

# LEEK FINANCE NUMBER TWENTY TWO PLC

*(Incorporated in England and Wales under Registered Number 6752452)*

£395,800,000 CLASS A MORTGAGE BACKED FLOATING RATE NOTES DUE 2050

£105,200,000 CLASS B MORTGAGE BACKED FLOATING RATE NOTES DUE 2050

Notes	Initial Amount	Principal	Initial Interest Rate	Maturity Date	Issue Price to Investors
Class A	£395,800,000		3 Month Sterling LIBOR + 1.00 %	2050	100%
Class B	£105,200,000		3 Month Sterling LIBOR + 0.21 %	2050	100%

**FOR A DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES, SEE FURTHER THE SECTION ENTITLED "RISK FACTORS" COMMENCING ON PAGE 14 PARTICULAR ATTENTION IS DRAWN TO THE ISSUES THAT ARE SUMMARISED IN THAT SECTION.**

The £501,000,000 Mortgage Backed Floating Rate Notes of Leek Finance Number Twenty Two PLC (the "**Issuer**") will comprise the £395,800,000 Class A Mortgage Backed Floating Rate Notes due 2050 (the "**Class A Notes**") and the £105,200,000 Class B Mortgage Backed Floating Rate Notes due 2050 (the "**Class B Notes**") and together with the Class A Notes, the "**Notes**" and the holders thereof, the "**Noteholders**"). Each class of Notes, including, for the avoidance of doubt, the Class A Notes and the Class B Notes, is referred to as a "**Class**".

BRITANNIA BUILDING SOCIETY HAS AGREED TO PURCHASE THE NOTES FROM THE ISSUER.

## *Co-Arrangers*

**J.P. Morgan**

**The Royal Bank of Scotland**

**The date of this Prospectus is 23 January 2009**

Application has been made for the Notes to be admitted to the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**" or the "**UKLA**")) and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). This offering document (the "**Prospectus**") comprises a prospectus with regard to the Issuer and the Notes for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and has been approved by the UK Listing Authority in accordance with the prospectus rules made by the UKLA under Part VI of FSMA (the "**Prospectus Rules**").

Interest is payable on the Class A Notes on 22 June 2009 and thereafter quarterly in arrear on the 21<sup>st</sup> day in each of September, December, March and June in each year (subject to adjustment for that date not being a Business Day) in accordance with the terms and conditions (the "**Conditions**", and each, a "**Condition**") of the Notes (each an "**Interest Payment Date**"). Interest is payable on the Class A Notes on each Interest Payment Date at an annual rate of LIBOR for three month Sterling deposits ("**3 Month Sterling LIBOR**") or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of four month and five month LIBOR plus 1.00 per cent. per annum until the Interest Payment Date falling in December 2013 and thereafter at an annual rate of 3 Month Sterling LIBOR plus 1.00 per cent. per annum.

Interest is payable on the Class B Notes on each Interest Payment Date in accordance with the Conditions at an annual rate of 3 Month Sterling LIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of four month and five month LIBOR plus 0.21 per cent. per annum until the Interest Payment Date falling in December 2013 and thereafter at an annual rate of 3 Month Sterling LIBOR plus 0.21 per cent. per annum.

Each period from (and including) an Interest Payment Date (or, in the case of the first such period, the Closing Date (as defined below) to (but excluding) the next (or first) Interest Payment Date is an "**Interest Period**". The rate of interest payable from time to time in respect of the Notes will be determined on each Interest Payment Date, or, in the case of the first Interest Period, the Closing Date (each an "**Interest Determination Date**").

The Notes will be secured by the same security. The Class A Notes will rank in priority to the Class B Notes in point of payment and security as set out in "*Terms and Conditions of the Notes - Status, Ranking and Security*" below. Prior to redemption of the Notes on the Interest Payment Date falling in March 2050, the Notes will be subject to mandatory and/or optional redemption in certain circumstances. The Issuer may not purchase the Notes in the market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under applicable United States state securities laws. This prospectus is not a "prospectus" as such term is defined in Section 2(a)(10) of the Securities Act. Accordingly, the Notes are being offered solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**"). See "*Notice to Investors*" for certain restrictions on resales.

The Notes will initially be represented by a fully registered Regulation S Global Note. See "*Terms and Conditions of the Notes*" and "*Description of the Notes in Global Form*" herein.

The Notes will be obligations solely of the Issuer and the Notes will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by, J.P. Morgan Securities Ltd. ("**J.P. Morgan**", a "**Co-Arranger**"), The Royal Bank of Scotland plc ("**RBS**", the "**Interest Rate Swap Counterparty**" and a "**Co-Arranger**" and together with J.P. Morgan, the "**Co-Arrangers**"), JPMorgan Chase Bank, National Association ("**JPMCB**", the "**Basis Swap Counterparty**"), Platform Funding Limited ("**PFL**"), Leek Finance Holdings Number Twenty Two Limited, Western Mortgage Services Limited ("**WMS**"), Britannia Building Society, in any capacity ("**Britannia**") or any subsidiary or affiliate of Britannia (a "**Britannia Group Company**"), National Westminster Bank Plc acting through its branch at Derby Street, Leek, Staffordshire ("**NatWest**") or Capita Trust Company Limited (the "**Trustee**").

As a condition to the issue of the Notes, the Class A Notes are to be rated AAA by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**"), Aaa by Moody's Investors Service, Inc. ("**Moody's**") and AAA by Fitch Ratings Ltd. ("**Fitch**" and, together with S&P and Moody's, the "**Rating Agencies**").

The Class B Notes will not be rated.

The Issuer accepts responsibility for all the information contained in this document and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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, Britannia (in any capacity), a Britannia Group Company, the Trustee, J.P. Morgan, JPMCB or RBS or any of their respective agents or affiliates. 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 in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance can be given by the Co-Arrangers or JPMCB as to the accuracy or completeness of such information. None of the Trustee, Britannia (in any capacity), any Britannia Group Company, JPMCB and the Co-Arrangers (in any capacity) 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. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Trustee, JPMCB and the Co-Arrangers (in any capacity) or any of them to subscribe for or purchase any of the Notes.

### **Selling Restrictions**

The Notes may not be offered or sold directly or indirectly, and neither this document nor any other prospectus or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable securities laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this document see further the section entitled "*Notice to Investors*".

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, AND UNDER CIRCUMSTANCES THAT WILL NOT REQUIRE THE ISSUER TO REGISTER UNDER THE INVESTMENT COMPANY ACT. ACCORDINGLY, THE NOTES ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFERS AND EACH INITIAL AND SUBSEQUENT PURCHASER OF A NOTE WILL BE DEEMED, BY ITS ACCEPTANCE OF SUCH NOTE, TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER THEREOF AS SET FORTH THEREIN AND AS DESCRIBED IN THIS PROSPECTUS AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE OR OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE NOTES FOR AN INDEFINITE PERIOD OF TIME. SEE FURTHER THE SECTION ENTITLED "NOTICE TO INVESTORS".

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of Notes in reliance upon Regulation S outside the United States to non-U.S. persons. See further the section entitled "*Notice to Investors*". All transactions must be for a principal amount of Notes of not less than £100,000 in principal amount of Notes.

No action has been or will be taken by the Issuer or the Co-Arrangers other than the approval of this document as a prospectus in accordance with the rules made under Part VI of FSMA, an application to

admit the Notes to the Official List of the UK Listing Authority and an application for admission to trading on the London Stock Exchange, that would permit a public offering of the Notes or the distribution of this document in any country or jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Co-Arrangers to inform themselves about, and to observe, such restrictions. For a description of certain further restrictions on offers and sales of Notes and distributions of this Prospectus, see further the section entitled "*Notes Issuance*" below.

This Prospectus has been prepared solely for use in connection with the offering of the Notes. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Notes. Distribution of this Prospectus in the United States to any person other than the offeree and those persons, if any, retained to advise the offeree with respect to this offering is unauthorised and any disclosure of any of its contents without the prior written consent of the Issuer is prohibited.

### **Forward-looking statements**

Certain statements contained in this Prospectus, including any targets, forecasts, projections, descriptions or statements regarding possible future results of operations, any statement preceded by, followed by or that includes the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates" or similar expressions, and other statements that are not historical facts, are or may constitute "forward-looking statements" (as such term is defined in the U.S. Private Securities Litigation Reform Act of 1995). Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. See further in particular the section entitled "*Risk Factors*". All written and oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements set forth in this paragraph.

Prospective purchasers of the Notes are cautioned not to put undue reliance on such forward-looking statements. The Issuer will not undertake any obligation to publish any revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof.

### **Definitions**

In this Prospectus all references to "**Pounds**", "**Sterling**" and "**£**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**"). References in this Prospectus to "**Dollars**" and "**U.S.\$**" are references to the lawful currency of the United States of America. References to "**Euro**" and "**€**" are references to the currency introduced at the commencement of the third stage of the European Economic and Monetary Union on 1 January 1999 pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

The Index of Defined Terms at the back of this document specifies where a capitalised word or phrase used in this document is defined.

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## TRANSACTION OVERVIEW

*The following information is a brief overview of certain key features of the Notes and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.*

Class of Notes	Initial Principal Balance	% of Total
Class A Notes .....	£395,800,000	79.00%
Class B Notes .....	£105,200,000	21.00%
Total .....	<u>£501,000,000</u>	<u>100%</u>
<b>Required Amount</b> .....	<u>£30,060,000</u>	<u>6.00%*</u>

\* % of the sum of the aggregate Principal Amount Outstanding (as defined in Condition 1) of all of the Notes on the Closing Date.

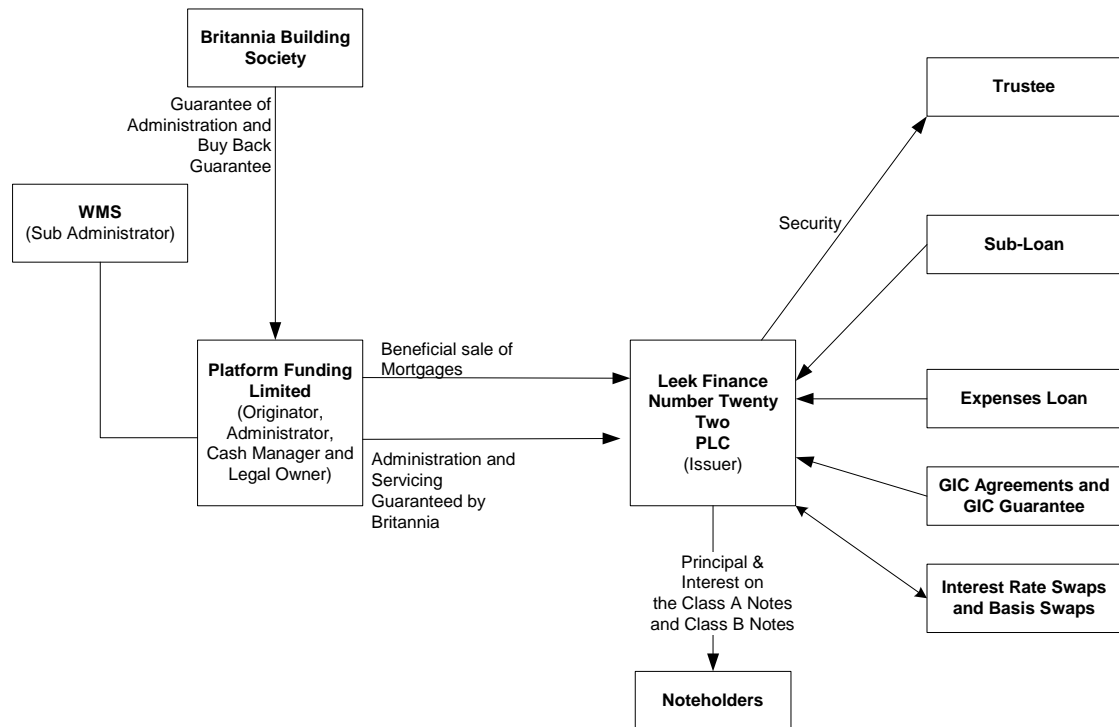
	<b>Class A Notes</b>
Anticipated Long Term Ratings	AAA/Aaa/AAA or equivalent
Rating Agencies	S&P, Moody's and Fitch
Credit Enhancement	Subordination of the Class B Notes, Required Amount and Income Surplus
Interest Rate	1.00% per annum (or 1.00% per annum after December 2013)
	above 3 Month Sterling LIBOR rate of the relevant Interest Period
Interest Accrual Method	Actual/365/366
Interest Payment Dates	The 21st day of September, December, March and June of each year
First Interest Payment Date	22 June 2009
Step-up Date	December 2013
Maturity Date	March 2050
Clearance/Settlement	Euroclear/ Clearstream, Luxembourg
Denomination	£100,000

**Class B Notes**

Anticipated Long Term Ratings	Not Applicable
Rating Agencies	Not Applicable
Credit Enhancement	Required Amount and Income Surplus
Interest Rate	0.21% per annum (or 0.21% per annum after December 2013)  above 3 Month Sterling LIBOR rate of the relevant Interest Period
Interest Accrual Method	Actual/365/366
Interest Payment Dates	The 21st day of September, December, March and June of each year
First Interest Payment Date	22 June 2009
Step-up Date	December 2013
Maturity Date	March 2050
Clearance/Settlement	Euroclear/ Clearstream, Luxembourg
Denomination	£100,000

## STRUCTURE DIAGRAM

*This structure diagram is an indicative overview of the principal features of the transaction. The structure diagram must be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this document.*





## OVERVIEW INFORMATION

*The information set out below is an overview of the principal features of the issue of the Notes. This overview should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Prospectus.*

### The Issuer

The Issuer has been established to acquire a portfolio of residential mortgage loans made to borrowers in England and Wales and Scotland. The Mortgage Pool (as defined below) will consist of mortgage loans originated by PFL where the legal and beneficial title to such mortgage loans is held by PFL (the "**Mortgages**").

On the Closing Date, the Issuer will acquire (subject to, in relation to the Scottish Mortgages, the Scottish Declaration of Trust (each as hereinafter defined) being executed) beneficial title to the mortgages referred to above owned by PFL pursuant to a mortgage sale agreement entered into with, among others, PFL, Britannia and the Trustee (the "**Mortgage Sale Agreement**").

### Administration and Servicing

PFL will be appointed, under the terms of a mortgage administration agreement between the Issuer, PFL, Britannia and the Trustee dated on or about the Closing Date (the "**Administration Agreement**"), as agent (subject to the CCA Mortgages Trust, and pending receipt by the Issuer of the requisite CCA licence, the Scottish Declaration of Trust) for the Issuer and the Trustee to, *inter alia*, administer the Mortgages on behalf of the Issuer and the Trustee (in such capacity, the "**Administrator**"). PFL in its role as Administrator will also be appointed under the Administration Agreement to provide cash management services to the Issuer and the Trustee (in such capacity, the "**Cash Manager**"). In payment for the provision of services pursuant to the Administration Agreement, the Administrator will receive a fee payable quarterly in arrear and calculated by reference to the outstanding principal balance of the Mortgages administered by it on the last day of each calendar month commencing in the immediately preceding Collection Period. The obligations of the Administrator and Cash Manager under the Administration Agreement will be guaranteed by Britannia. The Administration Agreement will provide that the Administrator may delegate all or any of its obligations as Administrator and as Cash Manager, certain cash management functions, subject to and in accordance with the terms thereof. The Administrator will delegate certain of its obligations to Western Mortgage Services Limited ("**WMS**" or the "**Sub-Administrator**") pursuant to the terms of a sub-administration agreement between Platform Home Loans Limited ("**PHL**"), the Administrator, Britannia and WMS dated on or about the Closing Date (the "**Sub-Administration Agreement**"). WMS may act in the name of PHL pursuant to the Sub-Administration Agreement. The appointment of the Administrator may (subject to the CCA Mortgages Trust and the Scottish Declaration of Trust) be terminated by the Issuer (with the prior written consent of the Trustee) or the Trustee on the happening of certain events of default or insolvency on the part of PFL or the Issuer (with the prior written consent of the Trustee) with twelve months' written notice in the absence of any such events. The Administration Agreement will provide that if the appointment of the Administrator thereunder is terminated, a substitute administrator or administrators with experience of administering mortgages of residential property in the United Kingdom will be appointed by the Issuer and the Trustee on substantially the same terms as those contained in the Administration Agreement upon a Ratings Test having been satisfied. If the substitute administrator is not a directly or indirectly wholly owned subsidiary of Britannia, the guarantee by Britannia of the obligations of such replacement Administrator will terminate.

### The Trustee

The Trustee will be appointed pursuant to a trust deed to be entered into on or about the Closing Date between the Issuer and the Trustee (the "**Trust Deed**") to represent the interests of the holders of the Notes. The Trust Deed will provide that any retirement or removal of a trustee shall not become effective unless there is a suitable trustee in office after such removal or retirement. In the event of a sole trustee under the Trust Deed giving notice of its intention to retire, the Issuer shall use its reasonable endeavours to procure that a suitable new trustee is appointed. If the Issuer has not appointed a new trustee prior to the expiry of the notice period given by the Trustee, the Trustee shall be entitled to nominate a suitable replacement. The Trustee will hold the security granted by the Issuer under the Deed of Charge for the

benefit of the Secured Creditors (which will include the Noteholders). See further "*Summary Information – Security for the Notes*" below.

### **Paying Agency Agreement**

On or about the Closing Date, the Issuer, the Trustee, HSBC Bank plc (in its capacity as "**Principal Paying Agent**", "**Transfer Agent**", "**Registrar**" and "**Agent Bank**") will enter into an agreement (the "**Paying Agency Agreement**"). Pursuant to the Paying Agency Agreement, the Registrar agrees to provide its services in relation, *inter alia*, to the delivery and authentication of the Notes in global and definitive forms, the cancellation of the Notes and the annotation of the Notes when they are exchanged from global note form to definitive note form. The Principal Paying Agent will also agree to remit payments due under the Notes. The Agent Bank will, *inter alia*, agree to determine and publish the rate of interest applicable to each Class of Notes. The Paying Agency Agreement provides that the Issuer may (with the prior written approval of the Trustee) revoke its appointment of any of the Principal Paying Agent, the Transfer Agent, the Agent Bank or the Registrar (together the "**Agents**") by not less than 30 days' notice to such Agent (provided that in the case of the Principal Paying Agent such revocation shall not take effect until a successor has been duly appointed in accordance with the provisions of the Paying Agency Agreement and notice of such appointment has been given to the Noteholders). In addition, the appointment of an Agent shall automatically terminate upon the occurrence of certain events of insolvency or if the Agent becomes incapable of acting. The Issuer may (with the prior written approval of the Trustee) appoint successor Agents in accordance with the terms of the Paying Agency Agreement.

### **Master Framework Agreement**

On or about the Closing Date, the Issuer and the Trustee (amongst others) will enter into the Master Framework Agreement. The agreement contains, *inter alia*, a master definitions schedule, common terms, representations and warranties, covenants and other provisions which are incorporated into all or some of the documents relating to the transaction and further described therein.

### **Subordinated Loan**

On or prior to the Closing Date, Britannia (in such capacity, the "**Subordinated Loan Provider**") will grant a Sterling subordinated loan to the Issuer (the "**Subordinated Loan**") pursuant to an agreement (the "**Subordinated Loan Agreement**") between the Issuer, the Subordinated Loan Provider, the Cash Manager and the Trustee. On the Closing Date the Issuer will draw an amount (the "**Sub Loan Drawing**") equal to 6.00 per cent. of the sum of the aggregate Principal Amount Outstanding (as defined in the Conditions) of the Notes on the Closing Date (the "**Required Amount**") which will constitute a cash reserve. The Issuer may also request a drawing under the Subordinated Loan to cash collateralise the obligations of Britannia under the Britannia GIC Agreement if the GIC Guarantee is terminated. The Subordinated Loan can not be utilised for any other purpose.

### **Required Amount**

A cash reserve will be funded by the Sub Loan Drawing under the Subordinated Loan Agreement which, for so long as the Class A Notes remain outstanding will be in an amount equal to 6.00 per cent. of the aggregate initial Principal Amount Outstanding of the Notes on the Closing Date and thereafter will be zero (the "**Required Amount**") as further described in the section entitled "*Credit Structure – Required Amount*" below.

### **Discount Reserve**

On the Closing Date, the Issuer will establish a discount reserve in an amount equal to 4.551 per cent. of the sum of the aggregate proceeds of the Notes on the Closing Date (the "**Discount Reserve Amount**") to cover potential shortfalls in income associated with the Discounted Mortgages and, *inter alia*, to provide credit-enhancement, as described under "*Credit Structure – Discount Reserve*" below (the "**Discount Reserve**"). The Discount Reserve will be funded by the difference between the aggregate proceeds of the notes received by the Issuer less the amount retained by the Issuer for retentions and Further Advances and the purchase price paid by the Issuer for the Mortgage Pool.

## Expenses Loan

On or about the Closing Date, Britannia, in its capacity as expenses loan provider (the "**Expenses Loan Provider**") will grant a Sterling loan facility to the Issuer up to a maximum of £3,000,000 (the "**Expenses Loan**") to fund certain of its transaction expenses pursuant to an agreement (the "**Expenses Loan Agreement**") between the Issuer, the Expenses Loan Provider and the Trustee. On or about the Closing Date, the Issuer will draw down amounts under the Expenses Loan to fund the expenses incurred by it on and prior to the Closing Date (the "**Initial Expenses Amount**"). Such drawings will be paid (1) into the Britannia GIC Account and form part of Income Received or (2) as otherwise directed by the Issuer to pay certain fees on the Closing Date. Any amounts drawn under the Expenses Loan will be repaid in accordance with the Expenses Loan Agreement on each Interest Payment Date, subject to the availability of funds for that purpose in accordance with the Pre-Enforcement Interest Priority of Payments (see further the section entitled "*Credit Structure – Pre-Enforcement Interest Priority of Payments*").

## Hedging

The Provisional Pool consists of:

- (a) 28.59 per cent. of the Mortgages which are LIBOR-linked mortgages where the applicable rate of interest for each mortgage loan (the "**Mortgage Rate**") is (currently or after a specific period) calculated by reference to LIBOR plus a fixed margin or margins expressed as a percentage over LIBOR (the "**LIBOR-Linked Mortgages**"), including:
  - (i) 1.83 per cent. of the Mortgages where the Mortgage Rate is discounted for a specific period and reverts to the full Mortgage Rate, with the latest date of reversion being December 2010 (the "**LIBOR Discount Mortgages**");
  - (ii) 25.02 per cent. of the Mortgages where the Mortgage Rate is a fixed rate of interest for a specific period that reverts to the Mortgage Rate, with the latest date of reversion being March 2011 (the "**Fixed Reverting to LIBOR Mortgages**"); and
  - (iii) 1.74 per cent. of the Mortgages where the Mortgage Rate is linked to LIBOR for the life of the mortgage (the "**LIBOR Mortgages**").

The Mortgage Rate payable under the LIBOR-Linked Mortgages is calculated as a specified margin in excess of LIBOR quoted by the British Bankers Association for three-month Sterling deposits (subject to rounding) on or about the 1st day of March, June, September and December of each year ("**Mortgage LIBOR**").

- (b) 71.41 per cent. of the Mortgages which have (currently or after a specific period) a variable interest rate (the "**Base Rate Mortgage Rate**") that is based on the Bank of England's base rate (the "**Base Rate**" and the "**Base Rate Mortgages**") plus, for each mortgage, a fixed margin expressed as a percentage over Base Rate, including:
  - (i) 7.70 per cent. of the Mortgages where the Base Rate Mortgage Rate is discounted for a specific period and reverts to the full Base Rate Mortgage Rate, with the latest date of reversion being December 2010 (the "**Base Rate Tracker Discount Mortgages**");
  - (ii) 52.89 per cent. of the Mortgages where the Base Rate Mortgage Rate is a fixed rate of interest for a specific period that reverts to the Base Rate Mortgage Rate, with the latest date of reversion being November 2012 (the "**Fixed Reverting to Base Rate Tracker Mortgages**"); and
  - (iii) 10.82 per cent. of the Mortgages where the Base Rate Mortgage Rate is linked to Base Rate for the life of the mortgage (the "**Base Rate Tracker Mortgages**").

## Interest Rate Hedging

In order to hedge the interest rate risks associated with the fixed rate portions of the Fixed Reverting to LIBOR Mortgages and the Fixed Reverting to Base Rate Tracker Mortgages, short-dated interest rate swap transactions entered into by The Royal Bank of Scotland plc (in such capacity, the "**Interest Rate Swap Counterparty**") and Britannia (on behalf of PFL) (the "**Interest Rate Swap Transactions**"), will

be novated to the Issuer on the Closing Date. The Interest Rate Swap Transactions are based on fixed notional amounts and reflect the periods for which the interest rates payable on the relevant mortgages are fixed. Under these transactions, the Interest Rate Swap Counterparty will swap interest amounts received from the relevant mortgages into a floating rate equal to Mortgage LIBOR.

The Issuer has the right at any time after giving notice to the Interest Rate Swap Counterparty to reduce the notional amounts of the Interest Rate Swap Transactions. If the Issuer exercises this right to reduce the notional amount of any Interest Rate Swap Transaction, a termination payment may be payable by the Interest Rate Swap Counterparty or by the Issuer.

### ***Basis Swap***

In order to hedge the interest rate risk arising by virtue of the difference between Mortgage LIBOR and 3 Month Sterling LIBOR (as defined in the Conditions), the Issuer will on the Closing Date enter into an interest rate basis swap transaction (the "**Basis Swap Transaction**") with a suitably rated swap counterparty, which is expected to be JPMorgan Chase Bank, N.A. (in such capacity, the "**Basis Swap Counterparty**"). Under the Basis Swap Transaction, the Issuer and the Basis Swap Counterparty will make payments to each other based on the aggregate principal balance of, (A) all the LIBOR-Linked Mortgages; and (B) all of the Fixed Reverting to Base Rate Tracker Mortgages (so long as they are still fixed rate) in the Mortgage Pool (the "**Basis Swap Mortgages**") on the last day of the calendar month falling 2 months prior to each Interest Payment Date as reduced by one half of the average monthly redemption rate in the previous three calendar months.

The first Interest Period will not be hedged by the Basis Swap Transaction.

The Issuer will not be required to gross up for any withholding or deduction for or on account of any tax on or in respect to payments made by it under the Basis Swap Transaction or the Interest Rate Swap Transactions.

Each of the Interest Rate Swap Counterparty and the Basis Swap Counterparty will be required to gross up as a result of any withholding or deduction for or on account of any tax on or in respect of any payments made by it under the Basis Swap Transaction or the Interest Rate Swap Transactions, respectively. In the event the Basis Swap Counterparty or the Interest Rate Swap Counterparty is required to gross up as a result of such a withholding or deduction such party will be entitled to terminate its appointment as a swap provider under the relevant agreement.

The Interest Rate Swap Transactions and the Basis Swap Transaction are together referred to in this document as the "**Swap Agreements**" and individually referred to as a Swap Agreement. The Interest Rate Swap Counterparty and the Basis Swap Counterparty are together the "**Swap Counterparties**" and each a "**Swap Counterparty**".

### **Downgrade of Swap Counterparty**

If, at any time, the rating of a Swap Counterparty (or, if applicable, its guarantor or Credit Support Provider (as defined in the relevant Swap Agreement)) falls below the Minimum Ratings (as defined below), then the relevant Swap Counterparty will be required to take certain remedial measures as set out in the relevant Swap Agreement but which may include:

- (a) obtaining a guarantee or other support of its obligations under the relevant Swap Agreement from a third party with the Minimum Ratings in an acceptable form and substance to the Rating Agencies;
- (b) transferring all of its obligations under the Swap Agreement to a replacement third party with the Minimum Ratings (subject to, and in accordance with, the provisions of the relevant Swap Agreement);
- (c) taking such other action as will result in the Ratings Test (as defined in the Terms and Conditions) being satisfied; or
- (d) providing collateral in support of its obligations under the Swap Agreements.

**"Minimum Ratings"** means, with respect to the unsecured and unsubordinated debt obligations of a Swap Counterparty (or, if applicable, its Credit Support Provider):

- (a) (i) a short-term rating of P-1 and a long-term rating of A2 by Moody's, or (ii) if a Moody's short-term rating is not available, a long term rating of A1 by Moody's;
- (b) a short-term rating of F1 and a long term rating of A by Fitch; or
- (c) with respect to the Interest Rate Swap Counterparty only, a short term rating of A-1 by S&P or, if a short-term rating is not available from S&P, a long-term rating of A+ by S&P,

or such other short term or long term rating which is otherwise acceptable to such Rating Agencies so that the Ratings Test is satisfied.

If, at any time, the rating of a Swap Counterparty falls below a further rating level specified in the relevant Swap Agreement, the remedial measures available to the Swap Counterparty may be more limited.

In the event that the Interest Rate Swap Counterparty posts collateral in respect of its obligations under the Interest Rate Swap Transactions, that collateral will be credited to one or more separate swap collateral accounts. Amounts standing to the credit of such accounts will be applied solely in returning collateral directly to the Interest Rate Swap Counterparty, or in satisfaction of any termination payment owing by the Interest Rate Swap Counterparty to the Issuer (and applied by the Issuer as Applied Income) in accordance with the terms of the Interest Rate Swap Transactions and the credit support annex entered into in connection with the Interest Rate Swap Transactions.

In the event that the Basis Swap Counterparty posts collateral in respect of its obligations under the Basis Swap Transaction, that collateral will be credited to a separate swap collateral account. Amounts standing to the credit of such account will be applied solely in returning collateral directly to the Basis Swap Counterparty, or in satisfaction of any termination payment owing by the Basis Swap Counterparty to the Issuer (and applied by the Issuer as Applied Income) in accordance with the terms of the Basis Swap Transaction and the credit support annex entered into in connection with the Basis Swap Transaction.

## **Guaranteed Investment Contracts**

### ***Britannia GIC Agreement***

In accordance with the Administration Agreement, PFL (in its capacity as Cash Manager), on behalf of the Issuer, will deposit any cash amounts up to the Britannia GIC Limit (as defined below) which it receives from the Collection Account, the Initial Expenses Amount net of certain fees and expenses paid by or to the order of the Issuer on the Closing Date, the Required Amount, the Discount Reserve Amount and any payments received under the Swap Agreements into an account of the Issuer maintained at Britannia (the "**Britannia GIC Account**") which is the subject of an agreement between, *inter alios*, the Issuer, the Trustee and Britannia dated on or about the Closing Date (the "**Britannia GIC Agreement**"). The maximum cash amount which may from time to time be deposited by the Issuer in the Britannia GIC Account (the "**Britannia GIC Limit**") will be:

- (a) for so long as the short term unsecured, unsubordinated and unguaranteed debt obligations of Britannia are rated F1 in the case of Fitch, P-1 in the case of Moody's and A-1 in the case of S&P or such other short term or long term rating which is otherwise acceptable to such Rating Agencies so that the Ratings Test is satisfied (the "**GIC Minimum Rating**"), an unlimited amount; or
- (b) for so long as the short term unsecured, unsubordinated and unguaranteed debt obligations of Britannia are rated below the GIC Minimum Rating:
  - (i) the maximum amount of any guarantee (in a form acceptable to the Trustee) provided by an entity whose short term unsecured, unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating; or
  - (ii) the amount of collateral which is deposited with an entity whose short term unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating,

in each case in respect of the obligations of Britannia in respect of the Britannia GIC Account; or

- (c) if no such guarantee or collateral amount referred to in paragraph (b) above is in place for a period of 30 days, zero.

### ***GIC Guarantee***

Pursuant to an agreement dated on or about the Closing Date (the "**GIC Guarantee**") between, *inter alios*, the Issuer, Britannia, RBS (the "**GIC Guarantor**") and the Trustee, the GIC Guarantor will guarantee the performance of Britannia's payment obligations under the Britannia GIC Agreement up to a limit of £3,000,000 (the "**Britannia GIC Guarantee Limit**") until the earlier of (i) the Notes being redeemed in full and (ii) the Interest Payment Date falling in December 2013 and, thereafter zero. Notwithstanding this, the GIC Guarantee will only remain in place to the extent that there are Notes outstanding. If the GIC Guarantor ceases to be rated the GIC Minimum Rating, the GIC Guarantee will terminate.

### ***RBS GIC Agreement***

If cash amounts received by the Issuer exceed the Britannia GIC Limit, PFL (in its capacity as Cash Manager) will be obliged, pursuant to the Administration Agreement, to deposit the amount of any such excess which it receives in an account of the Issuer maintained at RBS (the "**RBS GIC Account**", and together with the Britannia GIC Account, the "**GIC Accounts**", and the GIC Account in which such cash amounts are deposited, the "**Relevant GIC Account**") pursuant to the terms of an agreement entered into between, *inter alios*, the Issuer, the Trustee and RBS dated on or about the Closing Date (the "**RBS GIC Agreement**" and together with the Britannia GIC Agreement, the "**GIC Agreements**") or (if RBS is not at such time or ceases to be rated at least the GIC Minimum Rating) a similar account with another entity rated at least the GIC Minimum Rating.

### ***The Notes***

The £395,800,000 Class A Mortgage Backed Floating Rate Notes due 2050 and the £105,200,000 Class B Mortgage Backed Floating Rate due 2050, will be issued subject to the provisions of, and have the benefit of, the Trust Deed and will share in the same security created by the Deed of Charge (as defined below). Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Deed of Charge. The Notes will rank in point of security and as to payment of principal and interest as described further in "*Credit Structure – Subordination*" and "*Terms and Conditions of the Notes – Status, Ranking and Security*" below. Interest will be payable on the Notes in arrear as described in Condition 5 ("*Interest*").

Interest payments on the Class B Notes will be subordinated to, among others, interest payments on the Class A Notes (see "*Credit Structure - Subordination*" below). This means that holders of the Class B Notes (the "**Class B Noteholders**") will not be entitled to receive any payment of interest unless and until all amounts of interest then due to, *inter alios*, holders of the Class A Notes (the "**Class A Noteholders**") have been paid in full.

Subject as provided below, if on any Interest Payment Date prior to service of an Enforcement Notice on the Issuer, after having paid or provided for items of higher priority in the Regular Pre-Enforcement Priority of Payments, the Issuer has insufficient funds to make payment in full of all amounts of interest (including accrued interest thereon) payable in respect of the Class B Notes, any shortfall in the amount of interest due will not then be paid on such Interest Payment Date but will be deferred and will only be paid, in accordance with the Regular Pre-Enforcement Interest Priority of Payments (as described in "*Credit Structure*" below), on subsequent Interest Payment Dates if and when permitted by any subsequent cashflow which is available after the Issuer's higher ranking liabilities have been discharged in full. Any interest not paid on the Class B Notes when due will accrue interest and will be paid only to the extent there are funds available on a subsequent Interest Payment Date in accordance with the relevant Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments (as described in "*Credit Structure*" below). All deferred amounts (including interest thereon) will become immediately due and payable on the Maturity Date of the Class B Notes or on any earlier date that the Class B Notes are redeemed in full.

Interest will not be deferred on the Class A Notes.

Failure to pay interest on the Class A Notes will constitute an Event of Default under the Notes which may result in the Trustee giving an Enforcement Notice. Failure to pay interest when due on Class B Notes will not constitute an Event of Default provided that a deferral of such interest is made in accordance with Condition 5(i).

### ***Redemption and Purchase***

(a) ***Optional Early Redemption of Notes***

The Issuer may, at its option redeem all (but not some only) of the Notes in full at the Principal Amount Outstanding together with accrued interest thereon on any Interest Payment Date: (i) falling on or after the Step-Up Date; or (ii) on which the aggregate Principal Amount Outstanding of the Class A Notes is equal to or less than 10.0 per cent. of the sum of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date. (See further Condition 6(d), ("*Redemption, Purchase and Cancellation – Optional Redemption of the Notes*").). For the avoidance of doubt, the Issuer is not obliged to redeem the Notes under Condition 6(d) and there can be no guarantee that it will do so.

(b) ***Optional Redemption for Tax Reasons***

The Issuer is entitled to redeem all (but not some only) of the Notes in full at the Principal Amount Outstanding together with accrued interest thereon on any Interest Payment Date if: (i) there is any withholding tax imposed in relation to payments to be made by the Issuer or a Swap Counterparty on the Notes or under any of the Swap Agreements; (ii) the Issuer is liable to pay United Kingdom corporation tax in respect of any of its accounting periods for United Kingdom corporation tax purposes on an amount in excess of the amount of Company Profit (as defined in the Deferred Consideration Agreement) retained by the Issuer in such accounting period; or (iii) following a change in tax law or the application or official interpretation thereof, the amounts payable to the Issuer in respect of the interest from Borrowers under the Mortgages cease to be receivable in full, subject to the provisions set out in Condition 6(e), ("*Redemption, Purchase and Cancellation – Optional Redemption of the Notes for Tax Reasons*").).

(c) ***Mandatory Redemption in Part***

Prior to enforcement of the security for the Notes, the Notes will be subject to mandatory redemption in part on each Interest Payment Date in accordance with Condition 6(b), ("*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*").). The Classes of Notes will be redeemed sequentially in descending order of seniority commencing with the Class A notes in accordance with Condition 6(b) as further described in "*Credit Structure - Pre Enforcement Principal Priority of Payments*".

(d) ***Final Redemption***

Unless previously redeemed and cancelled in full the Notes will mature on the Interest Payment Date falling in March 2050 (the "**Maturity Date**").

(e) ***Purchases of Notes***

The Issuer shall not be entitled to purchase any Notes in the market.

### **Withholding Tax**

Payments of interest and principal with respect to the Notes will be subject to any applicable withholding taxes and the Issuer will not be obliged to pay additional amounts or to gross-up in relation thereto. The applicability of any United Kingdom withholding taxes is discussed under "*Taxation*" below.

### **Security for the Notes**

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

- (i) a first fixed charge over the Issuer's right, title, interest and benefit in the Mortgages, other than the Scottish Mortgages (as defined below), and certain collateral security;
- (ii) an assignation in security of the Issuer's interest in the Mortgages secured by way of standard security over residential properties located in Scotland (the "**Scottish Mortgages**") (comprising the Issuer's beneficial interest under the trust over the Scottish Mortgages (the "**Scottish Declaration of Trust**"), the Loans secured thereby and certain collateral security relative to those Mortgages declared by PFL in favour of the Issuer pursuant to the Mortgage Sale Agreement);
- (iii) an assignment by way of security of the Issuer's interest in certain insurance contracts so far as they relate to the Mortgages (in so far as such interests are capable of assignment);
- (iv) an assignment by way of security of the benefit of the Issuer's right, title, benefit and interest, present and future in the Transaction Documents other than the Notes and the Trust Documents (each as defined in the Conditions);
- (v) a first fixed charge over the Issuer's interest in the GIC Accounts and any other bank account of the Issuer from time to time and the debts represented thereby (which, in either case, may take effect as a floating charge and so rank behind the claims of any preferential creditors of the Issuer); and
- (vi) a floating charge over all the present and future assets and undertaking of the Issuer not subject to the fixed charges or assignments by way of security as described above but extending over all the assets and undertaking of the Issuer situated in, or otherwise governed by, the laws of Scotland,

(the "**Security**", being further described in "*Terms and Conditions of the Notes – Status, Ranking and Security*" below).



## RISK FACTORS

*Prospective Noteholders should consider, amongst other things, the following risk factors in connection with the Notes. The following risk factors are not intended to be exhaustive, although material risk factors have been included, and prospective Noteholders should read the detailed information set out elsewhere in this document and reach their own views of the risks prior to making any investment decision.*

**The Issuer believes that the risks described below are the principal risks inherent in the transaction for the Noteholders, but the inability of the Borrowers to pay interest, principal, or other amounts on the Mortgages and consequently the inability of the Issuer to pay interest, principal, or other amounts on or in connection with the Notes may occur for other reasons, and the Issuer does not represent that the below statements regarding the risk of holding the Notes are exhaustive. Although there are certain mitigants to these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.**

### Credit Structure

#### *Liabilities under the Notes*

The Notes will be obligations and responsibilities 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, Britannia, PFL, WMS or any other Britannia Group Company, NatWest, J.P. Morgan, JPMCB and RBS in any capacity (including that of Co-Arranger), any Swap Counterparty, the Paying Agents, the Agent Bank, the Trustee (together, the "**Excluded Parties**"). No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Excluded Parties.

#### *Limited Resources*

The ability of the Issuer to meet its obligations under the Notes will be dependent on funds being received under, *inter alia*, the Mortgages, the Swap Agreements, (excluding, prior to the enforcement of the Security, any amounts paid as collateral in connection with the Swap Agreements), the interest paid under the GIC Accounts, the amount standing to the credit of the Discount Reserve, proceeds received by the Issuer or by PFL on its behalf under certain insurance contracts in respect of the Mortgages and the Required Amount.

In the event that the Security is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under each class of the Notes pursuant to the Deed of Charge, to pay in full all amounts of principal and interest and any other amounts whatsoever due in respect of the Notes, then the assets of the Issuer may be insufficient to meet claims in respect of any such unpaid amounts. Enforcement of the Security is the only remedy available for the purpose of recovering amounts owed in respect of the Notes.

#### *Income and Principal Shortfalls*

If there is insufficient Applied Income and Applied Principal (each as defined in Condition 1) available to the Issuer to meet its obligations on any Interest Payment Date, one or more of the following consequences may occur:

- (i) the Issuer's interest and other net income may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Class A Notes and/or the Class B Notes; and/or
- (ii) no principal payments will be made to the holders of the Class B Notes (the "**Class B Noteholders**") unless and until all payments due on that Interest Payment Date to, *inter alios*, the holders of the Class A Notes (the "**Class A Noteholders**") have been paid in full.

Payment will be applied between the Class A Notes on a *pro rata* and *pari passu* basis.

### ***Subordination of Class B Notes***

The Class B Notes are subordinated in right of payment of interest and principal to, *inter alia*, the Class A Notes, both before as well as after an Event of Default as set out in "*Credit Structure - Subordination*" and "*Terms and Conditions of the Notes - Status, Ranking and Security*". There is no assurance that these subordination rules will protect the holders of Class A Notes from all risk of loss.

### ***Deferral of Interest Payments***

If, on any Interest Payment Date whilst any of the Class A Notes remains outstanding, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect to the Class B Notes after having paid or provided for items of higher priority in the Regular Pre-Enforcement Interest Priority of Payments, then the Issuer will be entitled under Condition 5(i) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date on which it has sufficient funds available to it to pay such amounts or such earlier date as interest in respect of the Class B Notes becomes immediately due and repayable in accordance with the Conditions. This will not constitute an Event of Default.

Failure to pay interest on the Class A Notes shall constitute an Event of Default under the Notes which may result in the Trustee enforcing the Security.

### ***Limited Secondary Market for Mortgages***

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 Mortgages are still outstanding, may depend upon whether the Mortgages 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 Mortgages will develop or, if a secondary market does develop, that it will provide sufficient liquidity of investment for the Mortgages 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 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.

### ***Marketability of the Notes***

Application has been made to list the Notes on the Official List of the UK Listing Authority and for admission to trading with the London Stock Exchange. However, the Notes will be new securities for which there is no established trading market. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide holders of the Notes with liquidity of investment or that it will continue for the life of the Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict when these circumstances will change and if and when they do whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

### ***Interest Rate and Basis Risk on the Notes***

In order to address the interest rate risks associated with the fixed rate portions of the Fixed Reverting to Base Rate Tracker Mortgages and the Fixed Reverting to LIBOR Mortgages, the Interest Rate Swap Transactions will be novated to the Issuer on the Closing Date. Under the Interest Rate Swap Transactions, the Issuer will receive from the counterparty amounts calculated by reference to Mortgage LIBOR. The interest rate risk arising by virtue of the difference between Mortgage LIBOR and 3 Month Sterling LIBOR (as defined in the Conditions) will be hedged by the Basis Swap Transaction.

The interest rate payable under LIBOR-Linked Mortgages is calculated as a specified margin in excess of LIBOR quoted by the British Bankers Association for three-month Sterling deposits (subject to rounding) on or about the 1st day of March, June, September and December of each year and the interest rate payable under the Base Rate Mortgages is calculated by reference to the Base Rate. The Issuer could be

subject to a higher risk of default in payment by a Borrower under such a Mortgage as a result of increases in LIBOR for three month sterling deposits or the Base Rate (as applicable).

3 Month Sterling LIBOR is not calculated on the same dates as Mortgage LIBOR. In order to address the interest rate risk arising by virtue of the difference between 3 Month Sterling LIBOR and Mortgage LIBOR, the Issuer will enter into the Basis Swap Transaction on the Closing Date. Basis risk associated with the floating rate portions of the Base Rate Mortgages, however, will not be hedged.

There can be no assurance that the Swap Agreements will adequately address all hedging risks. A failure by the Issuer to make timely payments of amounts due under any Swap Agreement will constitute a default thereunder and entitle the Swap Counterparty to terminate the relevant Swap Agreement as described below. To the extent that the Swap Counterparty is not obliged to provide, or otherwise defaults in its obligations to provide, the Issuer with an amount equal to the full amount expected under the relevant Swap Agreement the Issuer may have insufficient funds to make payments due on the Notes.

Each Swap Agreement will provide that, upon the occurrence of certain events, the Swap Agreement may terminate and a termination payment by either the Issuer or the relevant Swap Counterparty may become payable. For example, if the Issuer becomes obliged to withhold tax from any payment due by it under any Swap Agreement, such tax will be withheld and paid over to the relevant authorities and the Issuer will not be obliged to gross up its payment to the Swap Counterparty. In the event of an imposition of any tax on any payment due by a Swap Counterparty to the Issuer under a Swap Agreement, the Swap Counterparty will be obliged to gross up for the tax so withheld. However, if any such withholding or deduction is required which cannot be avoided by both parties using reasonable efforts to avoid such withholding or deduction, the Swap Counterparty may terminate the relevant Swap Agreement whereupon, in accordance with accepted market practice, a termination payment based upon the cost of entering into a replacement transaction, which would have the effect of preserving the economic equivalent of all future payments which would otherwise have been due, will be calculated and a settlement payment made. Any termination payment due from the Issuer under the Interest Rate Swap Transactions or the Basis Swap Transaction (except where such termination arises as a result of a default by, or a ratings downgrade of, a Swap Counterparty) will rank in priority to payments due to the Noteholders.

No assurance can be given that the Issuer will have sufficient funds to pay any termination payment due by it to any Swap Counterparty or, if it does pay any such termination payment, that the Issuer will thereafter have sufficient funds available to it to make subsequent payments in respect of the Notes.

No assurance can be given as to the ability of the Issuer to enter into a replacement swap, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficient to maintain the then current ratings of the Class A Notes.

#### *Market Disruption*

The Rate of Interest in respect of each Class of Notes for each Interest Period will be the aggregate of the Relevant Margin and 3 Month Sterling LIBOR, in each case determined in accordance with Condition 5(c). Condition 5(c)(ii) contains provision for the calculation of such underlying rates based on rates given by various market information sources, and Condition 5(c)(iii) contains an alternative method of calculating the underlying rate should those market information sources be unavailable. The market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by, among other things, physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

#### ***Risks Associated with Rising Mortgage Interest Rates***

The interest rate payable under certain of the Mortgages is calculated by reference to Mortgage LIBOR or the Base Rate, which may be subject to variations. The Issuer could be subject to a higher risk of default in payment by a Borrower under a Mortgage as a result of an increase in Mortgage LIBOR or the Base Rate (as applicable).

