <= 110	2,929,491	0.7%	35	1.0%
110 < Seasoning <= 120	2,379,662	0.6%	31	0.9%
120 < Seasoning <= 130	528,239	0.1%	7	0.2%
130 < Seasoning <= 140	1,121,696	0.3%	20	0.6%
140 < Seasoning <= 150	965,894	0.2%	22	0.7%
150 < Seasoning <= 160	841,941	0.2%	17	0.5%
160 < Seasoning <= 170	124,445	0.0%	5	0.1%
170 < Seasoning <= 180	168,813	0.0%	2	0.1%
180 < Seasoning <= 190	134,689	0.0%	5	0.1%
190 < Seasoning <= 200	107,763	0.0%	2	0.1%
200 < Seasoning <= 210	267,629	0.1%	12	0.4%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The maximum, minimum and weighted average seasoning of Loans in the Provisional Pool Portfolio as at the Provisional Pool Date is 209.06, 2.07 and 28.34 months, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans in a Mortgage Account as at the Provisional Pool Date and are calculated with respect to the initial advance.

Years to Maturity	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0 < Remaining Term <= 5	9,590,079	2.2%	132	3.9%
5 < Remaining Term <= 10	34,705,377	8.1%	429	12.7%
10 < Remaining Term <= 15	58,452,202	13.7%	576	17.1%
15 < Remaining Term <= 20	73,354,333	17.1%	584	17.3%
20 < Remaining Term <= 25	85,542,762	20.0%	612	18.2%
25 < Remaining Term <= 30	87,276,035	20.4%	534	15.9%
30 < Remaining Term <= 35	63,253,937	14.8%	400	11.9%
35 < Remaining Term <= 40	15,912,512	3.7%	99	2.9%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The maximum, minimum and weighted average remaining term of the Loans in the Provisional Pool Date Portfolio as at the Provisional Pool Date is 39.83, 0.14 and 21.83 years, respectively.

Purpose of Loan

The following table shows whether the purpose of the initial Loan in a Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

Use of Proceeds	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
Purchase	222,861,934.40	52.1%	1,742	51.8%
Re-mortgage	205,225,302.15	47.9%	1,624	48.2%
Total	**428,087,237**	**100%**	**3,366**	**100%**

As at the Provisional Pool Date, the average balance of Loans used to finance the purchase of a new Property was £127,934.52 and the average balance of Loans used to remortgage a Property already owned by the borrower was £126,370.26.

Repayment Terms

The following table shows the repayment terms for the Loans in a Mortgage Account as at the Provisional Pool Date.

Repayment Terms	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
Repayment	364,839,448.70	85.2%	2982	88.6%
Interest Only	63,247,787.85	14.8%	384	11.4%
Total	**428,087,237**	**100%**	**3,366**	**100%**

As at the Provisional Pool Date, the average balance of capital repayment Loans and interest-only in the Provisional Pool Date Portfolio is £122,347.23 and £164,707.78 respectively.

Product Types

The following table shows the distribution of special rate loans as at the Provisional Pool Date.

Product Type	**Aggregate True Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
Fixed	414,083,813	96.7%	3196	94.9%
Floating	14,003,423	3.3%	170	5.1%
Total	**428,087,237**	**100%**	**3,366**	**100%**

Current Interest Rates

The following table shows the distribution of Current Interest Rates as at the Provisional Pool Date.

Current Interest Rates	**Aggregate True Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
0% < Interest Rate <= 1%	1,455,353	0.3%	8	0.2%
1% < Interest Rate <= 2%	120,487,670	28.1%	948	28.2%
2% < Interest Rate <= 3%	150,659,947	35.2%	1,161	34.5%
3% < Interest Rate <= 4%	57,938,625	13.5%	435	12.9%
4% < Interest Rate <= 5%	65,548,647	15.3%	476	14.1%
5% < Interest Rate <= 6%	18,541,654	4.3%	166	4.9%
6% < Interest Rate <= 7%	9,877,681	2.3%	110	3.3%
7% < Interest Rate <= 8%	3,577,659	0.8%	62	1.8%
Total	**428,087,237**	**100%**	**3,366**	**100%**

The maximum, minimum and weighted average current interest rate in the Provisional Pool Date Portfolio as at the Provisional Pool Date is 7.74 per cent., 0.95 per cent. and 2.93 per cent., respectively.

Fixed Rate Loans

As at the Provisional Pool Date, approximately 96.7 per cent. of the aggregate True Balance as at the Provisional Pool Date in the Provisional Pool Date Portfolio are Fixed Rate Loans. The following tables shows the distribution of Fixed Rate Loans by their fixed rate of interest as at such date, and the year in which the Loans cease to bear a fixed rate of interest and instead bear a floating rate of interest. The figures in these tables have been calculated on the basis of Sub-Accounts rather than Mortgage Accounts.

Fixed Rate Loans remain at the relevant fixed rate for a period of time as specified in the offer conditions, after which they move to the Standard Variable Rate or some other rate as specified in the offer conditions.

Fixed Interest Rates	Aggregate True Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total	W.A. Reversion Date
0% < Interest Rate <= 1%	1,455,353	0.4%	8	0.3%	18/02/202
1% < Interest Rate <= 2%	120,487,670	29.1%	948	29.7%	22/06/202
2% < Interest Rate <= 3%	150,659,947	36.4%	1,161	36.3%	02/01/202
3% < Interest Rate <= 4%	57,483,058	13.9%	431	13.5%	30/06/202
4% < Interest Rate <= 5%	65,367,653	15.8%	474	14.8%	13/10/202
5% < Interest Rate <= 6%	17,566,765	4.2%	161	5.0%	29/10/202
6% < Interest Rate <= 7%	1,063,367	0.3%	13	0.4%	04/08/202
Total	**414,083,814**	**100%**	**3,196**	**100%**	

The maximum, minimum and weighted average fixed interest rate in the Provisional Pool Date Portfolio as at the Provisional Pool Date is 6.99 per cent., 0.95 per cent. and 2.80 per cent., respectively.

Reversion Year	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total	W.A. Interest Rate
Reversion Year = 2023	43,816,517	10.6%	362	11.3%	1.93%
Reversion Year = 2024	100,562,804	24.3%	771	24.1%	2.56%
Reversion Year = 2025	81,957,892	19.8%	633	19.8%	3.51%
Reversion Year = 2026	67,053,504	16.2%	514	16.1%	2.24%
Reversion Year = 2027	82,587,647	19.9%	598	18.7%	2.77%
Reversion Year = 2028	28,175,263	6.8%	245	7.7%	4.61%
Reversion Year = 2029	938,793	0.2%	8	0.3%	2.60%
Reversion Year = 2030	2,551,420	0.6%	17	0.5%	2.13%
Reversion Year = 2031	1,358,164	0.3%	10	0.3%	2.33%
Reversion Year = 2032	4,873,108	1.2%	35	1.1%	2.16%
Reversion Year = 2033	208,702	0.1%	3	0.1%	4.83%
Total	**414,083,814**	**100%**	**3,196**	**100%**	

Primary Borrower Employment Status

The following table shows the Aggregate Current Balance of Borrowers across different employment statuses.