### *Yield and Prepayment Considerations*

The yield to maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payments of principal on the Mortgages and the price paid by the holders of the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgages.

Prepayments on the Mortgages may result from refinancings, voluntary sales of properties by Borrowers, as a result of enforcement proceedings under the relevant Mortgages, as well as the receipt of proceeds from buildings insurance and pension policies. In addition, any purchases of Mortgages required to be made under the Mortgage Sale Agreement following a breach of warranty will have the same effect as a prepayment of such Mortgages.

The rate of prepayment of the Mortgages cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Therefore, no assurance can be given as to the level of prepayments that the Mortgage Pool will experience. See further the section entitled "*Weighted Average Lives of the Notes*" below.

### *Conflict between the Classes of Noteholders*

The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders and the Class B Noteholders respectively, as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise including, without limitation, as provided in Condition 12), but requiring the Trustee in any such case to have regard only to the interests of: (i) the Class A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders and/or any other persons entitled to the benefit of the Security; or (ii) (where there are no Class A Notes outstanding) the Class B Noteholders if, in the Trustee's opinion there is a conflict between the interests of the Class B Noteholders and/or any other persons entitled to the benefit of the Security.

The Class A Noteholders will rank *pari passu* between themselves. The Class B Noteholders will rank *pari passu* between themselves.

At any particular time, having regard to the specific circumstances then applicable, the Trustee may, in its absolute discretion (and without prejudice to the preceding paragraph), if it believes it to be just and equitable to do so, convene a meeting or meetings of a specific Class or Classes of Noteholders.

### *Certain material interests*

Certain of the Co-Arrangers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Britannia and its affiliates in the ordinary course of business. J.P. Morgan and RBS are acting as Co-Arrangers and, in addition to acting as a Co-Arranger, RBS will also act as the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction, the GIC Provider under the RBS GIC Agreement and the GIC Guarantor under the GIC Guarantee. JPMCB will act as the Basis Swap Counterparty under the Basis Swap Transaction. Other parties to the transaction may also perform multiple roles, including Britannia, who will act as guarantor of the obligations of the Administrator under the Administration Agreement and of the obligations of the Relevant Purchaser under the Put Option, maintain the Britannia GIC Account, and shall also act as the Subordinated Loan Provider and as the Expenses Loan Provider.

The Master Framework Agreement provides that 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; and/or

- (c) carrying out other transactions for third parties.

### **Rating Agency Confirmation in respect of Notes**

The terms of certain of the Transaction Documents provide that, in certain circumstances, the Issuer must, and the Trustee may, obtain confirmation from S&P (with notification being made to, as well as an acknowledgement of receipt of such notification having been received from Moody's and Fitch) that any particular action proposed to be taken by the Issuer, Britannia, PFL or the Trustee will not adversely affect or cause to be withdrawn the then current ratings of the Class A Notes (the "**Rating Test**").

By acquiring the Notes, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be relevant to Noteholders, including, without limitation, in the case the Rating Test is passed, whether any action proposed to be taken by Issuer, Britannia, PFL or the Trustee or any other party to a Transaction Document is either (i) permitted by the terms of the relevant Transaction Document, or (ii) in the best interests of, or not prejudicial to, some or all of the Noteholders. In being entitled to have regard to the fact that some or all of the Rating Agencies have confirmed that the then current ratings of the Class A Notes would not be adversely affected or withdrawn, each of the Issuer, Britannia, PFL, the Trustee and the Secured Creditors (including the Noteholders) is deemed to have acknowledged and agreed that the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, Britannia, PFL, the Trustee, the Secured Creditors (including the Noteholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, Britannia, PFL, the Trustee or the Secured Creditors (including the Noteholders) or any other person whether by way of contract or otherwise.

Any such confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A confirmation from a Rating Agency represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

### **The Mortgages**

#### *Borrowers*

The portfolio of Mortgages from time to time (the "**Mortgage Pool**") may include loans made to (i) Borrowers who may previously have been subject to a County Court Judgment for payment, a Scottish Court decree for payment, an Individual Voluntary Arrangement (an "**IVA**") or a Bankruptcy Order (a "**BO**"); (ii) Borrowers who are self-employed; (iii) Borrowers considered by bank and building society lenders to be non-conforming borrowers; (iv) Borrowers who are not owner occupiers; and (v) Borrowers in Scotland who have been sequestrated. These loans have been underwritten generally in accordance with underwriting standards described in "*The Mortgage Pool – Lending Guidelines*". These underwriting standards consider, among other things, a mortgagor's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property.

However, loans made to non-conforming borrowers may experience higher rates of delinquency, enforcement and bankruptcy than have historically been experienced by loans made to typical "A" rated borrowers. In addition, there can be no assurance that loans with higher loan-to-value ratios will not experience higher rates of delinquency, enforcement and bankruptcy than loans with lower loan-to-value ratios.

#### *Warranties*

Neither the Issuer, the Trustee, JPMCB nor either of the Co-Arrangers has undertaken or will undertake any investigations, searches or other due diligence in respect of the Mortgages, and each will rely instead on, *inter alia* the benefit of the warranties given by PFL to the Issuer under the Mortgage Sale Agreement.

The sole remedy (save as described below) of each of the Issuer and the Trustee in respect of an unremedied breach of warranty (see further the section entitled "*The Mortgage Pool – Warranties and Breach of Warranties*") shall be the requirement (subject to certain provisions as to materiality, at the discretion of the Trustee), that PFL or any other subsidiary from time of Britannia, as Britannia may elect as the purchaser of the Mortgages (a "**Relevant Purchaser**"), purchases any Mortgage which is the subject of the relevant unremedied breach.

#### *Enforcement*

Costs and delays could be encountered in connection with enforcement of the Mortgages and recovery of the Loans with corresponding delays in the receipt of related proceeds by the Issuer. For further detail in relation to the enforcement process and related risks applicable to English and Scottish Mortgages, see further the sections entitled "*The Mortgage Pool – Enforcement Procedures - English Loans*" and "*The Mortgage Pool – Enforcement Procedures - Scottish Loans*" below.

#### *Administration of the Mortgages*

Pursuant to the Administration Agreement, PFL has the right to sub-delegate certain of its obligations as Administrator. PFL will on the Closing Date sub-delegate certain of its obligations as Administrator in respect of the Mortgages to the Sub-Administrator. Notwithstanding any sub-delegation of the whole or any part of any of its Administrator's duties under the Administration Agreement, PFL will not be released from its obligations thereunder. The obligations of PFL as Administrator will be guaranteed by Britannia pursuant to the Administration Agreement. If the appointment of the Administrator is terminated (which would result in the termination of any appointment of a Sub-Administrator by the Administrator under the Sub-Administration Agreement), the Issuer (subject to the CCA Mortgages Trust and the Scottish Declaration of Trust) and the Trustee have undertaken to appoint a substitute administrator with experience of administering mortgages of residential property in the United Kingdom, provided that such appointment is on substantially the same terms as those set out in the Administration Agreement and a Ratings Test having been satisfied. No assurance can be given that upon termination of the appointment of the Administrator, the Issuer and the Trustee will be able to appoint a suitable substitute administrator.

#### *Collectability of Amounts Due under the Mortgages*

The collectability of amounts due under the Mortgages is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors (including factors which may not affect real estate values) may have an impact on the ability of Borrowers to repay the Mortgages. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgages.

In addition, the ability of the Issuer to dispose of a property, in the event of enforcement against a Borrower, at a price sufficient to repay the amounts outstanding under the relevant Mortgages will depend upon the availability of buyers for that property at a price sufficient to repay amounts outstanding under the mortgage.

#### *Risks of Losses Associated with Declining Property Values*

The security for the Notes consists of, among others, the Issuer's interest in the Mortgages. The value of the security may be affected by, among other things, a decline in property values. No assurance can be given that values of the properties have remained or will remain at the level at which they were at on the dates of origination of the related Mortgages.

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 security created by the Mortgages being significantly reduced and, ultimately, may result in losses to the Noteholders if that security is required to be enforced.

During 2007 and 2008 the rate of house price inflation fell as a consequence of housing demand being constrained by a combination of subdued earnings growth, greater pressure on household finances, higher interest rates and the effect of the continuing global market volatility that began in the summer of 2007.

Should house prices continue to decline, Borrowers may have insufficient equity to refinance their mortgage loans with lenders or to repay their mortgages on disposal of the property. This could lead to higher delinquency rates and losses on the Mortgage Pool.

#### *Homeowner Mortgage Support Scheme*

On 3 December 2008, the United Kingdom Government announced a new scheme ("**Homeowner Mortgage Support Scheme**") to help individuals who suffer a temporary loss of income stay in their home. Under the Homeowner Mortgage Support Scheme, borrowers that experience a significant and temporary loss of income and who qualify for the Homeowner Mortgage Support Scheme, will be able to defer a proportion of the interest payments on their loans for up to two years. The deferred interest payments will be capitalised and repaid by the borrower when its financial circumstances improve. The United Kingdom Government has stated that it will guarantee the deferred interest payments in return for banks' participation in the Scheme.

The United Kingdom Government has stated that it intends the Homeowner Mortgage Support Scheme to be available from early 2009, but as at the date of this Prospectus details of the Homeowner Mortgage Support Scheme have not been finalised, and it is further not clear if and to what extent, the Homeowner Mortgage Support Scheme will apply to Loans comprised in the Mortgage Pool.

If PFL elects to join the Homeowner Mortgage Support Scheme and the Homeowner Mortgage Support Scheme does apply to the Loans, the deferral of payments by Borrowers who qualify for the Homeowner Mortgage Support Scheme of a portion of their interest payments may adversely affect the amount and timing of revenue collections available to the Issuer, and ultimately the amount and timing of interest payable to Noteholders.

#### *Repossessions policy*

On 22 October 2008 the Master of the Rolls approved a new protocol for mortgage possession cases, setting out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such a moratorium may be subject to the wishes of the relevant borrower, and may not apply in cases of fraud.

The above policies may affect the standard of servicing by the Administrator, according to the standards of a Prudent Mortgage Lender, of arrears Loans. There can be no assurance that any delay in starting and/or completing repossession actions would not result in the amounts recovered being less than if there had been no such delay. Such shortfalls may adversely affect the amount of principal or revenue collections available to the Issuer, and ultimately full repayment of the Notes, or payment of interest payable, to Noteholders.

#### *Risk of Losses Associated with Interest Only Loans*

Approximately 64.87 per cent. of the mortgages in the Provisional Pool (or 72.06 per cent. by value) constitute "**Interest Only Loans**". Interest Only Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Loan, the Borrower will be required to make a "bullet" repayment that will represent the entirety of the principal amount outstanding thereof. The ability of such a Borrower to repay an Interest Only Loan at maturity may often depend on such Borrower's ability to refinance the Property or obtain funds from another source such as pension policies, personal equity plans 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 financial condition of the Borrower, tax laws and general economic conditions at the time.

#### *Risk Associated with Non-Owner Occupied Properties*

Approximately 40.29 per cent. of the mortgages in the Provisional Pool (or 38.49 per cent. by value) constitute Buy to Let Loans. As the Mortgages are secured over buy to let properties which are required to be let by the relevant Borrowers, the security for the Notes will also from time to time be affected by the condition of the private residential rental market in England and Wales and Scotland and in particular, the condition of the private rental market within the various regional areas in England and Wales and Scotland where the relevant Properties are located. The condition of the rental market will influence both

the ability of Borrowers to find tenants and the amount of rental income which may be achieved by the relevant Borrower in any letting.

The Provisional Pool also contains buy to let mortgages originated as "House Plus" loans. The income earned by the Borrowers on the letting of each relevant Property replaces rental yield as the means by which the loan is repaid and the Borrowers self certify their income to purchase a Property and are described further in "*Lending Guidelines – House Plus*".

It is a requirement that each Borrower uses best endeavours to ensure that the Property or Properties relating to that Borrower and comprised in the Mortgage Pool are let to suitable tenants on the open market. However, there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Mortgage is acquired by the Issuer or that each property will be tenanted throughout the life of the Mortgage, that the rental income achievable from the tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Mortgage during the life of the Mortgage, that the tenancies will be on market terms, that a tenant will always be able to pay their rent, and that a Borrower will always respect the terms of such tenancy relating to the maintenance of the relevant Property. However, the obligations of a Borrower to make payments under a Mortgage is without regard to whether the relevant Property is let and without regard to the amount of rent received from the relevant tenant.

Upon enforcement of a Mortgage in respect of a Property, which is the subject of an existing tenancy, the Administrator may not be able to obtain vacant possession of that property until the end of the tenancy. If the Administrator enforces while the tenancy is continuing and sells the Property as an investment property with one or more sitting tenants, it may affect the amount which may be realised in the sale. However, because the term of most tenancies is for up to a maximum of twelve months, a tenanted property will often be vacated sooner than an owner-occupied property. Additionally, enforcement procedures in relation to such Mortgages may, amongst other things, include the ability to appoint (except in relation to Scottish Mortgages) a receiver of rent, in which case such a receiver has a right to collect any rents payable in respect of such property, or (in relation to Scottish Mortgages) to collect any such rents directly in the name of the Administrator.

#### *Geographic Concentration of Mortgaged Properties*

Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than will other regions and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. There are concentrations of properties within certain regional areas which may present risk considerations in addition to those generally present for similar mortgage loan asset backed securities without such concentrations. See further the section entitled "*The Mortgage Pool – Characteristics of the Mortgage Pool*" below.

#### *Risk of losses associated with self-certified Mortgage Loans*

For certain Loans in the Mortgage Pool the income and employment details of the Borrower are not substantiated by supporting documentation. The rate of delinquencies, enforcements and losses on such Loans may differ from those in respect of Loans where supporting documentation has been provided in respect of the income or employment details of the Borrower.

### **Certain Legal Considerations**

#### *Effect of Equitable Assignment*

Pursuant to the Mortgage Sale Agreement, PFL will (subject to the CCA Mortgages Trust and in respect of Scottish Mortgages, the Scottish Declaration of Trust) transfer the beneficial title, with a right to call for the legal title, to the Mortgages to the Issuer on or about the Closing Date. Legal title in the Mortgages as of the Closing Date will continue to be vested in PFL and held on trust for the benefit of the Issuer.

The consequence of the assignment or transfer of the Mortgages (other than the Scottish Mortgages, as to which see below) taking effect in equity only is that the rights of the Issuer and the Trustee may be, or may become, subject to equities, as well as to the interests, of third parties who perfect a legal interest prior to the Issuer or the Trustee acquiring and perfecting a legal interest (such as, in the case of Mortgages over unregistered land, a third party acquiring a legal interest in the relevant Mortgage without notice of the Issuer's or Trustee's interest or, in the case of Mortgages over registered land, a third party



acquiring a legal interest by registration prior to the registration of the Issuer's or the Trustee's interests). Furthermore, the Issuer's and the Trustee's interests will be subject to equitable interests of third parties which may rank in priority to their interests in accordance with the normal rules governing the priority of equitable interests in the case of both registered and unregistered land. The legal effect of declaring the Scottish Declaration of Trust in respect of the Scottish Mortgages and their collateral security in favour of the Issuer and the assignation in security of the Issuer's rights therein in favour of the Trustee are substantially the same as those set out in this paragraph in relation to the equitable rights of the Issuer and the Trustee under English law.

The risk of such equities and other interests leading to third party claims obtaining priority over the interests of the Issuer or the Trustee in the Mortgages, the collateral security therefor and the Insurance Contracts is likely to be limited to circumstances arising from a breach by either PFL or the Issuer of its or their contractual or other obligations or fraud or mistake on the part of either PFL or the Issuer or of its or their respective officers, employees or agents.

Furthermore, until the Issuer or the Trustee has obtained legal title to the Mortgages, PFL must be joined as a party to any legal proceedings which the Issuer and the Trustee may wish to take against any Borrower to enforce their rights under the relevant Mortgage. In this respect, PFL will, pursuant to the Mortgage Sale Agreement, undertake for the benefit of the Issuer and the Trustee that it will join in any legal proceedings brought by the Issuer or the Trustee against any person relating to a Mortgage and its related rights agreed to be sold to the Issuer pursuant to the applicable Mortgage Sale Agreement. Such undertaking will be secured by a power of attorney granted by PFL in favour of the Issuer and the Trustee enabling the Issuer and the Trustee to take proceedings in the name of PFL.

With respect to the Insurance Contracts, PFL will assign the benefit of such contracts to the Issuer. Such assignments will take effect in equity only as the Issuer will not be made a co-insured. However, notice of the assignments over the benefit of each of the relevant Insurance Contracts will be given within a reasonable period of the Closing Date to the relevant insurance company.

#### *Redemption of Scottish Mortgages*

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974, the grantor of any standard security has an absolute right, on giving appropriate notice, to redeem that standard security once it has subsisted over residential property for a period of 20 years, subject only to the payment of certain sums specified in Section 11 of that Act. These specified sums consist essentially of the principal monies advanced by the lender and expenses incurred by the lender in relation to that standard security and interest.

#### *Loans Regulated by the Consumer Credit Act 1974*

Some of the Loans may be wholly or partly regulated by the Consumer Credit Act 1974 (the "CCA") or treated as such. The CCA, among other things, sets requirements as to the licensing of creditors and brokers, the format and content of loan documentation and for the procedures to be taken by the lender when originating a regulated loan. For further details of these requirements, see "*Regulation of the UK Residential Mortgage Market – Loans Regulated by the Consumer Credit Act 1974*" below.

Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with requirements under the CCA as to the licensing of lenders and brokers, documentation, procedures and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements, then to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower:

- (a) if the lender or any broker does not hold the required "enforcement" licence at the relevant time; or
- (b) totally, if the credit agreement has been made before 6 April 2007 and it is not properly signed by the borrower or if it omits or mis-states a "prescribed term"; or
- (c) without a court order in other cases.

In exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability by the lender. The court has the power, if it appears just to

do so, to make an order amending the credit agreement or imposing conditions upon its performance or making a time order (for example, giving extra time for arrears to be cleared).

Under the Mortgage Sale Agreement, PFL will warrant that all loans insofar as regulated or treated as such by the CCA in all material respects comply with the requirements of the CCA and Britannia will provide a guarantee to the Issuer in respect of the obligations of a Relevant Purchaser to purchase any Mortgage upon a breach of warranty given by PFL under the Mortgage Sale Agreement.

As a consequence, where a court or other competent authority determines that a Mortgage is unenforceable as a result of a breach of the CCA or there has been an alleged breach of the CCA which is the subject of a complaint by a Borrower, a consumer body or a competent regulatory body and such breach is likely to make that Mortgage unenforceable, the Issuer will have the benefit of the relevant warranties and guarantees assigned, or provided directly, to it.

Any credit agreement intended not to be regulated by the CCA may be wholly or partly regulated by the CCA due to certain technical rules.

#### *Changes in respect of Consumer Credit legislation*

The Consumer Credit Act 2006 (the "**CCA 2006**") amends many provisions of the CCA. The CCA 2006 was enacted on 30 March 2006 and was fully implemented by 31 October 2008. The CCA has been amended by *inter alia*:

- (i) a change to the definition of "individual" to include loans to partnerships consisting of two or three persons, not all of whom are bodies corporate.
- (ii) the removal of the financial limit from the CCA in respect of credit for non-business lending;
- (iii) the exemption from most of the CCA regime of high net worth debtors who meet certain criteria and who choose to exercise a voluntary opt out;
- (iv) the exemption from most of the CCA regime of credit agreements for an amount above the value of £25,000 where such credit agreement is entered into by the debtor predominantly for the purposes of a business carried on, or intended to be carried on, by him;
- (v) the exemption from most of the CCA regime of Buy to Let Loans which meet certain criteria;
- (vi) the extension of the Financial Ombudsman Service to all licence holders under the CCA, allowing consumers to challenge agreements without court proceedings;
- (vii) further criteria (applicable with some retroactive effect) to determine whether the relationship between debtors and creditors is unfair, which will include unfair practices and terms, and not just extortionate credit bargains;
- (viii) the strengthening of the powers of the OFT and the introduction of a Consumer Credit Appeals Tribunal to hear appeals from determinations of the OFT relating to licensing matters;
- (ix) further requirements on post-contract disclosure, with non-recovery of interest for any period when the lender fails to comply with these requirements; and
- (x) the introduction of discretionary unenforceability (rather than mandatory unenforceability) of consumer credit agreements which breach certain requirements of the CCA in order to allow courts to make a judgment that is proportionate to the detriment caused to the consumer.

Accordingly, any Loan originated or changed such that a new contract is entered into will be regulated by the CCA unless (i) it is a Regulated Mortgage under the FSMA; or (ii) it is otherwise exempt under the CCA; or (iii) the Borrower is not an individual as defined in the CCA; or (iv) the Loan is for more than £25,000 and is made to a Borrower for the purposes of their business.

The variation of credit agreements is regulated by section 82(2) CCA. Section 82 states that where an agreement (a "**modifying agreement**") varies or supplements an earlier agreement, the modifying agreement shall for the purposes of the CCA be treated as (a) revoking the earlier agreement and (b)

creating a new combined agreement. Section 82 effectively operates to create a new CCA regulated agreement comprising the earlier agreement and the modifying agreement.

With the abolition, subject to exceptions, of the £25,000 upper limit on 6 April 2008 for credit agreements entered into or after 6 April 2008, previously unregulated agreements which are varied or supplemented could potentially fall within the scope of the CCA unless changes to the existing agreement are made unilaterally by one party. Of relevance, however, is the Consumer Credit Act 2006 (Commencement No. 4 and Transitional Provisions) Order 2008 which provides that Loans entered into prior to 6 April 2008 by which the creditor provided the debtor with credit exceeding £25,000 will not be subject to CCA regulation if the variation (e.g. an interest rate switch) does not relate to the advance of further credit or an appropriate exemption applies. Notwithstanding the points above, many lenders do not treat further advances on unregulated loans as comprising a separate agreement but instead treat the loan (having been made before 6 April 2008) and further advance as a "unitary" (essentially, single) agreement which avoids CCA regulation and therefore obviates the need to rely on the order.

Buy to Let Loans made on or after 31 October 2008 are, regardless of value, exempt agreements under the CCA. The Legislative Reform (Consumer Credit) Order 2008 as amended defines Buy to Let Loans for these purposes as being credit agreements secured on land where the borrower or a connected person occupies or intends to occupy less than 40 per cent. of the floor area of the secured property as a dwelling. In view of the disconnect between the removal of the financial limit in April 2008 and this order coming into force, transitional arrangements within the 4th Commencement Order 2008 disapplied the abolition of the £25,000 limit for Buy to Let Loans made before 31 October 2008 which meet the criteria described above. This was to ensure that the loans were not brought into CCA regulation during the intervening period. Consequential amendments were also made to section 82 of the CCA to avoid bringing existing Buy to Let Loans into regulation (exempt by virtue of providing an amount of credit in excess of £25,000) in the event that they were varied or supplemented.

#### *Unfair Terms in Consumer Contracts Regulations 1994 and 1999*

All or almost all of the Loans are subject to either (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 or to the Unfair Terms in Consumer Contracts Regulations 1999 (together the "**Regulations**") the provisions of which are further described under "*Regulation of the UK Residential Mortgage Market – Unfair Terms in Consumer Contracts Regulations 1994 and 1999*" below. The Regulations provide that (a) a borrower may challenge a standard term in an agreement on the basis that it is "an unfair term" within the Regulations and any standard term in such an agreement which is found to be unfair will not be binding on the borrower and (b) the OFT, the Financial Services Authority ("**FSA**") and any "qualifying body" (as defined in the Regulations) may seek to enjoin (or in Scotland, interdict) a business against relying on unfair terms, although the rest of the agreement will remain valid if it is capable of continuing in existence without the unfair term.

The Regulations may affect terms of loan agreements which are deemed to be ancillary terms, which may include the ability to choose a substitute for LIBOR where LIBOR cannot be determined under the loan agreement and other terms the application of which are in the lender's discretion.

In February 2000, the OFT issued a guidance note (the "**Guidance Note**") on what the OFT considers to be "fair" or "unfair" within the Regulations for interest variation terms. The Guidance Note accepts the principle of a term linking an interest rate to an external rate which is outside the lender's control. It provides that, generally, the OFT and Consumers' Association will not regard such term as unfair if the lender explains at the outset how the interest rate is linked to the external rate and, if the link does not provide for precise and immediate tracking, the maximum margin of difference, and the time limits within which changes will be made. All of the LIBOR Linked Mortgages are made on terms that provide for the mortgage rate to be either at a fixed margin above LIBOR, a fixed rate for a specific period reverting to LIBOR, or at a discount to LIBOR for a specific period reverting to LIBOR, and explain when and how the tracking will take effect. It should be noted that the OFT Guidance Note is not legally binding.

The guidance note has been withdrawn from the OFT website, but may remain in effect as the OFT's view and as a factor that the FSA may take into account. The division of responsibilities between the OFT and the FSA for enforcing the Regulations is set out in concordats between them. Generally, the FSA is responsible for enforcement of the Regulations in relation to mortgage contracts regulated under the FSMA and the OFT is responsible for enforcement of the Regulations in relation to other mortgage contracts (including CCA regulated loans).

In May 2005, the FSA issued a non-binding statement of good practice on fairness of terms in consumer contracts, with specific reference to the fairness of variation clauses. The statement is addressed to firms authorised and regulated by the FSA in relation to products and services within the FSA's regulatory scope, including regulated mortgage contracts. The statement provides, amongst other things, the FSA's views on the factors to be considered when assessing the fairness of variation clauses, particularly where such variation clauses are applied to contracts with locked-in borrowers (i.e. where, in order to withdraw from the contract, the borrower is required to give advance notice or to pay a cost or to give up a benefit). Whilst the FSA provides that in general any information about interest rates, variations and notification of any changes should be clear, fair and not misleading, the statement in particular specifies a variety of factors that should be considered in respect of variation clauses applied to contracts with locked-in borrowers. These factors include whether there is some connection between interest rates which apply to locked-in borrowers and those which apply to non-locked in borrowers; whether valid reasons for the change are stated clearly and unambiguously in the contract; and whether the borrower must be given advance notice of the change. Additionally, the FSA states that firms may consider drafting contracts so as to permit variation to be made only when any lock-in clause has not been exercised.

In January 2007, the FSA issued a statement of good practice as a follow-up to that May 2005 paper, more specifically on the fairness of mortgage exit administration fees ("**MEAFs**"). The statement indicates how lenders should draft or be able to vary MEAF clauses and how they should apply them in practice. The main focus of the statement is that the fairness of a MEAF should be linked to a reasonable estimate of the lender's costs for dealing with early redemption. The FSA issued a follow-up statement in November 2007 emphasising that the statement should not be construed narrowly and, where appropriate, that firms should consider applying those principles to other charges. In addition, the FSA's Unfair Contract Terms Regulatory Guide came into force in August 2007, explaining the FSA's policy on its use of powers under the regulations.

In August 2002, the Law Commission and the Scottish Law Commission issued a joint consultation on proposals (amongst other things) to consolidate the Unfair Contract Terms Act 1977 and the Regulations into a single piece of legislation written in plain language. A final report (together with a draft bill) was issued on 24 February 2005, which proposes significant amendments to the regulation of unfair terms in consumer contracts and small business contracts. Additional comments in this regard are set out under "*Regulation of the UK Residential Mortgage Market – Unfair Terms in Consumer Contracts Regulations 1994 and 1999*" below.

No assurance can be given that changes to the Regulations, if enacted, or changes to guidance on interest variation terms, if adopted, will not have an adverse effect on the Loans, Britannia, PFL, WMS, or the Issuer and their respective businesses and operations.

#### *Distance Marketing of Financial Services*

With effect from 31 October 2004, the Distance Marketing of Financial Services Directive (the "**DMD**") has been implemented in the United Kingdom by way of the Financial Services (Distance Marketing) Regulations 2004 (the "**DM Regulations**") and amendments to MCOB. In essence the DMD requires that in respect of distance contracts, consumers have the right to receive certain information prior to entering into the contract and, for some financial services, a right to cancel.

For the purposes of the DM Regulations, a distance contract means any contract concerning one or more financial services concluded between a supplier and a consumer under an organised distance sales or service-provision scheme run by the supplier or by an intermediary, who, for the purposes of that contract, makes exclusive use of one or more means of distance communication up to and including the time at which the contract is concluded. A similar definition is adopted in MCOB.

The DM Regulations and (in respect of suppliers of regulated services in relation to mortgages regulated under the FSMA) MCOB 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 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. In general, consumers who enter into distance contracts have a right to cancel contracts for financial services during a set period after commencement of the contract. However, cancellation rights will not apply, amongst other circumstances, in the case of contracts for financial services where (i) the price of the service depends on

fluctuations in the financial market outside the supplier's control (such as interest rate changes); (ii) the supplier provides credit to a consumer and the consumer's obligation to repay is secured by a legal mortgage on land or (in Scotland) a Standard Security; or (iii) it is a restricted-use credit agreement (within the meaning of the CCA) to finance the purchase of land or an existing building, or an agreement for a bridging loan in connection with the purchase of land or an existing building. The disapplication of cancellation rights will not take place (in the case of the DM Regulations) where pre-contract information has not been provided, and cancellation rights will remain in effect until it is so provided. Compliance with the DM Regulations may be secured by way of injunction (or interdict in Scotland) granted on such terms as the court thinks fit to ensure such compliance, and any breach of the DM Regulations may render the supplier or intermediaries (and possibly their respective officers) liable to a fine; failure to comply with the MCOB rules could result in, amongst other things, disciplinary action by the FSA and possible claims under section 150 of FSMA for breach of FSA rules.

Any term in a distance contract will be void if, and to the extent that, it is inconsistent with the application of a provision of the DM Regulations to a distance contract.

#### *Electronic Commerce Directive*

With effect from (for the most part) 21 August 2002, the E-Commerce Directive (the "**ECD**") has been effected in the United Kingdom by a number of statutory instruments and implementing rules including, but not limited to, the Electronic Commerce (EC Directive) Regulations 2002 (which apply to non-FSA regulated entities), the Electronic Commerce Directive (Financial Services and Markets) Regulations 2002, as amended (which apply to FSA regulated entities) and the provisions of the FSA Handbook.

In essence the ECD aims to free up cross-border "information society services" by requiring Member States to apply the principle of "country of origin" regulation to services provided using electronic means. "Information society services" are defined as "any service normally provided for remuneration, at a distance by means of electronic equipment for the processing (including digital compression) and storage of data, and at the individual request of a recipient of a service" and will therefore include (but are not limited to) web-based online information such as the online enquiry form completed by potential borrowers and used by PHL in making a decision in principal to lend on behalf of PFL. Under the principle of "country of origin", a firm providing cross-border "information society services" must comply with the applicable rules in the country from which it is providing the services and the country into which it is providing the services cannot impose additional restrictions. As such, in providing "information society services" (whether in the United Kingdom or in another EEA state), PFL will be required to comply with applicable rules in the United Kingdom (including, but not limited to, the United Kingdom financial promotions regime).

The ECD also requires Member States to impose disclosure and other rules on firms offering "information society services" before any contract is entered into. The information to be disclosed includes, but is not limited to, contact details and background information in respect of the service provider, a variety of information which is required to be provided in a clear and unambiguous manner and disclosure of information to the recipient on how to conclude contractual arrangements.

Failure to comply with the FSA Rules could result in, amongst other things, disciplinary action by the FSA and possible claims under section 150 of FSMA for breach of FSA rules. Under the Electronic Commerce (EC Directive) Regulations 2002 the information disclosure requirements are enforceable, at the suit of any recipient of a service, by an action against the service provider for damages for breach of statutory duty. In addition, where a person has entered into a contract to which the Electronic Commerce (EC Directive) Regulations 2002 apply and the service provider has not made available means of allowing him to identify and correct input errors prior to concluding the contract, the recipient will be entitled to rescind the contract unless a court having jurisdiction in respect of the particular contract orders otherwise on the application of the service provider. The Electronic Commerce (EC Directive) Regulations 2002 also enable an application to be made for a court order to stop an infringement of the information disclosure requirements which harms the collective interests of consumers.

#### *Change of Law*

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law, United Kingdom tax law, regulatory and administrative practice in effect as at the date of this Prospectus, and having due 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 English law, United Kingdom tax law, accounting, regulatory or administrative practice in the United Kingdom after the date of this Prospectus.

*Loans Regulated by the Financial Services Authority under the Financial Services and Markets Act 2000*

Since 31 October 2004, a number of activities relating to Regulated Mortgages (as defined in "*Regulation of the UK Residential Mortgage Market*" below) have become "regulated activities" under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "**Order**") and these activities now require authorisation from the FSA pursuant to section 19 of the Financial Services and Markets Act 2000. These activities are: (a) entering into a Regulated Mortgage as lender; (b) administering a Regulated Mortgage (administering in this context means notifying borrowers of certain post-contract information (such as changes in payments) and/or collecting payments due); (c) advising on Regulated Mortgages; (d) arranging Regulated Mortgages; and (e) agreeing to do any of the foregoing.

Each of Britannia, PFL and WMS has applied for permissions for the applicable activities listed above which it undertakes and in each case the FSA has granted the necessary permissions. The view has been taken that the Issuer does not require to be authorised since its activities are such that they either do not fall within the regulated activities as defined in the Order or they benefit from a specific exemption in respect of those activities.

Any agreement not intended to be a Regulated Mortgage may instead be regulated under FSMA due to certain technical rules, including the definition of a Regulated Mortgage for the purposes of FSMA.

Authorisation by the FSA subjects each of Britannia, PFL and WMS to the full regulatory regime imposed by FSMA and the FSA. In particular, Britannia, PFL and WMS are required to have in place full systems and controls to ensure that those carrying out controlled functions are approved by the FSA, to maintain prescribed prudential ratios and their activities will be subject to the Financial Ombudsman Scheme. In addition, the regulated activities relating to Regulated Mortgages are subject to mortgage conduct of business rules set out in the FSA Handbook ("**MCOB**") (as described in further detail "*Regulation of the UK Residential Mortgage Market – Loans Regulated by the Financial Services Authority under the Financial Services and Markets Act 2000*", below).

Failure to comply with the provisions of MCOB does not render any loan unenforceable. However, breach of the rules in MCOB is actionable by a borrower who suffers loss as a result of the contravention. A breach could therefore give rise to a claim by a borrower to set off sums due under a Loan. However, Regulated Mortgages will be unenforceable if they are advised upon, arranged or entered into by a company or other person which is not authorised. As discussed above, each of Britannia, PFL and WMS has been granted authorisation by the FSA. Regulated Mortgages will also be unenforceable if they are originated as a result of financial promotion in relation to which there has been a contravention of Section 21(1) of the FSMA.

Under the Mortgage Sale Agreement, in respect of any Mortgage entered into after 31 October 2004, PFL will warrant that it is authorised by and had permission from the FSA to enter into regulated mortgage contracts as a lender, and in relation to each Mortgage, that it is authorised by and had permission from the FSA for conducting all regulated activities carried on by it in respect of each Mortgage, and that it has complied with the provisions of MCOB. Britannia will provide a guarantee to the Issuer in respect of the obligations of a Relevant Purchaser to purchase any Mortgage upon a breach of warranty given by PFL under the Mortgage Sale Agreement.

As a consequence, should a court or other competent authority determine that a Mortgage is unenforceable as a result of a lack of authorisation, or where there has been an alleged breach of the provisions of MCOB which is the subject of a complaint by a Borrower and such breach is likely to result in a judgment allowing a Borrower to set off sums due under a Loan, the Issuer will have the benefit of the relevant warranties and guarantees provided and assigned to it.

The FSA has significant regulatory flexibility to alter its rules and to provide guidance on existing rules. No assurance can be given that the FSA will not change its rules or take a particular regulatory approach which may adversely affect the particular sector of Britannia, PFL or WMS in the mortgage market or specifically of Britannia, PFL or WMS. Any such development may have a material adverse effect on the

Issuer and/or the Administrator and/or the Sub-Administrator and their respective businesses and operations.

#### *Financial Ombudsman Service*

Under the FSMA, the Financial Ombudsman Service is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may make a money award to the borrower, it is not possible to predict how any future decision by the Financial Ombudsman Service would affect the ability of the Issuer to make payments to Noteholders.

#### *Insolvency related issues*

Certain "small companies", as part of the company voluntary arrangement procedure in England, may seek Court protection from their creditors by way of a moratorium (which will, amongst other things, restrict a creditor's ability to enforce security, prevent the appointment of an administrator or liquidator and restrict proceedings being commenced or continued against the company) for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by order, extend or reduce the duration of either period).

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

Certain companies which qualify as small companies for the purposes of these provisions may, nonetheless, be excluded from being so eligible for a moratorium. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10 million is incurred and which involves the issue of a capital market investment. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a bond trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State for Business, Enterprise and Regulatory Reform may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

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

By an order made by the Under-Secretary of State for Small Business and Enterprise made on 8 August 2003, the provisions of the Enterprise Act 2002 (the "**Enterprise Act**") amending certain corporate insolvency provisions of the Insolvency Act 1986 came into force on 15 September 2003. As a result of the amendments made by the Enterprise Act, unless a floating charge was created prior to 15 September 2003, or falls within one of the exceptions contained in the Enterprise Act, the holder of a "qualifying

floating charge" will be prohibited from appointing an administrative receiver to a company and consequently, the ability to prevent the appointment of an administrator to such company will be lost.

The floating charge to be granted by the Issuer pursuant to the terms of the Deed of Charge will be a "qualifying floating charge" for the purpose of the Enterprise Act, and will be entered into on or about the Closing Date and therefore after 15 September 2003. As such, unless excepted, the Trustee will be prevented from appointing an administrative receiver in respect of the Issuer. However, the qualifying floating charge granted by the Issuer will fall within the "capital market arrangement" exception to the prohibition on appointment of an administrative receiver and accordingly the Trustee will still be able to appoint an administrative receiver pursuant to the terms of the Deed of Charge providing certain conditions are met.

The Enterprise Act 2002 also inserted a new s176A into the Insolvency Act, which provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a "prescribed part" of the company's net property is to be applied in satisfaction of debts due to unsecured creditors in priority over debts secured only by a floating charge. A company's "net" property for this purpose is the portion of a company's property which would otherwise be available to satisfy the claims creditors secured only by a floating charge. As at the date of this prospectus, the "prescribed part" has been set at 50 per cent. of the first £10,000 of a company's net property and 20% thereafter up to a maximum of £600,000. The liquidator, administrator or receiver may disapply this rule in certain circumstances.

While certain of the covenants the Issuer makes pursuant to the Deed of Charge are intended to ensure that the Issuer has no creditors other than the Secured Creditors, it will be a matter of fact as to whether the Issuer has any other creditors at any time. To the extent that the Issuer's assets are subject to fixed charges pursuant to the Deed of Charge, such assets will be outside the Issuer's "net property". However, to the extent that the Issuer's assets are subject only to a floating charge, the provisions of section 176A of the Insolvency Act would result in the prescribed part of the assets which would otherwise be available to satisfy the claims of the Secured Creditors being used to satisfy the claims of unsecured creditors.

#### *European Monetary Union*

It is possible that prior to the maturity of the Notes, the United Kingdom may become a participating Member State in Economic and Monetary Union and the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of the Notes may become payable in euros; (ii) applicable provisions of law may allow the Issuer to redenominate the Notes into euros and take additional measures in respect of the Notes; and/or (iii) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in Sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed. If the Notes are outstanding at a time when the euro becomes the lawful currency of the United Kingdom, the Issuer intends to make payment on the Notes in accordance with the then market practice of payment of such debts. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

#### *Withholding Tax under the Notes*

In the event that withholding taxes are imposed by or in any jurisdiction in respect of payments to Noteholders of any amounts due under the Notes, the Issuer will not be obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of such withholding taxes. The Issuer will, in such event, have the option (but not the obligation) of redeeming all outstanding Notes in full or taking such other action as is reasonable to mitigate the amount or imposition of tax (see Condition 6(e), ("*Redemption, Purchase and Cancellation – Optional Redemption of the Notes for Tax Reasons*") and the section entitled "*Taxation*").

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in, or certain limited types of entity established in, that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation



to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

*Implementation of Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Notes*

The text of the Capital Requirements Directive, which implements the revised Basel framework within the EEA, was finalised in June 2006. The Capital Requirements Directive is in the process of being transposed into national law or regulation by the EEA member states and has been implemented into revised regulatory requirements in the UK. Prospective investors in the Notes should consult their own advisers as to the consequences to and effect on them of the application of the revised Basel framework and the Capital Requirements Directive.

*There may be adverse consequences for Noteholders if the new UK special regime for the taxation of securitisation companies does not apply to the Issuer*

The Taxation of Securitisation Companies Regulations 2006 (the "**Regulations**") were made under section 84 of the Finance Act 2005 on 11 December 2006 to deal with the corporation tax position of securitisation companies such as the Issuer. If the Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the Transaction Documents. Based on advice received, the Issuer considers that it will be taxed under the special taxation regime for which provision is made by the Regulations. Investors should note, however, that the Regulations are in short-form and it is expected that advisors will rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the Regulations including whether any particular company falls within the regime. Investors should note that if the Issuer is not taxed under the regime then its profits or losses for tax purposes might be different from its cash position. Any unforeseen taxable profits in the Issuer could have an adverse affect on its ability to make payments to Noteholders and could also trigger the right of the Issuer to redeem the Notes.

*UK Banking (Special Provisions) Act 2008*

Under the Banking (Special Provisions) Act 2008 (the "**Banking (Special Provisions) Act 2008**"), until 21 February 2009, the United Kingdom Treasury has wide powers to make certain orders in respect of a United Kingdom authorised deposit-taking institution (such as Britannia) and, in certain circumstances, certain related corporate undertakings. The orders which may be made under the Banking (Special Provisions) Act 2008 in respect of relevant deposit-taking institutions (and/or, in certain circumstances, certain related corporate undertakings) relate to (amongst other things) (i) transfers of securities issued by relevant entities (and/or securing that rights of holders of securities cease to be exercisable by such holders, discontinuing the listing of securities and/or varying or nullifying the terms of securities and/or other documents by which the relevant entity is bound), (ii) transfers of property, rights and liabilities of relevant entities notwithstanding any restrictions, requirements or interests (and/or modifying related interests, rights or liabilities of third parties), (iii) the disapplication or modification of laws, (iv) the imposition of a moratorium on the commencement or continuation of any legal process in relation to any body or property and/or (v) the dissolution of any relevant entity. Orders may have retrospective effect and may make provision for nullifying the effect of transactions or events taking place after the time in question.

In general, transfer orders under the Banking (Special Provisions) Act 2008 may be made by the United Kingdom Treasury only in certain circumstances for the purposes of maintaining the stability of the United Kingdom financial system and/or protecting the public interest in circumstances where financial assistance has been provided by the Treasury to the deposit-taking institution. The Banking (Special Provisions) Act 2008 includes provisions related to compensation in respect of any transfer orders made.

If the United Kingdom Treasury were to make an order in respect of Britannia, such order may (amongst other things) impact on various aspects of the transaction (including the enforceability of certain Transaction Documents and/or the ability of certain parties to perform their obligations under such documents) which may negatively affect the ability of the Issuer to meet its obligations in respect of the Notes. At present, the United Kingdom Treasury has not made any orders under the Banking (Special Provisions) Act 2008 in respect of the entity referred to above and there has been no indication that it will make any such order under the Banking (Special Provisions) Act 2008, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order if made.

On 7 October 2008, the Banking Bill 2008 (the "**Banking Bill**") was published which, if enacted, would in large part implement on a permanent basis the temporary power granted to the treasury under the Banking (Special Provisions) Act 2008. The Banking Bill, if enacted in its current form, would provide the Bank of England with two stabilisation options in respect of United Kingdom authorised deposit-taking institution (such as Britannia) which are (i) private sale and (ii) transfer to a government owned "bridge bank". There is a third stabilisation option which entails the treasury being given the option to implement a temporary nationalisation of an institution. It is difficult to determine to what extent the enactment of the Banking Bill and any exercise of any powers granted thereunder might impact the amounts received by the Noteholders.

## CREDIT STRUCTURE

The Notes will not be obligations of the Excluded Parties. Only the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

As a condition to the issue of the Notes, the Class A Notes are to be rated AAA by S&P, Aaa by Moody's and AAA by Fitch. 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 any of the Rating Agencies.

The Class B Notes will not be rated.

The structure of the credit arrangements may be summarised as follows:

### Application of Cash Receipts

PFL (in its capacity as Cash Manager) will be obliged to identify (a) all amounts of cash received by the Issuer in respect of the Mortgages and from other sources available to the Issuer (such as the Swap Agreements and the GIC Agreements); and (b) all amounts to be paid by the Issuer, in accordance with the Administration Agreement and the Conditions. Such amounts will be categorised, broadly, as principal receipts or income receipts, as soon as practicable. (See further the sections entitled "*Calculation of Applied Income*" and "*Calculation of Applied Principal*" below.)

Amounts identified by PFL as principal receipts will be available on an Interest Payment Date in certain circumstances to fund income shortfalls. Similarly, surplus income will be applied on an Interest Payment Date in certain circumstances to make good any losses of principal suffered upon enforcement of a Mortgage. (See further the sections entitled "*Application of Principal to Fund Liquidity Shortfalls*" and "*Application of Income to Fund Principal Shortfalls*" below.)

Subject to the ability of the Issuer to provide for funds to purchase anticipated Further Advances in respect of the Mortgages, the amount of principal determined on each Calculation Date will be applied on each Interest Payment Date in mandatory partial redemption of the Notes (as described under "*Pre-Enforcement Principal Priority of Payments*" below) and the amount of income available will be applied in meeting the Issuer's expenses and interest payment obligations in respect of the Notes (as described under "*Pre-Enforcement Interest Priority of Payments*" below).

Pursuant to the Administration Agreement, PFL (in its capacity as Cash Manager) will provide the Issuer with certain cash administration, calculation, notification and payment services in relation to amounts payable under, *inter alia*, the Notes.

The Administration Agreement will contain a provision for a residual cash sweep pursuant to which any surplus cash other than profit and specified reserves will be paid to PFL (in respect of the Mortgages) by or on behalf of the Issuer pursuant to the Deferred Consideration Agreement.

### Calculation of Applied Income

PFL (in its capacity as Cash Manager) will determine the amount of Applied Income on each Calculation Date. In order to calculate Applied Income:

- (i) *first*, Income Received will be calculated from the cash receipts received in respect of the Mortgages during the preceding Collection Period and from other sources which are determined to be of an income nature (including the Required Amount, amounts available to be applied from the Discount Reserve in accordance with the Discount Reserve Amortisation Schedule, amounts retained on previous Interest Payment Dates in accordance with item (xiv) of the Regular Pre-Enforcement Interest Priority of Payments, amounts received under the GIC Agreements, any amounts (if any) received in accordance with item (xvi) of the Pre-Enforcement Interest Priority of Payments and amounts received under the Swap Agreements (but excluding (A) any amounts paid in respect of Swap Replacement Premia and (B) any amounts paid as collateral in respect of the Swap Agreements (and any income thereon), other than amounts of collateral to be applied in satisfaction of any termination payment due by the relevant Swap Counterparty to the Issuer upon early termination of the swap transactions entered into under a Swap Agreement) and the amount (if any) drawn under the Expenses Loan Agreement, to the extent the same has not been applied in meeting the Issuer's Closing Date expenses but excluding any amounts retained in

accordance with item (viii) of the Regular Pre-Enforcement Interest Priority of Payments and any cash collateral which may not be applied in satisfaction of Britannia's obligations under the Britannia GIC Agreement; then

- (ii) *second*, from the amount calculated in (i) above, there will be subtracted an amount equal to the lesser of Income Surplus (as defined in the Conditions) but, broadly, being income receipts after payment of items (i) to (vii) (inclusive) in the Regular Pre-Enforcement Interest Priority of Payments and after payment of items (i) to (vi) inclusive of the Final Pre-Enforcement Interest Priority of Payments and the Uncovered Shortfall (as defined in the Conditions) but, broadly, being (A) the cumulative amount of principal losses (including provisions for principal losses) less (B) the cumulative Income Retained to cover such principal losses); then
- (iii) *third*, an amount will be added up to an amount equal to the Liquidity Shortfall (if any) (as described in "*Application of Principal to Fund Liquidity Shortfalls*" below), to the extent such amounts are available from amounts of Principal Received; and
- (iv) *fourth*, an amount will be added up to an amount equal to Principal Recoveries (if any) (as defined in the Conditions).

### Calculation of Applied Principal

PFL (in its capacity as Cash Manager) will determine the amount of Applied Principal on each Calculation Date. The following summary describes the steps required in order to calculate Applied Principal:

- (i) *first*, Loan Principal Received is calculated, (being, broadly, a calculation of the aggregate principal amounts received in respect of the Mortgages between the relevant Calculation Date and the immediately preceding Calculation Date as determined by PFL) to which is added, (i) the amount of Liquidity Shortfall (if any) and any Liquidity Shortfall for any Calculation Date (the "**Relevant Calculation Date**") before the preceding Calculation Date to the extent that (a) such Liquidity Shortfall was taken into account as reducing Principal Received on the relevant Calculation Date (the amount of the said reduction being X) and (b) compensating amounts of income (equal in aggregate to X) which have not been treated as Principal Received on Calculation Dates subsequent to the relevant Calculation Date, (ii) the Non-Principal Amortisation Amount (and such amount will be treated as being deducted from Income Received), (iii) any Principal Received on a preceding Calculation Date that has not been otherwise paid out in the Pre-Enforcement Interest Priority of Payments (such as amounts of Retained Principal), and (iv) in the case of the first Calculation Date after the Closing Date only, an amount equal to the aggregate amount by which the gross proceeds of the Notes exceed the aggregate amount of (A) the initial purchase prices paid by the Issuer to PFL for the Mortgages and (B) the Discount Reserve; then,
- (ii) *second*, either (A) Income Surplus to be used for an Uncovered Shortfall is added; or (B) the amounts which are to be used for a Liquidity Shortfall in the current Interest Period in the determination of Applied Income and referred to below under "*Pre-Enforcement Interest Priority of Payments*" are subtracted; then,
- (iii) *third*, Principal Recoveries are subtracted; then,
- (iv) *fourth*, the Rounding Balance retained on the preceding Interest Payment Date (as described under "*Pre-Enforcement Principal Priority of Payments*" below) if any, is added.

(See further Condition 1 ("*Definitions*" – "*Applied Principal*")).

### Application of Principal to fund Liquidity Shortfalls

If, on the last day of the calendar month which falls immediately prior to an Interest Payment Date (each such day, a "**Calculation Date**"), the amount of Income Received is insufficient to pay or provide for payment of the "**Relevant Expenses**" (as defined in the Conditions) (such shortfall, as more fully described in the definition thereof, being the "**Liquidity Shortfall**") then, subject as more particularly set out in the Conditions, the amount of the Liquidity Shortfall will be deducted from Principal Received (as

defined in the Conditions), to the extent that there are funds available and treated as if it were Income Received.

If an amount representing principal is treated as Applied Income on any Calculation Date, then on the succeeding Calculation Dates it will, to the extent that there is Income Received available, be treated as Principal Received and applied accordingly (and such amount will be treated as being deducted from Income Received and applied accordingly) until amounts in aggregate equalling the principal originally treated as Applied Income have been so applied.

### **Required Amount**

On the Closing Date, £30,060,000 will be drawn down by the Issuer under the Subordinated Loan Agreement, being approximately equal to 6.00 per cent. of the sum of the aggregate Principal Amount Outstanding of the Notes on the Closing Date (the "**Required Amount**") and such amount shall be deposited in the Britannia GIC Account and will form part of Income Received. Thereafter, on each Interest Payment Date, an amount (if any) of Applied Income on such Interest Payment Date, after payment being made in full of items (i) to (vi) (inclusive) of the Regular Pre-Enforcement Interest Priority of Payments, will be deposited in the Relevant GIC Account to ensure that any shortfall in respect of the Required Amount standing to the credit of the Relevant GIC Account is eliminated and the full Required Amount is deposited in the Relevant GIC Account. Such amount will form part of the calculation of Income Received on the Calculation Date following the Interest Payment Date on which that amount was so deposited and will be paid in accordance with the Regular Pre-Enforcement Interest Priority of Payments.

### **Discount Reserve**

On the Closing Date, an amount equal to 4.551 per cent. of the sum of the proceeds of the Notes on the Closing Date (the "**Discount Reserve Amount**") will be used to establish a discount reserve (the "**Discount Reserve**") by crediting the Discount Reserve Amount to the Relevant GIC Account. The Discount Reserve will form part of the Income Received during the first nine Interest Periods. Thereafter, any amounts standing to the credit of the Relevant GIC Account relating to the Discount Reserve will be utilised and applied as Income Received no later than 18 months after the end of the accounting period of the Issuer in which they were received.

On the Interest Payment Dates falling in June, September and December 2009, March, June, September and December 2010, March and June 2011, a portion of the Discount Reserve equal to a predetermined amount as set out in a discount reserve amortisation schedule (the "**Discount Reserve Amortisation Schedule**") shall be debited to the Discount Reserve and withdrawn from the Britannia GIC Account to be applied as Income Received in accordance with the Regular Pre-Enforcement Interest Priority of Payments. If on such Interest Payment Dates Income Received is to be applied in accordance with the Post-Enforcement Interest Priority of Payments, the predetermined amounts set out in the Discount Reserve Amortisation Schedule shall not apply and all amounts standing to the credit of the Discount Reserve shall be debited to the Discount Reserve and withdrawn from the Britannia GIC Account to be applied as Income Received in accordance with the Post-Enforcement Interest Priority of Payments.

### **Application of Income to Fund Principal Shortfalls**

PFL (in its capacity as Cash Manager) will be obliged to record any Actual Principal Losses. The Administrator will be obliged to make, in respect of the Mortgages, such specific provisions as are consistent with those which would be made by a reasonably prudent mortgage lender underwriting mortgage loans to Borrowers of the type contemplated in the relevant Lending Guidelines on terms similar to those set out in the relevant Lending Guidelines (a "**Prudent Mortgage Lender**") advancing loans to sub-prime borrowers. The current intention is that the Administrator will adopt the provisioning policies of Britannia and the Britannia Group Companies (together, the "**Britannia Group**"). An amount equal to the aggregate amount of such Actual Principal Losses and Notional Provisions (defined in the Conditions as a "**Principal Shortfall**") which have not previously been recovered will, on each Calculation Date, be deducted from Income Received and will be added to Principal Received in the calculation of Applied Principal, to the extent that the Issuer has surplus income available. The Issuer will have surplus income available for this purpose as at any Calculation Date to the extent that the amount of Income Received exceeds the amount of the "**Relevant Expenses**". Other than as described in this

paragraph or in respect of the Required Amount (as further described in the section entitled "*Required Amount*" above), there is no intention to accumulate income surpluses in the Issuer.

To the extent that a provision is made in excess of any principal losses following completion of enforcement procedures in respect of any Mortgage, a corresponding amount of principal will be applied as if it were income.

### **Regular Pre-Enforcement Interest Priority of Payments**

Prior to the delivery of an Enforcement Notice (as defined in the Conditions) by the Trustee, Applied Income will be applied on each Interest Payment Date in making the following payments or provisions in the following order of priority (in each case only to the extent that payments or provisions of a higher priority have been made in full) (the "**Regular Pre-Enforcement Interest Priority of Payments**"):

- (i) *first*, in or towards satisfaction of the fees, costs and expenses of the Trustee and any costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
- (ii) *second, pro rata and pari passu*, in or towards satisfaction of the fees payable to the Paying Agents and the Agent Bank and any costs, charges, liabilities (including in respect of indemnity payments payable to any of them) and expenses incurred by any of them under the provisions of the Paying Agency Agreement and any VAT payable thereon;
- (iii) *third, pro rata and pari passu*, in or towards satisfaction of the administration fees (inclusive of any VAT) of the Administrator under the Administration Agreement (or any substitute administrator) up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365 day year (or over a 366 day year in a leap year), by applying a rate up to 0.3 per cent. per annum to the average of the aggregate of the balance of the Loans on the last day of each calendar month commencing in the immediately preceding Collection Period, together with all and any costs and expenses paid or to be paid by the Administrator or any substitute administrator during such Collection Period or expected to be incurred in the next succeeding Collection Period;
- (iv) *fourth, pro rata and pari passu*, in or towards payment, due to a Swap Counterparty under the Interest Rate Swap Transactions or the Basis Swap Transaction including termination payments (except for such amounts as are payable under item (xi) below);
- (v) *fifth*, in or towards payment, *pro rata and pari passu* according to the respective amounts of interest due on the Class A Notes;
- (vi) *sixth*, in or towards payment of or provision for sums due to unsecured third parties without such payment or provision causing breach by the Issuer of the Trust Deed, the Deed of Charge or other Transaction Documents and for which payment has not been provided for elsewhere and to provide for any such amounts expected to become due and payable during the next following Collection Period;
- (vii) *seventh*, if applicable, to the extent of any shortfall in respect of the Required Amount, in applying an amount to be credited to the Relevant GIC Account to bring the balance up to the Required Amount;
- (viii) *eighth*, in or towards retention, to the extent such amount has not been retained in full on a previous Interest Payment Date falling within each relevant accounting period of the Issuer, of an amount equal for each such relevant accounting period to the sum of the aggregate principal balances of the Loans at the beginning of the first Collection Period commencing on or after the first day of such relevant accounting period multiplied by 0.01 per cent. up to an amount equal to £35,000;
- (ix) *ninth*, in or towards payments, *pro rata and pari passu* according to the respective amounts of interest due on the Class B Notes;

- (x) *tenth*, in or towards payment of interest due and principal payable in respect of the Expenses Loan;
- (xi) *eleventh, pro rata and pari passu*, amounts due to a Swap Counterparty in connection with an early termination of any Swap Agreement where such early termination results from an Event of Default (as defined in the applicable Swap Agreement) by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Agreement) with respect to an Additional Termination Event (as defined in the applicable Swap Agreement) as a result of a ratings downgrade of the Swap Counterparty (other than amounts attributable to collateral (and income thereon)) to the extent not paid in item (iv) above;
- (xii) *twelfth, pro rata and pari passu*, in or towards satisfaction of the balance of the fees, costs and expenses of the Administrator (or any substitute administrator) not paid under item (iii) above;
- (xiii) *thirteenth*, in or towards satisfaction of amounts of interest payable in respect of the Subordinated Loan;
- (xiv) *fourteenth*, to retain in the Britannia GIC Account an amount equal to, if the Expenses Loan Condition is true, the principal amount outstanding under the Expenses Loan Agreement or, if the Expenses Loan Condition is not true, nil;
- (xv) *fifteenth, pro rata and pari passu*, in or towards payment to PFL in respect of all amounts accrued and due under or pursuant to the deferred consideration agreement between the Issuer and PFL dated on or about the Closing Date (the "**Deferred Consideration Agreement**"); and
- (xvi) *sixteenth*, the surplus, if any, to the Issuer, to be applied as Income Received on the next Interest Payment Date.

Applied Income allocated and provided for in accordance with the Regular Pre-Enforcement Interest Priority of Payments may be applied during each Interest Period by the Issuer to make payment of certain third party costs and expenses and amounts under the Interest Rate Swap Transactions that have fallen due.

In addition, the Issuer may, on any business day during an Interest Period, apply any amounts received by it in respect of Swap Replacement Premia (as defined in the Conditions) to make any payment required to be made to a replacement swap counterparty or an outgoing Swap Counterparty (as the case may be) in order to replace a Swap Counterparty and enter into a replacement swap agreement on substantially the same terms as the relevant Swap Agreement.

The "**Expenses Loan Condition**" is true, if on the immediately preceding Calculation Date the aggregate principal balance of Loans which are greater than three months in arrear expressed as a percentage of the aggregate principal balance of the Loans exceeds 15 per cent.

#### **Pre-Enforcement Interest Priority of Payments on the Final Repayment Date**

On the Final Repayment Date, provided an Enforcement Notice has not been delivered by the Trustee, Applied Income will be applied on such Interest Payment Date in making the following payments or provisions in the following order of priority (in each case only to the extent that payments or provisions of a higher priority have been made in full) (the "**Final Pre-Enforcement Interest Priority of Payments**", and, together with the "**Regular Pre-Enforcement Interest Priority of Payments**", the "**Pre-Enforcement Interest Priority of Payments**"):

- (i) *first*, in or towards satisfaction of the fees, costs and expenses of the Trustee and any costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
- (ii) *second, pro rata and pari passu*, in or towards satisfaction of the fees payable to the Paying Agents and the Agent Bank and any costs, charges, liabilities (including in respect of indemnity payments payable to any of them) and expenses incurred by any of them under the provisions of the Paying Agency Agreement and any VAT payable thereon;

- (iii) *third, pro rata and pari passu*, in or towards satisfaction of the administration fees (inclusive of any VAT) of the Administrator under the Administration Agreement (or any substitute administrator) up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365 day year (or over a 366 day year in a leap year), by applying a rate up to 0.3 per cent. per annum to the average of the aggregate of the balance of the Loans administered by the Administrator on the last day of each calendar month commencing in the immediately preceding Collection Period, together with all and any costs and expenses paid or to be paid by the Administrator or any substitute administrator during such Collection Period or to be incurred in the next succeeding Collection Period;
- (iv) *fourth, pro rata and pari passu*, in or towards payment, due to a Swap Counterparty under an Interest Rate Swap Transactions or the Basis Swap Transaction including termination payments (except for such amounts as are payable under item (x) below);
- (v) *fifth*, in or towards payments, *pro rata and pari passu* according to the respective amounts of interest due on the Class A Notes;
- (vi) *sixth*, in or towards payment of or provision for sums due to unsecured third parties without such payment or provision causing breach by the Issuer of the Trust Deed, the Deed of Charge or the other Transaction Documents and for which payment has not been provided for elsewhere and to provide for any such amounts expected to become due and payable during the next following Collection Period;
- (vii) *seventh*, in or towards payment of principal on the Subordinated Loan;
- (viii) *eighth*, in or towards retention, to the extent such amount has not been retained in full on a previous Interest Payment Date falling within each relevant accounting period of the Issuer, of an amount equal for each such relevant accounting period to the sum of the aggregate principal balances of the Loans at the beginning of the first Collection Period commencing on or after the first day of such relevant accounting period multiplied by 0.01 per cent. up to an amount equal to £35,000;
- (ix) *ninth*, in or towards payment, *pro rata and pari passu* according to the respective amounts of interest due on the Class B Notes;
- (x) *tenth, pro rata and pari passu*, amounts due to a Swap Counterparty in connection with an early termination of any Swap Agreement where such early termination results from an Event of Default (as defined in the applicable Swap Agreement) by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Agreement) with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (other than amounts attributable to collateral (and income thereon)) to the extent not paid in item (iv), above;
- (xi) *eleventh*, in or towards payment of interest on the Expenses Loan;
- (xii) *twelfth*, in or towards payment of principal on the Expenses Loan;
- (xiii) *thirteenth*, in or towards payment of interest on the Subordinated Loan;
- (xiv) *fourteenth, pro rata and pari passu*, in or towards satisfaction of the balance of the fees, costs and expenses of the Administrator (or any substitute administrator) to the extent not paid under item (iii) above;
- (xv) *fifteenth, pro rata and pari passu*, in or towards payment to PFL in respect of all amounts accrued and due under or pursuant to the Deferred Consideration Agreement; and
- (xvi) *sixteenth*, the surplus, if any, to the Issuer.

#### **Pre-Enforcement Principal Priority of Payments**

Prior to the delivery of an Enforcement Notice (as defined in the Conditions) by the Trustee, a certain amount of Applied Principal will be retained on each Interest Payment Date. The amount of such retained



Applied Principal will consist of: (i) the Rounding Balance (as at the preceding Calculation Date) (as defined below); and (ii) amounts to fund the purchase of Further Advances, the aggregate of such amounts not to exceed the cumulative amount of 10.0 per cent. of the aggregate original outstanding balances of the Mortgages on the Closing Date, plus the amount of Retentions (the "**Retained Principal**") **provided that** no amounts will be so retained after eighteen months after the end of the accounting period in which they were received, but will instead be utilised as Applied Principal in accordance with (i) to (iii) below.

The remaining amount of Applied Principal after the application referred to in the paragraph above (the "**Actual Redemption Funds**") will be applied in partial redemption of the Notes on any Calculation Date, to effect redemptions of the Notes on the next Interest Payment Date sequentially as follows (the "**Pre-Enforcement Principal Priority of Payments**"):

- (i) *first, pro rata and pari passu* in redeeming the Class A Notes until no Class A Notes remain outstanding;
- (ii) *second, pro rata and pari passu* in redeeming the Class B Notes until no Class B Notes remain outstanding;
- (iii) *third*, on the Interest Payment Date falling in March 2050 or such earlier date when all of the Notes have been redeemed in full, in or towards repayment of all outstanding amounts in respect of the Subordinated Loan in respect of principal and interest to the extent not previously repaid pursuant to the Pre-Enforcement Interest Priority of Payments.

Each Note will be redeemed in an amount equal to the applicable proportion of the Actual Redemption Funds divided by the number of Notes and rounded down to the nearest pound.

To the extent that the amounts available are greater than the amounts actually used by the Issuer such excess amounts (the "**Rounding Balance**") shall be retained and form part of Applied Principal on the next Calculation Date.

### **Collection Account**

All payments made by, and received from, Borrowers and other parties under the Mortgages will be credited to the collection account of PFL held at National Westminster Bank Plc ("**NatWest**") (the "**Collection Account**"). PFL maintains a further account at NatWest (the "**Sundries Account**") through which various sundry payments on behalf of Borrowers under the Mortgages (including in respect of any purchase of Further Advances) are made.

On or about the Closing Date, PFL will declare a trust over its Collection Account and its Sundries Account in favour of the Issuer and the Trustee, to the extent that moneys in the Sundries Account and Collection Account are applicable to the Mortgages (the "**Declaration of Trust**").

All cleared amounts standing to the credit of the Collection Account at the end of each Business Day (applicable to the Mortgages) less an amount, up to a maximum of £50,000 to be retained at the discretion of PFL (in its capacity as Cash Manager) to prevent the Collection Account becoming overdrawn in the event any amounts credited to the Collection Account are subsequently withdrawn (for example if cheques are dishonoured or direct debits are refused), will be transferred on the next Business Day, or as soon as practicable thereafter to the Britannia GIC Account for value on the following Business Day.

The Trustee will be a beneficiary under the Declarations of Trust (applicable to the Mortgages) and the Issuer's interest in the GIC Accounts will be secured in favour of the Trustee pursuant to the Deed of Charge.

### **Guaranteed Investment Contracts**

The Issuer will deposit any cash amounts which it receives from the Collection Account, the Initial Expenses Amount, the Required Amount, the Discount Reserve Amount and any payments under the Swap Agreements in the Britannia GIC Account (up to the Britannia GIC Limit). If paragraph (c) of the definition of the Britannia GIC Limit below applies, PFL (in its capacity as Cash Manager) on behalf of the Issuer will be obliged, pursuant to the terms of the Administration Agreement to deposit any cash amounts which it receives into the RBS GIC Account or if RBS is not at such time or ceases to be rated at

least the GIC Minimum Rating (as defined below), a similar account with an entity rated or guaranteed by an entity rated at least the GIC Minimum Rating. If the GIC Guarantor ceases to be rated the GIC Minimum Rating the GIC Guarantee shall be terminated. The maximum cash amount which may from time to time be deposited by the Issuer in the Britannia GIC Account (the "**Britannia GIC Limit**") will be:

- (a) for so long as the short term unsecured, unsubordinated and unguaranteed debt obligations of Britannia are rated F1 in the case of Fitch, P-1 in the case of Moody's and A-1 in the case of S&P or such other short term or long term rating which is otherwise acceptable to such Rating Agencies so that the Ratings Test is satisfied (the "**GIC Minimum Rating**"), an unlimited amount; or
- (b) for so long as the short term unsecured, unsubordinated and unguaranteed debt obligations of Britannia are rated below the GIC Minimum Rating:
  - (i) the maximum amount of any guarantee (in a form acceptable to the Trustee) provided by an entity whose short term unsecured, unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating; or
  - (ii) the amount of collateral which is deposited with an entity whose short term unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating,in each case in respect of the obligations of Britannia in respect of the Britannia GIC Account; or
- (c) if no such guarantee or collateral amount referred to in paragraph (b) above is in place for a period of 30 days, zero.

#### **Subordinated Loan**

Pursuant to a loan agreement between Britannia, the Cash Manager, the Trustee and the Issuer dated on or about the Closing Date, Britannia will make the Sub Loan Drawing equal to 6.00 per cent. of the sum of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, to fund the Required Amount.

After the Closing Date and if the GIC Guarantee is terminated, the Issuer (or the Administrator on its behalf) may request a drawing under the Subordinated Loan to cash collateralise the obligations of Britannia under the Britannia GIC Agreement.

#### **Expenses Loan**

Pursuant to a loan agreement between the Issuer, the Trustee and the Expenses Loan Provider dated on or about the Closing Date (the "**Expenses Loan Agreement**") the Expenses Loan Provider will make the Expenses Loan available to the Issuer, which the Issuer will use to fund the Initial Expenses Amount.

#### **Subordination**

The Notes will share the same security although, upon enforcement, the Class A Notes will rank in priority to the Class B Notes.

No interest will be paid to the Class B Noteholders unless and until, *inter alia*, all amounts of interest then due to the Class A Noteholders has been paid in full in accordance with the Pre Enforcement Interest Priority of Payments.

In the event that, on any Calculation Date, there are insufficient available funds to make payment in full of interest amounts due and payable on the Class B Notes then to that extent, such interest shall be deferred until the next Interest Payment Date on which there are sufficient funds available to make such a payment, as more fully set out in Condition 5(i) ("**Interest Accrual**").

The Class B Noteholders will not be entitled to receive any payment of amounts of principal unless and until all principal then due to the Class A Noteholders has been paid in full in accordance with the Pre Enforcement Principal Priority of Payments.

## Interest Rate Swaps

The Mortgages, as at the close of business on the Provisional Pool Cut-Off Date, consist of 28.59 per cent. of LIBOR-Linked Mortgages and 71.41 per cent. of Base Rate Mortgages.

On the Closing Date, the Interest Rate Swap Transactions will be novated to the Issuer in order to hedge the interest rate risks associated with the fixed rate portions of the Fixed Reverting to LIBOR Mortgages and the Fixed Reverting to Base Rate Tracker Mortgages.

Under the Interest Rate Swap Transactions, the Issuer and the Interest Rate Swap Counterparty will make payments to each other based on: (a) certain fixed rates as set out in the relevant swap confirmations applied on the notional amounts as set out in the relevant confirmations; and (b) a floating rate equal to Mortgage LIBOR applied on the notional amounts as set out in the relevant confirmations, as described in the section "Interest Rate Hedging". If (a) is greater than (b), the Issuer will pay the difference to the Interest Rate Swap Counterparty and if (b) is greater than (a), the Interest Rate Swap Counterparty will pay the difference to the Issuer on each Interest Payment Date until the relevant termination date.

## Basis Swap

Because 3 Month Sterling LIBOR is calculated on different dates than Mortgage LIBOR, the Issuer will enter into the Basis Swap Transaction with the Basis Swap Counterparty on the Closing Date in order to hedge the interest rate risk arising by virtue of the difference in 3 Month Sterling LIBOR and Mortgage LIBOR.

Under the Basis Swap Transaction, the Issuer and the Basis Swap Counterparty will make payments to each other based on:

- (a) the amount calculated by applying 3 Month Sterling LIBOR for a particular Interest Period to the principal amount calculated as the amount equal to the aggregate principal balance of all of the Basis Swap Mortgages on the last day of the calendar month falling 2 months prior to each Interest Payment Date as reduced by one half of the average monthly redemption rate in the previous three calendar months; and
- (b) the amount calculated by applying the Mortgage LIBOR on the relevant Mortgages to the principal amount referred to in (a) above at the end of the calendar month which is prior to the month immediately prior to the commencement of such Interest Period.

If (b) is greater than (a), the Issuer will pay the difference to the Basis Swap Counterparty and if (a) is greater than (b), the Basis Swap Counterparty will pay the difference to the Issuer, each on the Interest Payment Date on which the relevant Interest Period ends.

The first Interest Period will not be hedged by the Basis Swap Transaction.

## Common Terms for the Swap Agreements

If the Issuer becomes obliged to withhold or deduct tax from any payments due by it under any Swap Agreements, such tax shall be withheld and paid over to the relevant authorities and the Issuer will not be obliged to gross up its payment to the Swap Counterparty, as further described in "*Risk Factors – Interest Rate and Basis Risk on the Notes*".

## Further Advances

The Administrator (in its capacity as Cash Manager) may, subject to a Ratings Test having been satisfied and in accordance with the lending criteria, arrange on behalf of the Issuer to purchase Further Advances from PFL secured on the relevant Property as agent for and on behalf of the Issuer (the "**Further Advances**", which definition shall exclude amounts debited to a Borrower's account in respect of third party expenses incurred in connection with its Mortgage). Any purchase of such Further Advances will be funded from Applied Principal except that prior to the first Calculation Date any purchase of such Further Advances will be funded from the amount by which the gross proceeds of the Notes exceed the aggregate purchase prices of the Mortgages as of the Closing Date such amount having been held, in the interim period, in the Britannia GIC Account.

### **Converted Mortgages**

The Administrator on behalf of the Issuer may agree to a request by a Borrower to convert a Mortgage into a fixed rate Mortgage or otherwise change the basis on which interest is calculated in respect of such Mortgage (a "**Converted Mortgage**") subject to certain conditions as further described in "*The Mortgage Pool – Conversion of Mortgages*" below.

## THE ISSUER

### Introduction

The Issuer was incorporated and registered in England and Wales under the Companies Acts 1985 and 1989 with limited liability as a public limited company on 18 November 2008 in the name of Ranworthpoint PLC. The Issuer changed its name to Leek Finance Number Twenty Two PLC on 7 January 2009. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, of which 49,999 are held by Leek Finance Holdings Number Twenty Two Limited ("**Holdings**") and one of which is held by Capita Trust Nominees No. 1 Limited (the "**Share Trustee**") as nominee of Holdings under the terms of a share trust dated 12 January 2009 (the "**Nominee Declaration of Trust**"). The entire issued share capital of Holdings is held by the Share Trustee under the terms of a share trust deed dated 12 January 2009 (the "**Share Declaration of Trust**") for the benefit of charitable purposes. The Issuer has no subsidiaries.

English company law combined with the holding structure of the Issuer, covenants made by the Issuer in the Transaction Documents and the role of the Trustee are together intended to prevent any abuse of control of the Issuer.

### Directors

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

Name	Address	Principal Activity
PCSL Services No.1 Limited	Britannia House Cheadle Road Leek Staffordshire ST13 5RG	Supply of Director Services
Capita Trust Corporate Limited	Phoenix House 18 King William Street London EC4N 7HE	Corporate Director of Securitisation Issuance Companies
Capita Trust Corporate Services Limited	Phoenix House 18 King William Street London EC4N 7HE	Corporate Director of Securitisation Issuance Companies
David Baker	Phoenix House 18 King William Street London EC4N 7HE	Company Director of Securitisation Issuance Companies

The Secretary of the Issuer is Clifford Chance Secretaries (CCA) Limited; Capita Trust Corporate Services Limited and Capita Trust Corporate Limited also act as directors of special purpose vehicles other than the Issuer.

The registered office of the Issuer is at 10 Upper Bank Street, London, E14 5JJ, telephone number 020 7006 1000.

The directors of PCSL Services No.1 Limited and their respective business addresses and principal activities are:

<b>Name</b>	<b>Address</b>	<b>Principal Activity</b>
David Tweedy	Exchange Tower 2 Harbour Exchange London E14 9FR	Managing Director of Platform Home Loans Limited
Paul Mills	Britannia House Cheadle Road Leek Staffordshire ST13 5RG	Group Secretary of Britannia
Phillip Lee	Britannia House Cheadle Road Leek Staffordshire ST13 5RG	Managing Director of Britannia Capital Investment Group
David McCarthy	Britannia House Cheadle Road Leek Staffordshire ST13 5RG	Group Finance Director of Britannia

The company secretary of PCSL Services No.1 Limited is Rosemarie Hylton.

The directors of Capita Trust Corporate Limited and their respective business addresses and principal activities are:

<b>Name</b>	<b>Address</b>	<b>Principal Activity</b>
David Baker	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Susan Elizabeth Lawrence	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Sean Peter Martin	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Colin Benford	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Jonathan Glyn Vickers	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Capita Trust Company Limited	The Registry 34 Beckenham Road Beckenham Kent	Corporate Director

<b>Name</b>	<b>Address</b>	<b>Principal Activity</b>
	BR3 4TU	
The company secretary of Capita Trust Corporate Limited is Capita Company Secretarial Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.		

The directors of Capita Trust Company Limited and their respective business addresses and principal activities are:

<b>Name</b>	<b>Address</b>	<b>Principal Activity</b>
David Baker	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Susan Elizabeth Lawrence	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Sean Peter Martin	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Colin Benford	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Jonathan Glyn Vickers	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Liam Robert O'Sullivan	Phoenix House 18 King William Street London EC4N 7HE	Company Director

The directors of Capita Trust Corporate Services Limited and their respective business addresses and principal activities are:

<b>Name</b>	<b>Address</b>	<b>Principal Activity</b>
David Baker	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Colin Benford	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Susan Elizabeth Lawrence	Phoenix House 18 King William Street London EC4N 7HE	Company Director

<b>Name</b>	<b>Address</b>	<b>Principal Activity</b>
Sean Peter Martin	Phoenix House 18 King William Street London EC4N 7HE	Company Director
Jonathan Glyn Vickers	Phoenix House 18 King William Street London EC4N 7HE	Company Director

The company secretary of Capita Trust Corporate Services Limited is Capita Company Secretarial Services Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

### **Activities**

The Issuer was established as a special purpose vehicle for the purposes of issuing asset backed securities. The Issuer has been established specifically to acquire the Mortgages pursuant to the Mortgage Sale Agreement, financed by the issue of the Notes. The activities of the Issuer will be restricted by the Conditions and the Transaction Documents and will be limited to the issue of the Notes, the borrowing of the Subordinated Loan, the Expenses Loan, the ownership of the Mortgages and other assets referred to herein, the entry into the Swap Agreements, the exercise of related rights and powers, and other activities referred to herein incidental thereto. These activities will include the collection of payments of principal and interest in respect of Mortgages and the operation of arrears procedures. The Issuer has applied for a licence under the Consumer Credit Act and has obtained a licence under the Data Protection Act 1998.

Substantially all of the above activities will be carried on by the Administrator, the Sub-Administrator, or any delegate of the Administrator as agent for (subject to the CCA Mortgages Trust and the Scottish Declaration of Trust) the Issuer and the Trustee on an ongoing basis under the Administration Agreement, subject to the rights of the Issuer or the Trustee to revoke the agency upon the occurrence of certain events of default or insolvency or similar events in relation to the Administrator.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred, no dividends have been paid and no financial statements have been prepared.



## CAPITALISATION AND INDEBTEDNESS STATEMENT

The following table shows the capitalisation and indebtedness of the Issuer as at the date of this document, adjusted for the issue of the Notes and the drawings under the Subordinated Loan and the Expenses Loan:

<b>Share Capital</b>	<b>£</b>
<i>Authorised</i>	
50,000 Ordinary Shares of £1 each .....	50,000
<i>Issued</i>	
50,000 Ordinary Shares of £1 each, 2 of which are fully paid up and 49,998 of which are one quarter paid up .....	12,501.50
<b>Borrowings</b>	
<i>Class A Notes</i> .....	£395,800,000
<i>Class B Notes</i> .....	£105,200,000
<i>Subordinated Loan</i> .....	£30,060,000
<i>Expenses Loan</i> .....	£3,000,000

The borrowings disclosed above are secured, but not guaranteed, and the Issuer has no other borrowings, whether secured or unsecured or guaranteed or unguaranteed.

As at the date hereof, save as disclosed above, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The current financial period of the Issuer will end on 31 December 2009.

## ACCOUNTANTS' REPORT

The following is the text of a report received by the Board of Directors of the Issuer from PricewaterhouseCoopers LLP, Chartered Accountants, the reporting accountants to the Issuer, prepared solely for the purposes of the issue of Notes:

The Directors  
Leek Finance Number Twenty Two PLC  
10 Upper Bank Street  
London E14 5JJ

23 January 2009

Dear Sirs

### **Leek Finance Number Twenty Two PLC**

We report on the financial information set out below. This special purpose financial information has been prepared for inclusion in the prospectus dated 23 January 2009 (the "**Prospectus**") of Leek Finance Number Twenty Two PLC (the "**Company**") on the basis of the accounting policies set out below. This report is required by item 8.2 of Annex VII to Commission Regulation (EC) No 809/2004 (the "**Prospectus Regulation**") and is given for the purpose of complying with that rule and for no other purpose.

The Company was incorporated on 18 November 2008 as Ranworthpoint PLC, and changed its name to Leek Finance Number Twenty Two PLC with effect from 7 January 2009. The Company has not yet commenced to trade, has made up no financial statements for presentation to its members and has not declared or paid a dividend.

### **Responsibility**

The directors of the Company are responsible for preparing the special purpose financial information in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

It is our responsibility to form an opinion as to whether the special purpose financial information gives a true and fair view for the purpose of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.4R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 9.1 of Annex VII to the Prospectus Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the special purpose financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the special purpose financial statements and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the special purpose financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

## Opinion

In our opinion, the special purpose financial information gives, for the purposes of the Prospectus dated 23 January 2009, a true and fair view of the state of affairs of the Company as at the date stated and of its results and cash flows for the period then ended in accordance with IFRS.

## Declaration

For the purposes of Prospectus Rule 5.5.4R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in accordance with item 1.2 of Annex VII of the Prospectus Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

## Financial information

The balance sheet of the Company at 23 January 2009 is as follows:

	<u>Notes</u>	<u>£</u>
<b>Current assets</b>		
Cash and cash equivalents .....		12,502
<b>Total assets</b> .....		12,502
<b>Represented by:</b>		
Share capital .....	2	12,502

## Notes to the financial information

### 1. Accounting policies

The balance sheet has been prepared in accordance with IFRS.

### 2. Share capital

The Company was incorporated with an authorised share capital of £50,000 comprising 50,000 Ordinary shares of £1 each, 2 of which, at the balance sheet date, are fully paid up and 49,998 are quarter paid up.

### 3. Immediate and ultimate parent company

The immediate parent undertaking is Leek Finance Holdings Number Twenty Two Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Capita Trust Nominees No. 1 Limited, a company incorporated in England and Wales.

### 4. Profit and loss account

The Company has not traded in the period, has received no income or incurred expenditure and has not paid any dividends. Consequently, no profit and loss account has been prepared.

## BRITANNIA BUILDING SOCIETY

### History and Description of Britannia

Britannia was formed in 1856. It was incorporated under the Building Societies Act 1874 as the Leek and Moorlands Permanent Benefit Building Society. After a merger in 1966 with the Westbourne Park Building Society of London, Britannia changed its name to the Leek and Westbourne Park Building Society and, following a series of further amalgamations, adopted its present name in 1975. The address of the principal office of Britannia is Britannia House, Cheadle Road, Leek, Staffordshire ST13 5RG.

Britannia was, at 31 December 2007, the second largest United Kingdom building society in terms of total consolidated assets. As at such date, it had 254 branches. Its total consolidated assets at 31 December 2007 were approximately £36.8 billion, of which mortgage assets were approximately £23.4 billion.

Britannia and its principal operating subsidiaries provide a wide range of financial, banking and assurance services. The principal subsidiary undertakings which are wholly owned, registered in England and operating in the United Kingdom are listed as follows:

Company	Activity
Britannia Development and Management Company Limited	Property Investment
Britannia Treasury Services Limited	Mortgage and Syndicated Lending

*Britannia Treasury Services has the following wholly owned subsidiary undertakings, registered in England, operating in the United Kingdom, trading in the businesses indicated:*

Mortgage Agency Services Number One Limited	Mortgage and Syndicated Lending
Mortgage Agency Services Number Two Limited	Mortgage Lending
Mortgage Agency Services Number Three Limited	Bank Account Custodian
Mortgage Agency Services Number Four Limited	Mortgage Lending
Mortgage Agency Services Number Five Limited	Mortgage Lending
Mortgage Agency Services Number Six Limited	Mortgage Lending
Western Mortgage Services Limited	Mortgage Book Administration
Platform Home Loans Limited	Mortgage Origination and Servicing
Platform Funding Limited	Mortgage Origination

*Britannia has the following wholly owned subsidiary undertakings, trading in the businesses indicated:*

*Registered in the Isle of Man and operating overseas:*

Britannia International Limited	Deposit Taking
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*Registered in Guernsey and operating overseas:*

Britsafe Insurance Services (Guernsey) Limited	Mortgage Insurance Company
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*Registered in Scotland and operating in the United Kingdom:*

Britannia Life Direct Limited	Direct Sales of Financial Services
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## **Form, Status and Objects**

Britannia is incorporated under the Building Societies Act 1986 (as amended) (the "**Act**") for an unlimited duration. It operates in accordance with the Act, regulations and orders made thereunder and Britannia's registered Rules and Memorandum. Britannia is a building society within the meaning of the Act and is registered with the Central Office of the Registry of Friendly Societies in London, Register Number 322B. The affairs of Britannia are conducted and managed by a Board of Directors who are elected and who serve in accordance with the Rules and Memorandum. The Board is responsible to the members for the proper conduct of the affairs of Britannia and appoints and supervises executives who are responsible to the Board for the daily management of Britannia.

The principal purpose of Britannia as stated in Clause 2 of its Memorandum, is to raise, primarily by the subscriptions of the members of Britannia, a stock or fund for making to them advances secured on land for their residential use.

## **Recent developments**

On 22 June 2006, Britannia announced that HM Revenue and Customs ("**HMRC**") are enquiring into the tax treatment of some foreign currency swaps, which are not related to the Notes, entered into in 2002 between Britannia and certain third parties. Britannia said professional tax advice had been obtained before undertaking such foreign currency swaps and that, following the execution of such foreign currency swaps, the treatment thereof had been the subject of ongoing discussions between Britannia and HMRC. However, on 21 June 2006, HMRC and the police exercised powers granted to them by a warrant issued under Section 20C (*Entry with Warrant to Obtain Documents*) of the Taxes Management Act 1970. The exercise of such powers included the searching of Britannia's premises for evidence with respect to the HMRC enquiry. Three employees of Britannia were taken into custody for questioning by the police in connection with the HMRC enquiry and were subsequently released on that same day without charges being made. Britannia does not know how long the HMRC enquiry will be ongoing.

Britannia remains confident that the outcome of the HMRC enquiry will not have a material effect on the assets and liabilities, financial position or prospects of Britannia or the Issuer.

Britannia's 2008 end of year results will be affected by a small number of exceptional items. Britannia has exposure to two banks which failed during the year and the process of recovering the funds is underway. The potential provisions to be made in respect to these exposures will not have a significant impact on its strong capital and liquidity position. Another exceptional item concerns the Government's Financial Services Compensation Scheme. All savings institutions in the UK are required to pay towards this scheme. Further information will be provided when Britannia publishes its 2008 results in February 2009.

On 21 January 2009, the boards of Britannia and Co-operative Financial Services Limited confirmed they had agreed to merge to create a new super-mutual.

The merger will take effect pursuant to sections 97-102D of the Building Societies Act 1986, as modified by an order under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007, under which all of Britannia's property, rights and liabilities will be transferred by operation of law to the successor entity. The merger is subject to a number of conditions including the approval of the merger by eligible Britannia members passing a borrowing members' resolution and shareholding members' resolution and confirmation of the merger by the FSA.

## **PLATFORM FUNDING LIMITED**

PFL was incorporated and registered in England and Wales under the Companies Act 1985 on 26 September 1997 as a private limited company with company registration number 3456337. The registered office of PFL is Exchange Tower, 2 Harbour Exchange, London E14 9FR. PFL was established for the purpose of originating residential mortgage loans (including Buy-to-Let Loans) to borrowers in England, Wales, Scotland and Northern Ireland who include the recently self-employed, independent contractors, temporary employees and people who may have experienced previous credit problems, being in each case people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital ("**Non-Conforming Mortgages**").

## **PLATFORM HOME LOANS LIMITED**

PHL was incorporated and registered in England and Wales under the Companies Act 1985 with limited liability as a private limited company on 12 January 1989 with company registration number 2334606. The registered office of PHL is Exchange Tower, 2 Harbour Exchange Square, London E14 9FR.

# **BRITANNIA TREASURY SERVICES LIMITED**

BTSL was incorporated and registered in England and Wales under the Companies Act 1985 with limited liability as a private limited company on 7 July 1997 with company registration number 3416197. The registered office of BTSL is Newton House, Cheadle Road, Leek, Staffordshire ST13 5RG.



## **WESTERN MORTGAGE SERVICES LIMITED**

WMS was incorporated and registered in England and Wales under the Companies Act 1985 with limited liability as a private limited company on 26 April 1996 with company registration number 3191608. The registered office of WMS is the MoneyCentre, Drake Circus, Plymouth, Devon PL1 1QJ. Following the acquisition of Western Trust and Savings Limited ("**WTS**") in July 1995 by Birmingham Midshires Building Society, WMS acquired from WTS its mortgage servicing infrastructure. WMS was acquired by Britannia on 27 January 1997 and the shares subsequently transferred to BTSL. WMS currently provides centralised residential mortgage processing and loan administration services to Britannia and a limited number of third party mortgage originators.

## INTEREST RATE SWAP PROVIDER, GIC PROVIDER AND GIC GUARANTOR

### General

The Royal Bank of Scotland Group plc ("**RBSG**" or the "**Group**") is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, RBSG operates in the UK, the US and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc ("**RBS**") and National Westminster Bank Plc ("**NatWest**"). Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. RBSG has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers in over 50 countries.

RBSG's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than ABN AMRO businesses (see below) and the general insurance business (primarily Direct Line Group and Churchill Insurance).

The Group had total assets of £1,948.7 billion and owners' equity of £61.6 billion at 30th June 2008. The Group's capital ratios, which included the equity minority interest of Fortis and Santander in ABN AMRO were; a total capital ratio of 13.2 per cent., a Core Tier 1 capital ratio of 6.7 per cent. and a Tier 1 capital ratio of 9.1 per cent. as at 30th June 2008. RBS had total assets of £1,202.8 billion and shareholders' equity of £58.0 billion at 30th June 2008. RBS capital ratios were; a total capital ratio of 15.6 per cent. and a Tier 1 capital ratio of 10.2 per cent. as at 30th June 2008.

The short-term unsecured and unguaranteed debt obligations of RBS are currently rated A-1 by S&P, P-1 by Moody's and F1+ by Fitch. The long-term senior unsecured and unguaranteed debt obligations of RBS are currently rated A+ by S&P, Aa3 by Moody's and AA- by Fitch.

### ABN AMRO

On 17th October 2007, RFS Holdings B.V. ("**RFS Holdings**"), a company jointly owned by RBSG, Fortis N.V., Fortis SA/NV, Fortis Bank Nederland (Holding) N.V., (Fortis N.V., Fortis SA/NV and Fortis Bank Nederland (Holding) N.V., collectively, "**Fortis**") and Banco Santander S.A. ("**Santander**") (the "**Consortium Banks**") and controlled by RBSG, completed the acquisition of ABN AMRO Holding N.V. ("**ABN AMRO**"), a major international banking group with a leading position in international payments and a strong investment banking franchise with particular strengths in emerging markets, as well as a provider of a range of retail and commercial financial services around the world via regional business units in Europe, the Netherlands, North America, Latin America and Asia. RFS Holdings is in the process of implementing an orderly separation of the business units of ABN AMRO, with RBSG principally retaining ABN AMRO's global wholesale businesses and international retail businesses in Asia and the Middle East. Certain other assets will continue to be shared by the Consortium Banks.

On 3rd October 2008, the Dutch government acquired Fortis Bank Nederland (Holding) N.V. including Fortis' participation in RFS Holdings that represents the acquired activities of ABN AMRO.

### Board changes

On 1 October 2008, Stephen Hester, John McFarlane and Arthur Ryan were appointed non-executive directors of RBSG. Johnny Cameron stepped down from the RBSG Board on 13 October 2008 and Mark Fisher stepped down as a director on 21 November. Sir Fred Goodwin stepped down from the Board on 21 November 2008 and was replaced as Group Chief Executive by Stephen Hester, who also became an executive director. Lawrence Fish retired as a non-executive director on 31 December 2008, and Sir Tom McKillop will retire as Chairman and Charles Koch will retire as a non-executive director at the Annual General Meeting of RBSG to be held in April 2009. Sir Philip Hampton has been appointed as a director and Deputy Chairman with effect from 19 January 2009 and will assume the Chairmanship of the Board at the conclusion of the Annual General Meeting in April 2009.

### Recent Events

On 8 October 2008, the UK government announced measures intended, *inter alia*, to provide sufficient liquidity to the banking sector and to make available new capital to UK banks (including RBS).

### Credit Guarantee Scheme

Following its announcement on 8 October 2008 referred to above, on 13 October 2008 the UK government announced a credit guarantee scheme for bank and building society debt issuance (the “**Scheme**”). RBS applied to take part in the Scheme and was named as an initial eligible institution in the “Rules of the 2008 Credit Guarantee Scheme” issued by The Commissioners of Her Majesty's Treasury (“**HM Treasury**”) on 13 October 2008. Under the Scheme HM Treasury, at the request of RBS, will provide an unconditional and irrevocable direct guarantee which ensures timely payment of non-complex, senior and unsecured debt instruments issued by RBS of a term of not more than three years.

### **Capital Raising**

On 4th November 2008, RBSG announced a Placing and Open Offer of £15 billion at a fixed price of 65.5p per ordinary share. As a result, HM Treasury now own approximately 57.9 per cent. of the enlarged issued ordinary share capital of RBSG.