Employment type	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
Employed or full loan is guaranteed	367,681,750	85.9%	2,812	83.5%
Self-employed	33,663,239	7.9%	246	7.3%
Pensioner	14,972,858	3.5%	230	6.8%
Other	11,314,240	2.6%	73	2.2%
Unemployed	455,150	0.1%	5	0.2%
Total	**428,087,237**	**100%**	**3,366**	**100%**

HISTORICAL AMORTISATION RATES OF LEEDS BUILDING SOCIETY PRIME MORTGAGE LOANS

Month	Average of Monthly Amortisation Rate (Annualised) (Per Cent.)	Year	Average of Monthly Amortisation Rate (Annualised) Over Year (Per Cent.)
Jan 14	19.14		
Feb 14	13.65		
Mar 14	17.40		
Apr 14	16.03		
May 14	19.37		
June 14	17.31		
July 14	19.97		
Aug 14	17.29		
Sept 14	18.47		
Oct-14	17.05		
Nov-14	16.22		
Dec-14	24.16	2014	18.01
Jan-15	14.39		
Feb-15	16.87		
Mar-15	22.23		
Apr-15	14.69		
May-15	15.00		
Jun-15	17.05		
Jul-15	22.77		
Aug-15	15.36		
Sep-15	18.45		
Oct-15	21.00		
Nov-15	14.23		
Dec-15	19.44	2015	17.62
Jan-16	16.17		
Feb-16	13.18		
Mar-16	21.66		
Apr-16	18.58		
May-16	20.57		
Jun-16	17.95		
Jul-16	21.52		
Aug-16	16.47		
Sep-16	21.31		
Oct-16	16.35		
Nov-16	16.22		
Dec-16	21.49	2016	18.46
Jan-17	13.90		
Feb-17	12.99		
Mar-17	13.43		
Apr-17	15.53		
May-17	15.31		
Jun-17	15.55		
Jul-17	15.94		
Aug-17	17.05		
Sep-17	23.04		
Oct-17	14.86		
Nov-17	16.08		
Dec-17	21.49	2017	16.26
Jan-18	20.03		
Feb-18	21.12		
Mar-18	12.91		
Apr-18	14.04		
May-18	17.64		
Jun-18	10.14		

Month	Average of Monthly Amortisation Rate (Annualised) (Per Cent.)	Year	Average of Monthly Amortisation Rate (Annualised) Over Year (Per Cent.)
Jul-18	27.19		
Aug-18	28.43		
Sep-18	15.00		
Oct-18	20.54		
Nov-18	21.01		
Dec-18	17.32	2018	18.67
Jan-19	20.10		
Feb-19	15.97		
Mar-19	14.32		
Apr-19	18.53		
May-19	12.30		
Jun-19	14.93		
Jul-19	15.97		
Aug-19	17.90		
Sep-19	16.38		
Oct-19	18.58		
Nov-19	21.42		
Dec-19	14.68	2019	16.76
Jan-20	15.93		
Feb-20	19.82		
Mar-20	12.69		
Apr-20	13.44		
May-20	18.81		
Jun-20	15.69		
Jul-20	13.05		
Aug-20	15.51		
Sep-20	21.42		
Oct-20	15.76		
Nov-20	18.22		
Dec-20	17.28	2020	16.47
Jan-21	16.66		
Feb-21	18.44		
Mar-21	23.90		
Apr-21	21.21		
May-21	14.53		
Jun-21	33.77		
Jul-21	10.66		
Aug-21	12.33		
Sep-21	21.16		
Oct-21	15.68		
Nov-21	19.68		
Dec-21	14.76	2021	18.57
Jan-22	14.14		
Feb-22	15.42		
Mar-22	17.75		
Apr-22	17.95		
May-22	16.13		
Jun-22	18.77		
Jul-22	17.18		
Aug-22	22.37		
Sep-22	20.77		
Oct-22	19.33		
Nov-22	32.68		
Dec-22	19.34	2022	19.32
Jan-23	20.07		
Feb-23	15.11		
Mar-23	25.52		
Apr-23	14.33		
May-23	15.32		
Jun-23	18.30	2023	18.11
Aug-19	17.90		

Month	Average of Monthly Amortisation Rate (Annualised) (Per Cent.)	Year	Average of Monthly Amortisation Rate (Annualised) Over Year (Per Cent.)
Sep-19	16.38		
Oct-19	18.58		
Nov-19	21.42		
Dec-19	14.68	2019	16.76%
Jan-20	15.93		
Feb-20	19.82		
Mar-20	12.69		
Apr-20	13.44		
May-20	18.81		
Jun-20	15.69		
Jul-20	13.05		
Aug-20	15.51		
Sep-20	21.42		
Oct-20	15.76		
Nov-20	18.22		
Dec-20	17.28	2020	16.47
Jan-21	16.66		
Feb-21	18.44		
Mar-21	23.90		
Apr-21	21.21		
May-21	14.53		
Jun-21	33.77		
Jul-21	10.66		
Aug-21	12.33		
Sep-21	21.16		
Oct-21	15.68		
Nov-21	19.68		
Dec-21	14.76	2021	18.57%
Jan-22	14.14		
Feb-22	15.42		
Mar-22	17.75		
Apr-22	17.95		
May-22	16.13		
Jun-22	18.77		
Jul-22	17.18		
Aug-22	22.37		
Sep-22	20.77		
Oct-22	19.33		
Nov-22	32.68		
Dec-22	19.34	2022	19.32
Jan-23	20.07		
Feb-23	15.11		
Mar-23	25.52		
Apr-23	14.33		
May-23	15.32		
Jun-23	18.30	2023	18.11
Jul-20	13.05		
Aug-20	15.51		
Sep-20	21.42		
Oct-20	15.76		
Nov-20	18.22		
Dec-20	17.28	2020	16.47
Jan-21	16.66		
Feb-21	18.44		
Mar-21	23.90		
Apr-21	21.21		
May-21	14.53		
Jun-21	33.77		
Jul-21	10.66		
Aug-21	12.33		
Sep-21	21.16		

Month	Average of Monthly Amortisation Rate (Annualised) (Per Cent.)	Year	Average of Monthly Amortisation Rate (Annualised) Over Year (Per Cent.)
Oct-21	15.68		
Nov-21	19.68		
Dec-21	14.76	2021	18.57
Jan-22	14.14		
Feb-22	15.42		
Mar-22	17.75		
Apr-22	17.95		
May-22	16.13		
Jun-22	18.77		
Jul-22	17.18		
Aug-22	22.37		
Sep-22	20.77		
Oct-22	19.33		
Nov-22	32.68		
Dec-22	19.34	2022	19.32
Jan-23	20.07		
Feb-23	15.11		
Mar-23	25.52		
Apr-23	14.33		
May-23	15.32		
Jun-23	18.30	2023	18.11%
Jul-21	10.66		
Aug-21	12.33		
Sep-21	21.16		
Oct-21	15.68		
Nov-21	19.68		
Dec-21	14.76	2021	18.57
Jan-22	14.14		
Feb-22	15.42		
Mar-22	17.75		
Apr-22	17.95		
May-22	16.13		
Jun-22	18.77		
Jul-22	17.18		
Aug-22	22.37		
Sep-22	20.77		
Oct-22	19.33		
Nov-22	32.68		
Dec-22	19.34	2022	19.32
Jan-23	20.07		
Feb-23	15.11		
Mar-23	25.52		
Apr-23	14.33		
May-23	15.32		
Jun-23	18.30	2023	18.11
Oct-21	15.68		
Nov-21	19.68		
Dec-21	14.76	2021	18.57
Jan-22	14.14		
Feb-22	15.42		
Mar-22	17.75		
Apr-22	17.95		
May-22	16.13		

Note: the monthly amortisation rate above has been calculated by the following formula 1-(1-D) ^ (365 / number of days in the month) where D = (A- (B-C))/A where A = Seller prime mortgage balance at previous month end. B = Seller prime mortgage balance at relevant month end and C = volume of new Seller prime mortgage originations (including Additional Loan Advances).

Note: historical values for the years 2018 and 2019, during which time LBS adopted a new system of classification as part of a database migration, may show marginally different amortisation rates than previously published.

Verification of data

LBS has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. Such Loans have been subject to an agreed upon procedures review of a representative sample of Loans selected from the Cut-off Date Portfolio as at the Cut-off Date conducted by a third party and completed on or about 28 August 2023 (the **AUP Report**). No adverse findings arose from such review. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables disclosed in respect of the underlying exposures are accurate. Such appropriate and independent third party has also reviewed the conformity of Loans in the Provisional Portfolio against the Loan Warranties (where applicable). The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.

Environmental Performance

As at the Cut-Off Date, the administrative records of the Seller do not contain any information related to the environmental performance of the property securing the Loans.

If the Seller does collect such information related to any of the Loans in the Portfolio it will procure that such information is made available in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to LBS).

Information in relation to Loans originated by LBS

Static and dynamic historical performance data in relation to loans originated by the Originator was made available prior to pricing on the website of European DataWarehouse at https://editor.eurodw.eu/home. Such information will cover the period from 1 January 2005 to 30 June 2023. The loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the loans comprising the Portfolio and, as such, it is expected that the performance of such loans, over a period of four years, would not be significantly different to the performance of the loans in the Portfolio.

INFORMATION ON THE STANDARD VARIABLE RATES

The below table provides information on how the Standard Variable Rate has changed each month since January 2014, as compared to each of, SONIA (not compounded), 3-month LIBOR and the Bank of England Base Rate at the relevant time, in order to allow an assessment of the Standard Variable Rate in relation to other market rates.

Bank of England Base Rate means the base rate quoted by the Bank of England at the relevant date.

SONIA means the Sterling Overnight Index Average (not compounded) at the relevant date.

Date	SONIA (%)	Bank of England Base Rate (%)	LBS SVR (%)
Jan-18	0.4668	0.5	5.69
Feb-18	0.4612	0.5	5.69
Mar-18	0.4435	0.5	5.69
Apr-18	0.4507	0.5	5.69
May-18	0.4503	0.5	5.69
Jun-18	0.4399	0.5	5.69
Jul-18	0.4503	0.5	5.69
Aug-18	0.7042	0.75	5.69
Sep-18	0.6964	0.75	5.69
Oct-18	0.7002	0.75	5.69
Nov-18	0.7002	0.75	5.69
Dec-18	0.6998	0.75	5.69
Jan-19	0.7034	0.75	5.69
Feb-19	0.705	0.75	5.69
Mar-19	0.7036	0.75	5.69
Apr-19	0.7109	0.75	5.69
May-19	0.7078	0.75	5.69
Jun-19	0.706	0.75	5.69
Jul-19	0.7081	0.75	5.69
Aug-19	0.7103	0.75	5.69

Sep-19	0.7101	0.75	5.69
Oct-19	0.7106	0.75	5.69
Nov-19	0.7123	0.75	5.69
Dec-19	0.7098	0.75	5.69
Jan-20	0.7117	0.75	5.69
Feb-20	0.7098	0.75	5.69
Mar-20	0.0729	0.1	5.69
Apr-20	0.0666	0.1	5.69
May-20	0.0679	0.1	5.29
Jun-20	0.0603	0.1	5.29
Jul-20	0.0603	0.1	5.29
Aug-20	0.0545	0.1	5.29
Sep-20	0.0509	0.1	5.29
Oct-20	0.0547	0.1	5.29
Nov-20	0.0540	0.1	5.29
Dec-20	0.0394	0.1	5.29
Jan-21	0.0529	0.1	5.29
Feb-21	0.0512	0.1	5.29
Mar-21	0.0466	0.1	5.29
Apr-21	0.0509	0.1	5.29
May-21	0.0516	0.1	5.29
Jun-21	0.0466	0.1	5.29
Jul-21	0.0506	0.1	5.29
Aug-21	0.0502	0.1	5.29
Sep-21	0.0479	0.1	5.29
Oct-21	0.0503	0.1	5.29
Nov-21	0.0455	0.1	5.29

Dec-21	0.1906	0.25	5.29
Jan-22	0.1989	0.25	5.29
Feb-22	0.4451	0.5	5.54
Mar-22	0.6896	0.75	5.54
Apr-22	0.6907	0.75	5.54
May-22	0.9410	1	5.54
Jun-22	1.1874	1.25	5.54
Jul-22	1.1909	1.25	5.99
Aug-22	1.6896	1.75	5.99
Sep-22	2.1901	2.25	5.99
Oct-22	2.1838	2.25	5.99
Nov-22	2.9273	2.25	5.99
Dec-22	3.4282	3.5	5.99
Jan-23	3.4269	3.5	7.49
Feb-23	3.9270	4	7.49
Mar-23	4.1777	4.25	7.49
Apr-23	4.1792	4.25	7.49
May-23	4.4278	4.5	7.49
Jun-23	4.9286	5	7.99

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market.

Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by building societies in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)	Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)
March 1999	12.69		September 2011	12.42	11.31
June 1999	16.56		December 2011	11.87	11.43
September 1999	18.28		March 2012	11.01	11.58
December 1999	17.04	16.14	June 2012	11.38	11.67
March 2000	14.10	16.50	September 2012	11.58	11.46
June 2000	15.92	16.34	December 2012	11.84	11.45
September 2000	16.50	15.89	March 2013	11.37	11.54
December 2000	16.39	15.73	June 2013	13.03	11.96
March 2001	15.95	16.19	September 2013	14.72	12.74
June 2001	19.03	16.97	December 2013	15.05	13.54
September 2001	21.12	18.12	March 2014	13.59	14.10
December 2001	20.92	19.25	June 2014	14.29	14.41
March 2002	19.58	20.16	September 2014	15.26	14.55
June 2002	22.18	20.95	December 2014	14.31	14.36
September 2002	24.90	21.90	March 2015	13.04	14.23
December 2002	24.04	22.68	June 2015	14.08	14.17
March 2003	22.01	23.28	September 2015	15.35	14.19
June 2003	23.55	23.63	December 2015	15.63	14.52
September 2003	25.38	23.75	March 2016	15.25	15.08
December 2003	26.17	24.28	June 2016	15.28	15.38
March 2004	22.15	24.31	September 2016	16.01	15.54
June 2004	24.04	24.43	December 2016	15.46	15.50
September 2004	25.08	24.36	March 2017	14.92	15.42
December 2004	21.81	23.27	June 2017	14.97	15.34
March 2005	18.43	22.34	September 2017	16.23	15.40
June 2005	22.14	21.87	December 2017	16.50	15.66
September 2005	25.56	21.99	March 2018	15.15	15.71
December 2005	25.77	22.97	June 2018	15.45	15.83
March 2006	22.86	24.08	September 2018	16.89	16.00
June 2006	24.59	24.69	December 2018	16.67	16.04
September 2006	26.31	24.88	March 2019	14.72	15.93
December 2006	25.99	24.94	June 2019	14.89	15.79
March 2007	24.70	25.40	September 2019	15.55	15.46
June 2007	25.77	25.69	December 2019	15.86	15.26
September 2007	26.66	25.78	March 2020	14.63	15.23
December 2007	24.61	25.44	June 2020	11.29	14.33
March 2008	20.69	24.43	September 2020	13.14	13.73
June 2008	21.71	23.42	December 2020	14.90	13.49
September 2008	20.42	21.86	March 2021	15.78	13.78
December 2008	15.29	19.53	June 2021	15.92	14.94
March 2009	13.56	17.74	September 2021	14.52	15.28

Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)	Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)
June 2009	13.31	15.64	December 2021	14.82	15.26
September 2009	13.43	13.90	March 2022	14.62	14.97
December 2009	12.72	13.26	June 2022	14.86	14.71
March 2010	11.52	12.75	September 2022	15.79	15.02
June 2010	11.05	12.18	December 2022	16.63	15.48
September 2010	11.51	11.70	March 2023	14.20	15.37
December 2010	11.41	11.37	June 2023	13.01	14.91
March 2011	10.41	11.09			
June 2011	11.02	11.09			

Source of repayment and outstanding mortgage information: UK Finance

You should note that the CPR table above presents the historical CPR experience only of building societies in the United Kingdom. During the late 1990s, a number of former building societies converted stock to form UK banks and the CPR experience of these banks is therefore not included in the foregoing building society CPR data.

Repossession rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (per cent.)	Year	Repossessions (per cent.)	Year	Repossessions (per cent.)
1985	0.25	1999	0.27	2010	0.34
1986	0.30	2000	0.20	2011	0.33
1987	0.32	2001	0.16	2012	0.30
1988	0.22	2002	0.11	2013	0.26
1989	0.17	2003	0.07	2014	0.19
1990	0.17	2004	0.07	2015	0.09
1991	0.45	2005	0.12	2016	0.07
1992	0.76	2006	0.18	2017	0.07
1993	0.68	2004	0.07	2018	0.06
1994	0.56	2005	0.12	2019	0.07
1995	0.47	2006	0.18	2020	0.02
1996	0.46	2007	0.22	2021	0.02
1997	0.40	2008	0.34	2022	0.04
1998	0.30	2009	0.43		

Source: UK Finance

House price to earnings ratio

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the Annual Survey of Hours and Earnings figures referring to weekly earnings in April of each year for those male employees whose earnings were not affected by their absence from work. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
2000	5.51	2012	7.03
2001	5.66	2013	7.13
2002	6.37	2014	7.61

2003	7.14	2015	7.89
2004	7.66	2016	8.24
2005	7.86	2017	8.41
2006	8.09	2018	8.43
2007	8.47	2019	8.24
2008	7.81	2020	8.32
2009	7.13	2021	8.56
2010	7.37	2022	8.84
2011	7.09		

Source: UK Finance, Office for National Statistics and Land Registry via Haver Analytics

House price index

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Indices occurring in the late 1980s and large decreases occurring in the early 1990s and from 2007 to 2013.

Period		House price index	House price index annual % change	Period		House price index	House price index annual % change
1995	Jan	68.1	0.7		Oct	84.7	7.8
	Feb	67.7	-0.4		Nov	85.0	7.3
	Mar	67.5	-0.7		Dec	85.4	6.8
	Apr	67.3	-0.7	1999	Jan	85.9	6.8
	May	67.4	-0.4		Feb	86.9	7.2
	Jun	67.2	-0.7		Mar	87.8	7.5
	Jul	67.4	-0.6		Apr	88.7	7.5
	Aug	67.4	-0.7		May	89.7	8.1
	Sep	67.5	-1.0		Jun	90.7	8.8
	Oct	67.4	-1.6		Jul	91.9	9.8
	Nov	67.5	-1.7		Aug	93.5	11.2
	Dec	67.6	-1.5		Sep	95.1	12.5
1996	Jan	67.6	-0.7		Oct	96.6	14.0
	Feb	67.6	-0.1		Nov	97.6	14.8
	Mar	67.8	0.4		Dec	98.9	15.8
	Apr	68.1	1.2	2000	Jan	100.0	16.4
	May	68.6	1.8		Feb	101.9	17.3
	Jun	68.9	2.5		Mar	103.5	17.9
	Jul	69.5	3.1		Apr	105.1	18.5
	Aug	70.1	4.0		May	105.9	18.1
	Sep	70.7	4.7		Jun	106.9	17.9
	Oct	71.1	5.5		Jul	107.8	17.3
	Nov	71.6	6.1		Aug	108.6	16.1
	Dec	72.2	6.8		Sep	109.4	15.0
1997	Jan	72.7	7.5		Oct	110.2	14.1
	Feb	73.2	8.3		Nov	110.9	13.6
	Mar	73.6	8.6		Dec	111.7	12.9
	Apr	74.3	9.1	2001	Jan	112.4	12.4
	May	75.1	9.5		Feb	113.4	11.3
	Jun	75.8	10.0		Mar	114.4	10.5
	Jul	76.3	9.8		Apr	115.6	10.0
	Aug	77.0	9.8		May	116.9	10.4
	Sep	77.7	9.9		Jun	118.0	10.4
	Oct	78.6	10.5		Jul	119.2	10.6
	Nov	79.2	10.6		Aug	120.4	10.9
	Dec	80.0	10.8		Sep	121.4	11.0
1998	Jan	80.4	10.6		Oct	122.1	10.8
	Feb	81.1	10.8		Nov	123.3	11.2
	Mar	81.7	11.0		Dec	124.7	11.6
	Apr	82.5	11.0	2002	Jan	126.5	12.5
	May	83.0	10.5		Feb	128.2	13.1
	Jun	83.4	10.0		Mar	130.3	13.9
	Jul	83.7	9.7		Apr	132.6	14.7
	Aug	84.1	9.2		May	135.1	15.6
	Sep	84.5	8.8		Jun	137.7	16.7