In addition, HM Treasury subscribed for £5 billion of non-cumulative preference shares in RBSG.

On 19th January 2009, the Group announced that it had reached agreement with HM Treasury and UK Financial Investments to replace the £5 billion of preference shares it holds with new ordinary shares. The Offer of the new ordinary shares and the redemption of the preference shares are subject to shareholder approval. The Offer is expected to close in late March 2009.

On 15th December 2008 the Group announced that it has exposure through trading and collateralised lending to funds of hedge funds invested with Bernard L Madoff Investment Securities LLC. If as a result of the alleged fraud the value of the assets of these hedge funds is nil, the Group's potential loss could amount to approximately £400 million.

On 19th December 2008, RBSG completed the sale of its 50% shareholding in Tesco Personal Finance (“**TPF**”) to its joint venture partner, Tesco plc.

On 14th January 2009, the Group announced that it had disposed of its 4.26% equity stake in Bank of China for a net consideration of £1.6 billion.

On 19th January 2009 the Group announced that it estimates the full year 2008 results to be an attributable loss, before exceptional goodwill impairments, of between £7 billion and £8 billion. It also reported that preliminary findings indicate that the estimated goodwill impairment charge will be in the region of £15 billion to £20 billion. On a fully consolidated basis, the Group expects that there will be an additional impairment charge of between €17 billion and €19 billion relating to Fortis' investment in ABN AMRO sold to the State of the Netherlands; this has no impact on the Group as it is entirely attributable to minority interests.

## **BASIS SWAP COUNTERPARTY**

JPMorgan Chase Bank, National Association (“**JPMCB**”) is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMCB offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of September 30, 2008, JPMorgan Chase Bank, National Association, had total assets of \$1,768.7 billion, total net loans of \$687.0 billion, total deposits of \$1,013.4 billion, and total stockholder’s equity of \$125.6 billion. These figures are extracted from JPMCB’s unaudited Consolidated Reports of Condition and Income (the “**Call Report**”) as at September 30, 2008, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation. The Call Report, including any update to the above quarterly figures, can be found at [www.fdic.gov](http://www.fdic.gov).

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2007, of JPMorgan Chase & Co., the 2007 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the “**SEC**”) by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Prospectus is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC’s website at [www.sec.gov](http://www.sec.gov).

*The information contained in this section relates to and has been obtained from JPMCB. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of JPMCB since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

## **COLLECTION AND SUNDRIES ACCOUNTS PROVIDER**

### **National Westminster Bank Plc**

National Westminster Bank Plc will be the collection and the sundries accounts provider (the "**Collection and Sundries Accounts Provider**").

National Westminster Bank Plc is a wholly owned subsidiary of The Royal Bank of Scotland plc which in turn is a wholly owned subsidiary of The Royal Bank of Scotland Group plc. National Westminster Bank Plc is incorporated and registered in England and Wales as a public limited company with company registration number 929027 and its registered office is 135 Bishopsgate, London EC2M 3UR. National Westminster Bank Plc is a major UK clearing bank and it has a large and diversified customer base and provides a wide range of products and services to personal commercial and large corporate and institutional customers.

*The information contained in this section relates to and has been obtained from National Westminster Bank Plc. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of National Westminster Bank Plc since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

## USE OF PROCEEDS

The gross proceeds of the issue of the Notes are expected to amount to £501,000,000 and will be used in part in financing the purchase of the Mortgages from PFL under the Mortgage Sale Agreement, in establishing the Discount Reserve and in purchasing any Retentions and Further Advances in respect of any of the Mortgages.

Amounts drawn under the Sub Loan Drawing will be applied towards funding the Required Amount which shall be deposited in the Relevant GIC Account and utilised as a reserve fund as described in the section entitled "*Credit Structure – Required Amount*".

The amount drawn under the Expenses Loan will be applied towards funding the Initial Expenses Amount which shall be paid to the order of the Issuer on the Closing Date and/or deposited in the Relevant GIC Account and applied, *inter alia*, towards payment of the fees to the Co-Arrangers, which fees relate solely to their arranging role in the issue of the Notes, and expenses related to the admission of the Notes to trading (estimated not to exceed £3,000,000).

## THE MORTGAGE POOL

*The Issuer confirms that the characteristics of the Mortgage Pool are as described in this section. On the Closing Date the assets backing the issue of the Notes (including the reserves), when taken together with the Swap Agreements to be entered into by the Issuer on the Closing Date and taking into account the terms and conditions of the Notes, are expected to have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes. However, regard should be had both to the characteristics of the Mortgage Pool and the other assets available to the Issuer and the risks to which they (and the Issuer and the Notes) may be exposed. Prospective Noteholders should consider the detailed information set out elsewhere in this document, including without limitation under "Risk Factors" and "Credit Structure" above.*

### The Mortgage Pool

The Mortgage Pool from time to time after the Closing Date will comprise:

- (a) loans advanced to the Borrowers upon the security of residential property situated in England, Wales and Scotland (each a **"Borrower"**) and on Closing Date will consist of the Mortgages acquired pursuant to the Mortgage Sale Agreement;
- (b) Converted Mortgages; and
- (c) any Further Advances purchased by the Issuer,

other than, in each such case, Mortgages which have been repaid or which have been purchased from the Issuer pursuant to the Mortgage Sale Agreement.

### Characteristics of the Mortgage Pool

The following tables set out information representative of the characteristics of the Mortgage Pool as at 30 November 2008 (the **"Provisional Cut-Off Date"**).

The balance of the Mortgages in the following tables is shown as at the Provisional Cut-Off Date (the pool of Mortgages as at the Provisional Cut-Off Date being the **"Provisional Pool"**). The properties over which the Mortgages are secured have not been revalued for the purpose of the issue of the Notes. The valuations of such properties as set out in the following tables relate to the date of the original initial mortgage loan valuation except to the extent that there have been Further Advances in which cases the most recent valuation is utilised. The characteristics of the Mortgage Pool as at the Closing Date may vary from those set out in the tables as a result of, *inter alia*, repayment or purchase of Mortgages prior to the Closing Date.

### Security

All of the Mortgages are secured by first ranking mortgages or (in Scotland) Standard Securities.

### Interest Rate Types

The Provisional Pool consists of:

- (a) 28.59 per cent. of the Mortgages which are LIBOR-linked mortgages where the applicable rate of interest for each mortgage loan (the **"Mortgage Rate"**) is (currently or after a specific period) calculated by reference to LIBOR plus a fixed margin or margins expressed as a percentage over LIBOR (the **"LIBOR-Linked Mortgages"**), including:
  - (i) 1.83 per cent. of the Mortgages where the Mortgage Rate is discounted for a specific period and reverts to the full Mortgage Rate, with the latest date of reversion being December 2010 (the **"LIBOR Discount Mortgages"**);
  - (ii) 25.02 per cent. of the Mortgages where the Mortgage Rate is a fixed rate of interest for a specific period that reverts to the Mortgage Rate, with the latest date of reversion being March 2011 (the **"Fixed Reverting to LIBOR Mortgages"**); and

- (iii) 1.74 per cent. of the Mortgages where the Mortgage Rate is linked to LIBOR for the life of the mortgage (the "**LIBOR Mortgages**").

The Mortgage Rate payable under the LIBOR-Linked Mortgages is calculated as a specified margin, in excess of LIBOR quoted by the British Bankers Association for three-month Sterling deposits (subject to rounding) on or about the 1<sup>st</sup> day of March, June, September and December of each year ("**Mortgage LIBOR**").

- (b) 71.41 per cent. of the Mortgages which have (currently or after a specific period) a variable interest rate (the "**Base Rate Mortgage Rate**") that is based on the Bank of England's base rate (the "**Base Rate**" and the "**Base Rate Mortgages**") plus, for each mortgage, a fixed margin expressed as a percentage over Base Rate, including:
  - (i) 7.70 per cent. of the Mortgages where the Base Rate Mortgage Rate is discounted for a specific period and reverts to the full Base Rate Mortgage Rate, with the latest date of reversion being December 2010 (the "**Base Rate Tracker Discount Mortgages**");
  - (ii) 52.89 per cent. of the Mortgages where the Base Rate Mortgage Rate is a fixed rate of interest for a specific period that reverts to the Base Rate Mortgage Rate, with the latest date of reversion being November 2012 (the "**Fixed Reverting to Base Rate Tracker Mortgages**"); and
  - (iii) 10.82 per cent. of the Mortgages where the Base Rate Mortgage Rate is linked to Base Rate for the life of the mortgage (the "**Base Rate Tracker Mortgages**").



## MORTGAGE POOL DATA TABLES

The following tables consist of information on the Provisional Pool and are described as follows:

The loan to value ratios in the tables are referenced to the seasonally adjusted Halifax housing index and the seasonally adjusted Nationwide housing index up to November 2008. Percentage columns in the tables may not total 100 per cent. due to rounding.

Section A:	all pool data £502,517,196,35;
Section B:	data relating to PFL originated self certified residential mortgage loans (£138,471,082 which amounts to 27.6 per cent. of the Provisional Pool);
Section C:	data relating to PFL originated prime residential mortgage loans (£26,823,708 which amounts to 5.3 per cent. of the Provisional Pool);
Section D:	data relating to PFL originated non-conforming residential mortgage loans (£143,807,207 which amounts to 28.6 per cent. of the Provisional Pool); and
Section E:	data relating to PFL originated buy-to-let mortgage loans (£193,415,199 which amounts to 38.5 per cent. of the Provisional Pool).

The loan to value ratios in the tables are referenced to the seasonally adjusted Halifax housing index and the seasonally adjusted Nationwide housing index up to November 2008. Percentage columns in the tables may not total 100 per cent. due to rounding.

### Whole Pool

Key data on the Provisional Pool	(As at 30 November 2008)
Aggregate Initial Loan Balance (£) .....	502,517,196.35
Largest Loan (£) .....	1,005,565.24
Number of mortgages .....	4,113.00
Average balance of Mortgage Loan (£) .....	122,177.78
Longest Dated Mortgage Legal Maturity .....	28-Dec-2037
% Investment Home Loans .....	39.05%
Weighted Average Current Loan to Value .....	74.59%
Weighted Average Halifax Indexed Loan To Value .....	88.18%
Weighted Average Nationwide Indexed Loan To Value .....	83.92%
Weighted Average Current Loan to Value (London) .....	72.49%
Weighted Average Current Loan to Value (South East) .....	74.52%
Weighted Average Current Loan to Value (Rest of UK) .....	75.24%
Weighted Average Seasoning .....	1.42 years
Weighted Average Seasoning (London) .....	1.47 years
Weighted Average Seasoning (South East) .....	1.39 years
Weighted Average Seasoning (Rest of UK) .....	1.42 years

Distribution of Loans by Loan to Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	2,770,093	0.55%	57	1.39%
More than 25% up to and including 50%.....	30,117,778	5.99%	364	8.85%
More than 50% up to and including 55%.....	16,684,899	3.32%	156	3.79%
More than 55% up to and including 60%.....	23,084,753	4.59%	212	5.15%
More than 60% up to and including 65%.....	34,346,701	6.83%	273	6.64%
More than 65% up to and including 70%.....	45,940,943	9.14%	358	8.70%
More than 70% up to and including 75%.....	62,984,120	12.53%	478	11.62%
More than 75% up to and including 80%.....	54,329,590	10.81%	437	10.62%
More than 80% up to and including 85%.....	78,285,570	15.58%	620	15.07%
More than 85% up to and including 90%.....	131,563,453	26.18%	1,002	24.36%
More than 90% up to and including 95%.....	11,342,449	2.26%	78	1.90%
More than 95% up to and including 100%.....	11,066,848	2.20%	78	1.90%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>99.98%</b>			
<b>Minimum Loan to Value.....</b>	<b>7.10%</b>			
<b>WA Loan to Value .....</b>	<b>74.59%</b>			

Distribution of Loans by Halifax Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	1,582,288	0.31%	35	0.85%
More than 25% up to and including 50%.....	15,818,734	3.15%	213	5.18%
More than 50% up to and including 55%.....	7,671,314	1.53%	87	2.12%
More than 55% up to and including 60%.....	9,990,319	1.99%	111	2.70%
More than 60% up to and including 65%.....	12,396,181	2.47%	118	2.87%
More than 65% up to and including 70%.....	17,911,179	3.56%	168	4.08%
More than 70% up to and including 75%.....	29,454,543	5.86%	250	6.08%
More than 75% up to and including 80%.....	33,938,178	6.75%	263	6.39%
More than 80% up to and including 85%.....	43,862,910	8.73%	347	8.44%
More than 85% up to and including 90%.....	70,410,865	14.01%	543	13.20%
More than 90% up to and including 95%.....	54,926,861	10.93%	438	10.65%
More than 95% up to and including 100%.....	55,228,394	10.99%	436	10.60%
More than 100% up to and including 105%.....	103,403,337	20.58%	767	18.65%
More than 105% up to and including 110%.....	34,387,383	6.84%	255	6.20%
More than 110% .....	11,534,711	2.30%	82	1.99%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>120.60%</b>			
<b>Minimum Loan to Value.....</b>	<b>7.27%</b>			
<b>WA Loan to Value .....</b>	<b>88.18%</b>			

Distribution of Loans by Nationwide Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	1,824,271	0.36%	40	0.97%
More than 25% up to and including 50%.....	18,705,569	3.72%	247	6.01%
More than 50% up to and including 55%.....	9,983,517	1.99%	108	2.63%
More than 55% up to and including 60%.....	10,910,676	2.17%	117	2.84%
More than 60% up to and including 65%.....	17,376,330	3.46%	154	3.74%
More than 65% up to and including 70%.....	25,655,553	5.11%	233	5.66%
More than 70% up to and including 75%.....	31,554,323	6.28%	259	6.30%
More than 75% up to and including 80%.....	46,766,936	9.31%	357	8.68%
More than 80% up to and including 85%.....	67,330,854	13.40%	529	12.86%
More than 85% up to and including 90%.....	67,325,985	13.40%	521	12.67%
More than 90% up to and including 95%.....	58,167,476	11.58%	464	11.28%
More than 95% up to and including 100%.....	104,104,123	20.72%	781	18.99%
More than 100% up to and including 105%.....	29,944,319	5.96%	214	5.20%
More than 105% up to and including 110%.....	7,834,941	1.56%	53	1.29%
More than 110% .....	5,032,322	1.00%	36	0.88%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>114.00%</b>			
<b>Minimum Loan to Value.....</b>	<b>6.97%</b>			
<b>WA Loan to Value .....</b>	<b>83.92%</b>			

Distribution of Loans by Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	854,203	0.99%	10	2.34%
More than 25% up to and including 50%.....	4,414,725	5.11%	35	8.18%
More than 50% up to and including 55%.....	3,992,905	4.62%	21	4.91%
More than 55% up to and including 60%.....	4,178,728	4.84%	26	6.07%
More than 60% up to and including 65%.....	8,117,172	9.40%	31	7.24%
More than 65% up to and including 70%.....	10,580,533	12.25%	52	12.15%
More than 70% up to and including 75%.....	13,782,737	15.96%	59	13.79%
More than 75% up to and including 80%.....	9,232,564	10.69%	52	12.15%
More than 80% up to and including 85%.....	11,314,495	13.10%	50	11.68%
More than 85% up to and including 90%.....	18,062,677	20.92%	84	19.63%
More than 90% up to and including 95%.....	1,045,107	1.21%	4	0.93%
More than 95% up to and including 100%.....	777,997	0.90%	4	0.93%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>86,353,843</b>	<b>100.00%</b>	<b>428</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>98.39%</b>			
<b>Minimum Loan to Value.....</b>	<b>7.10%</b>			
<b>WA Loan to Value .....</b>	<b>72.49%</b>			

Distribution of Loans by Halifax Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	486,545	0.56%	7	1.64%
More than 25% up to and including 50%.....	2,143,594	2.48%	21	4.91%
More than 50% up to and including 55%.....	734,171	0.85%	5	1.17%
More than 55% up to and including 60%.....	2,156,710	2.50%	13	3.04%
More than 60% up to and including 65%.....	2,517,846	2.92%	14	3.27%
More than 65% up to and including 70%.....	4,688,366	5.43%	25	5.84%
More than 70% up to and including 75%.....	6,299,281	7.29%	28	6.54%
More than 75% up to and including 80%.....	7,674,451	8.89%	32	7.48%
More than 80% up to and including 85%.....	9,181,545	10.63%	49	11.45%
More than 85% up to and including 90%.....	16,676,029	19.31%	75	17.52%
More than 90% up to and including 95%.....	10,304,439	11.93%	52	12.15%
More than 95% up to and including 100%.....	5,983,603	6.93%	29	6.78%
More than 100% up to and including 105%.....	14,525,280	16.82%	66	15.42%
More than 105% up to and including 110%.....	2,577,810	2.99%	10	2.34%
More than 110% .....	404,172	0.47%	2	0.47%
<b>Grand Total.....</b>	<b>86,353,843</b>	<b>100.00%</b>	<b>428</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>119.45%</b>			
<b>Minimum Loan to Value.....</b>	<b>7.27%</b>			
<b>WA Loan to Value .....</b>	<b>85.20%</b>			

Distribution of Loans by Nationwide Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	486,545	0.56%	7	1.64%
More than 25% up to and including 50%.....	2,420,964	2.80%	24	5.61%
More than 50% up to and including 55%.....	1,753,417	2.03%	9	2.10%
More than 55% up to and including 60%.....	1,945,963	2.25%	11	2.57%
More than 60% up to and including 65%.....	4,892,126	5.67%	28	6.54%
More than 65% up to and including 70%.....	5,759,813	6.67%	28	6.54%
More than 70% up to and including 75%.....	6,726,839	7.79%	27	6.31%
More than 75% up to and including 80%.....	9,450,000	10.94%	47	10.98%
More than 80% up to and including 85%.....	15,969,130	18.49%	78	18.22%
More than 85% up to and including 90%.....	13,902,807	16.10%	65	15.19%
More than 90% up to and including 95%.....	5,978,596	6.92%	28	6.54%
More than 95% up to and including 100%.....	14,171,365	16.41%	65	15.19%
More than 100% up to and including 105%.....	1,901,591	2.20%	7	1.64%
More than 105% up to and including 110%.....	761,670	0.88%	3	0.70%
More than 110% .....	233,017	0.27%	1	0.23%
<b>Grand Total.....</b>	<b>86,353,843</b>	<b>100.00%</b>	<b>428</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>112.91%</b>			
<b>Minimum Loan to Value.....</b>	<b>6.97%</b>			
<b>WA Loan to Value .....</b>	<b>81.07%</b>			

Distribution of Loans by Loan To Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	498,893	0.39%	14	1.68%
More than 25% up to and including 50%.....	7,036,373	5.52%	67	8.03%
More than 50% up to and including 55%.....	3,337,890	2.62%	24	2.88%
More than 55% up to and including 60%.....	6,454,737	5.06%	48	5.76%
More than 60% up to and including 65%.....	9,847,143	7.72%	66	7.91%
More than 65% up to and including 70%.....	12,492,135	9.80%	81	9.71%
More than 70% up to and including 75%.....	18,364,503	14.40%	122	14.63%
More than 75% up to and including 80%.....	12,349,071	9.68%	78	9.35%
More than 80% up to and including 85%.....	18,307,903	14.36%	103	12.35%
More than 85% up to and including 90%.....	33,427,257	26.21%	203	24.34%
More than 90% up to and including 95%.....	1,878,786	1.47%	10	1.20%
More than 95% up to and including 100%.....	3,519,371	2.76%	18	2.16%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>127,514,062</b>	<b>100.00%</b>	<b>834</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>99.48%</b>			
<b>Minimum Loan to Value.....</b>	<b>10.84%</b>			
<b>WA Loan to Value .....</b>	<b>74.52%</b>			

Distribution of Loans by Halifax Indexed Loan To Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	375,296	0.29%	11	1.32%
More than 25% up to and including 50%.....	3,261,070	2.56%	37	4.44%
More than 50% up to and including 55%.....	2,200,350	1.73%	16	1.92%
More than 55% up to and including 60%.....	2,110,053	1.65%	18	2.16%
More than 60% up to and including 65%.....	2,123,710	1.67%	17	2.04%
More than 65% up to and including 70%.....	4,088,792	3.21%	32	3.84%
More than 70% up to and including 75%.....	8,515,643	6.68%	62	7.43%
More than 75% up to and including 80%.....	9,888,515	7.75%	64	7.67%
More than 80% up to and including 85%.....	12,612,608	9.89%	79	9.47%
More than 85% up to and including 90%.....	18,755,663	14.71%	125	14.99%
More than 90% up to and including 95%.....	13,854,643	10.87%	92	11.03%
More than 95% up to and including 100%.....	14,375,652	11.27%	85	10.19%
More than 100% up to and including 105%.....	25,579,092	20.06%	142	17.03%
More than 105% up to and including 110%.....	7,222,966	5.66%	41	4.92%
More than 110% .....	2,550,009	2.00%	13	1.56%
<b>Grand Total.....</b>	<b>127,514,062</b>	<b>100.00%</b>	<b>834</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>119.45%</b>			
<b>Minimum Loan to Value.....</b>	<b>13.10%</b>			
<b>WA Loan to Value .....</b>	<b>88.24%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value  
(South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	452,966	0.36%	13	1.56%
More than 25% up to and including 50%.....	4,289,270	3.36%	43	5.16%
More than 50% up to and including 55%.....	2,163,276	1.70%	18	2.16%
More than 55% up to and including 60%.....	1,977,482	1.55%	16	1.92%
More than 60% up to and including 65%.....	3,749,569	2.94%	29	3.48%
More than 65% up to and including 70%.....	6,242,108	4.90%	48	5.76%
More than 70% up to and including 75%.....	9,663,692	7.58%	67	8.03%
More than 75% up to and including 80%.....	14,098,590	11.06%	87	10.43%
More than 80% up to and including 85%.....	16,865,178	13.23%	113	13.55%
More than 85% up to and including 90%.....	17,397,171	13.64%	113	13.55%
More than 90% up to and including 95%.....	15,600,403	12.23%	97	11.63%
More than 95% up to and including 100%.....	27,321,131	21.43%	149	17.87%
More than 100% up to and including 105%.....	4,868,871	3.82%	27	3.24%
More than 105% up to and including 110%.....	1,321,063	1.04%	6	0.72%
More than 110% .....	1,503,293	1.18%	8	0.96%
<b>Grand Total.....</b>	<b>127,514,062</b>	<b>100.00%</b>	<b>834</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>112.66%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.75%</b>			
<b>WA Loan to Value .....</b>	<b>84.00%</b>			

**Distribution of Loans by Loan To Value (rest of UK)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	1,416,998	0.49%	33	1.16%
More than 25% up to and including 50% .....	18,666,680	6.47%	262	9.19%
More than 50% up to and including 55% .....	9,354,103	3.24%	111	3.89%
More than 55% up to and including 60% .....	12,451,288	4.31%	138	4.84%
More than 60% up to and including 65% .....	16,382,385	5.68%	176	6.17%
More than 65% up to and including 70% .....	22,868,276	7.92%	225	7.89%
More than 70% up to and including 75% .....	30,836,879	10.68%	297	10.42%
More than 75% up to and including 80% .....	32,747,955	11.35%	307	10.77%
More than 80% up to and including 85% .....	48,663,173	16.86%	467	16.38%
More than 85% up to and including 90% .....	80,073,518	27.74%	715	25.08%
More than 90% up to and including 95% .....	8,418,556	2.92%	64	2.24%
More than 95% up to and including 100% .....	6,769,481	2.35%	56	1.96%
More than 100% up to and including 105% .....	-	0.00%	-	0.00%
More than 105% up to and including 110% .....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>288,649,291</b>	<b>100.00%</b>	<b>2,851</b>	<b>100.00%</b>
<b>Maximum Loan to Value.....</b>	<b>99.98%</b>			
<b>Minimum Loan to Value .....</b>	<b>9.23%</b>			
<b>WA Loan to Value.....</b>	<b>75.24%</b>			

**Distribution of Loans by Halifax Indexed Loan To Value (rest of UK)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	720,447	0.25%	17	0.60%
More than 25% up to and including 50%.....	10,414,070	3.61%	155	5.44%
More than 50% up to and including 55%.....	4,736,793	1.64%	66	2.31%
More than 55% up to and including 60%.....	5,723,555	1.98%	80	2.81%
More than 60% up to and including 65%.....	7,754,626	2.69%	87	3.05%
More than 65% up to and including 70%.....	9,134,021	3.16%	111	3.89%
More than 70% up to and including 75%.....	14,639,620	5.07%	160	5.61%
More than 75% up to and including 80%.....	16,375,212	5.67%	167	5.86%
More than 80% up to and including 85%.....	22,068,757	7.65%	219	7.68%
More than 85% up to and including 90%.....	34,979,173	12.12%	343	12.03%
More than 90% up to and including 95%.....	30,767,778	10.66%	294	10.31%
More than 95% up to and including 100%.....	34,869,138	12.08%	322	11.29%
More than 100% up to and including 105%.....	63,298,965	21.93%	559	19.61%
More than 105% up to and including 110%.....	24,586,607	8.52%	204	7.16%
More than 110% .....	8,580,530	2.97%	67	2.35%
<b>Grand Total.....</b>	<b>288,649,291</b>	<b>100.00%</b>	<b>2,851</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>120.60%</b>			
<b>Minimum Loan to Value.....</b>	<b>11.14%</b>			
<b>WA Loan to Value .....</b>	<b>89.05%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value (rest of UK)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	884,761	0.31%	20	0.70%
More than 25% up to and including 50%.....	11,995,335	4.16%	180	6.31%
More than 50% up to and including 55%.....	6,066,824	2.10%	81	2.84%
More than 55% up to and including 60%.....	6,987,231	2.42%	90	3.16%
More than 60% up to and including 65%.....	8,734,636	3.03%	97	3.40%
More than 65% up to and including 70%.....	13,653,632	4.73%	157	5.51%
More than 70% up to and including 75%.....	15,163,792	5.25%	165	5.79%
More than 75% up to and including 80%.....	23,218,346	8.04%	223	7.82%
More than 80% up to and including 85%.....	34,496,546	11.95%	338	11.86%
More than 85% up to and including 90%.....	36,026,007	12.48%	343	12.03%
More than 90% up to and including 95%.....	36,588,477	12.68%	339	11.89%
More than 95% up to and including 100%.....	62,611,627	21.69%	567	19.89%
More than 100% up to and including 105%.....	23,173,858	8.03%	180	6.31%
More than 105% up to and including 110%.....	5,752,208	1.99%	44	1.54%
More than 110% .....	3,296,013	1.14%	27	0.95%
<b>Grand Total.....</b>	<b>288,649,291</b>	<b>100.00%</b>	<b>2,851</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>114.00%</b>			
<b>Minimum Loan to Value.....</b>	<b>10.54%</b>			
<b>WA Loan to Value .....</b>	<b>84.73%</b>			

Distribution of Loans by Current Balance				
Distribution by Current Balance (£)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to £30k.....	1,156,091	0.23%	44	1.07%
More than £30k up to and including £50k .....	10,620,459	2.11%	253	6.15%
More than £50k up to and including £75k .....	47,950,937	9.54%	756	18.38%
More than £75k up to and including £100k .....	76,070,800	15.14%	867	21.08%
More than £100k up to and including £125k .....	82,245,241	16.37%	737	17.92%
More than £125k up to and including £150k .....	66,437,540	13.22%	485	11.79%
More than £150k up to and including £200k .....	82,453,083	16.41%	486	11.82%
More than £200k up to and including £400k .....	108,949,748	21.68%	434	10.55%
More than £400k.....	26,633,298	5.30%	51	1.24%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>
<b>Maximum Current Balance (£) .....</b>	<b>1,005,565</b>			
<b>Minimum Current Balance (£).....</b>	<b>19,011</b>			
<b>Average Current Balance (£).....</b>	<b>122,178</b>			

Distribution by Remaining Life of Mortgage				
Distribution by Remaining Life of Mortgage (years)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
0 and less than or equal to 10 years.....	30,784,744	6.13%	252	6.13%
Greater than 10 and less than or equal to 15 years.....	58,738,556	11.69%	484	11.77%
Greater than 15 and less than or equal to 20 years.....	125,010,699	24.88%	1,011	24.58%
Greater than 20 and less than or equal to 25 years.....	249,682,637	49.69%	2,032	49.40%
Greater than 25 and less than or equal to 30 years.....	38,300,561	7.62%	334	8.12%
Greater than 30 years .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>
<b>Maximum Remaining Life (years).....</b>	<b>29.08</b>			
<b>Minimum Remaining Life (years).....</b>	<b>6.24</b>			
<b>WA Remaining Life (years).....</b>	<b>20.28</b>			

Geographical Distribution of Mortgages				
Region	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
East Anglia.....	15,776,739	3.14%	113	2.75%
East Midlands .....	23,550,091	4.69%	236	5.74%
Greater London.....	86,353,843	17.18%	428	10.41%
North .....	19,751,134	3.93%	234	5.69%
North West.....	50,528,712	10.06%	509	12.38%
Scotland .....	53,266,917	10.60%	582	14.15%
South East .....	127,514,062	25.38%	834	20.28%
South West.....	35,906,170	7.15%	289	7.03%
Wales .....	16,961,121	3.38%	175	4.25%
West Midlands.....	42,010,237	8.36%	384	9.34%
Yorkshire Humber .....	30,898,170	6.15%	329	8.00%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>



Distribution of Mortgages Currently in Arrears				
Distribution by Arrears	Current Balance (£)	% of Total Balance	No of Loans	% of Total No. Loans
Current .....	450,371,928	89.62%	3,727	90.62%
Up to one month .....	31,338,935	6.24%	234	5.69%
Over one month and up to two months .....	20,806,334	4.14%	152	3.70%
<b>Grand Total</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

Distribution of County Court Judgements (CCJ's) by Loan to Value Ratio			
Distribution by Loan to Value	Current Balance (£) 0 CCJ's	Current Balance (£) =1 CCJ	Current Balance (£) >1 CCJ
Less than or equal to 25% .....	2,487,593	252,623	29,877
More than 25% up to and including 50% .....	28,914,704	951,137	251,937
More than 50% up to and including 55% .....	16,114,050	495,760	75,089
More than 55% up to and including 60% .....	21,706,446	796,925	581,381
More than 60% up to and including 65% .....	32,962,906	1,321,000	62,795
More than 65% up to and including 70% .....	44,380,467	1,560,476	-
More than 70% up to and including 75% .....	60,040,265	1,925,190	1,018,664
More than 75% up to and including 80% .....	52,681,716	1,386,593	261,282
More than 80% up to and including 85% .....	73,635,287	4,198,307	451,977
More than 85% up to and including 90% .....	126,167,964	3,729,631	1,665,858
More than 90% up to and including 95% .....	11,031,744	-	310,704
More than 95% up to and including 100% .....	10,120,922	945,926	-
More than 100% up to and including 105% .....	-	-	-
More than 105% up to and including 110% .....	-	-	-
More than 110% .....	-	-	-
<b>Grand Total.....</b>	<b>480,244,065</b>	<b>17,563,568</b>	<b>4,709,563</b>

Self certified Codes				
Self certified Codes	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
No.....	244,133,267	48.58%	2,328	56.60%
Yes .....	258,383,930	51.42%	1,785	43.40%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

Repayment Method				
Repayment Method	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Interest Only .....	362,096,349	72.06%	2,668	64.87%
Repayment .....	140,420,848	27.94%	1,445	35.13%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

Purpose of Loan	Purpose of Loan			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Purchase.....	103,562,994	20.61%	749	18.21%
Refinance.....	184,047,253	36.63%	1,404	34.14%
Right to buy Purchase.....	14,575,317	2.90%	210	5.11%
Right to buy Refinance.....	4,107,323	0.82%	53	1.29%
Investment home loans Purchase.....	76,878,099	15.30%	711	17.29%
Investment home loans Refinance.....	119,346,210	23.75%	986	23.97%
Not available (other).....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

Distribution by Property Type	Distribution by Property Category			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Bungalow.....	21,117,968	4.20%	151	3.67%
Flat.....	105,125,940	20.92%	950	23.10%
Detached.....	76,613,736	15.25%	379	9.21%
Semi-detached.....	116,103,295	23.10%	964	23.44%
Terraced.....	183,556,257	36.53%	1,669	40.58%
Not available.....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

Date	Distribution by Month of Origination			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
January 2005.....	153,366	0.03%	2	0.05%
February 2005.....	958,649	0.19%	9	0.22%
March 2005.....	175,627	0.03%	3	0.07%
April 2005.....	1,239,296	0.25%	9	0.22%
May 2005.....	427,814	0.09%	6	0.15%
June 2005.....	610,590	0.12%	5	0.12%
July 2005.....	460,378	0.09%	7	0.17%
August 2005.....	1,551,479	0.31%	15	0.36%
September 2005.....	2,392,666	0.48%	19	0.46%
October 2005.....	3,197,362	0.64%	29	0.71%
November 2005.....	11,369,740	2.26%	105	2.55%
December 2005.....	11,699,205	2.33%	96	2.33%
January 2006.....	3,100,999	0.62%	21	0.51%
February 2006.....	1,738,848	0.35%	17	0.41%
March 2006.....	1,942,911	0.39%	19	0.46%
April 2006.....	1,435,426	0.29%	14	0.34%
May 2006.....	1,419,726	0.28%	15	0.36%
June 2006.....	2,178,396	0.43%	20	0.49%
July 2006.....	2,162,279	0.43%	20	0.49%
August 2006.....	2,147,498	0.43%	25	0.61%
September 2006.....	3,630,928	0.72%	32	0.78%

Date	Distribution by Month of Origination			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
October 2006 .....	3,570,179	0.71%	31	0.75%
November 2006 .....	4,667,945	0.93%	44	1.07%
December 2006 .....	3,056,734	0.61%	35	0.85%
January 2007 .....	6,789,518	1.35%	58	1.41%
February 2007 .....	6,898,115	1.37%	62	1.51%
March 2007 .....	10,341,216	2.06%	87	2.12%
April 2007 .....	12,357,627	2.46%	109	2.65%
May 2007 .....	15,105,242	3.01%	118	2.87%
June 2007 .....	15,728,368	3.13%	151	3.67%
July 2007 .....	32,475,202	6.46%	292	7.10%
August 2007 .....	79,645,185	15.85%	632	15.37%
September 2007 .....	66,355,058	13.20%	499	12.13%
October 2007 .....	57,254,719	11.39%	457	11.11%
November 2007 .....	62,388,343	12.42%	528	12.84%
December 2007 .....	71,890,566	14.31%	522	12.69%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

Distribution by Tenancy	Distribution by Tenancy			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Freehold .....	364,756,311	72.59%	2,850	69.29%
Leasehold .....	105,867,151	21.07%	900	21.88%
Absolute Owner .....	1,629,243	0.32%	24	0.58%
Heritable Title .....	30,264,492	6.02%	339	8.24%
<b>Grand Total.....</b>	<b>502,517,196</b>	<b>100.00%</b>	<b>4,113</b>	<b>100.00%</b>

## Self Certificate

### Self Certified Residential Loans

Key data on the Provisional Pool	(As at 30 November 2008)
Aggregate Initial Loan Balance (£) .....	138,471,082
Largest Loan (£) .....	1,005,565
Number of mortgages .....	835
Average balance of Mortgage Loan (£) .....	165,833.63
Longest Dated Mortgage Legal Maturity .....	28-Dec-2037
% Investment Home Loans .....	0.00%
Weighted Average Current Loan to Value .....	72.63%
Weighted Average Halifax Indexed Loan To Value .....	87.08%
Weighted Average Nationwide Indexed Loan To Value .....	83.18%
Weighted Average Current Loan to Value (London) .....	69.89%
Weighted Average Current Loan to Value (South East) .....	72.56%
Weighted Average Current Loan to Value (Rest of UK) .....	73.32%
Weighted Average Seasoning .....	1.21 years
Weighted Average Seasoning (London) .....	1.11 years
Weighted Average Seasoning (South East) .....	1.18 years
Weighted Average Seasoning (Rest of UK) .....	1.24 years

### Distribution of Loans by Loan to Value

Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	976,077	0.70%	14	1.68%
More than 25% up to and including 50% .....	11,117,352	8.03%	102	12.22%
More than 50% up to and including 55% .....	5,001,802	3.61%	37	4.43%
More than 55% up to and including 60% .....	6,304,037	4.55%	48	5.75%
More than 60% up to and including 65% .....	10,333,761	7.46%	60	7.19%
More than 65% up to and including 70% .....	14,754,404	10.66%	84	10.06%
More than 70% up to and including 75% .....	20,850,097	15.06%	114	13.65%
More than 75% up to and including 80% .....	13,483,667	9.74%	72	8.62%
More than 80% up to and including 85% .....	21,477,247	15.51%	122	14.61%
More than 85% up to and including 90% .....	29,965,752	21.64%	159	19.04%
More than 90% up to and including 95% .....	4,206,885	3.04%	23	2.75%
More than 95% up to and including 100% .....	-	0.00%	-	0.00%
More than 100% up to and including 105% .....	-	0.00%	-	0.00%
More than 105% up to and including 110% .....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total .....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>92.24%</b>			
<b>Minimum Loan to Value .....</b>	<b>14.13%</b>			
<b>WA Loan to Value .....</b>	<b>72.63%</b>			

Distribution of Loans by Halifax Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	434,226	0.31%	7	0.84%
More than 25% up to and including 50%.....	6,174,120	4.46%	62	7.43%
More than 50% up to and including 55%.....	3,123,808	2.26%	28	3.35%
More than 55% up to and including 60%.....	2,350,626	1.70%	19	2.28%
More than 60% up to and including 65%.....	4,672,211	3.37%	34	4.07%
More than 65% up to and including 70%.....	4,413,162	3.19%	35	4.19%
More than 70% up to and including 75%.....	6,451,473	4.66%	45	5.39%
More than 75% up to and including 80%.....	9,872,564	7.13%	54	6.47%
More than 80% up to and including 85%.....	14,163,076	10.23%	81	9.70%
More than 85% up to and including 90%.....	17,824,040	12.87%	92	11.02%
More than 90% up to and including 95%.....	12,423,361	8.97%	70	8.38%
More than 95% up to and including 100%.....	16,515,417	11.93%	90	10.78%
More than 100% up to and including 105%.....	26,049,889	18.81%	143	17.13%
More than 105% up to and including 110%.....	12,433,611	8.98%	66	7.90%
More than 110% .....	1,569,499	1.13%	9	1.08%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>112.54%</b>			
<b>Minimum Loan to Value.....</b>	<b>16.84%</b>			
<b>WA Loan to Value .....</b>	<b>87.08%</b>			

Distribution of Loans by Nationwide Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	434,226	0.31%	7	0.84%
More than 25% up to and including 50%.....	7,342,102	5.30%	75	8.98%
More than 50% up to and including 55%.....	3,276,973	2.37%	24	2.87%
More than 55% up to and including 60%.....	3,291,153	2.38%	28	3.35%
More than 60% up to and including 65%.....	4,865,945	3.51%	34	4.07%
More than 65% up to and including 70%.....	5,530,100	3.99%	45	5.39%
More than 70% up to and including 75%.....	8,723,842	6.30%	48	5.75%
More than 75% up to and including 80%.....	13,597,368	9.82%	79	9.46%
More than 80% up to and including 85%.....	19,319,095	13.95%	107	12.81%
More than 85% up to and including 90%.....	15,831,122	11.43%	79	9.46%
More than 90% up to and including 95%.....	14,328,050	10.35%	82	9.82%
More than 95% up to and including 100%.....	26,894,097	19.42%	146	17.49%
More than 100% up to and including 105%.....	12,478,417	9.01%	66	7.90%
More than 105% up to and including 110%.....	2,558,593	1.85%	15	1.80%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>106.61%</b>			
<b>Minimum Loan to Value.....</b>	<b>16.41%</b>			
<b>WA Loan to Value .....</b>	<b>83.18%</b>			

Distribution of Loans by Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	458,454	2.41%	4	5.48%
More than 25% up to and including 50%.....	1,643,141	8.65%	8	10.96%
More than 50% up to and including 55%.....	1,101,706	5.80%	5	6.85%
More than 55% up to and including 60%.....	544,790	2.87%	3	4.11%
More than 60% up to and including 65%.....	2,015,753	10.62%	6	8.22%
More than 65% up to and including 70%.....	2,216,298	11.67%	8	10.96%
More than 70% up to and including 75%.....	4,525,896	23.84%	13	17.81%
More than 75% up to and including 80%.....	1,154,634	6.08%	6	8.22%
More than 80% up to and including 85%.....	1,094,604	5.76%	4	5.48%
More than 85% up to and including 90%.....	3,641,392	19.18%	14	19.18%
More than 90% up to and including 95%.....	590,514	3.11%	2	2.74%
More than 95% up to and including 100%.....	-	0.00%	-	0.00%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>18,987,182</b>	<b>100.00%</b>	<b>73</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>91.10%</b>			
<b>Minimum Loan to Value.....</b>	<b>15.60%</b>			
<b>WA Loan to Value .....</b>	<b>69.89%</b>			

Distribution of Loans by Halifax Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	166,607	0.88%	2	2.74%
More than 25% up to and including 50%.....	815,395	4.29%	6	8.22%
More than 50% up to and including 55%.....	435,345	2.29%	2	2.74%
More than 55% up to and including 60%.....	684,249	3.60%	2	2.74%
More than 60% up to and including 65%.....	920,145	4.85%	4	5.48%
More than 65% up to and including 70%.....	576,246	3.03%	3	4.11%
More than 70% up to and including 75%.....	751,918	3.96%	3	4.11%
More than 75% up to and including 80%.....	2,111,125	11.12%	6	8.22%
More than 80% up to and including 85%.....	1,937,888	10.21%	8	10.96%
More than 85% up to and including 90%.....	3,569,954	18.80%	10	13.70%
More than 90% up to and including 95%.....	1,482,334	7.81%	6	8.22%
More than 95% up to and including 100%.....	435,160	2.29%	2	2.74%
More than 100% up to and including 105%.....	3,513,121	18.50%	14	19.18%
More than 105% up to and including 110%.....	1,587,696	8.36%	5	6.85%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>18,987,182</b>	<b>100.00%</b>	<b>73</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>108.98%</b>			
<b>Minimum Loan to Value.....</b>	<b>18.85%</b>			
<b>WA Loan to Value .....</b>	<b>83.98%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value  
(London)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	166,607	0.88%	2	2.74%
More than 25% up to and including 50%.....	905,032	4.77%	7	9.59%
More than 50% up to and including 55%.....	1,029,956	5.42%	3	4.11%
More than 55% up to and including 60%.....	712,097	3.75%	3	4.11%
More than 60% up to and including 65%.....	572,523	3.02%	3	4.11%
More than 65% up to and including 70%.....	361,875	1.91%	2	2.74%
More than 70% up to and including 75%.....	2,288,190	12.05%	6	8.22%
More than 75% up to and including 80%.....	1,507,123	7.94%	6	8.22%
More than 80% up to and including 85%.....	3,242,930	17.08%	13	17.81%
More than 85% up to and including 90%.....	2,664,871	14.04%	7	9.59%
More than 90% up to and including 95%.....	910,648	4.80%	4	5.48%
More than 95% up to and including 100%.....	2,900,236	15.27%	11	15.07%
More than 100% up to and including 105%.....	1,134,578	5.98%	4	5.48%
More than 105% up to and including 110%.....	590,514	3.11%	2	2.74%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>18,987,182</b>	<b>100.00%</b>	<b>73</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>106.05%</b>			
<b>Minimum Loan to Value.....</b>	<b>18.35%</b>			
<b>WA Loan to Value .....</b>	<b>80.41%</b>			

**Distribution of Loans by Loan To Value (South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	63,678	0.16%	2	0.93%
More than 25% up to and including 50%.....	2,775,630	6.86%	25	11.63%
More than 50% up to and including 55%.....	912,005	2.25%	7	3.26%
More than 55% up to and including 60%.....	2,336,731	5.78%	15	6.98%
More than 60% up to and including 65%.....	3,609,130	8.92%	18	8.37%
More than 65% up to and including 70%.....	4,628,666	11.44%	22	10.23%
More than 70% up to and including 75%.....	7,415,857	18.33%	40	18.60%
More than 75% up to and including 80%.....	4,169,429	10.31%	19	8.84%
More than 80% up to and including 85%.....	6,633,388	16.39%	30	13.95%
More than 85% up to and including 90%.....	7,279,866	17.99%	34	15.81%
More than 90% up to and including 95%.....	635,655	1.57%	3	1.40%
More than 95% up to and including 100%.....	-	0.00%	-	0.00%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>40,460,034</b>	<b>100.00%</b>	<b>215</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>90.71%</b>			
<b>Minimum Loan to Value.....</b>	<b>14.70%</b>			
<b>WA Loan to Value .....</b>	<b>72.56%</b>			

**Distribution of Loans by Halifax Indexed Loan To Value (South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	63,678	0.16%	2	0.93%
More than 25% up to and including 50%.....	943,751	2.33%	10	4.65%
More than 50% up to and including 55%.....	1,150,916	2.84%	9	4.19%
More than 55% up to and including 60%.....	743,724	1.84%	6	2.79%
More than 60% up to and including 65%.....	849,244	2.10%	7	3.26%
More than 65% up to and including 70%.....	1,725,448	4.26%	12	5.58%
More than 70% up to and including 75%.....	1,882,077	4.65%	13	6.05%
More than 75% up to and including 80%.....	2,778,038	6.87%	11	5.12%
More than 80% up to and including 85%.....	5,095,159	12.59%	23	10.70%
More than 85% up to and including 90%.....	6,237,377	15.42%	32	14.88%
More than 90% up to and including 95%.....	4,073,974	10.07%	21	9.77%
More than 95% up to and including 100%.....	5,602,700	13.85%	25	11.63%
More than 100% up to and including 105%.....	6,655,997	16.45%	29	13.49%
More than 105% up to and including 110%.....	2,657,952	6.57%	15	6.98%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>40,460,034</b>	<b>100.00%</b>	<b>215</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>109.57%</b>			
<b>Minimum Loan to Value.....</b>	<b>17.93%</b>			
<b>WA Loan to Value .....</b>	<b>87.19%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value (South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	63,678	0.16%	2	0.93%
More than 25% up to and including 50%.....	1,334,909	3.30%	14	6.51%
More than 50% up to and including 55%.....	941,679	2.33%	7	3.26%
More than 55% up to and including 60%.....	832,692	2.06%	7	3.26%
More than 60% up to and including 65%.....	1,559,348	3.85%	11	5.12%
More than 65% up to and including 70%.....	1,585,534	3.92%	11	5.12%
More than 70% up to and including 75%.....	2,580,344	6.38%	14	6.51%
More than 75% up to and including 80%.....	4,898,288	12.11%	20	9.30%
More than 80% up to and including 85%.....	6,583,956	16.27%	35	16.28%
More than 85% up to and including 90%.....	5,258,453	13.00%	25	11.63%
More than 90% up to and including 95%.....	3,825,437	9.45%	19	8.84%
More than 95% up to and including 100%.....	8,489,119	20.98%	36	16.74%
More than 100% up to and including 105%.....	2,506,596	6.20%	14	6.51%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>40,460,034</b>	<b>100.00%</b>	<b>215</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>104.94%</b>			
<b>Minimum Loan to Value.....</b>	<b>16.95%</b>			
<b>WA Loan to Value .....</b>	<b>83.31%</b>			