Period		House price index	House price index annual % change
	Jul	140.5	17.9
	Aug	143.0	18.8
	Sep	145.7	20.0
	Oct	148.2	21.4
	Nov	150.4	22.0
	Dec	152.8	22.5
2003	Jan	154.9	22.5
	Feb	156.7	22.2
	Mar	158.1	21.3
	Apr	159.5	20.3
	May	160.6	18.9
	Jun	161.6	17.4
	Jul	162.4	15.6
	Aug	164.0	14.7
	Sep	165.7	13.7
	Oct	167.9	13.3
	Nov	170.0	13.0
	Dec	171.8	12.4
2004	Jan	173.6	12.1
	Feb	175.6	12.1
	Mar	178.0	12.6
	Apr	180.1	12.9
	May	182.5	13.6
	Jun	184.5	14.2
	Jul	186.6	14.9
	Aug	188.6	15.0
	Sep	190.3	14.8
	Oct	192.0	14.4
	Nov	193.0	13.5
	Dec	193.9	12.9
2005	Jan	194.6	12.1
	Feb	195.7	11.4
	Mar	195.7	9.9
	Apr	195.8	8.7
	May	195.2	7.0
	Jun	195.8	6.1
	Jul	195.9	5.0
	Aug	196.2	4.0
	Sep	196.7	3.4
	Oct	197.9	3.1
	Nov	198.9	3.1
	Dec	200.6	3.5
2006	Jan	201.7	3.6
	Feb	203.4	3.9
	Mar	204.5	4.5
	Apr	205.9	5.2
	May	206.8	5.9
	Jun	207.5	6.0
	Jul	208.4	6.4
	Aug	209.6	6.8
	Sep	211.4	7.5
	Oct	213.4	7.8
	Nov	215.1	8.1
	Dec	217.5	8.4
2007	Jan	219.5	8.8
	Feb	222.2	9.2
	Mar	223.7	9.4
	Apr	225.6	9.6
	May	226.9	9.7
	Jun	228.8	10.3
	Jul	229.7	10.2
	Aug	231.6	10.5
	Sep	233.4	10.4
	Oct	234.7	10.0

Period		House price index	House price index annual % change
	Nov	234.3	8.9
	Dec	234.6	7.9
2008	Jan	235.1	7.1
	Feb	236.0	6.2
	Mar	235.4	5.2
	Apr	235.0	4.2
	May	233.6	3.0
	Jun	231.7	1.3
	Jul	228.3	-0.6
	Aug	225.2	-2.8
	Sep	221.5	-5.1
	Oct	217.5	-7.3
	Nov	212.8	-9.2
	Dec	209.3	-10.8
2009	Jan	207.7	-11.7
	Feb	206.2	-12.6
	Mar	204.6	-13.1
	Apr	203.9	-13.2
	May	204.6	-12.4
	Jun	206.2	-11.0
	Jul	207.9	-8.9
	Aug	210.2	-6.7
	Sep	213.1	-3.8
	Oct	215.5	-0.9
	Nov	216.2	1.6
	Dec	220.4	5.3
2010	Jan	223.9	7.8
	Feb	227.5	10.3
	Mar	226.2	10.6
	Apr	225.4	10.5
	May	225.6	10.3
	Jun	226.5	9.8
	Jul	227.2	9.3
	Aug	228.0	8.5
	Sep	227.9	6.9
	Oct	227.1	5.4
	Nov	225.6	4.3
	Dec	225.6	2.4
2011	Jan	226.2	1.0
	Feb	228.0	0.2
	Mar	228.5	1.0
	Apr	226.2	0.4
	May	223.1	-1.1
	Jun	221.4	-2.3
	Jul	222.8	-1.9
	Aug	224.5	-1.5
	Sep	224.5	-1.5
	Oct	224.8	-1.0
	Nov	223.6	-0.9
	Dec	223.8	-0.8
2012	Jan	224.6	-0.7
	Feb	225.5	-1.1
	Mar	227.5	-0.4
	Apr	228.6	1.1
	May	231.1	3.6
	Jun	231.3	4.5
	Jul	231.3	3.8
	Aug	230.6	2.7
	Sep	231.1	2.9
	Oct	231.5	3.0
	Nov	231.7	3.6
	Dec	232.3	3.8
2013	Jan	233.3	3.9
	Feb	235.2	4.3

Period		House price index	House price index annual % change
	Mar	236.3	3.9
	Apr	236.9	3.6
	May	236.8	2.5
	Jun	237.0	2.5
	Jul	237.9	2.9
	Aug	239.5	3.9
	Sep	240.8	4.2
	Oct	242.1	4.6
	Nov	242.9	4.8
	Dec	244.1	5.1
2014	Jan	247.8	6.2
	Feb	250.2	6.4
	Mar	252.8	7.0
	Apr	254.3	7.3
	May	257.2	8.6
	Jun	260.1	9.7
	Jul	261.5	9.9
	Aug	263.5	10.0
	Sep	264.9	10.0
	Oct	266.1	9.9
	Nov	266.3	9.6
	Dec	265.7	8.8
2015	Jan	266.9	7.7
	Feb	267.9	7.1
	Mar	268.3	6.1
	Apr	269.2	5.9
	May	270.3	5.1
	Jun	272.2	4.7
	Jul	273.3	4.5
	Aug	276.3	4.9
	Sep	278.1	5.0
	Oct	280.5	5.4
	Nov	280.3	5.3
	Dec	281.2	5.8
2016	Jan	283.6	6.3
	Feb	289.6	8.1
	Mar	290.1	8.1
	Apr	289.9	7.7
	May	287.7	6.4
	Jun	288.5	6.0
	Jul	288.7	5.6
	Aug	289.3	4.7
	Sep	289.7	4.2
	Oct	290.7	3.6
	Nov	290.5	3.6
	Dec	291.4	3.6
2017	Jan	293.7	3.6
	Feb	295.5	2.0
	Mar	297.1	2.4
	Apr	296.9	2.4
	May	296.6	3.1
	Jun	295.1	2.3
	Jul	294.7	2.1
	Aug	294.7	1.9
	Sep	295.3	1.9
	Oct	294.3	1.2
	Nov	293.2	0.9
	Dec	292.1	0.2
2018	Jan	294.4	0.2
	Feb	295.8	0.1
	Mar	294.9	-0.7
	Apr	292.9	-1.3
	May	291.5	-1.7
	Jun	291.0	-1.4
	Jul	290.2	-1.5
	Aug	290.8	-1.3
	Sep	291.1	-1.4
	Oct	292.8	-0.5
	Nov	292.6	-0.2
	Dec	292.4	0.1
2019	Jan	292.2	-0.7
	Feb	293.6	-0.7
	Mar	292.6	-0.8
	Apr	291.5	-0.5
	May	290.9	-0.2
	Jun	291.3	0.1
	Jul	290.1	0.0
	Aug	290	-0.3
	Sep	291.6	0.2
	Oct	293.6	0.3
	Nov	294.3	0.6
	Dec	294.6	0.8
2020	Jan	295.9	1.2
	Feb	298.2	1.5
	Mar	298.2	1.8
	Apr	295.2	1.2
	May	292.4	0.3
	Jun	292.4	0.5
	Jul	295.5	1.9
	Aug	300.1	3.5
	Sep	304.4	4.4
	Oct	309.9	5.6
	Nov	313.5	6.5
	Dec	317.1	7.6
2021	Jan	319.7	8.0
	Feb	325.5	9.2
	Mar	320.8	7.6
	Apr	316.8	7.3
	May	319.2	9.2
	Jun	315.7	8.0
	Jul	316.7	7.2
	Aug	312.5	4.1
	Sep	321.5	5.6
	Oct	328.3	5.9
	Nov	332.5	6.1
	Dec	338.2	6.7
2022	Jan	341.9	6.9
	Feb	347.1	6.6
	Mar	347.6	8.4
	Apr	348.2	9.9
	May	347.8	9.0
	Jun	349.1	10.6
	Jul	351.8	11.1
	Aug	356.1	14.0
	Sep	359.0	11.7
	Oct	360.8	9.9
	Nov	360.1	8.3
	Dec	360.9	6.7
2023	Jan	360.4	5.4
	Feb	360.2	3.8
	Mar	358.1	3.0
	Apr	356.1	2.3
	May	355.5	2.2
	Jun	354.7	1.6

Period	House price index	House price index annual % change	Period	House price index	House price index annual % change

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INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Mortgage regulation under the FSMA

In the United Kingdom, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the **Regulation Effective Date**). Residential mortgage lending under the FSMA is regulated by the FCA (and prior to 1 April 2013, was regulated by its predecessor, the FSA). Subject to certain exemptions, entering into a regulated mortgage contract as a lender, arranging Regulated Mortgage Contracts and advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of those activities) are each regulated activities under the FSMA and the RAO requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that if a mortgage contract was entered into on or after the Regulation Effective Date but prior to 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; (ii) the obligation of the Borrower to repay was secured by a first legal mortgage in the UK; and (iii) at least 40 per cent. of which was used, or was 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 was a beneficiary of the trust, or by a related person.

The current definition of a Regulated Mortgage Contract (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): (a) the borrower is an individual or trustee; and (b) the contract provides for the obligation of the borrower to repay is secured by a mortgage on land, at least 40 per cent. 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 who 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. In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is (1) that person's spouse or civil partner; (2) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or (3) that person's parent, brother, sister, child, grandparent or grandchild (a "Related Person").

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a regulated mortgage contract as lender; (b) administering a regulated mortgage contract (**administering** in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the mortgage loan); (c) advising in respect of regulated mortgage contracts; and (d) arranging in respect of regulated mortgage contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to authorisation of lenders and brokers are not complied with, a regulated mortgage contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a regulated mortgage contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of regulated mortgage contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the Seller) who carries on the regulated activity of entering into a

regulated mortgage contract. Failure to comply with the financial promotions regime (as regards by whom promotions can be issued or approved) is a criminal offence and will render the regulated mortgage contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

The Seller is required to hold, and holds, authorisation and permission to enter into and to administer and, where applicable, to advise on regulated mortgage contracts. Subject to any exemption, brokers are required to hold authorisation and permission to arrange and, where applicable, to advise on regulated mortgage contracts.

The Issuer is not, nor proposes to become, an authorised person under the FSMA. The Issuer does not carry on the regulated activity of administering (servicing) regulated mortgage contracts, because the Loans are serviced pursuant to the Servicing Agreement by the Servicer, which has the required authorisation and permission under the FSMA. If the Servicing Agreement terminates, however, the Issuer will have a period of not more than one month (beginning with the day of such termination) in which to arrange for mortgage servicing to be carried out by a replacement servicer having the required FSMA authorisation and permission. In addition the Issuer is not required to be authorised by the FCA under Part 4A of the FSMA in order to hold beneficial title to the Loans. As at the Closing Date the Issuer will only hold a beneficial interest or title to the Loans. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event, the Issuer must arrange for a servicer to administer these Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under Article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

No variation has been or will be made to the Loans where it would result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

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

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of a FCA or PRA rule and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 (the **Distance Marketing Regulations**) 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 Distance Marketing Regulations (and MCOB in respect of activities related to Regulated Mortgage Contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound

by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation.

A regulated mortgage contract under the FSMA, if originated by a United Kingdom lender from an establishment in the United Kingdom, will not be cancellable under these regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before expiry of 14 days 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 Distance Marketing Regulations may be secured by way of injunction, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the Distance Marketing Regulations may render the originator or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, inter alia, disciplinary action by the FCA and possible claims under Section 138D of FSMA for breach 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 is to be treated as never having had effect for the cancelled agreement. If a significant portion of the Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of the Loans, which will affect the Issuer's ability to make payments in full on the Notes when due.

Unfair Terms in Consumer Contracts

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "1999 Regulations"), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, (the "UTCCR"), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the "CRA") has revoked the UTCCR in respect of contracts made on or after 1 October 2015 (see "Consumer Rights Act 2015" below).

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (see "Consumer Rights Act 2015" below) applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR may affect

terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender.

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

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

The extremely broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

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

Consumer Rights Act 2015

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

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

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or

effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract" although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

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

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

Ultimately, only a court can decide whether a term is fair, however it may take into account relevant guidance published by the Competition and Markets Authority (the "CMA") or the FCA. On 19 December 2018, the FCA published new guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the European Union (the "CJEU"). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA state that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA state that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015. The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the "CMA Guidance"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR" (save in applying the consumer notices and negotiated terms). The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs". In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of sometimes conflicting reported case law between English courts and the CJEU. The extremely broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. The guidance issued by the FSA (and as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future.

Decisions of the Ombudsman could lead to some terms of the Loans being varied

Under the FSMA, the Financial Ombudsman Service (the **Ombudsman**) is required to make decisions on, among other things, complaints relating to the activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account law and guidance, rather than making determinations strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. The Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to the borrower.

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.

Consumer Protection from Unfair Trading Regulations 2008

The Consumer Protection from Unfair Trading Regulations 2008 (the CPUTR), came into force on 26 May 2008 and prohibits certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment.

Under the terms of the CPUTR, the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and amended the CPUTR. In certain circumstances these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

Mortgage repossession

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008, which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders, including the Seller, have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud.

This protocol and these Acts and the MCOB requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of repossession claims.

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.

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. 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 action at this time - and to consider whether additional care may be required as a result.

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 FCA stated that the purpose of the finalised guidance was to ensure that lenders are clear about the effect of the FCA rules 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 FCA have said that the guidance clarifies the effect of their existing rules and principles and is not intended to set new expectations or requirements of lenders or to repeat the position set out in other documents such as the expectations around repossessions or the treatment of vulnerable customers. It explains how lenders can support borrowers in, or at risk of, payment difficulty and confirms the flexibility lenders have under FCA rules and guidance to support borrowers in different ways.

In March 2021, the FCA stated that as the more immediate impacts of coronavirus begin to subside, they were considering whether they will need to make any permanent changes to their forbearance regimes for mortgages and credit in light of the Mortgages Tailored Support Guidance. This could include updating the rules and guidance in MCOB and incorporating elements of the Mortgages Tailored Support Guidance. On 25 May 2023, the FCA launched consultation CP23/13 setting out how they plan to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance. The FCA are also proposing targeted additional changes to support consumers in financial difficulty. The FCA expect their new rules to come into force in the first half of 2024 and propose 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 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**). The Seller is a signatory to the Mortgage Charter and have agreed that among other things, a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. 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.

With the effect on and from 30 June 2023, the FCA has amended the Mortgages and Home Finance: Conduct of Business Sourcebook (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 Loans, including further amending and extending the scope of the Mortgage Charter or related rules.