Distribution of Loans by Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	453,945	0.57%	8	1.46%
More than 25% up to and including 50%.....	6,698,580	8.48%	69	12.61%
More than 50% up to and including 55%.....	2,988,092	3.78%	25	4.57%
More than 55% up to and including 60%.....	3,422,516	4.33%	30	5.48%
More than 60% up to and including 65%.....	4,708,879	5.96%	36	6.58%
More than 65% up to and including 70%.....	7,909,440	10.01%	54	9.87%
More than 70% up to and including 75%.....	8,908,344	11.27%	61	11.15%
More than 75% up to and including 80%.....	8,159,604	10.33%	47	8.59%
More than 80% up to and including 85%.....	13,749,255	17.40%	88	16.09%
More than 85% up to and including 90%.....	19,044,494	24.10%	111	20.29%
More than 90% up to and including 95%.....	2,980,716	3.77%	18	3.29%
More than 95% up to and including 100%.....	-	0.00%	-	0.00%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>79,023,865</b>	<b>100.00%</b>	<b>547</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>92.24%</b>			
<b>Minimum Loan to Value.....</b>	<b>14.13%</b>			
<b>WA Loan to Value .....</b>	<b>73.32%</b>			

Distribution of Loans by Halifax Indexed Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	203,941	0.26%	3	0.55%
More than 25% up to and including 50%.....	4,414,974	5.59%	46	8.41%
More than 50% up to and including 55%.....	1,537,547	1.95%	17	3.11%
More than 55% up to and including 60%.....	922,653	1.17%	11	2.01%
More than 60% up to and including 65%.....	2,902,823	3.67%	23	4.20%
More than 65% up to and including 70%.....	2,111,468	2.67%	20	3.66%
More than 70% up to and including 75%.....	3,817,478	4.83%	29	5.30%
More than 75% up to and including 80%.....	4,983,401	6.31%	37	6.76%
More than 80% up to and including 85%.....	7,130,029	9.02%	50	9.14%
More than 85% up to and including 90%.....	8,016,709	10.14%	50	9.14%
More than 90% up to and including 95%.....	6,867,053	8.69%	43	7.86%
More than 95% up to and including 100%.....	10,477,557	13.26%	63	11.52%
More than 100% up to and including 105%.....	15,880,770	20.10%	100	18.28%
More than 105% up to and including 110%.....	8,187,963	10.36%	46	8.41%
More than 110% .....	1,569,499	1.99%	9	1.65%
<b>Grand Total.....</b>	<b>79,023,865</b>	<b>100.00%</b>	<b>547</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>112.54%</b>			
<b>Minimum Loan to Value.....</b>	<b>16.84%</b>			
<b>WA Loan to Value .....</b>	<b>87.78%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value (rest of UK)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	203,941	0.26%	3	0.55%
More than 25% up to and including 50%.....	5,102,160	6.46%	54	9.87%
More than 50% up to and including 55%.....	1,305,338	1.65%	14	2.56%
More than 55% up to and including 60%.....	1,746,364	2.21%	18	3.29%
More than 60% up to and including 65%.....	2,734,073	3.46%	20	3.66%
More than 65% up to and including 70%.....	3,582,690	4.53%	32	5.85%
More than 70% up to and including 75%.....	3,855,308	4.88%	28	5.12%
More than 75% up to and including 80%.....	7,191,957	9.10%	53	9.69%
More than 80% up to and including 85%.....	9,492,209	12.01%	59	10.79%
More than 85% up to and including 90%.....	7,907,797	10.01%	47	8.59%
More than 90% up to and including 95%.....	9,591,964	12.14%	59	10.79%
More than 95% up to and including 100%.....	15,504,741	19.62%	99	18.10%
More than 100% up to and including 105%.....	8,837,244	11.18%	48	8.78%
More than 105% up to and including 110%.....	1,968,079	2.49%	13	2.38%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>79,023,865</b>	<b>100.00%</b>	<b>547</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>106.61%</b>			
<b>Minimum Loan to Value.....</b>	<b>16.41%</b>			
<b>WA Loan to Value</b>	<b>83.78%</b>			

**Distribution of Loans by Current Balance**

<b>Distribution by Current Balance (£)</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to £30k.....	56,796	0.04%	2	0.24%
More than £30k up to and including £50k .....	1,061,020	0.77%	25	2.99%
More than £50k up to and including £75k .....	4,471,557	3.23%	69	8.26%
More than £75k up to and including £100k .....	9,138,911	6.60%	103	12.34%
More than £100k up to and including £125k .....	16,301,031	11.77%	145	17.37%
More than £125k up to and including £150k .....	17,120,934	12.36%	124	14.85%
More than £150k up to and including £200k .....	25,030,960	18.08%	147	17.60%
More than £200k up to and including £400k .....	46,766,872	33.77%	185	22.16%
More than £400k.....	18,522,999	13.38%	35	4.19%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>
<b>Maximum Current Balance (£) .....</b>	<b>1,005,565</b>			
<b>Minimum Current Balance (£).....</b>	<b>27,925</b>			
<b>Average Current Balance (£).....</b>	<b>165,834</b>			

Distribution by Remaining Life of Mortgage				
Distribution by Remaining Life of Mortgage (years)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
0 and less than or equal to 10 years.....	9,470,180	6.84%	45	5.39%
Greater than 10 and less than or equal to 15 years.....	19,058,563	13.76%	110	13.17%
Greater than 15 and less than or equal to 20 years.....	32,320,669	23.34%	186	22.28%
Greater than 20 and less than or equal to 25 years.....	65,869,126	47.57%	410	49.10%
Greater than 25 and less than or equal to 30 years.....	11,752,544	8.49%	84	10.06%
Greater than 30 years.....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>
<b>Maximum Remaining Life (years).....</b>	<b>29.08</b>			
<b>Minimum Remaining Life (years).....</b>	<b>7.65</b>			
<b>WA Remaining Life (years).....</b>	<b>20.18</b>			

Geographical Distribution of Mortgages				
Region	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
East Anglia.....	4,122,745	2.98%	22	2.63%
East Midlands.....	5,460,408	3.94%	39	4.67%
Greater London.....	18,987,182	13.71%	73	8.74%
North.....	4,288,653	3.10%	35	4.19%
North West.....	12,782,224	9.23%	101	12.10%
Scotland.....	14,479,922	10.46%	97	11.62%
South East.....	40,460,034	29.22%	215	25.75%
South West.....	12,733,631	9.20%	77	9.22%
Wales.....	4,871,294	3.52%	40	4.79%
West Midlands.....	12,798,431	9.24%	82	9.82%
Yorkshire Humber.....	7,486,557	5.41%	54	6.47%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Distribution of County Court Judgements (CCJ's) by Loan to Value Ratio			
Distribution by Loan to Value	Current Balance (£) 0 CCJ's	Current Balance (£) =1 CCJ	Current Balance (£) >1 CCJ
Less than or equal to 25% .....	976,077	-	-
More than 25% up to and including 50%.....	11,117,352	-	-
More than 50% up to and including 55%.....	5,001,802	-	-
More than 55% up to and including 60%.....	6,304,037	-	-
More than 60% up to and including 65%.....	10,333,761	-	-
More than 65% up to and including 70%.....	14,754,404	-	-
More than 70% up to and including 75%.....	20,850,097	-	-
More than 75% up to and including 80%.....	13,483,667	-	-
More than 80% up to and including 85%.....	21,477,247	-	-
More than 85% up to and including 90%.....	29,965,752	-	-
More than 90% up to and including 95%.....	4,206,885	-	-
More than 95% up to and including 100%.....	-	-	-
More than 100% up to and including 105%.....	-	-	-
More than 105% up to and including 110%.....	-	-	-
More than 110% .....	-	-	-
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>-</b>	<b>-</b>

Self certified Codes				
Self certified Codes	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
No.....	-	0.00%	-	0.00%
Yes .....	138,471,082	100.00%	835	100.00%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Repayment Method				
Repayment Method	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Interest Only .....	96,797,242	69.90%	508	60.84%
Repayment .....	41,673,839	30.10%	327	39.16%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Purpose of Loan				
Purpose of Loan	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Purchase.....	47,837,551	34.55%	302	36.17%
Refinance .....	90,633,530	65.45%	533	63.83%
Right to buy Purchase.....	-	0.00%	-	0.00%
Right to buy Refinance .....	-	0.00%	-	0.00%
Investment home loans Purchase .....	-	0.00%	-	0.00%
Investment home loans Refinance.....	-	0.00%	-	0.00%
Not available (other).....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Distribution of Mortgages Currently in Arrears				
Distribution by Arrears	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Current .....	129,735,805	93.69%	787	94.25%
Up to one month .....	6,898,781	4.98%	37	4.43%
Over one month and up to two months .....	1,836,496	1.33%	11	1.32%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Distribution by Property Category				
Distribution by Property Type	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Bungalow .....	10,681,831	7.71%	64	7.66%
Flat .....	12,483,137	9.01%	81	9.70%
Detached .....	42,149,059	30.44%	179	21.44%
Semi-detached.....	36,680,300	26.49%	250	29.94%
Terraced .....	36,476,754	26.34%	261	31.26%
Not available .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Date	Distribution by Month of Origination			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
February 2005 .....	-	0.00%	-	0.00%
March 2005 .....	-	0.00%	-	0.00%
April 2005 .....	-	0.00%	-	0.00%
May 2005 .....	-	0.00%	-	0.00%
June 2005 .....	-	0.00%	-	0.00%
July 2005 .....	-	0.00%	-	0.00%
August 2005 .....	254,347	0.18%	2	0.24%
September 2005 .....	46,632	0.11%	1	0.12%
October 2005 .....	74,266	0.05%	1	0.12%
November 2005 .....	-	0.00%	-	0.00%
December 2005 .....	-	0.00%	-	0.00%
January 2006 .....	-	0.00%	-	0.00%
February 2006 .....	86,527	0.06%	1	0.12%
March 2006 .....	151,301	0.11%	1	0.12%
April 2006 .....	-	0.00%	-	0.00%
May 2006 .....	-	0.00%	-	0.00%
June 2006 .....	134,574	0.10%	2	0.24%
July 2006 .....	1,016,770	0.73%	7	0.84%
August 2006 .....	461,066	0.33%	4	0.48%
September 2006 .....	68,965	0.05%	1	0.12%
October 2006 .....	775,185	0.56%	4	0.48%
November 2006 .....	488,607	0.35%	3	0.36%
December 2006 .....	449,598	0.32%	4	0.48%
January 2007 .....	2,693,525	1.95%	14	1.68%
February 2007 .....	1,887,717	1.36%	13	1.56%
March 2007 .....	3,612,700	2.61%	21	2.51%
April 2007 .....	2,958,420	2.14%	18	2.16%
May 2007 .....	2,032,401	1.47%	10	1.20%
June 2007 .....	3,736,852	2.70%	29	3.47%
July 2007 .....	7,000,878	5.06%	49	5.87%
August 2007 .....	16,473,771	11.90%	92	11.02%
September 2007 .....	17,766,844	12.83%	92	11.02%
October 2007 .....	17,085,744	12.34%	108	12.93%
November 2007 .....	21,984,148	15.88%	147	17.60%
December 2007 .....	37,130,238	26.81%	211	25.27%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

Distribution by Tenancy	Distribution by Tenancy			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Freehold .....	115,547,604	83.45%	680	81.44%
Leasehold .....	15,532,895	11.22%	105	12.57%
Absolute Owner .....	74,929	0.05%	1	0.12%
Heritable Title .....	7,315,654	5.28%	49	5.87%
<b>Grand Total.....</b>	<b>138,471,082</b>	<b>100.00%</b>	<b>835</b>	<b>100.00%</b>

## Prime

### Prime Residential Loans

Key data on the Provisional Pool	(As at 30 November 2008)
Aggregate Initial Loan Balance (£) .....	26,823,708
Largest Loan (£) .....	454,537
Number of mortgages .....	265
Average balance of Mortgage Loan (£) .....	101,221.54
Longest Dated Mortgage Legal Maturity .....	19-Dec-2037
% Investment Home Loans .....	0.00%
Weighted Average Current Loan to Value .....	73.66%
Weighted Average Halifax Indexed Loan To Value .....	82.78%
Weighted Average Nationwide Indexed Loan To Value .....	79.43%
Weighted Average Current Loan to Value (London) .....	83.46%
Weighted Average Current Loan to Value (South East) .....	69.82%
Weighted Average Current Loan to Value (Rest of UK) .....	73.49%
Weighted Average Seasoning .....	1.93 years
Weighted Average Seasoning (London) .....	2.52 years
Weighted Average Seasoning (South East) .....	1.69 years
Weighted Average Seasoning (Rest of UK) .....	1.93 years

Distribution of Loans by Loan to Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	294,666	1.10%	9	3.40%
More than 25% up to and including 50% .....	2,520,393	9.40%	38	14.34%
More than 50% up to and including 55% .....	1,315,884	4.91%	17	6.42%
More than 55% up to and including 60% .....	1,320,220	4.92%	11	4.15%
More than 60% up to and including 65% .....	1,902,482	7.09%	17	6.42%
More than 65% up to and including 70% .....	2,729,286	10.17%	27	10.19%
More than 70% up to and including 75% .....	2,115,912	7.89%	23	8.68%
More than 75% up to and including 80% .....	2,737,306	10.20%	27	10.19%
More than 80% up to and including 85% .....	2,857,735	10.65%	28	10.57%
More than 85% up to and including 90% .....	5,414,252	20.18%	39	14.72%
More than 90% up to and including 95% .....	1,220,466	4.55%	10	3.77%
More than 95% up to and including 100% .....	2,395,106	8.93%	19	7.17%
More than 100% up to and including 105% .....	-	0.00%	-	0.00%
More than 105% up to and including 110% .....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total .....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>99.48%</b>			
<b>Minimum Loan to Value .....</b>	<b>12.33%</b>			
<b>WA Loan to Value .....</b>	<b>73.66%</b>			

Distribution of Loans by Halifax Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	207,501	0.77%	7	2.64%
More than 25% up to and including 50%.....	1,663,976	6.20%	29	10.94%
More than 50% up to and including 55%.....	679,073	2.53%	9	3.40%
More than 55% up to and including 60%.....	1,077,896	4.02%	11	4.15%
More than 60% up to and including 65%.....	668,630	2.49%	9	3.40%
More than 65% up to and including 70%.....	759,610	2.83%	10	3.77%
More than 70% up to and including 75%.....	2,298,448	8.57%	22	8.30%
More than 75% up to and including 80%.....	2,925,818	10.91%	29	10.94%
More than 80% up to and including 85%.....	2,679,141	9.99%	26	9.81%
More than 85% up to and including 90%.....	3,322,614	12.39%	26	9.81%
More than 90% up to and including 95%.....	2,411,971	8.99%	22	8.30%
More than 95% up to and including 100%.....	2,797,760	10.43%	24	9.06%
More than 100% up to and including 105%.....	2,136,276	7.96%	16	6.04%
More than 105% up to and including 110%.....	2,668,514	9.95%	20	7.55%
More than 110% .....	526,480	1.96%	5	1.89%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>120.33%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.27%</b>			
<b>WA Loan to Value .....</b>	<b>82.78%</b>			

Distribution of Loans by Nationwide Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	238,258	0.89%	8	3.02%
More than 25% up to and including 50%.....	1,727,949	6.44%	30	11.32%
More than 50% up to and including 55%.....	999,773	3.73%	11	4.15%
More than 55% up to and including 60%.....	967,991	3.61%	11	4.15%
More than 60% up to and including 65%.....	838,508	3.13%	11	4.15%
More than 65% up to and including 70%.....	1,590,502	5.93%	16	6.04%
More than 70% up to and including 75%.....	2,759,042	10.29%	27	10.19%
More than 75% up to and including 80%.....	3,179,208	11.85%	32	12.08%
More than 80% up to and including 85%.....	3,366,878	12.55%	26	9.81%
More than 85% up to and including 90%.....	2,770,884	10.33%	26	9.81%
More than 90% up to and including 95%.....	2,758,371	10.28%	24	9.06%
More than 95% up to and including 100%.....	2,540,442	9.47%	19	7.17%
More than 100% up to and including 105%.....	2,396,938	8.94%	17	6.42%
More than 105% up to and including 110%.....	531,198	1.98%	5	1.89%
More than 110% .....	157,768	0.59%	2	0.75%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>113.18%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.02%</b>			
<b>WA Loan to Value .....</b>	<b>79.43%</b>			

Distribution of Loans by Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	-	0.00%	-	0.00%
More than 25% up to and including 50%.....	171,519	6.02%	1	6.25%
More than 50% up to and including 55%.....	-	0.00%	-	0.00%
More than 55% up to and including 60%.....	-	0.00%	-	0.00%
More than 60% up to and including 65%.....	-	0.00%	-	0.00%
More than 65% up to and including 70%.....	-	0.00%	-	0.00%
More than 70% up to and including 75%.....	308,979	10.85%	2	12.50%
More than 75% up to and including 80%.....	270,119	9.49%	2	12.50%
More than 80% up to and including 85%.....	471,497	16.56%	3	18.75%
More than 85% up to and including 90%.....	1,022,748	35.91%	5	31.25%
More than 90% up to and including 95%.....	229,107	8.05%	1	6.25%
More than 95% up to and including 100%.....	373,824	13.13%	2	12.50%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>2,847,793</b>	<b>100.00%</b>	<b>16</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>98.39%</b>			
<b>Minimum Loan to Value.....</b>	<b>46.48%</b>			
<b>WA Loan to Value .....</b>	<b>83.46%</b>			

Distribution of Loans by Halifax Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	-	0.00%	-	0.00%
More than 25% up to and including 50%.....	-	0.00%	-	0.00%
More than 50% up to and including 55%.....	-	0.00%	-	0.00%
More than 55% up to and including 60%.....	171,519	6.02%	1	6.25%
More than 60% up to and including 65%.....	-	0.00%	-	0.00%
More than 65% up to and including 70%.....	-	0.00%	-	0.00%
More than 70% up to and including 75%.....	-	0.00%	-	0.00%
More than 75% up to and including 80%.....	149,986	5.27%	1	6.25%
More than 80% up to and including 85%.....	266,650	9.36%	2	12.50%
More than 85% up to and including 90%.....	788,339	27.68%	5	31.25%
More than 90% up to and including 95%.....	380,064	13.35%	2	12.50%
More than 95% up to and including 100%.....	637,353	22.38%	3	18.75%
More than 100% up to and including 105%.....	177,105	6.22%	1	6.25%
More than 105% up to and including 110%.....	276,777	9.72%	1	6.25%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>2,847,793</b>	<b>100.00%</b>	<b>16</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>106.63%</b>			
<b>Minimum Loan to Value.....</b>	<b>55.43%</b>			
<b>WA Loan to Value .....</b>	<b>89.66%</b>			



Distribution of Loans by Nationwide Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	-	0.00%	-	0.00%
More than 25% up to and including 50%.....	-	0.00%	-	0.00%
More than 50% up to and including 55%.....	171,519	6.02%	1	6.25%
More than 55% up to and including 60%.....	-	0.00%	-	0.00%
More than 60% up to and including 65%.....	-	0.00%	-	0.00%
More than 65% up to and including 70%.....	-	0.00%	-	0.00%
More than 70% up to and including 75%.....	149,986	5.27%	1	6.25%
More than 75% up to and including 80%.....	266,650	9.36%	2	12.50%
More than 80% up to and including 85%.....	788,339	27.68%	5	31.25%
More than 85% up to and including 90%.....	380,064	13.35%	2	12.50%
More than 90% up to and including 95%.....	440,634	15.47%	2	12.50%
More than 95% up to and including 100%.....	373,824	13.13%	2	12.50%
More than 100% up to and including 105%.....	276,777	9.72%	1	6.25%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>2,847,793</b>	<b>100.00%</b>	<b>16</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>102.04%</b>			
<b>Minimum Loan to Value.....</b>	<b>53.99%</b>			
<b>WA Loan to Value .....</b>	<b>85.98%</b>			

Distribution of Loans by Loan To Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	105,885	1.63%	3	6.52%
More than 25% up to and including 50%.....	764,992	11.80%	8	17.39%
More than 50% up to and including 55%.....	214,799	3.31%	2	4.35%
More than 55% up to and including 60%.....	264,157	4.08%	1	2.17%
More than 60% up to and including 65%.....	898,303	13.86%	5	10.87%
More than 65% up to and including 70%.....	1,056,803	16.31%	7	15.22%
More than 70% up to and including 75%.....	627,355	9.68%	5	10.87%
More than 75% up to and including 80%.....	596,146	9.20%	4	8.70%
More than 80% up to and including 85%.....	392,060	6.05%	2	4.35%
More than 85% up to and including 90%.....	784,968	12.11%	4	8.70%
More than 90% up to and including 95%.....	253,457	3.91%	2	4.35%
More than 95% up to and including 100%.....	522,258	8.06%	3	6.52%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>6,481,181</b>	<b>100.00%</b>	<b>46</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>99.48%</b>			
<b>Minimum Loan to Value.....</b>	<b>13.47%</b>			
<b>WA Loan to Value .....</b>	<b>69.82%</b>			

**Distribution of Loans by Halifax Indexed Loan To Value  
(South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	75,128	1.16%	2	4.35%
More than 25% up to and including 50%.....	639,392	9.87%	8	17.39%
More than 50% up to and including 55%.....	222,528	3.43%	2	4.35%
More than 55% up to and including 60%.....	148,628	2.29%	1	2.17%
More than 60% up to and including 65%.....	-	0.00%	-	0.00%
More than 65% up to and including 70%.....	-	0.00%	-	0.00%
More than 70% up to and including 75%.....	802,757	12.39%	4	8.70%
More than 75% up to and including 80%.....	1,238,862	19.11%	8	17.39%
More than 80% up to and including 85%.....	620,991	9.58%	4	8.70%
More than 85% up to and including 90%.....	714,961	11.03%	5	10.87%
More than 90% up to and including 95%.....	688,328	10.62%	5	10.87%
More than 95% up to and including 100%.....	112,183	1.73%	1	2.17%
More than 100% up to and including 105%.....	695,166	10.73%	3	6.52%
More than 105% up to and including 110%.....	522,258	8.06%	3	6.52%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>6,481,181</b>	<b>100.00%</b>	<b>46</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>107.16%</b>			
<b>Minimum Loan to Value.....</b>	<b>15.83%</b>			
<b>WA Loan to Value .....</b>	<b>79.77%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value  
(South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	105,885	1.63%	3	6.52%
More than 25% up to and including 50%.....	608,635	9.39%	7	15.22%
More than 50% up to and including 55%.....	371,156	5.73%	3	6.52%
More than 55% up to and including 60%.....	-	0.00%	-	0.00%
More than 60% up to and including 65%.....	-	0.00%	-	0.00%
More than 65% up to and including 70%.....	435,770	6.72%	2	4.35%
More than 70% up to and including 75%.....	1,051,946	16.23%	6	13.04%
More than 75% up to and including 80%.....	849,815	13.11%	6	13.04%
More than 80% up to and including 85%.....	645,453	9.96%	4	8.70%
More than 85% up to and including 90%.....	939,336	14.49%	7	15.22%
More than 90% up to and including 95%.....	255,763	3.95%	2	4.35%
More than 95% up to and including 100%.....	695,166	10.73%	3	6.52%
More than 100% up to and including 105%.....	522,258	8.06%	3	6.52%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>6,481,181</b>	<b>100.00%</b>	<b>46</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>102.62%</b>			
<b>Minimum Loan to Value.....</b>	<b>14.92%</b>			
<b>WA Loan to Value .....</b>	<b>76.54%</b>			

Distribution of Loans by Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	188,782	1.08%	6	2.96%
More than 25% up to and including 50%.....	1,583,883	9.05%	29	14.29%
More than 50% up to and including 55%.....	1,101,085	6.29%	15	7.39%
More than 55% up to and including 60%.....	1,056,064	6.04%	10	4.93%
More than 60% up to and including 65%.....	1,004,179	5.74%	12	5.91%
More than 65% up to and including 70%.....	1,672,483	9.56%	20	9.85%
More than 70% up to and including 75%.....	1,179,578	6.74%	16	7.88%
More than 75% up to and including 80%.....	1,871,041	10.69%	21	10.34%
More than 80% up to and including 85%.....	1,994,179	11.40%	23	11.33%
More than 85% up to and including 90%.....	3,606,537	20.61%	30	14.78%
More than 90% up to and including 95%.....	737,901	4.22%	7	3.45%
More than 95% up to and including 100%.....	1,499,024	8.57%	14	6.90%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>17,494,734</b>	<b>100.00%</b>	<b>203</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>98.89%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.33%</b>			
<b>WA Loan to Value .....</b>	<b>73.49%</b>			

Distribution of Loans by Halifax Indexed Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	132,373	0.76%	5	2.46%
More than 25% up to and including 50%.....	1,024,584	5.86%	21	10.34%
More than 50% up to and including 55%.....	456,545	2.61%	7	3.45%
More than 55% up to and including 60%.....	757,750	4.33%	9	4.43%
More than 60% up to and including 65%.....	668,630	3.82%	9	4.43%
More than 65% up to and including 70%.....	759,610	4.34%	10	4.93%
More than 70% up to and including 75%.....	1,495,691	8.55%	18	8.87%
More than 75% up to and including 80%.....	1,536,970	8.79%	20	9.85%
More than 80% up to and including 85%.....	1,791,499	10.24%	20	9.85%
More than 85% up to and including 90%.....	1,819,314	10.40%	16	7.88%
More than 90% up to and including 95%.....	1,343,580	7.68%	15	7.39%
More than 95% up to and including 100%.....	2,048,224	11.71%	20	9.85%
More than 100% up to and including 105%.....	1,264,005	7.23%	12	5.91%
More than 105% up to and including 110%.....	1,869,479	10.69%	16	7.88%
More than 110% .....	526,480	3.01%	5	2.46%
<b>Grand Total.....</b>	<b>17,494,734</b>	<b>100.00%</b>	<b>203</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>120.33%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.27%</b>			
<b>WA Loan to Value .....</b>	<b>82.78%</b>			

**Distribution of Loans by Nationwide Indexed Loan To Value (rest of UK)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	132,373	0.76%	5	2.46%
More than 25% up to and including 50%.....	1,119,314	6.40%	23	11.33%
More than 50% up to and including 55%.....	457,098	2.61%	7	3.45%
More than 55% up to and including 60%.....	967,991	5.53%	11	5.42%
More than 60% up to and including 65%.....	838,508	4.79%	11	5.42%
More than 65% up to and including 70%.....	1,154,732	6.60%	14	6.90%
More than 70% up to and including 75%.....	1,557,110	8.90%	20	9.85%
More than 75% up to and including 80%.....	2,062,743	11.79%	24	11.82%
More than 80% up to and including 85%.....	1,933,086	11.05%	17	8.37%
More than 85% up to and including 90%.....	1,451,484	8.30%	17	8.37%
More than 90% up to and including 95%.....	2,061,974	11.79%	20	9.85%
More than 95% up to and including 100%.....	1,471,452	8.41%	14	6.90%
More than 100% up to and including 105%.....	1,597,903	9.13%	13	6.40%
More than 105% up to and including 110%.....	531,198	3.04%	5	2.46%
More than 110% .....	157,768	0.90%	2	0.99%
<b>Grand Total.....</b>	<b>17,494,734</b>	<b>100.00%</b>	<b>203</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>113.18%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.02%</b>			
<b>WA Loan to Value</b>	<b>79.44%</b>			

**Distribution of Loans by Current Balance**

<b>Distribution by Current Balance (£)</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to £30k.....	202,174	0.75%	8	3.02%
More than £30k up to and including £50k .....	1,156,946	4.31%	28	10.57%
More than £50k up to and including £75k .....	4,051,507	15.10%	64	24.15%
More than £75k up to and including £100k .....	5,230,145	19.50%	60	22.64%
More than £100k up to and including £125k .....	3,785,301	14.11%	34	12.83%
More than £125k up to and including £150k .....	3,987,419	14.87%	29	10.94%
More than £150k up to and including £200k .....	4,978,914	18.56%	29	10.94%
More than £200k up to and including £400k .....	2,976,764	11.10%	12	4.53%
More than £400k.....	454,537	1.69%	1	0.38%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>
<b>Maximum Current Balance (£) .....</b>	<b>454,537</b>			
<b>Minimum Current Balance (£).....</b>	<b>19,610</b>			
<b>Average Current Balance (£).....</b>	<b>101,222</b>			

Distribution by Remaining Life of Mortgage				
Distribution by Remaining Life of Mortgage (years)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
0 and less than or equal to 10 years.....	816,738	3.04%	13	4.91%
Greater than 10 and less than or equal to 15 years.....	3,108,803	11.59%	35	13.21%
Greater than 15 and less than or equal to 20 years.....	5,653,034	21.07%	58	21.89%
Greater than 20 and less than or equal to 25 years.....	15,003,646	55.93%	132	49.81%
Greater than 25 and less than or equal to 30 years.....	2,241,488	8.36%	27	10.19%
Greater than 30 years.....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>
<b>Maximum Remaining Life (years).....</b>	<b>29.05</b>			
<b>Minimum Remaining Life (years).....</b>	<b>6.24</b>			
<b>WA Remaining Life (years)</b>	<b>20.55</b>			

Geographical Distribution of Mortgages				
Region	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
East Anglia.....	512,366	1.91%	5	1.89%
East Midlands .....	1,200,760	4.48%	16	6.04%
Greater London.....	2,847,793	10.62%	16	6.04%
North .....	988,061	3.68%	12	4.53%
North West.....	4,099,288	15.28%	45	16.98%
Scotland .....	4,416,316	16.46%	52	19.62%
South East .....	6,481,181	24.16%	46	17.36%
South West.....	1,503,172	5.60%	15	5.66%
Wales .....	927,027	3.46%	12	4.53%
West Midlands.....	2,516,051	9.38%	29	10.94%
Yorkshire Humber .....	1,331,693	4.96%	17	6.42%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

**Distribution of County Court Judgements (CCJ's) by Loan to Value Ratio**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£) 0 CCJ's</b>	<b>Current Balance (£) =1 CCJ</b>	<b>Current Balance (£) &gt;1 CCJ</b>
Less than or equal to 25% .....	294,666	-	-
More than 25% up to and including 50%.....	2,520,393	-	-
More than 50% up to and including 55%.....	1,315,884	-	-
More than 55% up to and including 60%.....	1,320,220	-	-
More than 60% up to and including 65%.....	1,902,482	-	-
More than 65% up to and including 70%.....	2,729,286	-	-
More than 70% up to and including 75%.....	2,115,912	-	-
More than 75% up to and including 80%.....	2,737,306	-	-
More than 80% up to and including 85%.....	2,857,735	-	-
More than 85% up to and including 90%.....	5,414,252	-	-
More than 90% up to and including 95%.....	1,220,466	-	-
More than 95% up to and including 100%.....	2,395,106	-	-
More than 100% up to and including 105%.....	-	-	-
More than 105% up to and including 110%.....	-	-	-
More than 110% .....	-	-	-
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>-</b>	<b>-</b>

**Self certified Codes**

<b>Self certified Codes</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
No.....	26,823,708	100.00%	265	100.00%
Yes .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

**Repayment Method**

<b>Repayment Method</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Interest Only .....	11,823,157	44.08%	93	35.09%
Repayment .....	15,000,551	55.92%	172	64.91%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

**Purpose of Loan**

<b>Purpose of Loan</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Purchase .....	11,182,074	41.69%	104	39.25%
Refinance .....	15,641,635	58.31%	161	60.75%
Right to buy Purchase.....	-	0.00%	-	0.00%
Right to buy Refinance.....	-	0.00%	-	0.00%
Investment home loans Purchase .....	-	0.00%	-	0.00%
Investment home loans Refinance.....	-	0.00%	-	0.00%
Not available (other).....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

Distribution of Mortgages Currently in Arrears				
Distribution by Arrears	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Current .....	22,986,282	85.69%	235	88.68%
Up to one month .....	1,814,400	6.76%	16	6.04%
Over one month and up to two months .....	2,023,026	7.54%	14	5.28%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

Distribution by Property Category				
Distribution by Property Type	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Bungalow .....	1,715,267	6.39%	14	5.28%
Flat .....	4,088,378	15.24%	44	16.60%
Detached .....	3,940,860	14.69%	30	11.32%
Semi-detached.....	8,294,798	30.92%	78	29.43%
Terraced .....	8,784,405	32.75%	99	37.36%
Not available .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

Date	Distribution by Month of Origination			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
January 2005 .....	153,366	0.57%	2	0.75%
February 2005 .....	958,649	3.57%	9	3.40%
March 2005 .....	175,627	0.65%	3	1.13%
April 2005 .....	1,239,296	4.62%	9	3.40%
May 2005 .....	427,814	1.59%	6	2.26%
June 2005 .....	610,590	2.28%	5	1.89%
July 2005 .....	365,610	1.36%	6	2.26%
August 2005 .....	270,856	1.01%	3	1.13%
September 2005 .....	410,010	1.53%	4	1.51%
October 2005 .....	709,890	2.65%	5	1.89%
November 2005 .....	477,415	1.78%	7	2.64%
December 2005 .....	416,910	1.55%	4	1.51%
January 2006 .....	247,616	0.92%	2	0.75%
February 2006 .....	79,290	0.30%	1	0.38%
March 2006 .....	480,559	1.79%	7	2.64%
April 2006 .....	274,392	1.02%	3	1.13%
May 2006 .....	680,601	2.54%	6	2.26%
June 2006 .....	710,184	2.65%	7	2.64%
July 2006 .....	492,582	1.84%	3	1.13%
August 2006 .....	450,116	1.68%	4	1.51%
September 2006 .....	589,713	2.20%	7	2.64%
October 2006 .....	638,585	2.38%	5	1.89%
November 2006 .....	399,834	1.49%	5	1.89%
December 2006 .....	419,109	1.56%	4	1.51%
January 2007 .....	108,825	0.41%	2	0.75%
February 2007 .....	382,884	1.43%	5	1.89%
March 2007 .....	336,668	1.26%	3	1.13%
April 2007 .....	-	0.00%	-	0.00%
May 2007 .....	509,216	1.90%	4	1.51%
June 2007 .....	915,287	3.41%	10	3.77%
July 2007 .....	978,243	3.65%	10	3.77%
August 2007 .....	1,578,557	5.88%	13	4.91%
September 2007 .....	1,166,728	4.35%	10	3.77%
October 2007 .....	481,448	1.79%	5	1.89%
November 2007 .....	4,067,828	15.17%	42	15.85%
December 2007 .....	4,619,407	17.22%	44	16.60%
<b>Grand Total .....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>

Distribution by Tenancy	Distribution by Tenancy			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Freehold .....	19,967,420	74.44%	189	71.32%
Leasehold .....	3,877,214	14.45%	40	15.09%
Absolute Owner .....	103,100	0.38%	2	0.75%
Heritable Title .....	2,875,974	10.72%	34	12.83%
<b>Grand Total .....</b>	<b>26,823,708</b>	<b>100.00%</b>	<b>265</b>	<b>100.00%</b>



## Non Conforming

### Key data on the Provisional Pool

(As at 30 November 2008)

Aggregate Initial Loan Balance (£) .....	143,807,207
Largest Loan (£) .....	434,671
Number of mortgages .....	1,356
Average balance of Mortgage Loan (£) .....	106,052.51
Longest Dated Mortgage Legal Maturity .....	21-Dec-2037
% Investment Home Loans .....	1.95%
Weighted Average Current Loan to Value .....	75.16%
Weighted Average Halifax Indexed Loan To Value .....	89.33%
Weighted Average Nationwide Indexed Loan To Value .....	84.88%
Weighted Average Current Loan to Value (London) .....	74.08%
Weighted Average Current Loan to Value (South East) .....	76.03%
Weighted Average Current Loan to Value (Rest of UK) .....	75.05%
Weighted Average Seasoning .....	1.37 years
Weighted Average Seasoning (London) .....	1.34 years
Weighted Average Seasoning (South East) .....	1.36 years
Weighted Average Seasoning (Rest of UK) .....	1.38 years

Distribution of Loans by Loan to Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	1,193,207	0.83%	27	1.99%
More than 25% up to and including 50% .....	9,087,814	6.32%	137	10.10%
More than 50% up to and including 55% .....	4,463,848	3.10%	49	3.61%
More than 55% up to and including 60% .....	7,067,928	4.91%	79	5.83%
More than 60% up to and including 65% .....	9,456,834	6.58%	103	7.60%
More than 65% up to and including 70% .....	11,245,829	7.82%	115	8.48%
More than 70% up to and including 75% .....	16,926,355	11.77%	152	11.21%
More than 75% up to and including 80% .....	14,243,041	9.90%	142	10.47%
More than 80% up to and including 85% .....	26,639,375	18.52%	238	17.55%
More than 85% up to and including 90% .....	29,636,624	20.61%	218	16.08%
More than 90% up to and including 95% .....	5,238,740	3.64%	38	2.80%
More than 95% up to and including 100% .....	8,607,613	5.99%	58	4.28%
More than 100% up to and including 105% .....	-	0.00%	-	0.00%
More than 105% up to and including 110% .....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>99.98%</b>			
<b>Minimum Loan to Value</b> .....	<b>9.23%</b>			
<b>WA Loan to Value</b> .....	<b>75.16%</b>			

Distribution of Loans by Regional Halifax Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	740,850	0.52%	16	1.18%
More than 25% up to and including 50% .....	4,726,539	3.29%	79	5.83%
More than 50% up to and including 55% .....	2,261,818	1.57%	30	2.21%
More than 55% up to and including 60% .....	3,286,042	2.29%	49	3.61%
More than 60% up to and including 65% .....	3,245,003	2.26%	39	2.88%
More than 65% up to and including 70% .....	4,569,187	3.18%	58	4.28%
More than 70% up to and including 75% .....	8,967,055	6.24%	96	7.08%
More than 75% up to and including 80% .....	8,982,001	6.25%	88	6.49%
More than 80% up to and including 85% .....	9,709,731	6.75%	95	7.01%
More than 85% up to and including 90% .....	15,313,648	10.65%	142	10.47%
More than 90% up to and including 95% .....	15,855,294	11.03%	151	11.14%
More than 95% up to and including 100% .....	16,936,080	11.78%	155	11.43%
More than 100% up to and including 105% .....	30,500,465	21.21%	224	16.52%
More than 105% up to and including 110% .....	9,676,528	6.73%	70	5.16%
More than 110% .....	9,036,968	6.28%	64	4.72%
<b>Grand Total .....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>120.60%</b>			
<b>Minimum Loan to Value .....</b>	<b>11.14%</b>			
<b>WA Loan to Value .....</b>	<b>89.33%</b>			

Distribution of Loans by Regional Nationwide Indexed Loan To Value				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	921,455	0.64%	19	1.40%
More than 25% up to and including 50% .....	5,741,292	3.99%	89	6.56%
More than 50% up to and including 55% .....	2,976,695	2.07%	44	3.24%
More than 55% up to and including 60% .....	3,371,858	2.34%	47	3.47%
More than 60% up to and including 65% .....	3,738,381	2.60%	44	3.24%
More than 65% up to and including 70% .....	8,604,604	5.98%	96	7.08%
More than 70% up to and including 75% .....	7,918,464	5.51%	90	6.64%
More than 75% up to and including 80% .....	11,987,936	8.34%	106	7.82%
More than 80% up to and including 85% .....	14,782,024	10.28%	145	10.69%
More than 85% up to and including 90% .....	16,741,833	11.64%	156	11.50%
More than 90% up to and including 95% .....	20,285,130	14.11%	176	12.98%
More than 95% up to and including 100% .....	27,887,357	19.39%	208	15.34%
More than 100% up to and including 105% .....	9,569,160	6.65%	72	5.31%
More than 105% up to and including 110% .....	4,406,465	3.06%	30	2.21%
More than 110% .....	4,874,554	3.39%	34	2.51%
<b>Grand Total .....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>114.00%</b>			
<b>Minimum Loan to Value .....</b>	<b>10.54%</b>			
<b>WA Loan to Value .....</b>	<b>84.88%</b>			

Distribution of Loans by Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	233,657	1.46%	3	3.41%
More than 25% up to and including 50%.....	890,186	5.56%	10	11.36%
More than 50% up to and including 55%.....	620,805	3.88%	3	3.41%
More than 55% up to and including 60%.....	962,581	6.01%	6	6.82%
More than 60% up to and including 65%.....	857,544	5.36%	4	4.55%
More than 65% up to and including 70%.....	1,045,346	6.53%	7	7.95%
More than 70% up to and including 75%.....	1,955,101	12.22%	10	11.36%
More than 75% up to and including 80%.....	1,795,978	11.22%	11	12.50%
More than 80% up to and including 85%.....	3,622,082	22.63%	16	18.18%
More than 85% up to and including 90%.....	3,390,355	21.19%	15	17.05%
More than 90% up to and including 95%.....	225,486	1.41%	1	1.14%
More than 95% up to and including 100%.....	404,172	2.53%	2	2.27%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
Grand Total .....	<b>16,003,294</b>	<b>100.00%</b>	<b>88</b>	<b>100.00%</b>
Maximum Loan to Value .....	<b>97.91%</b>			
Minimum Loan to Value .....	<b>14.68%</b>			
WA Loan to Value .....	<b>74.08%</b>			

Distribution of Loans by Regional Halifax Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25%.....	233,657	1.46%	3	3.41%
More than 25% up to and including 50%.....	689,597	4.31%	8	9.09%
More than 50% up to and including 55%.....	-	0.00%	-	0.00%
More than 55% up to and including 60%.....	200,589	1.25%	2	2.27%
More than 60% up to and including 65%.....	419,660	2.62%	2	2.27%
More than 65% up to and including 70%.....	592,051	3.70%	4	4.55%
More than 70% up to and including 75%.....	712,047	4.45%	4	4.55%
More than 75% up to and including 80%.....	857,544	5.36%	4	4.55%
More than 80% up to and including 85%.....	1,043,237	6.52%	7	7.95%
More than 85% up to and including 90%.....	2,017,966	12.61%	10	11.36%
More than 90% up to and including 95%.....	2,371,927	14.82%	13	14.77%
More than 95% up to and including 100%.....	1,483,662	9.27%	8	9.09%
More than 100% up to and including 105%.....	4,746,301	29.66%	20	22.73%
More than 105% up to and including 110%.....	230,884	1.44%	1	1.14%
More than 110% .....	404,172	2.53%	2	2.27%
Grand Total .....	<b>16,003,294</b>	<b>100.00%</b>	<b>88</b>	<b>100.00%</b>
Maximum Loan to Value .....	<b>119.45%</b>			
Minimum Loan to Value .....	<b>17.87%</b>			
WA Loan to Value .....	<b>88.36%</b>			

Distribution of Loans by Regional Nationwide Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	233,657	1.46%	3	3.41%
More than 25% up to and including 50%.....	689,597	4.31%	8	9.09%
More than 50% up to and including 55%.....	-	0.00%	-	0.00%
More than 55% up to and including 60%.....	473,277	2.96%	3	3.41%
More than 60% up to and including 65%.....	447,343	2.80%	3	3.41%
More than 65% up to and including 70%.....	1,003,727	6.27%	6	6.82%
More than 70% up to and including 75%.....	630,239	3.94%	3	3.41%
More than 75% up to and including 80%.....	955,340	5.97%	6	6.82%
More than 80% up to and including 85%.....	2,347,596	14.67%	12	13.64%
More than 85% up to and including 90%.....	2,495,072	15.59%	14	15.91%
More than 90% up to and including 95%.....	1,506,940	9.42%	8	9.09%
More than 95% up to and including 100%.....	4,566,323	28.53%	19	21.59%
More than 100% up to and including 105%.....	250,011	1.56%	1	1.14%
More than 105% up to and including 110%.....	171,156	1.07%	1	1.14%
More than 110% .....	233,017	1.46%	1	1.14%
<b>Grand Total</b> .....	<b>16,003,294</b>	<b>100.00%</b>	<b>88</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>112.91%</b>			
<b>Minimum Loan to Value</b> .....	<b>16.80%</b>			
<b>WA Loan to Value</b> .....	<b>83.85%</b>			

Distribution of Loans by Loan To Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25%.....	296,674	0.92%	8	3.81%
More than 25% up to and including 50%.....	1,721,677	5.33%	17	8.10%
More than 50% up to and including 55%.....	1,209,644	3.74%	6	2.86%
More than 55% up to and including 60%.....	1,112,714	3.44%	9	4.29%
More than 60% up to and including 65%.....	2,277,775	7.05%	18	8.57%
More than 65% up to and including 70%.....	2,734,958	8.46%	19	9.05%
More than 70% up to and including 75%.....	3,872,031	11.98%	25	11.90%
More than 75% up to and including 80%.....	2,597,036	8.04%	18	8.57%
More than 80% up to and including 85%.....	4,971,880	15.39%	28	13.33%
More than 85% up to and including 90%.....	7,738,955	23.95%	43	20.48%
More than 90% up to and including 95%.....	784,535	2.43%	4	1.90%
More than 95% up to and including 100%.....	2,997,113	9.27%	15	7.14%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>32,314,993</b>	<b>100.00%</b>	<b>210</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>98.60%</b>			
<b>Minimum Loan to Value</b> .....	<b>10.84%</b>			
<b>WA Loan to Value</b> .....	<b>76.03%</b>			

**Distribution of Loans by Regional Halifax Indexed Loan To Value (South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25%.....	203,835	0.63%	6	2.86%
More than 25% up to and including 50%.....	798,067	2.47%	10	4.76%
More than 50% up to and including 55%.....	714,711	2.21%	4	1.90%
More than 55% up to and including 60%.....	401,322	1.24%	4	1.90%
More than 60% up to and including 65%.....	935,312	2.89%	6	2.86%
More than 65% up to and including 70%.....	452,202	1.40%	4	1.90%
More than 70% up to and including 75%.....	2,157,956	6.68%	16	7.62%
More than 75% up to and including 80%.....	2,385,536	7.38%	18	8.57%
More than 80% up to and including 85%.....	2,584,729	8.00%	18	8.57%
More than 85% up to and including 90%.....	2,775,532	8.59%	18	8.57%
More than 90% up to and including 95%.....	2,849,798	8.82%	19	9.05%
More than 95% up to and including 100%.....	3,581,888	11.08%	22	10.48%
More than 100% up to and including 105%.....	7,936,529	24.56%	43	20.48%
More than 105% up to and including 110%.....	2,192,703	6.79%	10	4.76%
More than 110% .....	2,344,872	7.26%	12	5.71%
<b>Grand Total.....</b>	<b>32,314,993</b>	<b>100.00%</b>	<b>210</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>119.45%</b>			
<b>Minimum Loan to Value.....</b>	<b>13.10%</b>			
<b>WA Loan to Value .....</b>	<b>90.52%</b>			