Assured Shorthold Tenancy (AST)

Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales 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 in England and Wales 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 2/3rds of the rateable value at 31 March 1990;

(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 long lease is also an AT/AST due to the level of the ground rent;

the tenant is in arrears of ground rent for more than 3 months;

the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and

the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property.

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.

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.

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.

The Consumer Duty applies to the regulated activities and ancillary activities of all firms authorised under the Financial Services and Markets Act 2000 (**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 consumers 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 consumer 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 purchasers of in scope mortgage loans, as well as firms administering or servicing those mortgage loans. Although the Consumer Duty does not apply retrospectively, the FCA requires 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 new Consumer Duty on the Loans with any certainty.

General

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

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. 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 its businesses and operations.

ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES

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

(a) the Issuer exercises its option to redeem the Class A Notes in accordance with Condition 7.3 (*Optional Redemption of the Class A Notes in Full*) on the Step-Up Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the Step-Up Date, in the second scenario;

(b) the Loans are subject to a constant annual rate of pre-payment (exclusive of scheduled principal redemptions) of between 0 per cent. and 30 per cent. per annum as shown on the table below;

(c) the assets of the Issuer are not sold by the Security Trustee except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Class A Notes in accordance with Condition 7.3 (*Optional Redemption of the Class A Notes in Full*);

(d) no Note Acceleration Notice has been served on the Issuer and no Event of Default has occurred;

(e) no Borrowers are offered and accept different mortgage products or Additional Loan Advances by the Seller or any of its subsidiaries and the Seller is not required to repurchase any Loan (including any Additional Loan Advance thereon since the Closing Date) in accordance with the Mortgage Sale Agreement;

(f) the Security is not enforced;

(g) the Mortgages continue to be fully performing;

(h) the ratio of the Principal Amount Outstanding of the Class A Notes to the True Balance of the Portfolio as at the Closing Date is 91.37 per cent.;

(i) the Notes are issued on or about 21 September 2023; and

(j) the Interest Payment Dates are on the 17th day of every January, April, July and October with the first Interest Payment Date falling in January 2024 and the Step-Up Date being the Interest Payment Date falling in April 2028.

	Assuming Issuer call on Step-Up Date	**Assuming no Issuer call**
	Possible Average Life of Class A Notes (years)	**Possible Average Life of Class A Notes (years)**
0.0 per cent.	4.21	13.08
5.0 per cent.	3.75	8.05
10.0 per cent.	3.34	5.55
15.0 per cent.	2.98	4.16
20.0 per cent.	2.66	3.30
25.0 per cent.	2.39	2.72
30.0 per cent.	2.15	2.30

Assumption (a) (in relation to the Issuer exercising its option to redeem the Class A Notes on the Step-Up Date) in accordance with Condition 7.3 (*Optional Redemption of the Class A Notes in Full*) reflects the current intention of the Issuer but no assurance can be given that such assumption will occur as described.

Assumption (b) is stated as an average annualised repayment rate as the repayment rate for one Interest Period may be substantially different from that for another. The constant repayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant repayment rates.

Assumptions (b) to (g) (inclusive) relate to circumstances which are not predictable.

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 – Risk Factors relating to the Issuer – Considerations relating to yield, prepayments, mandatory redemption and optional redemption*", above.

UNITED KINGDOM TAXATION

*The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs (**HMRC**) practice in the United Kingdom relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Each prospective purchaser is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Notes under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the prospective purchaser may be subject to tax.*

In this summary references to "Notes" and "Noteholder" excludes the Class Z VFN and the Class Z VFN Holder. The Class Z VFN Holder is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Class Z VFN under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the Class Z VFN Holder may be subject to tax.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**) for the purposes of section 987 of the Act. Euronext Dublin is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on Euronext Dublin. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to that Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as **FATCA**, a "foreign financial institution" (including an intermediary through which Notes are held) may be required to withhold at a rate of 30% 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 jurisdiction. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding, unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Leeds Building Society (**LBS**), BNP Paribas (**BNPP**, a **Joint Arranger** and a **Joint Lead Manager**), Lloyds Bank Corporate Markets plc (**Lloyds**, a **Joint Lead Manager** and a **Joint Arranger** and, together with BNPP, the **Joint Arrangers** and the **Joint Lead Managers**) have, pursuant to a subscription agreement dated on or about 20 September 2023 between LBS, the Seller, the Joint Arrangers, the Joint Lead Managers and the Issuer (the **Subscription Agreement**), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

in the case of the Joint Arrangers and the Joint Lead Managers:

(a) £350,000,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;

in the case of LBS;

(b) £38,310,000 of the up to £350,000,000 Class Z VFN at the issue price of 100 per cent. of the aggregate principal amount of the Class Z VFN as at the Closing Date.

The Joint Arrangers and the Joint Lead Managers may sell any of the Notes to subsequent purchasers in individually negotiated transactions at negotiated prices which may vary among different purchasers and which may be greater or less than the issue price of the Notes. The Issuer has agreed to indemnify LBS, the Joint Lead Managers and the Joint Arrangers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Class A Notes to the Official List of Euronext Dublin and the admission of the Class A Notes to trading on Euronext Dublin's Regulated Market, no action has been taken by the Issuer, LBS, the Joint Lead Managers or the Joint Arrangers, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Pursuant to the Subscription Agreement, LBS has undertaken that it will, *inter alia*:

(a) comply with the disclosure obligations under Article 7(1)(e)(iii) of the UK Securitisation Regulation and Article 7(1)(e)(iii) of the EU Securitisation Regulation (as if it were applicable to LBS), subject always to any requirement of law, provided that LBS will not be in breach of such undertaking if LBS fails to so comply due to events, actions or circumstances beyond LBS' control;

(b) retain a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures as required by the text of Article 6(1) of the UK Securitisation Regulation and Article 6 of the EU Securitisation Regulation (as if it were applicable to LBS and as in force on the Closing Date) by holding an interest in the first loss tranche in accordance with the text of Article 6(3)(d) of the UK Securitisation Regulation and Article 6(3)(d) of the EU Securitisation Regulation (as if it were applicable to LBS and as in force on the Closing Date), represented in this case by LBS holding the Class Z VFN. Any change to the manner in which such interest is held will be notified to the Noteholders.

Except with the prior written consent of LBS and where such sale falls within the exemption provided by Rule 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be

purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules.

EACH PURCHASER OF THE NOTES OR THE CERTIFICATES, OR A BENEFICIAL INTEREST THEREIN, ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES AND THE CERTIFICATES BY ITS ACQUISITION OF THE NOTES OR THE CERTIFICATES, OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR CERTIFICATE, OR BENEFICIAL INTEREST THEREIN, FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR CERTIFICATE, AND (3) IS NOT ACQUIRING SUCH NOTE OR CERTIFICATE, OR BENEFICIAL INTEREST THEREIN, AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE OR CERTIFICATE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in offshore transactions to non-US persons in reliance on Regulation S.