**Distribution of Loans by Regional Nationwide Indexed Loan To Value (South East)**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25%.....	250,747	0.78%	7	3.33%
More than 25% up to and including 50%.....	1,465,866	4.54%	13	6.19%
More than 50% up to and including 55%.....	265,608	0.82%	3	1.43%
More than 55% up to and including 60%.....	632,814	1.96%	4	1.90%
More than 60% up to and including 65%.....	670,618	2.08%	5	2.38%
More than 65% up to and including 70%.....	1,691,889	5.24%	13	6.19%
More than 70% up to and including 75%.....	1,896,443	5.87%	15	7.14%
More than 75% up to and including 80%.....	3,603,929	11.15%	25	11.90%
More than 80% up to and including 85%.....	1,884,038	5.83%	13	6.19%
More than 85% up to and including 90%.....	3,356,745	10.39%	22	10.48%
More than 90% up to and including 95%.....	5,477,161	16.95%	32	15.24%
More than 95% up to and including 100%.....	7,218,012	22.34%	39	18.57%
More than 100% up to and including 105%.....	1,281,904	3.97%	6	2.86%
More than 105% up to and including 110%.....	1,115,926	3.45%	5	2.38%
More than 110% .....	1,503,293	4.65%	8	3.81%
<b>Grand Total.....</b>	<b>32,314,993</b>	<b>100.00%</b>	<b>210</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>112.66%</b>			
<b>Minimum Loan to Value.....</b>	<b>12.75%</b>			
<b>WA Loan to Value .....</b>	<b>85.90%</b>			

Distribution of Loans by Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	662,875	0.69%	16	1.51%
More than 25% up to and including 50%.....	6,475,951	6.78%	110	10.40%
More than 50% up to and including 55%.....	2,633,398	2.76%	40	3.78%
More than 55% up to and including 60%.....	4,992,633	5.23%	64	6.05%
More than 60% up to and including 65%.....	6,321,516	6.62%	81	7.66%
More than 65% up to and including 70%.....	7,465,525	7.82%	89	8.41%
More than 70% up to and including 75%.....	11,099,223	11.62%	117	11.06%
More than 75% up to and including 80%.....	9,850,027	10.32%	113	10.68%
More than 80% up to and including 85%.....	18,045,414	18.90%	194	18.34%
More than 85% up to and including 90%.....	18,507,314	19.38%	160	15.12%
More than 90% up to and including 95%.....	4,228,718	4.43%	33	3.12%
More than 95% up to and including 100%.....	5,206,328	5.45%	41	3.88%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>95,488,920</b>	<b>100.00%</b>	<b>1,058</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>99.98%</b>			
<b>Minimum Loan to Value</b> .....	<b>9.23%</b>			
<b>WA Loan to Value</b> .....	<b>75.05%</b>			

Distribution of Loans by Regional Halifax Indexed Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	303,358	0.32%	7	0.66%
More than 25% up to and including 50%.....	3,238,875	3.39%	61	5.77%
More than 50% up to and including 55%.....	1,547,107	1.62%	26	2.46%
More than 55% up to and including 60%.....	2,684,131	2.81%	43	4.06%
More than 60% up to and including 65%.....	1,890,032	1.98%	31	2.93%
More than 65% up to and including 70%.....	3,524,934	3.69%	50	4.73%
More than 70% up to and including 75%.....	6,097,052	6.39%	76	7.18%
More than 75% up to and including 80%.....	5,738,920	6.01%	66	6.24%
More than 80% up to and including 85%.....	6,081,764	6.37%	70	6.62%
More than 85% up to and including 90%.....	10,520,150	11.02%	114	10.78%
More than 90% up to and including 95%.....	10,633,569	11.14%	119	11.25%
More than 95% up to and including 100%.....	11,870,530	12.43%	125	11.81%
More than 100% up to and including 105%.....	17,817,635	18.66%	161	15.22%
More than 105% up to and including 110%.....	7,252,940	7.60%	59	5.58%
More than 110% .....	6,287,924	6.58%	50	4.73%
<b>Grand Total</b> .....	<b>95,488,920</b>	<b>100.00%</b>	<b>1,058</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>120.60%</b>			
<b>Minimum Loan to Value</b> .....	<b>11.14%</b>			
<b>WA Loan to Value</b> .....	<b>89.09%</b>			

Distribution of Loans by Regional Nationwide Indexed Loan To Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25%.....	437,050	0.46%	9	0.85%
More than 25% up to and including 50%.....	3,585,829	3.76%	68	6.43%
More than 50% up to and including 55%.....	2,711,087	2.84%	41	3.88%
More than 55% up to and including 60%.....	2,265,768	2.37%	40	3.78%
More than 60% up to and including 65%.....	2,620,419	2.74%	36	3.40%
More than 65% up to and including 70%.....	5,908,989	6.19%	77	7.28%
More than 70% up to and including 75%.....	5,391,782	5.65%	72	6.81%
More than 75% up to and including 80%.....	7,428,666	7.78%	75	7.09%
More than 80% up to and including 85%.....	10,550,391	11.05%	120	11.34%
More than 85% up to and including 90%.....	10,890,016	11.40%	120	11.34%
More than 90% up to and including 95%.....	13,301,029	13.93%	136	12.85%
More than 95% up to and including 100%.....	16,103,021	16.86%	150	14.18%
More than 100% up to and including 105%.....	8,037,245	8.42%	65	6.14%
More than 105% up to and including 110%.....	3,119,384	3.27%	24	2.27%
More than 110% .....	3,138,244	3.29%	25	2.36%
<b>Grand Total.....</b>	<b>95,488,920</b>	<b>100.00%</b>	<b>1,058</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>114.00%</b>			
<b>Minimum Loan to Value.....</b>	<b>10.54%</b>			
<b>WA Loan to Value .....</b>	<b>84.72%</b>			

Distribution of Loans by Current Balance				
Distribution by Current Balance (£)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to £30k.....	705,702	0.49%	27	1.99%
More than £30k up to and including £50k .....	6,306,220	4.39%	150	11.06%
More than £50k up to and including £75k .....	21,064,159	14.65%	336	24.78%
More than £75k up to and including £100k .....	21,959,638	15.27%	254	18.73%
More than £100k up to and including £125k .....	21,829,203	15.18%	195	14.38%
More than £125k up to and including £150k .....	18,743,677	13.03%	137	10.10%
More than £150k up to and including £200k .....	23,735,416	16.51%	140	10.32%
More than £200k up to and including £400k .....	28,222,573	19.63%	114	8.41%
More than £400k.....	1,240,619	0.86%	3	0.22%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>
<b>Maximum Current Balance (£) .....</b>	<b>434,671</b>			
<b>Minimum Current Balance (£).....</b>	<b>19,011</b>			
<b>Average Current Balance (£).....</b>	<b>106,053</b>			

Distribution by Remaining Life of Mortgage				
Distribution by Remaining Life of Mortgage (years)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
0 and less than or equal to 10 years.....	4,889,403	3.40%	56	4.13%
Greater than 10 and less than or equal to 15 years.....	16,341,694	11.36%	159	11.73%
Greater than 15 and less than or equal to 20 years.....	35,063,928	24.38%	318	23.45%
Greater than 20 and less than or equal to 25 years.....	68,769,190	47.82%	647	47.71%
Greater than 25 and less than or equal to 30 years.....	18,742,993	13.03%	176	12.98%
Greater than 30 years.....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>
<b>Maximum Remaining Life (years).....</b>	<b>29.06</b>			
<b>Minimum Remaining Life (years).....</b>	<b>6.88</b>			
<b>WA Remaining Life (years).....</b>	<b>20.96</b>			

Geographical Distribution of Mortgages				
Region	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
East Anglia.....	4,218,091	2.93%	32	2.36%
East Midlands.....	7,081,215	4.92%	75	5.53%
Greater London.....	16,003,294	11.13%	88	6.49%
North.....	7,572,091	5.27%	97	7.15%
North West.....	16,601,617	11.54%	173	12.76%
Scotland.....	23,700,953	16.48%	308	22.71%
South East.....	32,314,993	22.47%	210	15.49%
South West.....	7,077,740	4.92%	60	4.42%
Wales.....	4,934,242	3.43%	53	3.91%
West Midlands.....	13,321,395	9.26%	132	9.73%
Yorkshire Humber.....	10,981,576	7.64%	128	9.44%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Distribution of County Court Judgements (CCJ's) by Loan to Value Ratio			
Distribution by Loan to Value	Current Balance (£) 0 CCJ's	Current Balance (£) =1 CCJ	Current Balance (£) >1 CCJ
Less than or equal to 25%.....	910,707	252,623	29,877
More than 25% up to and including 50%.....	7,884,739	951,137	251,937
More than 50% up to and including 55%.....	3,892,999	495,760	75,089
More than 55% up to and including 60%.....	5,689,622	796,925	581,381
More than 60% up to and including 65%.....	8,134,129	1,259,910	62,795
More than 65% up to and including 70%.....	9,774,504	1,471,325	-
More than 70% up to and including 75%.....	13,982,500	1,925,190	1,018,664
More than 75% up to and including 80%.....	12,595,167	1,386,593	261,282
More than 80% up to and including 85%.....	21,989,092	4,198,307	451,977
More than 85% up to and including 90%.....	24,310,589	3,660,178	1,665,858
More than 90% up to and including 95%.....	4,928,036	-	310,704
More than 95% up to and including 100%.....	7,661,687	945,926	-
More than 100% up to and including 105%.....	-	-	-
More than 105% up to and including 110%.....	-	-	-
More than 110%.....	-	-	-
<b>Grand Total.....</b>	<b>121,753,770</b>	<b>17,343,874</b>	<b>4,709,563</b>



Self certified Codes				
Self certified Codes	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
No.....	48,888,859	34.00%	568	41.89%
Yes .....	94,918,349	66.00%	788	58.11%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Repayment Method				
Repayment Method	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Interest Only .....	78,924,377	54.88%	608	44.84%
Repayment .....	64,882,830	45.12%	748	55.16%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Purpose of Loan				
Purpose of Loan	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Purchase .....	44,543,369	30.97%	343	25.29%
Refinance .....	77,772,088	54.08%	710	52.36%
Right to buy Purchase.....	14,575,317	10.14%	210	15.49%
Right to buy Refinance .....	4,107,323	2.86%	53	3.91%
Investment home loans Purchase.....	925,968	0.64%	12	0.88%
Investment home loans Refinance.....	1,883,142	1.31%	28	2.06%
Not available (other).....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Distribution of Mortgages Currently in Arrears				
Distribution by Arrears	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Current .....	112,663,518	78.34%	1,113	82.08%
Up to one month .....	17,018,296	11.83%	137	10.10%
Over one month and up to two months .....	14,125,393	9.82%	106	7.82%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Distribution by Property Category				
Distribution by Property Type	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Bungalow .....	4,610,726	3.21%	40	2.95%
Flat .....	22,646,095	15.75%	267	19.69%
Detached .....	21,463,367	14.93%	116	8.55%
Semi-detached.....	41,929,288	29.16%	393	28.98%
Terraced .....	53,157,730	36.96%	540	39.82%
Not available .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Date	Distribution by Month of Origin			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
February 2005 .....	-	0.00%	-	0.00%
March 2005 .....	-	0.00%	-	0.00%
April 2005 .....	-	0.00%	-	0.00%
May 2005 .....	-	0.00%	-	0.00%
June 2005 .....	-	0.00%	-	0.00%
July 2005 .....	-	0.00%	-	0.00%
August 2005 .....	363,052	0.25%	4	0.29%
September 2005 .....	448,160	0.31%	5	0.37%
October 2005 .....	699,085	0.49%	7	0.52%
November 2005 .....	1,209,902	0.84%	14	1.03%
December 2005 .....	441,974	0.31%	5	0.37%
January 2006 .....	212,189	0.15%	3	0.22%
February 2006 .....	467,386	0.33%	8	0.59%
March 2006 .....	699,645	0.49%	7	0.52%
April 2006 .....	624,678	0.43%	5	0.37%
May 2006 .....	215,079	0.15%	4	0.29%
June 2006 .....	961,457	0.67%	7	0.52%
July 2006 .....	521,871	0.36%	8	0.59%
August 2006 .....	759,902	0.53%	11	0.81%
September 2006 .....	1,698,093	1.18%	15	1.11%
October 2006 .....	1,520,611	1.06%	15	1.11%
November 2006 .....	2,845,320	1.98%	28	2.06%
December 2006 .....	1,773,190	1.23%	21	1.55%
January 2007 .....	2,493,715	1.73%	27	1.99%
February 2007 .....	2,827,567	1.97%	26	1.92%
March 2007 .....	4,074,703	2.83%	40	2.95%
April 2007 .....	4,837,031	3.36%	49	3.61%
May 2007 .....	6,208,961	4.32%	52	3.83%
June 2007 .....	4,633,532	3.22%	50	3.69%
July 2007 .....	11,152,131	7.75%	107	7.89%
August 2007 .....	19,664,564	13.67%	167	12.32%
September 2007 .....	17,198,083	11.96%	150	11.06%
October 2007 .....	19,137,491	13.31%	166	12.24%
November 2007 .....	18,900,197	13.14%	194	14.31%
December 2007 .....	17,217,639	11.97%	161	11.87%
<b>Grand Total .....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

Distribution by Tenancy	Distribution by Tenancy			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Freehold .....	108,936,987	75.75%	963	71.02%
Leasehold .....	20,605,669	14.33%	203	14.97%
Absolute Owner .....	1,130,744	0.79%	18	1.33%
Heritable Title .....	13,133,807	9.13%	172	12.68%
<b>Grand Total .....</b>	<b>143,807,207</b>	<b>100.00%</b>	<b>1,356</b>	<b>100.00%</b>

## Buy to Let

### Key data on the Provisional Pool

(As at 30 November 2008)

Aggregate Initial Loan Balance (£) .....	193,415,199
Largest Loan (£) .....	801,029
Number of mortgages .....	1,657
Average balance of Mortgage Loan (£) .....	116,726.13
Longest Dated Mortgage Legal Maturity .....	17-Dec-2037
% Investment Home Loans .....	100.00%
Weighted Average Current Loan to Value .....	75.68%
Weighted Average Halifax Indexed Loan To Value .....	88.86%
Weighted Average Nationwide Indexed Loan To Value .....	84.34%
Weighted Average Current Loan to Value (London) .....	72.34%
Weighted Average Current Loan to Value (South East) .....	75.79%
Weighted Average Current Loan to Value (Rest of UK) .....	77.31%
Weighted Average Seasoning .....	1.54 years
Weighted Average Seasoning (London) .....	1.59 years
Weighted Average Seasoning (South East) .....	1.55 years
Weighted Average Seasoning (Rest of UK) .....	1.50 years

Distribution by Loan to Value	Distribution of Loans by Loan to Value			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	306,143	0.16%	7	0.42%
More than 25% up to and including 50% .....	7,392,219	3.82%	87	5.25%
More than 50% up to and including 55% .....	5,903,365	3.05%	53	3.20%
More than 55% up to and including 60% .....	8,392,567	4.34%	74	4.47%
More than 60% up to and including 65% .....	12,653,623	6.54%	93	5.61%
More than 65% up to and including 70% .....	17,211,424	8.90%	132	7.97%
More than 70% up to and including 75% .....	23,091,756	11.94%	189	11.41%
More than 75% up to and including 80% .....	23,865,576	12.34%	196	11.83%
More than 80% up to and including 85% .....	27,311,213	14.12%	232	14.00%
More than 85% up to and including 90% .....	66,546,825	34.41%	586	35.37%
More than 90% up to and including 95% .....	676,358	0.35%	7	0.42%
More than 95% up to and including 100% .....	64,129	0.03%	1	0.06%
More than 100% up to and including 105% .....	-	0.00%	-	0.00%
More than 105% up to and including 110% .....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
Grand Total .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>
Maximum Loan to Value .....	<b>98.66%</b>			
Minimum Loan to Value .....	<b>7.10%</b>			
WA Loan to Value .....	<b>75.68%</b>			

**Distribution of Loans by Regional Halifax Indexed Loan To Value**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	199,711	0.10%	5	0.30%
More than 25% up to and including 50%.....	3,254,100	1.68%	43	2.60%
More than 50% up to and including 55%.....	1,606,615	0.83%	20	1.21%
More than 55% up to and including 60%.....	3,275,755	1.69%	32	1.93%
More than 60% up to and including 65%.....	3,810,336	1.97%	36	2.17%
More than 65% up to and including 70%.....	8,169,220	4.22%	65	3.92%
More than 70% up to and including 75%.....	11,737,568	6.07%	87	5.25%
More than 75% up to and including 80%.....	12,157,796	6.29%	92	5.55%
More than 80% up to and including 85%.....	17,310,963	8.95%	145	8.75%
More than 85% up to and including 90%.....	33,950,563	17.55%	283	17.08%
More than 90% up to and including 95%.....	24,236,234	12.53%	195	11.77%
More than 95% up to and including 100%.....	18,979,136	9.81%	167	10.08%
More than 100% up to and including 105%.....	44,716,707	23.12%	384	23.17%
More than 105% up to and including 110%.....	9,608,731	4.97%	99	5.97%
More than 110% .....	401,765	0.21%	4	0.24%
<b>Grand Total .....</b>	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>112.35%</b>			
<b>Minimum Loan to Value.....</b>	<b>7.27%</b>			
<b>WA Loan to Value .....</b>	<b>88.86%</b>			

**Distribution of Loans by Regional Nationwide Indexed Loan To Value**

<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	230,332	0.12%	6	0.36%
More than 25% up to and including 50%.....	3,894,226	2.01%	53	3.20%
More than 50% up to and including 55%.....	2,730,077	1.41%	29	1.75%
More than 55% up to and including 60%.....	3,279,674	1.70%	31	1.87%
More than 60% up to and including 65%.....	7,933,497	4.10%	65	3.92%
More than 65% up to and including 70%.....	9,930,348	5.13%	76	4.59%
More than 70% up to and including 75%.....	12,152,975	6.28%	94	5.67%
More than 75% up to and including 80%.....	18,002,425	9.31%	140	8.45%
More than 80% up to and including 85%.....	29,862,857	15.44%	251	15.15%
More than 85% up to and including 90%.....	31,982,146	16.54%	260	15.69%
More than 90% up to and including 95%.....	20,795,926	10.75%	182	10.98%
More than 95% up to and including 100%.....	46,782,228	24.19%	408	24.62%
More than 100% up to and including 105%.....	5,499,804	2.84%	59	3.56%
More than 105% up to and including 110%.....	338,684	0.18%	3	0.18%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total .....</b>	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>106.98%</b>			
<b>Minimum Loan to Value.....</b>	<b>6.97%</b>			
<b>WA Loan to Value .....</b>	<b>84.34%</b>			

Distribution of Loans by Loan to Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	162,091	0.33%	3	1.20%
More than 25% up to and including 50%.....	1,709,879	3.52%	16	6.37%
More than 50% up to and including 55%.....	2,270,394	4.68%	13	5.18%
More than 55% up to and including 60%.....	2,671,357	5.51%	17	6.77%
More than 60% up to and including 65%.....	5,243,876	10.81%	21	8.37%
More than 65% up to and including 70%.....	7,318,888	15.09%	37	14.74%
More than 70% up to and including 75%.....	6,992,761	14.41%	34	13.55%
More than 75% up to and including 80%.....	6,011,832	12.39%	33	13.15%
More than 80% up to and including 85%.....	6,126,313	12.63%	27	10.76%
More than 85% up to and including 90%.....	10,008,183	20.63%	50	19.92%
More than 90% up to and including 95%.....	-	0.00%	-	0.00%
More than 95% up to and including 100%.....	-	0.00%	-	0.00%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>48,515,574</b>	<b>100.00%</b>	<b>251</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>88.65%</b>			
<b>Minimum Loan to Value</b> .....	<b>7.10%</b>			
<b>WA Loan to Value</b> .....	<b>72.34%</b>			

Distribution of Loans by Regional Halifax Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	86,280	0.18%	2	0.80%
More than 25% up to and including 50%.....	638,603	1.32%	7	2.79%
More than 50% up to and including 55%.....	298,826	0.62%	3	1.20%
More than 55% up to and including 60%.....	1,100,353	2.27%	8	3.19%
More than 60% up to and including 65%.....	1,178,041	2.43%	8	3.19%
More than 65% up to and including 70%.....	3,520,070	7.26%	18	7.17%
More than 70% up to and including 75%.....	4,835,316	9.97%	21	8.37%
More than 75% up to and including 80%.....	4,555,797	9.39%	21	8.37%
More than 80% up to and including 85%.....	5,933,769	12.23%	32	12.75%
More than 85% up to and including 90%.....	10,299,769	21.23%	50	19.92%
More than 90% up to and including 95%.....	6,070,114	12.51%	31	12.35%
More than 95% up to and including 100%.....	3,427,428	7.06%	16	6.37%
More than 100% up to and including 105%.....	6,088,754	12.55%	31	12.35%
More than 105% up to and including 110%.....	482,453	0.99%	3	1.20%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>48,515,574</b>	<b>100.00%</b>	<b>251</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>105.48%</b>			
<b>Minimum Loan to Value</b> .....	<b>7.27%</b>			
<b>WA Loan to Value</b> .....	<b>84.38%</b>			

Distribution of Loans by Regional Nationwide Indexed Loan To Value (London)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	86,280	0.18%	2	0.80%
More than 25% up to and including 50%.....	826,335	1.70%	9	3.59%
More than 50% up to and including 55%.....	551,942	1.14%	5	1.99%
More than 55% up to and including 60%.....	760,590	1.57%	5	1.99%
More than 60% up to and including 65%.....	3,872,259	7.98%	22	8.76%
More than 65% up to and including 70%.....	4,394,211	9.06%	20	7.97%
More than 70% up to and including 75%.....	3,658,424	7.54%	17	6.77%
More than 75% up to and including 80%.....	6,720,887	13.85%	33	13.15%
More than 80% up to and including 85%.....	9,590,265	19.77%	48	19.12%
More than 85% up to and including 90%.....	8,362,800	17.24%	42	16.73%
More than 90% up to and including 95%.....	3,120,374	6.43%	14	5.58%
More than 95% up to and including 100%.....	6,330,982	13.05%	33	13.15%
More than 100% up to and including 105%.....	240,225	0.50%	1	0.40%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>48,515,574</b>	<b>100.00%</b>	<b>251</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>100.88%</b>			
<b>Minimum Loan to Value</b> .....	<b>6.97%</b>			
<b>WA Loan to Value</b> .....	<b>80.13%</b>			

Distribution of Loans by Loan to Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	32,656	0.07%	1	0.28%
More than 25% up to and including 50%.....	1,774,074	3.68%	17	4.68%
More than 50% up to and including 55%.....	1,001,442	2.08%	9	2.48%
More than 55% up to and including 60%.....	2,741,136	5.68%	23	6.34%
More than 60% up to and including 65%.....	3,061,936	6.34%	25	6.89%
More than 65% up to and including 70%.....	4,071,708	8.44%	33	9.09%
More than 70% up to and including 75%.....	6,449,261	13.36%	52	14.33%
More than 75% up to and including 80%.....	4,986,461	10.33%	37	10.19%
More than 80% up to and including 85%.....	6,310,574	13.08%	43	11.85%
More than 85% up to and including 90%.....	17,623,469	36.52%	122	33.61%
More than 90% up to and including 95%.....	205,138	0.43%	1	0.28%
More than 95% up to and including 100%.....	-	0.00%	-	0.00%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>48,257,854</b>	<b>100.00%</b>	<b>363</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>91.17%</b>			
<b>Minimum Loan to Value</b> .....	<b>17.65%</b>			
<b>WA Loan to Value</b> .....	<b>75.79%</b>			

Distribution of Loans by Regional Halifax Index Loan to Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	32,656	0.07%	1	0.28%
More than 25% up to and including 50%.....	879,860	1.82%	9	2.48%
More than 50% up to and including 55%.....	112,194	0.23%	1	0.28%
More than 55% up to and including 60%.....	816,380	1.69%	7	1.93%
More than 60% up to and including 65%.....	339,154	0.70%	4	1.10%
More than 65% up to and including 70%.....	1,911,141	3.96%	16	4.41%
More than 70% up to and including 75%.....	3,672,853	7.61%	29	7.99%
More than 75% up to and including 80%.....	3,486,079	7.22%	27	7.44%
More than 80% up to and including 85%.....	4,311,729	8.93%	34	9.37%
More than 85% up to and including 90%.....	9,027,794	18.71%	70	19.28%
More than 90% up to and including 95%.....	6,242,543	12.94%	47	12.95%
More than 95% up to and including 100%.....	5,078,881	10.52%	37	10.19%
More than 100% up to and including 105%.....	10,291,399	21.33%	67	18.46%
More than 105% up to and including 110%.....	1,850,053	3.83%	13	3.58%
More than 110% .....	205,138	0.43%	1	0.28%
<b>Grand Total.....</b>	<b>48,257,854</b>	<b>100.00%</b>	<b>363</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>111.23%</b>			
<b>Minimum Loan to Value.....</b>	<b>21.32%</b>			
<b>WA Loan to Value .....</b>	<b>88.74%</b>			

Distribution of Loans by Regional Nationwide Index Loan to Value (South East)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	32,656	0.07%	1	0.28%
More than 25% up to and including 50%.....	879,860	1.82%	9	2.48%
More than 50% up to and including 55%.....	584,834	1.21%	5	1.38%
More than 55% up to and including 60%.....	511,976	1.06%	5	1.38%
More than 60% up to and including 65%.....	1,519,602	3.15%	13	3.58%
More than 65% up to and including 70%.....	2,528,916	5.24%	22	6.06%
More than 70% up to and including 75%.....	4,134,959	8.57%	32	8.82%
More than 75% up to and including 80%.....	4,746,557	9.84%	36	9.92%
More than 80% up to and including 85%.....	7,751,732	16.06%	61	16.80%
More than 85% up to and including 90%.....	7,842,637	16.25%	59	16.25%
More than 90% up to and including 95%.....	6,042,042	12.52%	44	12.12%
More than 95% up to and including 100%.....	10,918,834	22.63%	71	19.56%
More than 100% up to and including 105%.....	558,113	1.16%	4	1.10%
More than 105% up to and including 110%.....	205,138	0.43%	1	0.28%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>48,257,854</b>	<b>100.00%</b>	<b>363</b>	<b>100.00%</b>
<b>Maximum Loan to Value .....</b>	<b>105.14%</b>			
<b>Minimum Loan to Value.....</b>	<b>20.17%</b>			
<b>WA Loan to Value .....</b>	<b>84.30%</b>			

<b>Distribution of Loans by Loan to Value (rest of UK)</b>				
<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	111,396	0.12%	3	0.29%
More than 25% up to and including 50%.....	3,908,266	4.04%	54	5.18%
More than 50% up to and including 55%.....	2,631,529	2.72%	31	2.97%
More than 55% up to and including 60%.....	2,980,075	3.08%	34	3.26%
More than 60% up to and including 65%.....	4,347,811	4.50%	47	4.51%
More than 65% up to and including 70%.....	5,820,828	6.02%	62	5.94%
More than 70% up to and including 75%.....	9,649,734	9.99%	103	9.88%
More than 75% up to and including 80%.....	12,867,283	13.31%	126	12.08%
More than 80% up to and including 85%.....	14,874,326	15.39%	162	15.53%
More than 85% up to and including 90%.....	38,915,174	40.27%	414	39.69%
More than 90% up to and including 95%.....	471,221	0.49%	6	0.58%
More than 95% up to and including 100%.....	64,129	0.07%	1	0.10%
More than 100% up to and including 105%.....	-	0.00%	-	0.00%
More than 105% up to and including 110%.....	-	0.00%	-	0.00%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>96,641,772</b>	<b>100.00%</b>	<b>1,043</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>98.66%</b>			
<b>Minimum Loan to Value</b> .....	<b>19.20%</b>			
<b>WA Loan to Value</b> .....	<b>77.31%</b>			

<b>Distribution of Loans by Regional Halifax Indexed Loan to Value (rest of UK)</b>				
<b>Distribution by Loan to Value</b>	<b>Current Balance (£)</b>	<b>% of Total Balance</b>	<b>No of Loans</b>	<b>% of Total No Loans</b>
Less than or equal to 25% .....	80,775	0.08%	2	0.19%
More than 25% up to and including 50%.....	1,735,637	1.80%	27	2.59%
More than 50% up to and including 55%.....	1,195,594	1.24%	16	1.53%
More than 55% up to and including 60%.....	1,359,023	1.41%	17	1.63%
More than 60% up to and including 65%.....	2,293,141	2.37%	24	2.30%
More than 65% up to and including 70%.....	2,738,009	2.83%	31	2.97%
More than 70% up to and including 75%.....	3,229,399	3.34%	37	3.55%
More than 75% up to and including 80%.....	4,115,920	4.26%	44	4.22%
More than 80% up to and including 85%.....	7,065,464	7.31%	79	7.57%
More than 85% up to and including 90%.....	14,623,000	15.13%	163	15.63%
More than 90% up to and including 95%.....	11,923,576	12.34%	117	11.22%
More than 95% up to and including 100%.....	10,472,827	10.84%	114	10.93%
More than 100% up to and including 105%.....	28,336,555	29.32%	286	27.42%
More than 105% up to and including 110%.....	7,276,225	7.53%	83	7.96%
More than 110% .....	196,628	0.20%	3	0.29%
<b>Grand Total</b> .....	<b>96,641,772</b>	<b>100.00%</b>	<b>1,043</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>112.35%</b>			
<b>Minimum Loan to Value</b> .....	<b>23.24%</b>			
<b>WA Loan to Value</b> .....	<b>91.17%</b>			



Distribution of Loans by Regional Nationwide Indexed Loan to Value (rest of UK)				
Distribution by Loan to Value	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to 25% .....	111,396	0.12%	3	0.29%
More than 25% up to and including 50%.....	2,188,032	2.26%	35	3.36%
More than 50% up to and including 55%.....	1,593,301	1.65%	19	1.82%
More than 55% up to and including 60%.....	2,007,109	2.08%	21	2.01%
More than 60% up to and including 65%.....	2,541,636	2.63%	30	2.88%
More than 65% up to and including 70%.....	3,007,221	3.11%	34	3.26%
More than 70% up to and including 75%.....	4,359,592	4.51%	45	4.31%
More than 75% up to and including 80%.....	6,534,981	6.76%	71	6.81%
More than 80% up to and including 85%.....	12,520,860	12.96%	142	13.61%
More than 85% up to and including 90%.....	15,776,710	16.32%	159	15.24%
More than 90% up to and including 95%.....	11,633,510	12.04%	124	11.89%
More than 95% up to and including 100%.....	29,532,412	30.56%	304	29.15%
More than 100% up to and including 105%.....	4,701,466	4.86%	54	5.18%
More than 105% up to and including 110%.....	133,547	0.14%	2	0.19%
More than 110% .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>96,641,772</b>	<b>100.00%</b>	<b>1,043</b>	<b>100.00%</b>
<b>Maximum Loan to Value</b> .....	<b>106.98%</b>			
<b>Minimum Loan to Value</b> .....	<b>21.76%</b>			
<b>WA Loan to Value</b> .....	<b>86.48%</b>			

Distribution of Loans by Current Balance				
Distribution by Current Balance (£)	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Less than or equal to £30k.....	191,418	0.10%	7	0.42%
More than £30k up to and including £50k .....	2,096,272	1.08%	50	3.02%
More than £50k up to and including £75k .....	18,363,714	9.49%	287	17.32%
More than £75k up to and including £100k .....	39,742,106	20.55%	450	27.16%
More than £100k up to and including £125k .....	40,329,706	20.85%	363	21.91%
More than £125k up to and including £150k .....	26,585,510	13.75%	195	11.77%
More than £150k up to and including £200k .....	28,707,793	14.84%	170	10.26%
More than £200k up to and including £400k .....	30,983,539	16.02%	123	7.42%
More than £400k.....	6,415,143	3.32%	12	0.72%
<b>Grand Total</b> .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>
<b>Maximum Current Balance (£)</b> .....	<b>801,029</b>			
<b>Minimum Current Balance (£)</b> .....	<b>23,723</b>			
<b>Average Current Balance (£)</b> .....	<b>116,726</b>			

Distribution by Remaining Life of Mortgage (years)	Distribution by Remaining Life of Mortgage			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
0 and less than or equal to 10 years.....	15,608,423	8.07%	138	8.33%
Greater than 10 and less than or equal to 15 years.....	20,229,497	10.46%	180	10.86%
Greater than 15 and less than or equal to 20 years.....	51,973,068	26.87%	449	27.10%
Greater than 20 and less than or equal to 25 years.....	100,040,675	51.72%	843	50.88%
Greater than 25 and less than or equal to 30 years.....	5,563,536	2.88%	47	2.84%
Greater than 30 years.....	-	0.00%	-	0.00%
<b>Grand Total.....</b>	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>
<b>Maximum Remaining Life (years).....</b>	<b>29.05</b>			
<b>Minimum Remaining Life (years).....</b>	<b>6.64</b>			
<b>WA Remaining Life (years).....</b>	<b>19.80</b>			

Region	Geographical Distribution of Mortgages			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
East Anglia.....	6,923,538	3.58%	54	3.26%
East Midlands.....	9,807,708	5.07%	106	6.40%
Greater London.....	48,515,574	25.08%	251	15.15%
North.....	6,902,330	3.57%	90	5.43%
North West.....	17,045,583	8.81%	190	11.47%
Scotland.....	10,669,726	5.52%	125	7.54%
South East.....	48,257,854	24.95%	363	21.91%
South West.....	14,591,626	7.54%	137	8.27%
Wales.....	6,228,557	3.22%	70	4.22%
West Midlands.....	13,374,360	6.91%	141	8.51%
Yorkshire Humber.....	11,098,344	5.74%	130	7.85%
<b>Grand Total.....</b>	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Distribution by Loan to Value	Distribution of County Court Judgements (CCJ's) by Loan to Value Ratio		
	Current Balance (£) = 0 CCJ's	Current Balance (£) = 1 CCJ	Current Balance (£) > 1 CCJ
Less than or equal to 25%.....	306,143	-	-
More than 25% up to and including 50%.....	7,392,219	-	-
More than 50% up to and including 55%.....	5,903,365	-	-
More than 55% up to and including 60%.....	8,392,567	-	-
More than 60% up to and including 65%.....	12,592,533	61,090	-
More than 65% up to and including 70%.....	17,122,273	89,151	-
More than 70% up to and including 75%.....	23,091,756	-	-
More than 75% up to and including 80%.....	23,865,576	-	-
More than 80% up to and including 85%.....	27,311,213	-	-
More than 85% up to and including 90%.....	66,477,372	69,453	-
More than 90% up to and including 95%.....	676,358	-	-
More than 95% up to and including 100%.....	64,129	-	-
More than 100% up to and including 105%.....	-	-	-
More than 105% up to and including 110%.....	-	-	-
More than 110%.....	-	-	-
<b>Grand Total.....</b>	<b>193,195,505</b>	<b>219,694</b>	<b>-</b>

Self Certified Codes	Self certified Codes			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
No.....	168,420,700	87.08%	1,495	90.22%
Yes .....	24,994,499	12.92%	162	9.78%
<b>Grand Total</b> .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Repayment Method	Repayment Method			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Interest Only .....	174,551,572	90.25%	1,459	88.05%
Repayment .....	18,863,628	9.75%	198	11.95%
<b>Grand Total</b> .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Purpose of Loan	Purpose of Loan			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Purchase .....	-	0.00%	-	0.00%
Refinance .....	-	0.00%	-	0.00%
Right to buy Purchase.....	-	0.00%	-	0.00%
Right to buy Refinance.....	-	0.00%	-	0.00%
Investment home loans Purchase .....	75,952,131	39.27%	699	42.18%
Investment home loans Refinance.....	117,463,069	60.73%	958	57.82%
Not available (other).....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Distribution by Arrears	Distribution of Mortgages Currently in Arrears			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Current .....	184,986,322	95.64%	1,592	96.08%
Up to one month .....	5,607,459	2.90%	44	2.66%
Over one month and up to two months .....	2,821,419	1.46%	21	1.27%
<b>Grand Total</b> .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Distribution by Property Type	Distribution by Property Category			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Bungalow .....	4,110,144	2.13%	33	1.99%
Flat .....	65,908,330	34.08%	558	33.68%
Detached .....	9,060,450	4.68%	54	3.26%
Semi-detached.....	29,198,909	15.10%	243	14.67%
Terraced .....	85,137,367	44.02%	769	46.41%
Not available .....	-	0.00%	-	0.00%
<b>Grand Total</b> .....	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Date	Distribution by Month of Origin			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
February 2005 .....	-	0.00%	-	0.00%
March 2005 .....	-	0.00%	-	0.00%
April 2005 .....	-	0.00%	-	0.00%
May 2005 .....	-	0.00%	-	0.00%
June 2005 .....	-	0.00%	-	0.00%
July 2005 .....	94,768	0.05%	1	0.06%
August 2005 .....	663,223	0.34%	6	0.36%
September 2005 .....	1,387,863	0.72%	9	0.54%
October 2005 .....	1,714,121	0.89%	16	0.97%
November 2005 .....	9,682,424	5.01%	84	5.07%
December 2005 .....	10,840,321	5.60%	87	5.25%
January 2006 .....	2,641,195	1.37%	16	0.97%
February 2006 .....	1,105,644	0.57%	7	0.42%
March 2006 .....	611,405	0.32%	4	0.24%
April 2006 .....	536,356	0.28%	6	0.36%
May 2006 .....	524,046	0.27%	5	0.30%
June 2006 .....	372,181	0.19%	4	0.24%
July 2006 .....	131,056	0.07%	2	0.12%
August 2006 .....	476,414	0.25%	6	0.36%
September 2006 .....	1,274,157	0.66%	9	0.54%
October 2006 .....	635,797	0.33%	7	0.42%
November 2006 .....	934,183	0.48%	8	0.48%
December 2006 .....	414,837	0.21%	6	0.36%
January 2007 .....	1,493,453	0.77%	15	0.91%
February 2007 .....	1,799,947	0.93%	18	1.09%
March 2007 .....	2,317,144	1.20%	23	1.39%
April 2007 .....	4,562,175	2.36%	42	2.53%
May 2007 .....	6,354,663	3.29%	52	3.14%
June 2007 .....	6,442,697	3.33%	62	3.74%
July 2007 .....	13,343,949	6.90%	126	7.60%
August 2007 .....	41,928,293	21.68%	360	21.73%
September 2007 .....	30,223,402	15.63%	247	14.91%
October 2007 .....	20,550,035	10.62%	178	10.74%
November 2007 .....	17,436,170	9.01%	145	8.75%
December 2007 .....	12,923,282	6.68%	106	6.40%
<b>Grand Total .....</b>	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

Distribution by Tenancy	Distribution by Tenancy			
	Current Balance (£)	% of Total Balance	No of Loans	% of Total No Loans
Freehold .....	120,304,300	62.20%	1,018	61.44%
Leasehold .....	65,851,372	34.05%	552	33.31%
Absolute Owner .....	320,470	0.17%	3	0.18%
Heritable Title .....	6,939,057	3.59%	84	5.07%
<b>Grand Total .....</b>	<b>193,415,199</b>	<b>100.00%</b>	<b>1,657</b>	<b>100.00%</b>

## Whole Pool

Distribution by Margin and Reversion Margin						
Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
Base Rate Tracker	1.45%	-	5.95%	-	54,381,074.02	10.82%
	<b>1.45%</b>	<b>-</b>	<b>5.95%</b>	<b>-</b>	<b>54,381,074.02</b>	<b>10.82%</b>
Base Rate Tracker Discount						
December 2008 .....	1.17%	0.84%	5.67%	2.01%	1,007,833.88	0.20%
January 2009 .....	0.74%	1.08%	5.24%	1.81%	737,233.59	0.15%
February 2009 .....	0.71%	1.29%	5.21%	2.00%	774,404.78	0.15%
March 2009 .....	0.76%	1.24%	5.26%	1.99%	652,943.50	0.13%
April 2009 .....	0.65%	1.29%	5.15%	1.94%	1,365,218.74	0.27%
May 2009 .....	0.67%	1.33%	5.17%	2.00%	1,512,343.70	0.30%
June 2009 .....	0.61%	1.39%	5.11%	2.00%	241,867.11	0.05%
July 2009 .....	0.42%	1.58%	4.92%	2.00%	1,126,565.46	0.22%
August 2009 .....	0.29%	1.70%	4.79%	1.99%	370,482.74	0.07%
September 2009 .....	0.50%	1.48%	5.00%	1.98%	3,232,276.55	0.64%
October 2009 .....	0.34%	1.66%	4.84%	2.00%	3,793,339.65	0.75%
November 2009 .....	0.54%	1.37%	5.04%	1.91%	914,661.19	0.18%
December 2009 .....	0.37%	1.69%	4.87%	2.06%	1,366,149.05	0.27%
January 2010 .....	0.10%	1.90%	4.60%	1.99%	355,229.58	0.07%
February 2010 .....	0.45%	1.55%	4.95%	2.00%	482,625.91	0.10%
March 2010 .....	0.44%	1.56%	4.94%	2.00%	370,558.49	0.07%
April 2010 .....	0.42%	1.58%	4.92%	2.00%	2,754,565.60	0.55%
May 2010 .....	0.47%	1.53%	4.97%	2.00%	970,032.56	0.19%
June 2010 .....	0.45%	1.55%	4.95%	2.00%	2,019,305.59	0.40%
July 2010 .....	0.39%	1.63%	4.89%	2.02%	2,968,161.51	0.59%
August 2010 .....	0.40%	1.66%	4.90%	2.06%	906,499.36	0.18%
September 2010 .....	0.37%	1.64%	4.87%	2.01%	2,598,957.44	0.52%
October 2010 .....	0.42%	1.59%	4.92%	2.01%	4,868,487.91	0.97%
November 2010 .....	0.40%	1.62%	4.90%	2.02%	2,767,913.85	0.55%
December 2010 .....	0.44%	1.56%	4.94%	2.00%	536,360.08	0.11%
	<b>0.47%</b>	<b>1.53%</b>	<b>4.97%</b>	<b>2.00%</b>	<b>38,694,017.82</b>	<b>7.70%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
Fixed reverting to Base Rate Tracker						
February 2009 .....	-	-	5.30%	1.96%	11,258,589.00	2.24%
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	5.29%	1.95%	383,171.71	0.08%
May 2009 .....	-	-	5.24%	1.95%	646,759.73	0.13%
June 2009 .....	-	-	5.90%	1.95%	1,127,820.77	0.22%
July 2009 .....	-	-	6.18%	2.00%	1,936,672.54	0.39%
August 2009 .....	-	-	5.90%	2.00%	5,916,017.96	1.18%
September 2009 .....	-	-	5.90%	2.00%	12,979,439.27	2.58%

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
October 2009 .....	-	-	6.30%	1.99%	15,135,894.20	3.01%
November 2009 .....	-	-	6.18%	2.25%	10,280,959.23	2.05%
December 2009 .....	-	-	6.18%	2.25%	44,509,873.25	8.86%
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	6.10%	2.09%	1,753,293.19	0.35%
March 2010 .....	-	-	6.12%	2.12%	6,173,146.07	1.23%
April 2010 .....	-	-	5.53%	1.95%	458,927.19	0.09%
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	6.25%	2.02%	950,760.37	0.19%
July 2010 .....	-	-	6.19%	2.01%	2,381,551.26	0.47%
August 2010 .....	-	-	5.70%	2.00%	26,074,868.48	5.19%
September 2010 .....	-	-	5.73%	2.00%	54,888,215.58	10.92%
October 2010 .....	-	-	6.15%	2.00%	3,296,103.51	0.66%
November 2010 .....	-	-	6.30%	2.08%	21,042,330.31	4.19%
December 2010 .....	-	-	6.35%	2.25%	22,324,570.61	4.44%
January 2011 .....	-	-	-	-	-	-
February 2011 .....	-	-	5.61%	2.06%	1,106,099.31	0.22%
March 2011 .....	-	-	6.22%	2.19%	2,243,328.00	0.45%
April 2011 .....	-	-	-	-	-	-
May 2011 .....	-	-	-	-	-	-
June 2011 .....	-	-	-	-	-	-
July 2011 .....	-	-	-	-	-	-
August 2011 .....	-	-	-	-	-	-
September 2011 .....	-	-	5.55%	1.95%	101,084.40	0.02%
October 2011 .....	-	-	-	-	-	-
November 2011 .....	-	-	5.55%	1.98%	191,137.55	0.04%
December 2011 .....	-	-	-	-	-	-
January 2012 .....	-	-	-	-	-	-
February 2012 .....	-	-	5.58%	2.00%	719,615.92	0.14%
March 2012 .....	-	-	5.57%	2.00%	1,583,374.50	0.32%
April 2012 .....	-	-	-	-	-	-
May 2012 .....	-	-	-	-	-	-
June 2012 .....	-	-	6.58%	2.00%	219,187.80	0.04%
July 2012 .....	-	-	-	-	-	-
August 2012 .....	-	-	5.83%	2.00%	13,445,252.11	2.68%
September 2012 .....	-	-	-	-	-	-
October 2012 .....	-	-	6.49%	2.00%	110,272.97	0.02%
November 2012 .....	-	-	6.30%	2.19%	2,539,990.66	0.51%
	-	-	<b>5.98%</b>	<b>2.08%</b>	<b>265,778,307.45</b>	<b>52.89%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
February 2009 .....	-	-	6.31%	2.37%	5,711,707.71	1.14%

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	6.10%	3.00%	43,232.36	0.01%
May 2009 .....	-	-	5.92%	1.92%	205,369.90	0.04%
June 2009 .....	-	-	7.13%	2.87%	1,385,525.38	0.28%
July 2009 .....	-	-	6.95%	2.70%	3,099,829.63	0.62%
August 2009 .....	-	-	6.57%	2.69%	6,739,459.58	1.34%
September 2009 .....	-	-	6.40%	2.49%	19,924,924.12	3.97%
October 2009 .....	-	-	6.76%	2.58%	26,802,414.33	5.33%
November 2009 .....	-	-	7.58%	2.78%	4,495,424.89	0.89%
December 2009 .....	-	-	7.64%	2.80%	18,728,246.15	3.73%
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	6.78%	2.69%	2,991,959.19	0.60%
March 2010 .....	-	-	6.72%	2.66%	5,792,995.03	1.15%
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	6.65%	2.40%	1,216,012.81	0.24%
July 2010 .....	-	-	6.65%	2.58%	4,716,975.08	0.94%
August 2010 .....	-	-	6.53%	2.62%	2,473,048.57	0.49%
September 2010 .....	-	-	6.33%	2.48%	7,308,158.08	1.45%
October 2010 .....	-	-	6.83%	2.64%	2,005,679.01	0.40%
November 2010 .....	-	-	6.90%	2.58%	7,030,376.59	1.40%
December 2010 .....	-	-	7.50%	2.73%	4,228,565.33	0.84%
January 2011 .....	-	-	-	-	-	-
February 2011 .....	-	-	7.04%	2.50%	127,208.30	0.03%
March 2011 .....	-	-	7.50%	2.85%	680,257.94	0.14%
	-	-	<b>6.84%</b>	<b>2.62%</b>	<b>125,707,369.98</b>	<b>25.02%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR</b>	2.61%	-	8.37%	-	8,740,403.96	1.74%
	<b>2.61%</b>	<b>-</b>	<b>8.37%</b>	<b>-</b>	<b>8,740,403.96</b>	<b>1.74%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
October 2008 .....	2.90%	0.75%	8.65%	3.65%	182,835.24	0.04%
April 2009 .....	1.14%	1.44%	6.89%	2.58%	156,360.34	0.03%
May 2009 .....	1.13%	1.34%	6.88%	2.46%	772,959.08	0.15%
June 2009 .....	1.16%	1.70%	6.91%	2.86%	818,819.73	0.16%
July 2009 .....	0.89%	1.30%	6.64%	2.18%	400,560.63	0.08%
August 2009 .....	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
September 2009 .....	0.88%	1.72%	6.63%	2.59%	771,911.30	0.15%
October 2009 .....	1.18%	1.39%	6.93%	2.57%	1,771,455.83	0.35%
November 2009 .....	2.77%	-0.02%	8.52%	2.75%	134,431.16	0.03%
December 2009 .....	1.23%	1.12%	6.98%	2.35%	1,089,104.32	0.22%
January 2010 .....	1.55%	1.22%	7.30%	2.77%	133,215.26	0.03%
February 2010 .....	2.17%	1.22%	7.92%	3.40%	208,223.39	0.04%
March 2010 .....	1.78%	1.56%	7.53%	3.34%	293,061.70	0.06%
April 2010 .....	1.36%	1.70%	7.11%	3.05%	1,164,841.84	0.23%
May 2010 .....	0.67%	1.58%	6.42%	2.25%	220,825.03	0.04%
June 2010 .....	0.84%	1.61%	6.59%	2.45%	222,096.85	0.04%
July 2010 .....	1.45%	1.80%	7.20%	3.25%	443,017.08	0.09%
August 2010 .....	-	-	-	-	-	-
September 2010 .....	0.81%	1.43%	6.56%	2.25%	237,798.44	0.05%
October 2010 .....	0.17%	2.08%	5.92%	2.25%	76,742.22	0.02%
November 2010 .....	-	-	-	-	-	-
December 2010 .....	0.67%	1.58%	6.42%	2.25%	117,763.68	0.02%
	<b>1.24%</b>	<b>1.45%</b>	<b>6.99%</b>	<b>2.68%</b>	<b>9,216,023.12</b>	<b>1.83%</b>
<b>Total</b>				<b>2.16%</b>	<b>502,517,196.35</b>	<b>100.00%</b>

**Distribution by Margin and Reversion Margin (vs Interest Rate)**

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker</b>						
Less than or equal to 5.00% .....	0.47%	-	4.97%	-	5,434,570.54	1.08%
More than 5.00% less than or equal to 5.50% .....	0.83%	-	5.33%	-	6,882,860.89	1.37%
More than 5.50% less than or equal to 6.00% .....	1.28%	-	5.78%	-	16,722,780.49	3.33%
More than 6.00% less than or equal to 6.50% .....	1.93%	-	6.43%	-	24,425,759.55	4.86%
More than 6.50% less than or equal to 7.00% .....	2.07%	-	6.57%	-	915,102.55	0.18%
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>1.45%</b>	<b>-</b>	<b>5.95%</b>	<b>-</b>	<b>54,381,074.02</b>	<b>10.82%</b>



<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker Discount</b>						
Less than or equal to 5.00% .....	0.30%	1.70%	4.80%	2.00%	22,072,843.17	4.39%
More than 5.00% less than or equal to 5.50% .....	0.66%	1.34%	5.16%	2.00%	16,113,806.85	3.21%
More than 5.50% less than or equal to 6.00% .....	1.05%	1.20%	5.55%	2.25%	66,515.60	0.01%
More than 6.00% less than or equal to 6.50% .....	1.93%	0.32%	6.43%	2.25%	440,852.20	0.09%
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>0.47%</b>	<b>1.53%</b>	<b>4.97%</b>	<b>2.00%</b>	<b>38,694,017.82</b>	<b>7.70%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
Less than or equal to 5.00% .....	-	-	4.94%	1.95%	4,061,966.95	0.81%
More than 5.00% less than or equal to 5.50% .....	-	-	5.44%	1.99%	48,111,558.45	9.57%
More than 5.50% less than or equal to 6.00% .....	-	-	5.87%	2.06%	103,571,294.78	20.61%
More than 6.00% less than or equal to 6.50% .....	-	-	6.23%	2.14%	82,621,203.60	16.44%
More than 6.50% less than or equal to 7.00% .....	-	-	6.72%	2.17%	25,806,036.59	5.14%
More than 7.00% less than or equal to 7.50% .....	-	-	7.20%	2.25%	1,606,247.08	0.32%
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>5.98%</b>	<b>2.08%</b>	<b>265,778,307.45</b>	<b>52.89%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to LIBOR</b>						
Less than or equal to 5.00% .....	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	5.50%	2.25%	236,277.10	0.05%
More than 5.50% less than or equal to 6.00% .....	-	-	5.88%	2.18%	13,680,817.97	2.72%
More than 6.00% less than or equal to 6.50% .....	-	-	6.27%	2.35%	36,168,268.64	7.20%
More than 6.50% less than or equal to 7.00% .....	-	-	6.72%	2.57%	26,961,666.71	5.37%
More than 7.00% less than or equal to 7.50% .....	-	-	7.20%	2.78%	24,772,473.56	4.93%
More than 7.50% less than or equal to 8.00% .....	-	-	7.75%	2.93%	14,650,345.34	2.92%
More than 8.00% less than or equal to 8.50% .....	-	-	8.25%	3.49%	5,305,749.68	1.06%
More than 8.50% less than or equal to 9.00% .....	-	-	8.61%	3.65%	2,674,561.20	0.53%
More than 9.00% less than or equal to 9.50% .....	-	-	9.27%	3.35%	1,033,487.79	0.21%
More than 9.50% less than or equal to 10.00% .....	-	-	9.59%	3.70%	148,495.87	0.03%
More than 10.00% .....	-	-	10.29%	4.20%	75,226.12	0.01%
	-	-	<b>6.84%</b>	<b>2.62%</b>	<b>125,707,369.98</b>	<b>25.02%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR</b>						
Less than or equal to 5.00% .....	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50% .....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	1.54%	-	7.29%	-	1,357,118.40	0.27%
More than 7.50% less than or equal to 8.00% .....	1.99%	-	7.74%	-	2,102,383.44	0.42%
More than 8.00% less than or equal to 8.50% .....	2.58%	-	8.33%	-	1,547,953.64	0.31%
More than 8.50% less than or equal to 9.00% .....	3.15%	-	8.90%	-	1,927,895.47	0.38%
More than 9.00% less than or equal to 9.50% .....	3.60%	-	9.35%	-	1,613,898.41	0.32%
More than 9.50% less than or equal to 10.00% .....	3.95%	-	9.70%	-	191,154.60	0.04%
More than 10.00% .....	-	-	-	-	-	-
	<b>2.62%</b>	-	<b>8.37%</b>	-	<b>8,740,403.96</b>	<b>1.74%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
Less than or equal to 5.00% .....	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	0.15%	2.10%	5.90%	2.25%	723,376.92	0.14%
More than 6.00% less than or equal to 6.50% .....	0.54%	1.76%	6.29%	2.30%	2,311,711.67	0.46%
More than 6.50% less than or equal to 7.00% .....	0.99%	1.27%	6.74%	2.27%	2,734,384.37	0.54%
More than 7.00% less than or equal to 7.50% .....	1.52%	1.30%	7.27%	2.82%	1,459,054.51	0.29%
More than 7.50% less than or equal to 8.00% .....	1.94%	1.22%	7.69%	3.16%	614,967.63	0.12%
More than 8.00% less than or equal to 8.50% .....	2.55%	1.51%	8.30%	4.06%	463,746.45	0.09%
More than 8.50% less than or equal to 9.00% .....	3.01%	1.03%	8.76%	4.04%	908,781.57	0.18%
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>1.24%</b>	<b>1.45%</b>	<b>6.99%</b>	<b>2.68%</b>	<b>9,216,023.12</b>	<b>1.83%</b>
<b>Total</b>					<b>502,517,196.35</b>	<b>100.00%</b>

## Self Certified Residential Loans

Distribution by Margin and Reversion Margin						
Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Base Rate Tracker</b>	1.76%	-	6.26%	-	7,924,490.36	5.72%
	<b>1.76%</b>	<b>-</b>	<b>6.26%</b>	<b>-</b>	<b>7,924,490.36</b>	<b>5.72%</b>
<b>Base Rate Tracker Discount</b>						
December 2008 .....	1.26%	0.83%	5.76%	2.09%	707,442.37	0.51%
January 2009 .....	0.79%	0.96%	5.29%	1.75%	318,000.48	0.23%
February 2009 .....	0.72%	1.28%	5.22%	2.00%	713,509.57	0.52%
March 2009 .....	0.76%	1.24%	5.26%	2.00%	573,322.64	0.41%
April 2009 .....	0.64%	1.36%	5.14%	2.00%	1,054,970.98	0.76%
May 2009 .....	0.67%	1.33%	5.17%	2.00%	1,512,343.70	1.09%
June 2009 .....	0.63%	1.37%	5.13%	2.00%	211,110.23	0.15%
July 2009 .....	0.37%	1.63%	4.87%	2.00%	970,249.50	0.70%
August 2009 .....	0.30%	1.70%	4.80%	2.00%	281,164.43	0.20%
September 2009 .....	0.49%	1.50%	4.99%	1.99%	2,094,566.93	1.51%
October 2009 .....	0.36%	1.64%	4.86%	2.00%	2,740,781.18	1.98%
November 2009 .....	0.72%	1.15%	5.22%	1.87%	500,688.73	0.36%
December 2009 .....	0.59%	1.48%	5.09%	2.07%	1,141,766.63	0.82%
January 2010 .....	0.34%	1.66%	4.84%	2.00%	101,158.07	0.07%
February 2010 .....	-	-	-	-	-	-
March 2010 .....	-	-	-	-	-	-
April 2010 .....	0.59%	1.41%	5.09%	2.00%	241,474.62	0.17%
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	-	-	-	-
July 2010 .....	0.34%	1.66%	4.84%	2.00%	112,368.26	0.08%
August 2010 .....	-	-	-	-	-	-
September 2010 .....	0.54%	1.46%	5.04%	2.00%	171,955.65	0.12%
October 2010 .....	0.24%	1.76%	4.74%	2.00%	364,085.04	0.26%
November 2010 .....	-	-	-	-	-	-
December 2010 .....	-	-	-	-	-	-
	<b>0.56%</b>	<b>1.43%</b>	<b>5.06%</b>	<b>2.00%</b>	<b>13,810,959.01</b>	<b>9.97%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to Base Rate Tracker</b>						
February 2009 .....	-	-	6.01%	2.00%	2,765,492.03	2.00%
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	-	-	-	-
May 2009 .....	-	-	-	-	-	-
June 2009 .....	-	-	6.00%	1.95%	940,615.17	0.68%
July 2009 .....	-	-	6.00%	2.00%	1,392,232.36	1.01%
August 2009 .....	-	-	5.90%	2.00%	5,300,974.06	3.83%

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
September 2009.....	-	-	5.89%	2.00%	11,896,998.42	8.59%
October 2009.....	-	-	6.31%	1.99%	14,075,333.86	10.16%
November 2009.....	-	-	6.18%	2.25%	9,651,170.21	6.97%
December 2009.....	-	-	6.19%	2.25%	38,531,005.77	27.83%
January 2010.....	-	-	-	-	-	-
February 2010.....	-	-	6.24%	2.16%	1,008,874.08	0.73%
March 2010.....	-	-	6.21%	2.13%	4,283,500.45	3.09%
April 2010.....	-	-	-	-	-	-
May 2010.....	-	-	-	-	-	-
June 2010.....	-	-	6.19%	2.00%	54,430.03	0.04%
July 2010.....	-	-	6.26%	2.00%	671,346.15	0.48%
August 2010.....	-	-	5.87%	2.00%	5,641,338.68	4.07%
September 2010.....	-	-	5.89%	2.00%	9,015,224.48	6.51%
October 2010.....	-	-	6.19%	2.00%	365,328.00	0.26%
November 2010.....	-	-	6.37%	2.09%	4,151,757.81	3.00%
December 2010.....	-	-	6.42%	2.25%	6,093,838.87	4.40%
January 2011.....	-	-	-	-	-	-
February 2011.....	-	-	6.44%	2.25%	229,714.30	0.17%
March 2011.....	-	-	6.44%	2.25%	666,457.45	0.48%
April 2011.....	-	-	-	-	-	-
May 2011.....	-	-	-	-	-	-
June 2011.....	-	-	-	-	-	-
July 2011.....	-	-	-	-	-	-
August 2011.....	-	-	-	-	-	-
September 2011.....	-	-	-	-	-	-
October 2011.....	-	-	-	-	-	-
November 2011.....	-	-	-	-	-	-
December 2011.....	-	-	-	-	-	-
January 2012.....	-	-	-	-	-	-
February 2012.....	-	-	-	-	-	-
March 2012.....	-	-	-	-	-	-
April 2012.....	-	-	-	-	-	-
May 2012.....	-	-	-	-	-	-
June 2012.....	-	-	-	-	-	-
July 2012.....	-	-	-	-	-	-
August 2012.....	-	-	-	-	-	-
September 2012.....	-	-	-	-	-	-
October 2012.....	-	-	-	-	-	-
November 2012.....	-	-	-	-	-	-
	-	-	<b>6.13%</b>	<b>2.13%</b>	<b>116,735,632.18</b>	<b>84.30%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
February 2009.....	-	-	-	-	-	-
March 2009.....	-	-	-	-	-	-
April 2009.....	-	-	-	-	-	-
May 2009.....	-	-	-	-	-	-
June 2009.....	-	-	-	-	-	-
July 2009.....	-	-	-	-	-	-
August 2009.....	-	-	-	-	-	-
September 2009.....	-	-	-	-	-	-
October 2009.....	-	-	-	-	-	-
November 2009.....	-	-	-	-	-	-
December 2009.....	-	-	-	-	-	-
January 2010.....	-	-	-	-	-	-
February 2010.....	-	-	-	-	-	-
March 2010.....	-	-	-	-	-	-
April 2010.....	-	-	-	-	-	-
May 2010.....	-	-	-	-	-	-
June 2010.....	-	-	-	-	-	-
July 2010.....	-	-	-	-	-	-
August 2010.....	-	-	-	-	-	-
September 2010.....	-	-	-	-	-	-
October 2010.....	-	-	-	-	-	-
November 2010.....	-	-	-	-	-	-
December 2010.....	-	-	-	-	-	-
January 2011.....	-	-	-	-	-	-
February 2011.....	-	-	-	-	-	-
March 2011.....	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR</b>	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						

October 2008	-	-	-	-	-	-
April 2009	-	-	-	-	-	-
May 2009	-	-	-	-	-	-
June 2009	-	-	-	-	-	-
July 2009	-	-	-	-	-	-
August 2009	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
September 2009	-	-	-	-	-	-
October 2009	-	-	-	-	-	-
November 2009	-	-	-	-	-	-
December 2009	-	-	-	-	-	-
January 2010	-	-	-	-	-	-
February 2010	-	-	-	-	-	-
March 2010	-	-	-	-	-	-
April 2010	-	-	-	-	-	-
May 2010	-	-	-	-	-	-
June 2010	-	-	-	-	-	-
July 2010	-	-	-	-	-	-
August 2010	-	-	-	-	-	-
September 2010	-	-	-	-	-	-
October 2010	-	-	-	-	-	-
November 2010	-	-	-	-	-	-
December 2010	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total</b>				<b>2.09%</b>	<b>138,471,081.55</b>	<b>100.00%</b>

<b>Distribution by Margin and Reversion Margin (vs Interest Rate)</b>						
<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker</b>						
Less than or equal to 5.00% ....	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	1.00%	-	5.50%	-	785,887.37	0.57%
More than 5.50% less than or equal to 6.00% .....	1.25%	-	5.75%	-	550,079.53	0.40%
More than 6.00% less than or equal to 6.50% .....	1.89%	-	6.39%	-	6,588,523.46	4.76%
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>1.76%</b>	<b>-</b>	<b>6.26%</b>	<b>-</b>	<b>7,924,490.36</b>	<b>5.72%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Base Rate Tracker Discount</b>						
Less than or equal to 5.00%	0.29%	1.71%	4.79%	2.00%	5,331,272.26	3.85%
More than 5.00% less than or equal to 5.50%.....	0.68%	1.31%	5.18%	1.99%	8,110,006.71	5.86%
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	1.94%	0.31%	6.44%	2.25%	369,680.04	0.27%
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>0.56%</b>	<b>1.43%</b>	<b>5.06%</b>	<b>2.00%</b>	<b>13,810,959.01</b>	<b>9.97%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to Base Rate Tracker</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	5.33%	1.75%	195,410.77	0.14%
More than 5.50% less than or equal to 6.00% .....	-	-	5.86%	2.09%	51,733,195.05	37.36%
More than 6.00% less than or equal to 6.50% .....	-	-	6.24%	2.15%	51,527,212.81	37.21%
More than 6.50% less than or equal to 7.00% .....	-	-	6.74%	2.18%	12,198,071.10	8.81%
More than 7.00% less than or equal to 7.50% .....	-	-	7.20%	2.25%	1,081,742.45	0.78%
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	<b>6.13%</b>	<b>2.13%</b>	<b>116,735,632.18</b>	<b>84.30%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to LIBOR</b>						
Less than or equal to 5.00%	-	-	-	-	-	-



More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50% .....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR</b>						

Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50% .....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						

Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50% .....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-

More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>					<b>138,471,081.55</b>	<b>100.00%</b>

## Prime Residential Loans

Distribution by Margin and Reversion Margin						
Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Base Rate Tracker</b>	1.35%	-	5.85%	-	12,765,787.67	47.59%
	<b>1.35%</b>	<b>-</b>	<b>5.85%</b>	<b>-</b>	<b>12,765,787.67</b>	<b>47.59%</b>
<b>Base Rate Tracker Discount</b>						
December 2008 .....	0.96%	0.88%	5.46%	1.84%	300,391.51	1.12%
January 2009 .....	0.66%	1.14%	5.16%	1.79%	246,881.82	0.92%
February 2009 .....	0.60%	1.40%	5.10%	2.00%	60,895.21	0.23%
March 2009 .....	-	-	-	-	-	-
April 2009 .....	0.60%	0.90%	5.10%	1.50%	150,956.64	0.56%
May 2009 .....	-	-	-	-	-	-
June 2009 .....	0.49%	1.51%	4.99%	2.00%	30,756.88	0.11%
July 2009 .....	-	-	-	-	-	-
August 2009 .....	-	-	-	-	-	-
September 2009 .....	0.25%	1.75%	4.75%	2.00%	226,024.26	0.84%
October 2009 .....	0.04%	1.96%	4.54%	2.00%	512,426.69	1.91%
November 2009 .....	-	-	-	-	-	-
December 2009 .....	-0.76%	2.76%	3.74%	2.00%	224,382.42	0.84%
January 2010 .....	-0.76%	2.76%	3.74%	2.00%	116,736.28	0.44%
February 2010 .....	-	-	-	-	-	-
March 2010 .....	-	-	-	-	-	-
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	-	-	-	-
July 2010 .....	0.19%	1.81%	4.69%	2.00%	65,719.34	0.25%
August 2010 .....	-	-	-	-	-	-
September 2010 .....	-	-	-	-	-	-
October 2010 .....	-	-	-	-	-	-
November 2010 .....	-	-	-	-	-	-
December 2010 .....	-	-	-	-	-	-
	<b>0.22%</b>	<b>1.69%</b>	<b>4.72%</b>	<b>1.91%</b>	<b>1,935,171.05</b>	<b>7.21%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to Base Rate Tracker</b>						
February 2009 .....	-	-	-	-	-	-
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	-	-	-	-
May 2009 .....	-	-	-	-	-	-
June 2009 .....	-	-	-	-	-	-
July 2009 .....	-	-	6.56%	2.00%	242,109.64	0.90%
August 2009 .....	-	-	5.93%	2.00%	440,590.82	1.64%
September 2009 .....	-	-	5.94%	2.00%	325,864.47	1.21%

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
October 2009 .....	-	-	6.36%	2.00%	602,726.59	2.25%
November 2009 .....	-	-	6.15%	2.25%	629,789.02	2.35%
December 2009 .....	-	-	6.14%	2.25%	5,978,867.48	22.29%
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	-	-	-	-
March 2010 .....	-	-	6.32%	2.25%	627,526.45	2.34%
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	6.09%	2.00%	264,156.60	0.98%
July 2010 .....	-	-	6.24%	2.00%	275,389.44	1.03%
August 2010 .....	-	-	5.84%	2.00%	131,411.35	0.49%
September 2010 .....	-	-	5.93%	2.00%	1,217,682.02	4.54%
October 2010 .....	-	-	6.19%	2.00%	75,701.84	0.28%
November 2010 .....	-	-	6.36%	2.04%	326,556.29	1.22%
December 2010 .....	-	-	6.34%	2.25%	865,583.43	3.23%
January 2011 .....	-	-	-	-	-	-
February 2011 .....	-	-	-	-	-	-
March 2011 .....	-	-	6.94%	2.25%	118,793.90	0.44%
April 2011 .....	-	-	-	-	-	-
May 2011 .....	-	-	-	-	-	-
June 2011 .....	-	-	-	-	-	-
July 2011 .....	-	-	-	-	-	-
August 2011 .....	-	-	-	-	-	-
September 2011 .....	-	-	-	-	-	-
October 2011 .....	-	-	-	-	-	-
November 2011 .....	-	-	-	-	-	-
December 2011 .....	-	-	-	-	-	-
January 2012 .....	-	-	-	-	-	-
February 2012 .....	-	-	-	-	-	-
March 2012 .....	-	-	-	-	-	-
April 2012 .....	-	-	-	-	-	-
May 2012 .....	-	-	-	-	-	-
June 2012 .....	-	-	-	-	-	-
July 2012 .....	-	-	-	-	-	-
August 2012 .....	-	-	-	-	-	-
September 2012 .....	-	-	-	-	-	-
October 2012 .....	-	-	-	-	-	-
November 2012 .....	-	-	-	-	-	-
	-	-	<b>6.16%</b>	<b>2.17%</b>	<b>12,122,749.34</b>	<b>45.19%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
February 2009 .....	-	-	-	-	-	-
March 2009 .....	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
April 2009.....	-	-	-	-	-	-
May 2009.....	-	-	-	-	-	-
June 2009.....	-	-	-	-	-	-
July 2009 .....	-	-	-	-	-	-
August 2009 .....	-	-	-	-	-	-
September 2009.....	-	-	-	-	-	-
October 2009.....	-	-	-	-	-	-
November 2009 .....	-	-	-	-	-	-
December 2009.....	-	-	-	-	-	-
January 2010.....	-	-	-	-	-	-
February 2010.....	-	-	-	-	-	-
March 2010.....	-	-	-	-	-	-
April 2010.....	-	-	-	-	-	-
May 2010.....	-	-	-	-	-	-
June 2010.....	-	-	-	-	-	-
July 2010 .....	-	-	-	-	-	-
August 2010 .....	-	-	-	-	-	-
September 2010.....	-	-	-	-	-	-
October 2010.....	-	-	-	-	-	-
November 2010 .....	-	-	-	-	-	-
December 2010.....	-	-	-	-	-	-
January 2011.....	-	-	-	-	-	-
February 2011.....	-	-	-	-	-	-
March 2011.....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR</b>						
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
October 2008	-	-	-	-	-	-
April 2009	-	-	-	-	-	-
May 2009	-	-	-	-	-	-
June 2009	-	-	-	-	-	-
July 2009	-	-	-	-	-	-
August 2009	-	-	-	-	-	-
September 2009	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
October 2009	-	-	-	-	-	-
November 2009	-	-	-	-	-	-
December 2009	-	-	-	-	-	-
January 2010	-	-	-	-	-	-
February 2010	-	-	-	-	-	-
March 2010	-	-	-	-	-	-
April 2010	-	-	-	-	-	-
May 2010	-	-	-	-	-	-
June 2010	-	-	-	-	-	-
July 2010	-	-	-	-	-	-
August 2010	-	-	-	-	-	-
September 2010	-	-	-	-	-	-
October 2010	-	-	-	-	-	-
November 2010	-	-	-	-	-	-
December 2010	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total</b>				<b>1.76%</b>	<b>26,823,708.06</b>	<b>100.00%</b>

<b>Distribution by Margin and Reversion Margin (vs Interest Rate)</b>						
<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	0.99%	-	5.49%	-	852,497.34	3.18%
More than 5.50% less than or equal to 6.00%.....	1.33%	-	5.83%	-	11,106,250.71	41.40%
More than 6.00% less than or equal to 6.50%.....	1.97%	-	6.47%	-	807,039.62	3.01%
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>1.35%</b>	<b>-</b>	<b>5.85%</b>	<b>-</b>	<b>12,765,787.67</b>	<b>47.59%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker Discount</b>						
Less than or equal to 5.00%	-0.13%	2.13%	4.37%	2.00%	1,176,045.87	4.38%
More than 5.00% less than or equal to 5.50%.....	0.65%	1.07%	5.15%	1.72%	687,953.02	2.56%
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	1.89%	0.36%	6.39%	2.25%	71,172.16	0.27%
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>0.22%</b>	<b>1.69%</b>	<b>4.72%</b>	<b>1.91%</b>	<b>1,935,171.05</b>	<b>7.21%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	5.86%	2.16%	5,314,715.67	19.81%
More than 6.00% less than or equal to 6.50%.....	-	-	6.18%	2.15%	4,786,268.82	17.84%
More than 6.50% less than or equal to 7.00%.....	-	-	6.81%	2.24%	1,497,260.22	5.58%
More than 7.00% less than or equal to 7.50%.....	-	-	7.21%	2.25%	524,504.63	1.96%
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>6.16%</b>	<b>2.17%</b>	<b>12,122,749.34</b>	<b>45.19%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
Less than or equal to 5.00%	-	-	-	-	-	-

More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR</b>						

Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR Discount</b>						

Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than	-	-	-	-	-	-



or equal to 7.50%.....							
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>					<b>26,823,708.06</b>		<b>100.00%</b>

## Non-Conforming Residential Loans

Distribution by Margin and Reversion Margin						
Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Base Rate Tracker</b>	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Base Rate Tracker Discount</b>						
December 2008 .....	-	-	-	-	-	-
January 2009 .....	-	-	-	-	-	-
February 2009 .....	-	-	-	-	-	-
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	-	-	-	-
May 2009 .....	-	-	-	-	-	-
June 2009 .....	-	-	-	-	-	-
July 2009 .....	-	-	-	-	-	-
August 2009 .....	-	-	-	-	-	-
September 2009 .....	-	-	-	-	-	-
October 2009 .....	-	-	-	-	-	-
November 2009 .....	-	-	-	-	-	-
December 2009 .....	-	-	-	-	-	-
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	-	-	-	-
March 2010 .....	-	-	-	-	-	-
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	-	-	-	-
July 2010 .....	-	-	-	-	-	-
August 2010 .....	-	-	-	-	-	-
September 2010 .....	-	-	-	-	-	-
October 2010 .....	0.54%	1.46%	5.04%	2.00%	143,410.19	0.10%
November 2010 .....	-	-	-	-	-	-
December 2010 .....	-	-	-	-	-	-
	<b>0.54%</b>	<b>1.46%</b>	<b>5.04%</b>	<b>2.00%</b>	<b>143,410.19</b>	<b>0.10%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to Base Rate Tracker</b>						
February 2009 .....	-	-	-	-	-	-
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	-	-	-	-
May 2009 .....	-	-	-	-	-	-
June 2009 .....	-	-	-	-	-	-
July 2009 .....	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
August 2009.....	-	-	-	-	-	-
September 2009.....	-	-	-	-	-	-
October 2009.....	-	-	-	-	-	-
November 2009.....	-	-	-	-	-	-
December 2009.....	-	-	-	-	-	-
January 2010.....	-	-	-	-	-	-
February 2010.....	-	-	-	-	-	-
March 2010.....	-	-	-	-	-	-
April 2010.....	-	-	-	-	-	-
May 2010.....	-	-	-	-	-	-
June 2010.....	-	-	-	-	-	-
July 2010.....	-	-	-	-	-	-
August 2010.....	-	-	-	-	-	-
September 2010.....	-	-	-	-	-	-
October 2010.....	-	-	-	-	-	-
November 2010.....	-	-	-	-	-	-
December 2010.....	-	-	-	-	-	-
January 2011.....	-	-	-	-	-	-
February 2011.....	-	-	-	-	-	-
March 2011.....	-	-	-	-	-	-
April 2011.....	-	-	-	-	-	-
May 2011.....	-	-	-	-	-	-
June 2011.....	-	-	-	-	-	-
July 2011.....	-	-	-	-	-	-
August 2011.....	-	-	-	-	-	-
September 2011.....	-	-	-	-	-	-
October 2011.....	-	-	-	-	-	-
November 2011.....	-	-	-	-	-	-
December 2011.....	-	-	-	-	-	-
January 2012.....	-	-	-	-	-	-
February 2012.....	-	-	-	-	-	-
March 2012.....	-	-	-	-	-	-
April 2012.....	-	-	-	-	-	-
May 2012.....	-	-	-	-	-	-
June 2012.....	-	-	-	-	-	-
July 2012.....	-	-	-	-	-	-
August 2012.....	-	-	-	-	-	-
September 2012.....	-	-	-	-	-	-
October 2012.....	-	-	-	-	-	-
November 2012.....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to LIBOR</b>						
February 2009 .....	-	-	6.31%	2.37%	5,711,707.71	3.97%
March 2009 .....	-	-	-	-	-	-
April 2009 .....	-	-	6.10%	3.00%	43,232.36	0.03%
May 2009 .....	-	-	5.92%	1.92%	205,369.90	0.14%
June 2009 .....	-	-	7.13%	2.87%	1,385,525.38	0.96%
July 2009 .....	-	-	6.95%	2.70%	3,099,829.63	2.16%
August 2009 .....	-	-	6.57%	2.69%	6,739,459.58	4.69%
September 2009 .....	-	-	6.40%	2.49%	19,924,924.12	13.86%
October 2009 .....	-	-	6.76%	2.58%	26,802,414.33	18.64%
November 2009 .....	-	-	7.58%	2.78%	4,495,424.89	3.13%
December 2009 .....	-	-	7.64%	2.80%	18,728,246.15	13.02%
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	6.78%	2.69%	2,991,959.19	2.08%
March 2010 .....	-	-	6.72%	2.66%	5,792,995.03	4.03%
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	6.65%	2.40%	1,216,012.81	0.85%
July 2010 .....	-	-	6.65%	2.58%	4,716,975.08	3.28%
August 2010 .....	-	-	6.53%	2.62%	2,473,048.57	1.72%
September 2010 .....	-	-	6.33%	2.48%	7,308,158.08	5.08%
October 2010 .....	-	-	6.83%	2.64%	2,005,679.01	1.39%
November 2010 .....	-	-	6.90%	2.58%	7,030,376.59	4.89%
December 2010 .....	-	-	7.50%	2.73%	4,228,565.33	2.94%
January 2011 .....	-	-	-	-	-	-
February 2011 .....	-	-	7.04%	2.50%	127,208.30	0.09%
March 2011 .....	-	-	7.50%	2.85%	680,257.94	0.47%
	-	-	<b>6.84%</b>	<b>2.62%</b>	<b>125,707,369.98</b>	<b>87.41%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR</b>	2.61%	-	8.37%	-	8,740,403.96	6.08%
	<b>2.61%</b>	<b>-</b>	<b>8.37%</b>	<b>-</b>	<b>8,740,403.96</b>	<b>6.08%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR Discount</b>						
October 2008 .....	2.90%	0.75%	8.65%	3.65%	182,835.24	0.13%
April 2009 .....	1.14%	1.44%	6.89%	2.58%	156,360.34	0.11%
May 2009 .....	1.13%	1.34%	6.88%	2.46%	772,959.08	0.54%
June 2009 .....	1.16%	1.70%	6.91%	2.86%	818,819.73	0.57%
July 2009 .....	0.89%	1.30%	6.64%	2.18%	400,560.63	0.28%
August 2009 .....	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR Discount</b>						
September 2009 .....	0.88%	1.72%	6.63%	2.59%	771,911.30	0.54%
October 2009 .....	1.18%	1.39%	6.93%	2.57%	1,771,455.83	1.23%
November 2009 .....	2.77%	-0.02%	8.52%	2.75%	134,431.16	0.09%
December 2009 .....	1.23%	1.12%	6.98%	2.35%	1,089,104.32	0.76%
January 2010 .....	1.55%	1.22%	7.30%	2.77%	133,215.26	0.09%
February 2010 .....	2.17%	1.22%	7.92%	3.40%	208,223.39	0.14%
March 2010 .....	1.78%	1.56%	7.53%	3.34%	293,061.70	0.20%
April 2010 .....	1.36%	1.70%	7.11%	3.05%	1,164,841.84	0.81%
May 2010 .....	0.67%	1.58%	6.42%	2.25%	220,825.03	0.15%
June 2010 .....	0.84%	1.61%	6.59%	2.45%	222,096.85	0.15%
July 2010 .....	1.45%	1.80%	7.20%	3.25%	443,017.08	0.31%
August 2010 .....	-	-	-	-	-	-
September 2010 .....	0.81%	1.43%	6.56%	2.25%	237,798.44	0.17%
October 2010 .....	0.17%	2.08%	5.92%	2.25%	76,742.22	0.05%
November 2010 .....	-	-	-	-	-	-
December 2010 .....	0.67%	1.58%	6.42%	2.25%	117,763.68	0.08%
	<b>1.24%</b>	<b>1.45%</b>	<b>6.99%</b>	<b>2.68%</b>	<b>9,216,023.12</b>	<b>6.41%</b>
<b>Total</b>				<b>2.62%</b>	<b>143,807,207.25</b>	<b>100.00%</b>

**Distribution by Margin and Reversion Margin (vs Interest Rate)**

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Base Rate Tracker</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50% .....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker Discount</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	0.54%	1.46%	5.04%	2.00%	143,410.19	0.10%
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>0.54%</b>	<b>1.46%</b>	<b>5.04%</b>	<b>2.00%</b>	<b>143,410.19</b>	<b>0.10%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to LIBOR</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	5.50%	2.25%	236,277.10	0.16%
More than 5.50% less than or equal to 6.00% .....	-	-	5.88%	2.18%	13,680,817.97	9.51%
More than 6.00% less than or equal to 6.50% .....	-	-	6.27%	2.35%	36,168,268.64	25.15%
More than 6.50% less than or equal to 7.00% .....	-	-	6.72%	2.57%	26,961,666.71	18.75%
More than 7.00% less than or equal to 7.50% .....	-	-	7.20%	2.78%	24,772,473.56	17.23%
More than 7.50% less than or equal to 8.00% .....	-	-	7.75%	2.93%	14,650,345.34	10.19%
More than 8.00% less than or equal to 8.50% .....	-	-	8.25%	3.49%	5,305,749.68	3.69%
More than 8.50% less than or equal to 9.00% .....	-	-	8.61%	3.65%	2,674,561.20	1.86%
More than 9.00% less than or equal to 9.50% .....	-	-	9.27%	3.35%	1,033,487.79	0.72%
More than 9.50% less than or equal to 10.00% .....	-	-	9.59%	3.70%	148,495.87	0.10%
More than 10.00% .....	-	-	10.29%	4.20%	75,226.12	0.05%
	-	-	<b>6.84%</b>	<b>2.62%</b>	<b>125,707,369.98</b>	<b>87.41%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50% .....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00% .....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50% .....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00% .....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50% .....	1.54%	-	7.29%	-	1,357,118.40	0.94%
More than 7.50% less than or equal to 8.00% .....	1.99%	-	7.74%	-	2,102,383.44	1.46%
More than 8.00% less than or equal to 8.50% .....	2.58%	-	8.33%	-	1,547,953.64	1.08%
More than 8.50% less than or equal to 9.00% .....	3.15%	-	8.90%	-	1,927,895.47	1.34%
More than 9.00% less than or equal to 9.50% .....	3.60%	-	9.35%	-	1,613,898.41	1.12%
More than 9.50% less than or equal to 10.00% .....	3.95%	-	9.70%	-	191,154.60	0.13%
More than 10.00% .....	-	-	-	-	-	-
	<b>2.62%</b>	-	<b>8.37%</b>	-	<b>8,740,403.96</b>	<b>6.08%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR Discount</b>						
Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than	-	-	-	-	-	-

or equal to 5.50%						
More than 5.50% less than or equal to 6.00%	0.15%	2.10%	5.90%	2.25%	723,376.92	0.50%
More than 6.00% less than or equal to 6.50%	0.54%	1.76%	6.29%	2.30%	2,311,711.67	1.61%
More than 6.50% less than or equal to 7.00%	0.99%	1.27%	6.74%	2.27%	2,734,384.37	1.90%
More than 7.00% less than or equal to 7.50%	1.52%	1.30%	7.27%	2.82%	1,459,054.51	1.01%
More than 7.50% less than or equal to 8.00%	1.94%	1.22%	7.69%	3.16%	614,967.63	0.43%
More than 8.00% less than or equal to 8.50%	2.55%	1.51%	8.30%	4.06%	463,746.45	0.32%
More than 8.50% less than or equal to 9.00%	3.01%	1.03%	8.76%	4.04%	908,781.57	0.63%
More than 9.00% less than or equal to 9.50%	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%	-	-	-	-	-	-
More than 10.00%	-	-	-	-	-	-
	<u>1.24%</u>	<u>1.45%</u>	<u>6.99%</u>	<u>2.68%</u>	<u>9,216,023.12</u>	<u>6.41%</u>
<b>Total</b>					<b>143,807,207.25</b>	<b>100.00%</b>



## Buy to Let Residential Loans

### Distribution by Margin and Reversion Margin

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Base Rate Tracker</b>	1.41%	-	5.91%	-	33,690,795.99	17.42%
	<b>1.41%</b>	<b>-</b>	<b>5.91%</b>	<b>-</b>	<b>33,690,795.99</b>	<b>17.42%</b>
<b>Base Rate Tracker Discount</b>						
December 2008.....	-	-	-	-	-	-
January 2009.....	0.74%	1.21%	5.24%	1.95%	172,351.29	0.09%
February 2009.....	-	-	-	-	-	-
March 2009.....	0.74%	1.21%	5.24%	1.95%	79,620.86	0.04%
April 2009.....	0.74%	1.21%	5.24%	1.95%	159,291.12	0.08%
May 2009.....	-	-	-	-	-	-
June 2009.....	-	-	-	-	-	-
July 2009.....	0.75%	1.23%	5.25%	1.98%	156,315.96	0.08%
August 2009.....	0.25%	1.70%	4.75%	1.95%	89,318.31	0.05%
September 2009.....	0.60%	1.37%	5.10%	1.97%	911,685.36	0.47%
October 2009.....	0.52%	1.51%	5.02%	2.03%	540,131.78	0.28%
November 2009.....	0.32%	1.64%	4.82%	1.96%	413,972.46	0.21%
December 2009.....	-	-	-	-	-	-
January 2010.....	0.65%	1.34%	5.15%	1.99%	137,335.23	0.07%
February 2010.....	0.45%	1.55%	4.95%	2.00%	482,625.91	0.25%
March 2010.....	0.44%	1.56%	4.94%	2.00%	370,558.49	0.19%
April 2010.....	0.41%	1.59%	4.91%	2.00%	2,513,090.98	1.30%
May 2010.....	0.47%	1.53%	4.97%	2.00%	970,032.56	0.50%
June 2010.....	0.45%	1.55%	4.95%	2.00%	2,019,305.59	1.04%
July 2010.....	0.40%	1.62%	4.90%	2.02%	2,790,073.91	1.44%
August 2010.....	0.40%	1.66%	4.90%	2.06%	906,499.36	0.47%
September 2010.....	0.36%	1.65%	4.86%	2.01%	2,427,001.79	1.25%
October 2010.....	0.43%	1.58%	4.93%	2.01%	4,360,992.68	2.25%
November 2010.....	0.40%	1.62%	4.90%	2.02%	2,767,913.85	1.43%
December 2010.....	0.44%	1.56%	4.94%	2.00%	536,360.08	0.28%
	<b>0.43%</b>	<b>1.58%</b>	<b>4.93%</b>	<b>2.01%</b>	<b>22,804,477.57</b>	<b>11.79%</b>

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>Fixed reverting to Base Rate Tracker</b>						
February 2009	-	-	5.07%	1.95%	8,493,096.97	4.39%
March 2009	-	-	-	-	-	-
April 2009	-	-	5.29%	1.95%	383,171.71	0.20%
May 2009	-	-	5.24%	1.95%	646,759.73	0.33%
June 2009	-	-	5.41%	1.95%	187,205.60	0.10%
July 2009	-	-	6.69%	2.00%	302,330.54	0.16%
August 2009	-	-	5.99%	2.10%	174,453.08	0.09%
September 2009	-	-	5.96%	2.07%	756,576.38	0.39%
October 2009	-	-	6.01%	2.11%	457,833.75	0.24%

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
November 2009	-	-	-	-	-	-
December 2009	-	-	-	-	-	-
January 2010	-	-	-	-	-	-
February 2010	-	-	5.92%	2.00%	744,419.11	0.38%
March 2010	-	-	5.74%	2.00%	1,262,119.17	0.65%
April 2010	-	-	5.53%	1.95%	458,927.19	0.24%
May 2010	-	-	-	-	-	-
June 2010	-	-	6.32%	2.02%	632,173.74	0.33%
July 2010	-	-	6.15%	2.01%	1,434,815.67	0.74%
August 2010	-	-	5.65%	2.00%	20,302,118.45	10.50%
September 2010	-	-	5.69%	2.00%	44,655,309.08	23.09%
October 2010	-	-	6.15%	2.00%	2,855,073.67	1.48%
November 2010	-	-	6.28%	2.08%	16,564,016.21	8.56%
December 2010	-	-	6.32%	2.25%	15,365,148.31	7.94%
January 2011	-	-	-	-	-	-
February 2011	-	-	5.40%	2.01%	876,385.01	0.45%
March 2011	-	-	6.06%	2.15%	1,458,076.65	0.75%
April 2011	-	-	-	-	-	-
May 2011	-	-	-	-	-	-
June 2011	-	-	-	-	-	-
July 2011	-	-	-	-	-	-
August 2011	-	-	-	-	-	-
September 2011	-	-	5.55%	1.95%	101,084.40	0.05%
October 2011	-	-	-	-	-	-
November 2011	-	-	5.55%	1.98%	191,137.55	0.10%
December 2011	-	-	-	-	-	-
January 2012	-	-	-	-	-	-
February 2012	-	-	5.58%	2.00%	719,615.92	0.37%
March 2012	-	-	5.57%	2.00%	1,583,374.50	0.82%
April 2012	-	-	-	-	-	-
May 2012	-	-	-	-	-	-
June 2012	-	-	6.58%	2.00%	219,187.80	0.11%
July 2012	-	-	-	-	-	-
August 2012	-	-	5.83%	2.00%	13,445,252.11	6.95%
September 2012	-	-	-	-	-	-
October 2012	-	-	6.49%	2.00%	110,272.97	0.06%
November 2012	-	-	6.30%	2.19%	2,539,990.66	1.31%
	-	-	<b>5.83%</b>	<b>2.04%</b>	<b>136,919,925.93</b>	<b>70.79%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
February 2009 .....	-	-	-	-	-	-
March 2009 .....	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
April 2009 .....	-	-	-	-	-	-
May 2009 .....	-	-	-	-	-	-
June 2009 .....	-	-	-	-	-	-
July 2009 .....	-	-	-	-	-	-
August 2009 .....	-	-	-	-	-	-
September 2009 .....	-	-	-	-	-	-
October 2009 .....	-	-	-	-	-	-
November 2009 .....	-	-	-	-	-	-
December 2009 .....	-	-	-	-	-	-
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	-	-	-	-
March 2010 .....	-	-	-	-	-	-
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	-	-	-	-
July 2010 .....	-	-	-	-	-	-
August 2010 .....	-	-	-	-	-	-
September 2010 .....	-	-	-	-	-	-
October 2010 .....	-	-	-	-	-	-
November 2010 .....	-	-	-	-	-	-
December 2010 .....	-	-	-	-	-	-
January 2011 .....	-	-	-	-	-	-
February 2011 .....	-	-	-	-	-	-
March 2011 .....	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR</b>	-	-	-	-	-	-
	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
October 2008 .....	-	-	-	-	-	-
April 2009 .....	-	-	-	-	-	-
May 2009 .....	-	-	-	-	-	-
June 2009 .....	-	-	-	-	-	-
July 2009 .....	-	-	-	-	-	-
August 2009 .....	-	-	-	-	-	-

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>LIBOR Discount</b>						
September 2009 .....	-	-	-	-	-	-
October 2009 .....	-	-	-	-	-	-
November 2009 .....	-	-	-	-	-	-
December 2009 .....	-	-	-	-	-	-
January 2010 .....	-	-	-	-	-	-
February 2010 .....	-	-	-	-	-	-
March 2010 .....	-	-	-	-	-	-
April 2010 .....	-	-	-	-	-	-
May 2010 .....	-	-	-	-	-	-
June 2010 .....	-	-	-	-	-	-
July 2010 .....	-	-	-	-	-	-
August 2010 .....	-	-	-	-	-	-
September 2010 .....	-	-	-	-	-	-
October 2010 .....	-	-	-	-	-	-
November 2010 .....	-	-	-	-	-	-
December 2010 .....	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total</b>				<b>1.93%</b>	<b>193,415,199.49</b>	<b>100.00%</b>

<b>Distribution by Margin and Reversion Margin (vs Interest Rates)</b>						
<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker</b>						
Less than or equal to 5.00%	0.47%	-	4.97%	-	5,434,570.54	2.81%
More than 5.00% less than or equal to 5.50% .....	0.78%	-	5.28%	-	5,244,476.18	2.71%
More than 5.50% less than or equal to 6.00% .....	1.17%	-	5.67%	-	5,066,450.25	2.62%
More than 6.00% less than or equal to 6.50% .....	1.95%	-	6.45%	-	17,030,196.47	8.80%
More than 6.50% less than or equal to 7.00% .....	2.07%	-	6.57%	-	915,102.55	0.47%
More than 7.00% less than or equal to 7.50% .....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00% .....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50% .....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00% .....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50% .....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00% .....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>1.41%</b>	<b>-</b>	<b>5.91%</b>	<b>-</b>	<b>33,690,795.99</b>	<b>17.42%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Base Rate Tracker Discount</b>						
Less than or equal to 5.00%	0.33%	1.66%	4.83%	2.00%	15,565,525.04	8.05%
More than 5.00% less than or equal to 5.50%.....	0.63%	1.40%	5.13%	2.04%	7,172,436.93	3.71%
More than 5.50% less than or equal to 6.00%.....	1.05%	1.20%	5.55%	2.25%	66,515.60	0.03%
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>0.43%</b>	<b>1.58%</b>	<b>4.93%</b>	<b>2.01%</b>	<b>22,804,477.57</b>	<b>11.79%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to Base Rate Tracker</b>						
Less than or equal to 5.00%	-	-	4.94%	1.95%	4,061,966.95	2.10%
More than 5.00% less than or equal to 5.50%.....	-	-	5.44%	1.99%	47,916,147.68	24.77%
More than 5.50% less than or equal to 6.00%.....	-	-	5.87%	2.02%	46,523,384.06	24.05%
More than 6.00% less than or equal to 6.50%.....	-	-	6.23%	2.13%	26,307,721.97	13.60%
More than 6.50% less than or equal to 7.00%.....	-	-	6.69%	2.16%	12,110,705.27	6.26%
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>5.83%</b>	<b>2.04%</b>	<b>136,919,925.93</b>	<b>70.79%</b>

<b>Date of Reversion</b>	<b>WA Current (Margin)</b>	<b>WA Discount (Margin)</b>	<b>WA Current (Rate)</b>	<b>WA Reversion (Margin)</b>	<b>Current Balance</b>	<b>% of Total Balance</b>
<b>Fixed reverting to LIBOR</b>						
Less than or equal to 5.00%	-	-	-	-	-	-

More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR</b>						

Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-
More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

Date of Reversion	WA Current (Margin)	WA Discount (Margin)	WA Current (Rate)	WA Reversion (Margin)	Current Balance	% of Total Balance
<b>LIBOR Discount</b>						

Less than or equal to 5.00%	-	-	-	-	-	-
More than 5.00% less than or equal to 5.50%.....	-	-	-	-	-	-
More than 5.50% less than or equal to 6.00%.....	-	-	-	-	-	-
More than 6.00% less than or equal to 6.50%.....	-	-	-	-	-	-
More than 6.50% less than or equal to 7.00%.....	-	-	-	-	-	-

More than 7.00% less than or equal to 7.50%.....	-	-	-	-	-	-
More than 7.50% less than or equal to 8.00%.....	-	-	-	-	-	-
More than 8.00% less than or equal to 8.50%.....	-	-	-	-	-	-
More than 8.50% less than or equal to 9.00%.....	-	-	-	-	-	-
More than 9.00% less than or equal to 9.50%.....	-	-	-	-	-	-
More than 9.50% less than or equal to 10.00%.....	-	-	-	-	-	-
More than 10.00% .....	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>					<b>193,415,199.49</b>	<b>100.00%</b>

## THE MORTGAGE POOL (CONTINUED)

### Title to the Mortgage Pool

The Mortgage Pool will consist of mortgages originated by PFL (the "**Mortgages**").