Each Joint Lead Manager and LBS has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution (if any) at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons to substantially the following effect:

> "The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. See "*Transfer Restrictions and Investor Representations*", below.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S.

tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

United Kingdom

Each of the Joint Lead Managers and LBS has represented to and agreed with the Issuer that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in any activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each of the Joint Lead Managers and LBS has acknowledged that, save for the Issuer having applied for the admission of the Class A Notes to the Official List of the Central Bank of Ireland and to trading on Euronext Dublin, no further action has been or will be taken in any jurisdiction by the Joint Lead Managers or LBS that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Prohibition of sales to EEA retail investors

Each of the Joint Lead Managers and LBS 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:

(a) the expression "retail investor" means a person who is one (or more) of the following:

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

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

 (iii) a person who is not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prohibition of Sales to UK Retail Investors

Each of the Joint Lead Managers and LBS 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 UK. 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 EUWA; or

(b) a customer the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a

professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

General

No action has been taken by the Issuer, LBS, the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers and LBS has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales by the Joint Arrangers and the Joint Lead Managers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions to non-U.S. persons pursuant to Regulation S.

Investor Representations and Restrictions on Resale

Each purchaser (other than the Joint Arrangers and/or the Joint Lead Managers and/or the Class Z VFN Holder) of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

(a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge, transfer or deliver such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S or (ii) pursuant to another exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;

(b) during the distribution compliance period such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;

(c) the Issuer, the Joint Arrangers, the Joint Lead Managers, the Class Z VFN Registrar and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes shall bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT

THE FOREGOING PARAGRAPH SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."

Additional representations and restrictions applicable to a Class Z VFN

Any holder of a Class Z VFN may only make a transfer of the whole of its Class Z VFN or create or grant any encumbrance in respect of such Class Z VFN if all of the following conditions are satisfied:

(a) the holder of such Class Z VFN making such transfer or subjecting the Class Z VFN to such encumbrance shall be solely responsible for any costs, expenses or taxes which are incurred by the Issuer, the holder of such Class Z VFN or any other person in relation to such transfer or encumbrance;

(b) the holder of such Class Z VFN has received the prior written consent of the Issuer and (for so long as any Class A Notes are outstanding) the Note Trustee (the Note Trustee shall give its consent to such a transfer if the same has been sanctioned by an Extraordinary Resolution of the Class A Noteholders);

(c) the person to which such transfer is to be made falls within paragraph 3 of Schedule 2A of the Insolvency Act;

(d) the transferee of such Class Z VFN is independent of the Issuer (within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006); and

(e) the transferee is a Qualifying Noteholder.

The Class Z VFN Registrar shall not pay any relevant Interest Amount to the holder of a Class Z VFN and such holder shall not be entitled to receive such relevant Interest Amount on any Interest Payment Date free of any relevant withholding or deduction for or on account of United Kingdom income tax, unless and until it has provided to the Issuer a tax certificate substantially in the form set out in Schedule 1 (Form of Tax Certificate) of the Agency Agreement (the **Tax Certificate**) and the Issuer (or the Cash Manager on behalf of the Issuer in accordance with the terms of the Cash Management Agreement) has confirmed in writing to the Class Z VFN Registrar that such Interest Amount in respect of the Class Z VFN can be paid free of any relevant withholding or deduction for or on account of United Kingdom income tax. The Class Z VFN Registrar shall upon receipt of such confirmation make a note of such confirmation in the Class Z VFN Register.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. The legal entity identifier (LEI) of the Issuer is: 21380028TCV5JGN2IF54.

2. It is expected that the admission of the Class A Notes to the Official List of Euronext Dublin and the admission of the Class A Notes to trading on Euronext Dublin's Regulated Market will be granted on or around the Closing Date. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the date of the transaction. The Class Z VFN will not be listed.

3. Neither the Issuer nor Holdings has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware), since 13 July 2023 (being the date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).

4. The auditors of the Issuer are Deloitte. Deloitte is a member of the Institute of Chartered Accountants in England and Wales. No statutory or non-statutory accounts within the meaning of Section 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as any of the Class A Notes are admitted to trading on Euronext Dublin's Regulated Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.

5. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

6. Since 13 July 2023 (being the date of incorporation of each of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.

7. The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 8 September 2023.

8. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

Class of Notes	ISIN	Common Code
Class A Notes	XS2673394909	267339490

9. From the date of this Prospectus and for so long as the Class A Notes are listed on Euronext Dublin's Regulated Market, physical copies of the following documents may be inspected at the registered office of the Issuer during usual business hours, on any weekday (public holidays excepted) and electronic copies may be viewed at www.leedsbuildingsociety.co.uk and the Reporting Websites:

   (a) the Memorandum and Articles of Association of each of the Issuer and Holdings;

   (b) copies of the following documents:

      (i) the Agency Agreement;

      (ii) the Bank Account Agreement;

(iii) the Cash Management Agreement;

(iv) the Corporate Services Agreement;

(v) the Deed of Charge;

(vi) the Interest Rate Swap Agreement;

(vii) the Master Definitions and Construction Schedule;

(viii) the Mortgage Sale Agreement;

(ix) the Secondary Transaction Account Agreement;

(x) the Servicing Agreement;

(xi) the Swap Collateral Bank Account Agreement; and

(xii) the Trust Deed.

10. LBS will procure that the Cash Manager will:

(a) publish a quarterly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation and Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to LBS);

(b) publish on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and Article 7(1)(a) of the EU Securitisation Regulation (as if it were applicable to LBS);

(c) publish any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the UK Securitisation Regulation and Article 7(1)(f) or 7(1)(g) (as applicable) of the EU Securitisation Regulation (as if it were applicable to LBS) without delay. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Such information will also be made available, on request, to potential holders of the Notes; and

(d) within 15 days of the issuance of the Notes, make available via the Reporting Websites, final copies of the Transaction Documents, the UK STS Notification and this Prospectus.

The Cash Manager will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

11. LBS and the Issuer will procure that the Cash Manager will publish a monthly investor report detailing, inter alia, certain aggregated loan data in relation to the Portfolio in the form required by the Bank of England for the purpose of the Bank of England's sterling monetary framework. Such reports will be published on the Seller's website and by means of the Reporting Websites. For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus. LBS will make the information referred to above available to the holders of any of the Notes, relevant competent authorities and, upon request, to potential investors in the Notes.

12. Information required to be made available prior to pricing to potential investors in the Notes pursuant to Articles 7 and 22(5) of the UK Securitisation Regulation and Article 7 of the EU

Securitisation Regulation (as if it were applicable to LBS), was made available by means of the Reporting Websites.

13. LBS has procured that on or about the date of this Prospectus a UK STS Notification shall be submitted to the FCA in accordance with Article 27 of the UK Securitisation Regulation, confirming that the UK STS Requirements have been satisfied with respect to the Notes. It is expected that the UK STS Notification will be available on the website of the FCA (https://data.fca.org.uk/#/sts/stssecuritisations). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. A draft version of the UK STS notification was made available prior to pricing to potential investors in the Notes by way of the Reporting Websites.

14. The Issuer confirms that the Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Consequently investors are advised to review carefully any disclosure in this Prospectus together with any amendments or supplements thereto.

15. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent in connection with the Class A Notes and is not itself seeking admission of the Class A Notes to the Official List of Euronext Dublin or to trading on its Regulated Market for the purposes of the Prospectus Regulation.

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