Pursuant to, and under the terms of the Mortgage Sale Agreement, dated on or about the Closing Date, PFL will transfer the beneficial title to the Mortgages, with a right to call for the legal title thereto, to the Issuer. PFL will declare a trust governed by Scots law (the "**Scottish Declaration of Trust**") in favour of the Issuer in respect of those Mortgages that are Scottish Mortgages.

In the case of the Mortgages over registered land in England and Wales or over any land in Scotland which will be transferred to the Issuer on the Closing Date, PFL has agreed to remain on the relevant Land register as the legal mortgagee or as heritable creditor.

Prior to the Issuer obtaining the requisite licence under the CCA, PFL will hold the English Mortgages originated by it on trust for the Issuer under a bare trust (the "**CCA Mortgages Trust**"). Upon the requisite CCA licence being obtained, the CCA Mortgages Trust (but not, for the avoidance of doubt, the Scottish Declaration of Trust) will terminate and the beneficial title to the Mortgages will be transferred to the Issuer as outlined above.

None of the above-mentioned transfers to the Issuer is to be completed by registration at the Land Registry or the Registers of Scotland or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. The Mortgages in the Mortgage Pool and their collateral security are accordingly owned in equity only by the Issuer (or, in the case of the Scottish Mortgages, the Issuer holds the beneficial interests therein under the Scottish Declaration of Trust) pending such transfer. Legal title in the Mortgages and their collateral security continues to be vested in PFL. PFL has agreed to transfer legal title to the Mortgages and their collateral security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only in the circumstances set out below.

The Issuer will grant a first fixed charge in favour of the Trustee over its interest in the Mortgages, or in the case of the Scottish Mortgages an assignation in security (broadly equivalent to a first fixed charge) of its beneficial interest therein under the Scottish Declaration of Trust.

Save as mentioned below, the Trustee has undertaken not to effect any registration at the Land Registry to protect the sale of the Mortgages to the Issuer or the granting of security over the Mortgages by the Issuer in favour of the Trustee nor, save as mentioned below, to obtain possession of title deeds to the properties the subject of the Mortgages.

Notices of the equitable assignments and the Scottish Declaration of Trust in favour of the Issuer and the security in favour of the Trustee will not, save as mentioned below, be given to the Borrowers under the Mortgages.

Under the Mortgage Sale Agreement and the Deed of Charge, completion of the transfers to the Issuer will be effected and the Issuer and the Trustee will each be entitled to effect such registrations and give such notices as it considers necessary to protect their respective interests in the Mortgages, and to call for a legal assignment, assignation or transfer of the Mortgages in favour of the Issuer and a legal submortgage (or Scottish equivalent) over such Mortgages and collateral security in favour of the Trustee.

Under the Mortgage Sale Agreement and the Deed of Charge the Issuer and the Trustee have undertaken to take such steps only where, *inter alia*, the Issuer has obtained the requisite licence under the CCA and (i) it is necessary as a result of a change in law, or required by an order of a court of competent jurisdiction or by a competent regulatory authority, (ii) after an Enforcement Notice (as defined in the Conditions) has been served on the Issuer by the Trustee, (iii) the Trustee considers that the security under the Deed of Charge or any material part thereof is in material jeopardy, in the reasonable opinion of the Trustee, and the Trustee decides to take such action to reduce materially such jeopardy, or (iv) PFL calls for perfection of title by serving a notice to that effect on the Issuer and the Trustee. Following such legal assignment, assignation or transfer and sub-charge, the Issuer and the Trustee will each be entitled to take all necessary steps to perfect legal title to its interests in the Mortgages, including the carrying out of any necessary registrations, recordings and notifications. These rights are supported by irrevocable powers of attorney given by PFL pursuant to the Mortgage Sale Agreement.



If any of the events referred to in paragraphs (i) to (iv) above occurs prior to the Issuer obtaining the requisite licence under the CCA, then the Issuer (or certain persons on its behalf) shall send written notice to each Borrower informing it of the Issuer's interest in the related Mortgages under the related CCA Mortgages Trust and the Scottish Declaration of Trust and the above steps necessary to perfect the transfer of legal title to the Issuer shall occur as soon as possible after the requisite CCA licence has been obtained.

#### *Warranties and Breach of Warranties in relation to the Mortgages*

The Mortgage Sale Agreement contains certain warranties given by PFL in favour of the Issuer in relation to the mortgages sold to the Issuer pursuant to the Mortgage Sale Agreement.

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

If there is an unremedied material breach of any of the warranties given under the Mortgage Sale Agreement then the Trustee has the discretion to demand that a Relevant Purchaser purchase any Mortgage which is the subject of the relevant unremedied material breach for a consideration in cash equal to all sums due or owing thereunder (including accrued interest) as at the date of purchase (after deducting the amount of any interest not then accrued but paid in advance by the relevant mortgagor, which amount will be retained by the Issuer) (the "**Put Option**"). The obligations of the Relevant Purchasers under the Put Option are guaranteed by Britannia pursuant to the Mortgage Sale Agreement. Performance of such purchase will be in full satisfaction of the liabilities of Britannia or a Relevant Purchaser in respect of the relevant breach. There are no other circumstances in which a Relevant Purchaser would be obliged to purchase the Mortgages. Any non-mandatory purchase of Mortgages by Britannia, PFL or a Britannia Group Company beyond any contractual obligations in the Mortgage Sale Agreement would be made at fair market value.

#### *Warranties relating to the Mortgage Sale Agreement*

The warranties that will be given to the Issuer and separately to the Trustee by PFL pursuant to the Mortgage Sale Agreement include, *inter alia*, similar statements to the following effect (defined terms having the meaning given to them in the Mortgage Sale Agreement) and see also "*Insurance Contracts*" below:

- each Loan was originated by and made by PFL on its own account;
- as of the relevant cut-off date, the particulars of the Loans set out in the Mortgage Sale Agreement were complete, true and accurate in respect of the data fields described in the Mortgage Sale Agreement;
- each Loan arose from the ordinary course of PFL's residential secured lending activities in England and Wales and Scotland and, in each case, at the time of origination, the Lending Guidelines were satisfied;
- each Loan and its Related Security was made 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 (other than in cases where the Issuer's prior consent was obtained);
- all of the Borrowers are individuals;
- no Borrower is an employee or director of PFL;
- the amount outstanding under each Loan is a valid debt to PFL from the Borrower and the terms of each Loan and its Related Security constitute valid, binding and enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and (ii) the warranty does not apply in relation to any redemption fees that may be payable;

- no Loan documented as an Unregulated Loan is a Regulated Loan, or, to the extent that it is so regulated or partly regulated, the Originator has complied with all of the legal requirements of, and procedures set out in, the CCA and all secondary legislation made pursuant thereto;
- no Loan constitutes an unfair relationship for the purposes of sections 140A to 140D of the CCA;
- in relation to any Right to Buy Loan:
  - (a) in the case of an English Loan, PFL is an approved lending institution within the meaning given to that expression in the Housing Act 1985;
  - (b) the original advance or Further Advance was made to a person exercising the right to buy;
  - (c) either the original advance (or Further Advance) was made for the sole purpose of enabling the recipient thereof to purchase or re-mortgage the relevant Property or, in cases where additional amounts have been advanced to the Borrower and the relevant local authority's statutory charge or standard security has not been postponed, there exists legal, valid, binding and enforceable insurance cover in respect of any losses which could arise by virtue of the local authority's statutory charge or Standard Security; and
  - (d) where the Property comprises an ex-council flat, the minimum property value is £25,000 and the block contains no more than 6 floors;
- there are no outstanding obligations on PFL to make any Further Advances (excluding any Retentions) to any Borrower;
- in respect of any Loan in respect of which the relevant Borrower has been permitted to enter into a tenancy, such tenancy is an assured shorthold tenancy (in relation to any English Loan) or a short assured tenancy within the meaning of the Housing (Scotland) Act 1988 (in relation to any Scottish Loan);
- in respect of any Scottish Loan in respect of which the relevant Borrower has been permitted to enter into a short assured tenancy within the meaning of the Housing (Scotland) Act 1988, notice was given to the relevant tenant in accordance with section 32 of that Act;
- in relation to any leasehold Property, in any case where PFL has received written notice from the relevant landlord that it is or may be taking reasonable steps to forfeit or irritate the lease of that Property, PFL has taken such reasonable steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and the Loan;
- no Loan is currently repayable in a currency other than Sterling;
- with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was £10,000 or more but less than £1,000,000;
- all costs and fees payable by the Borrower in connection with the origination of the Loans have been paid;
- in the case of each Loan, PFL caused to be made on its behalf a valuation of the relevant Property by a valuer approved by PFL (being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers for the valuation of a Property, (a "Valuer") or by an automated valuation model by Hometrack Data Systems Limited in all material respects in accordance with the Lending Criteria;
- PFL has not agreed to waive any of its rights against any valuer, solicitor, licensed or qualified conveyancer or other professional who has provided information, carried out work or given advice in connection with any Loan or Related Security;
- all of the Properties are residential and located in England and Wales and Scotland;

- prior to making a Loan to a Borrower, PFL either:
  - (a)
    - (i) caused its approved solicitors (being: (A) any firm of solicitors authorised to practise law by the Law Society of England and Wales or the Law Society of Scotland having at least two partners; (B) any firms of solicitors authorised to practice law by the Law Society of England and Wales or the Law Society of Scotland having a sole principal; or (C) such other firm as would be approved by a Prudent Mortgage Lender ("**Approved Solicitors**") or its approved conveyancers (being: (1) any sole principal, partnership or incorporated practice of conveyancers authorised to practise conveyancing by the Council of Licensed Conveyancers; or (2) such other firm as would be approved by a Prudent Mortgage Lender ("**Approved Conveyancers**") to carry out in relation to the relevant Property all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors normally make when lending to an individual on the security of residential property, as the case may be, in England and Wales and Scotland; and
    - (ii) received a certificate of title prepared by Approved Solicitors or Approved Conveyancers (a "**Certificate of Title**") relating to such Property and the results thereof were such as would be acceptable to a Prudent Mortgage Lender in order to proceed with the Loan; or
  - (b)
    - (i) arranged for PFL's interest in the Property to be insured under a title insurance policy (being a title insurance policy, in the form of London & European All Inclusive Lenders' Title Policy dated January 2007 together with a certificate of title insurance issued by the insurer to the relevant Borrower and the underwriting criteria described as such applicable to a Loan, which is subject to each Title Insurance Policy (the "**Underwriting Criteria**") and any other insurance policies in replacement, addition or substitution thereof or thereto from time to time which relate to the Mortgages) (a "**Title Insurance Policy**") applicable to such Property and PFL is insured under such policy; and
    - (ii) received a restricted certificate of title from Approved Solicitors or Approved Conveyancers relating to such Property relating to the title to the Property in a form approved by the insurer under each Title Insurance Policy (a "**Restricted Certificate of Title**");
- in relation to each English Mortgage, 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 and, in relation to a Right to Buy Loan, any charge or security which may arise or be granted in favour of the relevant Local Authority which has not been postponed) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:
  - (a) the lease cannot be forfeited on the bankruptcy of the tenant;
  - (b) 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
  - (c) a copy of the consent or notice has been or will be placed with the Title Deeds;
- in relation to each Scottish Mortgage, the Borrower has a valid and marketable heritable or long lease title to the relevant Property (subject to registration or recording of the title at the Registers of Scotland) free (save for the Scottish Mortgage and any subsequent ranking heritable security and, in relation to a Right to Buy Loan, any charge or security which may arise or be granted in favour of the relevant Local Authority which has not been postponed) from any encumbrance which would materially and adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:

- (a) the lease cannot be irritated on the bankruptcy of the tenant;
  - (b) 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
  - (c) a copy of the consent or notice has been or will be placed with the title deeds;
- all steps necessary to perfect PFL's title to each Loan were duly taken or are in the process of being taken with all due diligence and PFL is not aware of any caution, notice, inhibitions or restrictions which would prevent the registration or recording of the Loan in due course;
  - no Loan is subject to any right of rescission, set-off, lien, counterclaim or defence and there are no outstanding claims by PFL in respect of any material breaches of the terms of any Loan;
  - PFL has not waived any of its rights under or in relation to a Loan which would materially reduce the value of the Loan;
  - the terms of the Loan Agreement relating to each Loan are not "unfair terms" within the meaning of the Unfair Terms in Consumer Contracts Regulations 1994 or the Unfair Terms in Consumer Contract Regulations 1999 but this warranty shall not be construed so as to apply in respect of any redemption fees or other charges;
  - so far as PFL is aware, in relation to each Mortgage entered into before 31 October 2004, PFL has complied in all material respects with the Council of Mortgage Lenders' Code of Practice;
  - so far as PFL is aware, in respect of each Mortgage entered into before 31 October 2004, PFL has received no complaints that it has not complied with the terms of the Office of Fair Trading's November 1997 Guidelines for Non-Status Mortgage Lenders;
  - in relation to each English Mortgage every person who, at the date upon which the relevant Loan was made, had attained the age of seventeen and who had been notified to PFL as residing or being about to reside in a Property subject to a Mortgage, is either the relevant Borrower or has signed a Deed of Consent so as to ensure that the relevant Property is not subject to any right of occupancy and in relation to each Scottish Mortgage, all necessary documentation has been obtained so as to ensure that the relevant Property is not subject to any right of occupancy;
  - each property is insured (from the date of completion of the relevant Loan) (i) under the Third Party Buildings Policies, (ii) with a reputable insurance company approved by PFL, (iii) against all risks usually covered by a Prudent Mortgage Lender in England and Wales or Scotland, as applicable, advancing money on the security of residential property, and (iv) to an amount not less than the full reinstatement cost as determined by the relevant valuer or automated valuation model (as applicable);
  - save in respect of any new mortgage indemnity insurance policy that PFL may enter into after the date of the Mortgage Sale Agreement, the Insurance Policies are in full force and effect and all premiums payable thereon have been paid and, so far as PFL is aware, the relevant policies are valid and enforceable and PFL has not received notice that there are, and is not otherwise aware of any reasons why an insurer may refuse to accept liability under the same;
  - as far as PFL is aware, there is no claim outstanding under any of the Third Party Buildings Policies (save for senior claims not involving the destruction of Property) and PFL is not aware of any circumstances, act or thing which would, or would be likely to, give rise to any claim under any of the foregoing;
  - save for Title Deeds held at the Land Registry or the Registers of Scotland all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by PFL or its agents and the title deeds held at the Land Registry or the Registers of Scotland are held on the basis that any such title deeds shall be returned to PFL or its solicitors or agents;
  - PFL 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 or the Registers of Scotland of PFL as proprietor or heritable creditor of the relevant Mortgage;

- PFL has not received written notice and is not aware of any litigation or claim which may have a material adverse affect on PFL's title to any Loan or Related Security;
- PFL has made all notifications as required under the provisions of the Data Protection Act 1998 to enable it to perform its obligations under the Transaction Documents to which it is a party;
- PFL has at all relevant times (i) held a subsisting licence under the terms of the Consumer Credit Act 1974 to carry on consumer credit business in England and Wales and Scotland and (ii) a registration under the Data Protection Act 1998 or equivalent;
- all formal approvals, consents and other steps necessary to permit a legal transfer and assignation of the Loans and their related Mortgages and the other Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken (except that the Issuer has applied for, but not yet obtained, a licence under the Consumer Credit Act 1974);
- PFL has, since the making of each Loan, kept such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceedings relating to that Loan and its Mortgage and the Related Security and all such accounts, books and records are in the possession of PFL;
- in respect of each Buy to Let Loan:
  - (a) the relevant tenancy, if any, is (i) an assured shorthold tenancy within the meaning of the Housing Act 1988 (in relation to any English Loan) or a short assured tenancy within the meaning of the Housing (Scotland) Act 1988 (in relation to any Scottish Loan) (an "**Assured Shorthold Tenancy**") for a fixed term not more than 12 months or, where the Housing Act 1988 or the Housing (Scotland) Act 1988 do not apply to the tenancy, a tenancy agreement on terms no less favourable to PFL as would be the case if the tenancy had been an Assured Shorthold Tenancy (an "**Other Tenancy Agreement**" and together with the "**Assured Shorthold Tenancies**", the "**Existing Tenancy Agreements**") and (ii) PFL is not aware of any material breach of such Existing Tenancy Agreements;
  - (b) PFL caused to be made on its behalf a valuation of the relevant Property together with the relevant rental income estimate (except for a House Plus Loan which is assessed on a Borrower's self certified income) of the relevant Property by a Valuer in all material respects in accordance with the Lending Criteria or by an automated valuation model;
  - (c) if the relevant Property is secured by an English Mortgage, 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, any subsequent ranking mortgage and subject to any Existing Tenancy Agreements and, in relation to a Right to Buy Loan, any charge or security which may arise or be granted in favour of the relevant Local Authority which has not been postponed) 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 on the bankruptcy 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;
  - (d) if the relevant Property is secured by a Scottish Mortgage, the Borrower has a valid and marketable heritable or long lease title to the relevant Property (subject to registration or recording of the title at the Registers of Scotland) free (save for the Scottish Mortgage and any subsequent ranking heritable security and subject to any Existing Tenancy Agreements and, in relation to a Right to Buy Loan, any charge or security which may arise or be granted in favour of the relevant Local Authority which has not been

postponed) from any encumbrance which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:

- (i) the lease cannot be irritated on the bankruptcy 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;
  - (e) PFL has good and marketable title to, and is the absolute unencumbered legal and beneficial owner of, each Buy to Let Loan and its Related Security, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption, any Existing Tenancy Agreements and subject to registration or recording at the Land Registry or the Registers of Scotland of PFL as proprietor or registered owner or heritable creditor of the relevant Mortgage;
- in respect of any Mortgage entered into on or after 31 October 2004, PFL was authorised by and had permission from the FSA 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;
  - PFL is authorised by and had permission from the FSA for conducting any other regulated activities (as defined in the Financial Services and Markets Act 2000) carried on by it in respect of each Mortgage;
  - PFL has complied with all applicable requirements of law or of any person who has regulatory authority which has the force of law in respect of the Mortgages, in particular the provisions of the FSA Mortgages Conduct of Business Sourcebook as amended from time to time;
  - no Borrower has made any complaint and there is no pending or threatened action or proceeding by an applicant against PFL in respect of the Mortgages;
  - each officer or employee of PFL in any capacity which involves a controlled function (as defined in the rules, guidance and evidential provisions as amended from time to time contained in the FSA Handbook of Rules and Guidance (the "**FSA 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 FSA Rules;
  - PFL has created and maintained all records in respect of the Mortgages in accordance with the FSA Rules and any other applicable requirements of law or of any person who has regulatory authority which has the force of law;
  - 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) PFL had complied with the relevant provisions of the Distance Marketing of Consumer Financial Services Directive, as implemented in the United Kingdom;
  - PFL has not altered the terms of any letter of offer accepted by a Borrower relating to a Loans or otherwise changed any of the terms and conditions relating to any Loans other than in accordance with the terms and conditions of the letter of offer relating to a Loans as accepted by the applicable Borrower;
  - Each Loan (including any Further Advances) sold by PFL 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 Further Advance), a "financial asset" as defined in: (i) United Kingdom Financial Reporting Standard 25 ("**FRS 25**") (if the Issuer prepares its statutory individual entity financial statements for the period in which such acquisition occurs in accordance with FRS 25); or (ii) International Accounting Standard 32 ("**IAS 32**") (if the Issuer prepares its statutory individual entity financial statements for the period in which such acquisition occurs in accordance with IAS 32);
  - each Further Advance constitutes a legal, valid, binding and enforceable obligation of the relevant Borrower and each relevant Mortgage securing that Further Advance secures the

repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the person entitled to the benefit of the relevant Mortgage (the "**Mortgagee**") in priority, in the case of a Mortgage which is a first ranking mortgage or standard security, to any other mortgages, charges or securities (including without limitation those registered or recorded against the relevant Property but subject to, in relation to Right to Buy Loans, any charge or security in favour of the relevant Local Authority where such charge or standard security has not been postponed);

- the beneficial interest in each Further Advance is vested in the Issuer pursuant to the Mortgage Sale Agreement or (as the case might be) the Scottish Declaration of Trust;
- prior to making a Further Advance to a Borrower, all investigations, searches and other actions that are required to be undertaken pursuant to the Administration Agreement were duly undertaken;
- prior to making a Further Advance to a Borrower, the nature and amount of each Further Advance and the circumstances of the relevant Borrower satisfied the Lending Guidelines (as defined below) in all material respects;
- each Further Advance has been made on the terms of the Standard Documentation of PFL (so far as applicable) without material variation;
- no Further Advance documented as an Unregulated Loan is a Regulated Loan or, to the extent that it is so regulated or partly regulated, PFL has complied with the requirements of the Consumer Credit Act 1974. Each agreement for a Further Advance complies with the Unfair Terms in Consumer Contracts Regulations 1994 and Unfair Terms in Consumer Contracts Regulations 1999; and
- no Borrower, Mortgagor or Guarantor in respect of a Further Advance is an employee of PFL;
- as far as PFL is aware, there is no claim outstanding under any of the Third Party Buildings Policies (save for senior claims not involving the destruction of Property) and PFL is not aware of any circumstances, act or thing which would, or would be likely to, give rise to any claim under any of the foregoing; and
- from and including 31 October 2004:
  - (a) PFL has been, and continues to be, authorised by and hold appropriate permissions from the FSA to conduct all applicable 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; and
  - (b) PFL has complied with the provisions of the FSA Mortgages Conduct of Business Sourcebook where applicable in respect of all Mortgages;

Neither the Trustee, JPMCB nor the Co-Arrangers have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the warranties referred to above which will be made by PFL to the Issuer and the Trustee pursuant to the Mortgage Sale Agreement.

### **Lending Guidelines**

The following is a summary of the guidelines (the "**Lending Guidelines**") of Platform Funding Limited ("**PFL**") in relation to Mortgage Loans to be secured on properties located in England or Wales that were applied (subject to such deviation made in accordance with the standard of a Prudent Mortgage Lender) in respect of the Mortgages to be sold pursuant to the Mortgage Sale Agreement.

### *Security*

- (a) Each of the loans advanced under a Mortgage must be secured by a first ranking legal mortgage (an "**English Mortgage**") over a freehold or leasehold residential property (with a term at least 25 years longer than the mortgage term and not less than 50 years remaining on the lease) located in England and Wales (an "**English Property**"); or secured by a first standard security (a

"**Scottish Mortgage**") over a heritable or a long leasehold residential property (with not less than 99 years remaining on the lease) located in Scotland (a "**Scottish Property**"), (the English Property and the Scottish Property are collectively defined as the "**Property**" or the "**Properties**") securing the payment of all sums due from the relevant Borrowers under the terms of the loans made to them (the "**Loans**" and, individually, each a "**Loan**").

- (b) Only property of an acceptable standard of construction and intended for use wholly or partly as a principal place of residence or under an assured shorthold tenancy or short assured tenancy is acceptable.
- (c) Properties under 10 years old will have the benefit of a NHBC or an architects certificate or equivalent guarantee from an acceptable body.
- (d) The following types of building are deemed unacceptable as security:
  - properties listed as defective under the Housing Acts 1984 and 1985 (unless rebuilt to NHBC standards with appropriate guarantees);
  - mobile homes or houseboats;
  - prefabricated buildings and unrepaired prefabricated reinforced concrete (PRC) properties;
  - property where a flying freehold exists affecting more than 15 per cent. of the whole;
  - shared ownership properties;
  - properties whose construction includes high alumina cement;
  - buildings with agricultural restrictions, small holdings or farms;
  - buildings of 100 per cent. timber construction;
  - steel framed properties (except post 1987 construction with BBA or WIMLAS certification);
  - multi occupied property;
  - tenanted property (except where the loan advanced is a Buy to Let Loan);
  - properties with commercial usage;
  - live/work units; or
  - flats in blocks of more than four storeys of accommodation are subject to individual consideration.
- (e) Each Property offered as security will have been valued by either a qualified surveyor (ARICS or equivalent qualification) chosen from a panel of valuation firms approved by PFL or an automated valuation model under which the valuation of the relevant Property was undertaken using Hometrack Data Systems Limited's automated valuation model by PFL.
- (f) At the time of completion, the relevant Property must either have been insured under a Block Buildings Policy (as defined under "*Insurance Contracts*" below) in the name of PFL, or PFL must have been jointly insured with the Borrower under, or its interest noted on, a buildings policy relating to the relevant Property.

#### *Loan Amount*

With the exception of certain allowable fees added to the aggregate balance, each Mortgage at the time of completion must be for a minimum principal amount of at least £25,001. No Mortgage may exceed a maximum principal amount of £1,000,000 (including Further Advances).



#### *Loan to value*

- (a) The loan to value ratio ("**LTV**") is calculated by expressing the initial principal amount advanced at completion of the Mortgage as a percentage of the lower of the purchase price and valuation of the Property (with the exception of right-to-buy cases and sales at an undervalue where the valuation is used).
- (b) The LTV of each Mortgage at the date of completion must be no more than 95 per cent. (excluding fees).

#### *Term*

Each Mortgage must have an initial term of between 10 and 30 years.

*Borrowers* Borrowers must have been at least 18 years of age prior to completion of the Loan.

- (b) A maximum number of four Borrowers are allowed to be parties to the Mortgage.
- (c) The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:
  - search supplied by a credit reference agency;
  - CAIS information;
  - confirmation of voters roll entries or proof of residency;
  - references from employers;
  - accountant's certificate;
  - references from lenders; or
  - references from current landlords and previous landlords.
- (d) Explanations may be provided where a County Court Judgment (or its Scottish equivalent) ("**CCJ**") relating to a Borrower has been revealed by the credit reference search or instalment arrears have been revealed by lender's or landlord's references or a Borrower has been subject to a Bankruptcy Order ("**BO**") or Individual Voluntary Arrangement ("**IVA**") (or their Scottish equivalent) and such explanations have been asked for at the underwriter's discretion.
- (e) Borrowers who were the subject of a BO must have provided a certificate of discharge. Borrowers who were subject to an IVA must have provided confirmation of satisfactory conduct of the IVA where appropriate.

#### *Income*

- (a) Income is determined by reference to the application form and supporting documentation, where appropriate, and may consist of (i) salary plus additional regular remuneration for an employed Borrower or net profit plus any additional income confirmed by the accountant for a self-employed Borrower (holding at least 25 per cent. of the issued share capital of the company), who is (except where the lender reasonably considers that the remuneration of the Borrower makes it appropriate to consider the Borrower as an employed Borrower), a partner in partnership, or a sole trader; (ii) pensions; (iii) investments; (iv) rental income; and (v) any other monies approved by an authorised official of the lender.
- (b) With the exception of certain allowable fees added to the aggregate balance of the Mortgage, the principal amount advanced will depend on the loan to value:
  - where the loan to value is greater than 85 per cent., then the principal amount advanced will not exceed the higher of 4.5 times the assessed income of the primary Borrower plus one times the assessed income of the secondary Borrower, or 3.5 times the combined assessed incomes of the primary and secondary Borrowers; and

- where the loan to value is equal to or less than 85 per cent., then the principal amount advanced will not exceed the higher of 5.0 times the assessed income of the primary Borrower plus one times the assessed income of the secondary Borrower, or 3.5 times the combined assessed incomes of the primary and secondary Borrowers.
- (c) Customers who wish to self certify their income are required to make a full declaration of their total personal income on the application form and must still complete in full the employment section of the application form. Reasonability tests are applied to the customer's declared income with reference to their trade and location.

#### *Solicitors*

The firm of solicitors acting on behalf of the lender on the making of the Mortgage must be on the Britannia Building Society Solicitors panel. If the applicant wishes to use a solicitor not on the Britannia Building Society Solicitors panel then the lender will instruct one of the solicitors on the Britannia Building Society Solicitors panel to act for the lender at the applicant's expense.

#### *Right to Buy provisions of the Housing Act 1985 and the Housing (Scotland) Act 1987*

Some Mortgages ("**Right to Buy Mortgages**") may be subject to the Right to Buy provisions of the Housing Act 1985 and the Housing (Scotland) Act 1987.

#### *Buy to Let Loans*

Loans to Borrowers who wish to purchase or remortgage residential property for the purpose of letting to third parties ("**Buy to Let Loans**") are governed by the same, or at times, more strict lending guidelines than the Lending Guidelines, including:

- (a) the maximum LTV of each Loan is 90 per cent. excluding fees;
- (b) the rental payment received by the Borrower in respect of the relevant Property is at least 110 per cent. of the Borrower's monthly payment under the Loan; and
- (c) a more limited adverse credit history from the Borrower.

#### *House Plus*

The House Plus product is a conforming buy to let product. Income earned by the borrower replaces rental yield as the means by which the loan is repaid. The borrower self certifies their income to purchase a buy to let property. Income multiples are applied in the standard way for Owner Occupied Residential loans. However, 7 per cent. of the residential mortgage balance is deducted from gross income before income multipliers are applied, to reflect existing mortgage commitments. Normal self certification reasonability and verification measures are also applied.

House Plus lending guidelines also include:

- (a) with the exception of certain allowable fees added to the aggregate balance, the maximum House Plus Loan is £1,000,000;
- (b) the maximum LTV for a House Plus Loan of £300,000 is 85 per cent.;
- (c) the maximum LTV for a House Plus Loan of £1,000,000 is 75 per cent.;
- (d) the maximum House Plus Loan in respect of mortgaged Property which has been constructed in the last 12 months is £300,000; and
- (e) only one House Plus Loan per Borrower / household is permitted.

#### *Exceptions to the Lending Guidelines*

Exceptions to the Lending Guidelines may only be made by Platform Home Loans Limited ("**PHL**") mandate holders ("**PHL Mandate Holders**"). Within their individual mandate, PHL Mandate Holders

may make any exception to the Lending Guidelines **provided that** such exception is (i) in line with prudent mortgage lending in the non-conforming market and (ii) documented on the case.

#### *Changes to Lending Guidelines*

PFL may vary the Lending Guidelines from time to time in the manner of a Prudent Mortgage Lender and has recently increased the maximum LTV applicable to particular mortgage products.

#### **Administration of the Mortgage Pool**

PFL will be required from the Closing Date to administer the Mortgage Pool as an agent of the Issuer and the Trustee under and in accordance with the terms of the Administration Agreement. The duties of the Administrator will include amongst other things:

- operating the Accounts and ensuring that payments are made into and from the Accounts in accordance with Administration Agreement;
- notifying the Borrowers of any change in their monthly payments or in the premium payable on any buildings insurance policy;
- providing a redemption statement upon the request of a Borrower's solicitor or licensed conveyancer;
- taking all reasonable steps to recover all sums due to the Issuer, including, without limitation, by the institution of proceedings and/or the enforcement of any Mortgage or any related security;
- taking all action and doing all things which it would be reasonable to expect a Prudent Mortgage Lender to do in administering its mortgages;
- make all filings, give all notices and make all registrations and other notifications required in the day-to-day operation of the business of the Issuer;
- arranging for all payments due to be made by the Issuer under any of the Transaction Documents to be made;
- keeping general books of account and records of the Issuer, provide accounting services including reviewing receipts and payments, supervising and assisting in the preparation of interim statements and final accounts and supervising and assisting in the preparation of tax returns; and
- paying on behalf of the Issuer all the out-of-pocket expenses of the Administrator incurred in the performance of the Administrator's duties under the Administration Agreement.

It is intended that PFL will delegate certain administration services to WMS on the Closing Date.

#### **Enforcement Procedures**

The Administrator has established procedures for managing loans which are in arrear, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. The procedures permit discretion to be exercised by the appropriate officer of the Administrator (or any sub-administrator of the Administrator) in many circumstances. These procedures, as from time to time varied in accordance with the practice of a Prudent Mortgage Lender or with the consent of, *inter alia*, the Issuer and the Trustee, are required to be used by the Administrator in respect of arrears arising on the Mortgages.

#### *English Loans*

A proportion of the Mortgages are secured over properties in England ("**English Loans**"). In order to realise its security in respect of a Property situated in England, the relevant mortgagee (be it the legal owner (PFL), the beneficial owner (the Issuer), the Trustee or its appointee (if the Trustee has taken enforcement action against the Issuer)) will need to obtain possession. There are two means of obtaining possession for this purpose; first, by taking physical possession (seldom done in practice), and second, by obtaining a court order.

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

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

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

### *Scottish Loans*

A proportion of the Mortgages are secured over properties in Scotland ("**Scottish Loans**"). These are secured by security taken over the relevant properties by way of standard security, being the only means of creating a fixed charge or security over heritable property in Scotland ("**Scottish Mortgages**"). In respect of Scottish Mortgages, references herein to a "**Mortgage**" and a "**Mortgagee**" (or the "**Legal proprietor**" of a Mortgage) are to be read as references to such a standard security and the heritable creditor thereunder, respectively.

A statutory set of *Standard Conditions* is automatically imported into all standard securities, although the majority of these Standard Conditions may be varied by agreement between the parties.

The main provisions of the Standard Conditions, which cannot be varied by agreement, relate to enforcement. Generally, where a breach by a Borrower entitles the lender to enforce the security, an appropriate statutory notice must first be served. First, the lender may serve a "calling up notice" requiring repayment, in which event the Borrower has two months to comply and in default the lender may enforce its rights under the standard security by sale or the other remedies provided by statute (court application only being necessary where the Borrower fails to vacate the property). Alternatively, in the case of remediable breaches, the lender may serve a "notice of default", in which event the Borrower has only one month in which to comply, but also has the right to object to the notice by court application within fourteen days of the date of service. In addition, the lender may in certain circumstances make direct application to the court without the requirement of a preliminary notice. The appropriate steps for enforcement will therefore depend on the circumstances of each case, and the Administrator will in practice proceed with the remedy most likely to be effective in enforcing or protecting the security.

Prior to December 2001, once a default by a Borrower had been constituted by one of the methods detailed in the preceding paragraph the courts were bound (except in very limited circumstances) to grant the enforcement remedies sought by the lender. This position has been altered by the Mortgage Rights (Scotland) Act 2001, which was brought into force on 3 December 2001. The principal effect of the Mortgage Rights (Scotland) Act 2001 is to confer on the court a discretion, on the application of the Borrower (or the Borrower's spouse or partner) within certain time limits, to suspend the exercise of the lender's enforcement remedies for such period and to such extent as the court considers reasonable in the circumstances, having regard amongst other factors to the nature of the default, the applicant's ability to remedy it and the availability of alternative accommodation.

This now brings the situation in Scotland broadly in line with that in England and Wales where Sections 36-38 of the Administration of Justice Act 1970 provide the courts with similar discretion.

### **Further Advances**

The Administrator (in its capacity as cash manager) may, subject to a Ratings Test having been satisfied and in accordance with the lending criteria, arrange on behalf of the Issuer to purchase Further Advances

from PFL, secured on the relevant Property as agent for and on behalf of the Issuer. In making such Further Advances, PFL will apply the lending criteria applied at the date of origination of the loans secured by the Mortgages in the Mortgage Pool (as amended from time to time in accordance with the standard of a Prudent Mortgage Lender) (the "**Lending Guidelines**"). Furthermore, the purchase of a Further Advance by the Issuer will be subject, *inter alia*, to the following conditions:

- (a) the Issuer has sufficient monies to purchase such Further Advance from Applied Principal, as provided for in paragraph 2 of Schedule 2 of the Administration Agreement and/or from any retained proceeds from the issue of the Notes;
- (b) the amount held in the Relevant GIC Account in respect of the Required Amount must be equal at the relevant time to the Required Amount or such other amount agreed from time to time upon a Ratings Test having been satisfied;
- (c) upon the purchase of any Further Advance, the Mortgage Conditions will be satisfied and so far as the Administrator is aware, the relevant Borrower is not (i) in material breach (including, without limitation, non-payment of any amounts due) of any of the Mortgage Conditions and (ii) the relevant Borrower has not been in arrears with respect to interest in the 6 months prior to the purchase of such Further Advance;
- (d) to the extent that the Administrator has reason to believe that the relevant Further Advance to be made to the Borrower by PFL may result in a regulated agreement (as defined in the Consumer Credit Act) any applicable provisions of the Consumer Credit Act relating to regulated agreements will be complied with;
- (e) each Further Advance (together with all related fees, costs and expenses) will have the benefit of the same security (whether under the same mortgage or under a second mortgage ranking immediately behind the Issuer's existing Mortgage) as the principal balance under the existing Mortgage immediately prior to the purchase of such Further Advance;
- (f) PFL's further advance procedures have been applied to the Further Advance and to the circumstances of the Borrower at the time the Further Advance was purchased such that the relevant Lending Criteria would be satisfied upon the purchase of the Further Advance;
- (g) the Administrator reasonably believes that, prior to purchasing the Further Advance, no second mortgage, standard security or charge has been created over the relevant Property (unless such second mortgage, standard security or charge has been expressly postponed by deed or ranking agreement to the Mortgage securing such Further Advance or unless the loan secured by such second charge is to be, and is, redeemed out of the proceeds of the Further Advance simultaneously with the purchase of the Further Advance);
- (h) if the Further Advance purchased by the Issuer relates to Mortgages which are or are required to be the subject of a hedging arrangement, such hedging arrangement is in place so that the Ratings Test is satisfied;
- (i) the aggregate amount of all Further Advances does not exceed 10.0 per cent. of the aggregate outstanding balances of the Mortgages plus the amount of the Retentions as at the Closing Date;
- (j) by reference to a calculation made on the immediately preceding Calculation Date, the total amount of interest arrears in respect of the Mortgages on such Calculation Date expressed as a percentage of the gross interest due on all Mortgages outstanding during the 12 months preceding such Calculation Date does not exceed 7 per cent. save that the figure of 7 per cent. shall exclude arrears of interest as at 13 January 2009, and may be increased from time to time if the Ratings Test is satisfied;
- (k) such other tests as may influence the ratings assigned to the Notes by the Rating Agencies from time to time including:
  - (i) the product of the Weighted Average Foreclosure Frequency ("**WAFF**") and the Weighted Average Loss Severity ("**WALS**") as calculated by the Administrator using the S&P model after such Further Advance is made does not exceed the product of the

WAFF and WALS as determined using the S&P model with respect to the Provisional Pool by more than 0.25 per cent;

- (ii) the weighted average Original LTV of the pool is not more than 0.25% greater than the weighted average Original LTV of the pool as of Provisional Cut-Off Date;
  - (iii) the weighted average Current LTV of the pool is not more than 0.25% greater than the weighted average Current LTV of the pool as of Provisional Cut-Off Date (where valuations will be taken as at the Provisional Cut-Off Date to determine the Current LTV);
  - (iv) the weighted average Income Multiple of the pool is not more than an additional 0.25 in excess of the weighted average Income Multiple as of Provisional Cut-Off Date (where Income Multiple is calculated by dividing the Current Balance of each loan by the sum of primary and secondary incomes, but where Income Multiple is not determined for the weighted average Income Multiple calculation for Buy-To-Let loans);
  - (v) the proportion of loans with an Original LTV greater than 80% is not more than 10% greater than the proportion of loans with an Original LTV greater than 80% as of Provisional Cut-Off Date; and
  - (vi) the weighted average product margin of the Mortgages over the relevant index as at the relevant Calculation Date ("**Weighted Average Margin**") together with the Weighted Average Margin on the Further Advances will be greater than or equal to the Weighted Average Margin as at the Closing Date; and
- (l) the Uncovered Shortfall at the end of the last preceding Interest Payment Date was zero.

As at the Provisional Cut-Off Date, there are zero Further Advances in the pool with an aggregate value of £0.

"**Current Balance**" means the balance, including without duplication the outstanding principal balance, all arrears of interest and all fees and expenses, in respect of a Borrower's loan from time to time.

"**Current LTV**" is calculated by expressing the Current Balance (after the effect of Further Advances) as a percentage of the lower of the purchase price and the valuation of the Property (with the exception of right-to-buy cases and sales at an undervalue where the valuation is used).

"**Original LTV**" has the same meaning as LTV (after the effect of Further Advances).

"**Income Multiple**" is calculated by dividing the current balance of the loan at the time of the latest further advance (after the effects of Further Advances) by the sum of (i) the assessed income of the primary Borrower and (ii) the assessed income of any secondary Borrower.

### **Conversion of Mortgages**

The Administrator on behalf of the Issuer may agree to a request by a Borrower for a Converted Mortgage. The conditions that will apply include:

- (a) if the Administrator has reason to believe that any Converted Mortgage may result in a regulated agreement (as defined in the Consumer Credit Act), any applicable provisions of the Consumer Credit Act relating to regulated agreements will be complied with;
- (b) the amount held in the Relevant GIC Account in respect of the Required Amount must be equal at the relevant time to the Required Amount or such other amount agreed from time to time upon a Ratings Test having been satisfied;
- (c) the Converted Mortgage will be on terms of the relevant standard documentation utilised by PFL at the time of such conversion to document the terms of mortgages it is offering generally and which has not been varied in any material respect;

- (d) no notice converting the floating charge granted under the Deed of Charge over the assets of the Issuer into a fixed charge or Enforcement Notice (as defined in Condition 10(a), ("*Events of Default*")) has been given by the Trustee which remains in effect at the date of the relevant conversion;
- (e) the conversion of the Mortgage will not adversely affect any of the then current ratings of the Class A Notes as determined following a Ratings Test;
- (f) the effect of the conversion would not be to extend the final maturity date of such Mortgage to beyond the date falling two years prior to the final maturity of the Notes;
- (g) on the date of conversion, so far as the Administrator is aware, the warranties given in the Mortgage Sale Agreement (as applicable) in relation to the Converted Mortgage have not been breached;
- (h) the conversion of the applicable Mortgage is effected by means of a variation agreement executed by the Borrower and the Mortgage once converted will rank equally in point of priority (as against any other charges or encumbrances affecting the Property) with its priority before such conversion;
- (i) to the extent that the Converted Mortgage is a non LIBOR-Linked Mortgage, any appropriate hedging or other arrangements are or will on the date of conversions be in place so that such conversion would not adversely affect the then current ratings of the Class A Notes as determined following a Ratings Test; and
- (j) on any subsequent Calculation Date, the Weighted Average Margin (including Converted Mortgages) will be no less than the Weighted Average Margin had no loans been converted since the Closing Date minus 0.25 per cent, in each case calculating the Weighted Average Margin with the current balances of the outstanding Mortgages on the Calculation Date immediately preceding a conversion.
- (k) the Uncovered Shortfall at the end of the last preceding Interest Payment Date was zero.

## **Insurance Contracts**

### *Buildings Insurance*

Buildings insurance or building and contents insurance is arranged by the Administrator arranging for cover to be provided by a block buildings insurance policy ("**Block Buildings Insurance Policy**") or by the relevant Borrower selecting an insurer and arranging cover accordingly (a "**Third Party Buildings Policy**").

In respect of the Mortgages to be sold by PFL pursuant to the Mortgage Sale Agreement, PFL will warrant to the Issuer that each Property was, as at the date of completion of the relevant Loan, insured under a Third Party Buildings Policy with a reputable insurance company against all risks usually covered by a Prudent Mortgage Lender advancing money on the security of residential property to an amount not less than the full reinstatement cost.

### *Local Authority Search Insurance*

In respect of the Mortgages, local authority search insurance is currently provided by First Title Insurance plc whose registered office is at London International Press Centre, 76 Shoe Lane, London EC4A 3JB. First Title Insurance plc is the United Kingdom subsidiary of The First American Corporation. It is an insurance company which provides title insurance and other real-estate related financial products. Additionally, there is an indemnity policy relating to Right to Buy Loans which was provided by Norwich Union Insurance Limited ("**Norwich Union**") until 25 January 2008 whose registered office is at 8 Surrey Street, Norwich, Norfolk, NR1 3NG. Norwich Union Insurance Limited is an insurance company which provides a wide range of insurance products including local authority search insurance. There is also an indemnity policy relating to Right to Buy Loans currently provided by London & European Title Insurance Services Limited.

In respect of the Mortgages to be sold by PFL pursuant to the Mortgage Sale Agreement, PFL will warrant to the Issuer that the relevant local authority search insurance policy and the indemnity policy was in full force and effect, that all premiums payable thereon had been paid, and so far as PFL was aware, the policy was valid and enforceable and PFL had not received notice and was not otherwise aware of any reason why the relevant insurer may refuse liability under the relevant local authority search insurance policy.

*PHL Title Insurance Policy*

In respect of certain Mortgages, PFL has the benefit of a title insurance policy issued by London & European Title Insurance Services Limited to Platform Home Loans Limited ("**PHL**") in respect of any loss arising from the existence of any adverse matter which would have been revealed had PFL instructed a solicitor to conduct a search or other procedure against the title to the relevant Property. PFL has the benefit of the title insurance policy by virtue of Platform Consumer Services Limited (company registration number 03720213) being the parent company of both PFL and PHL.



## REGULATION OF THE UK RESIDENTIAL MORTGAGE MARKET

### *Introduction*

Until 31 October 2004, the primary regulatory requirements applicable to mortgage loans were imposed by the Consumer Credit Act 1974 (the "**CCA**"). The CCA imposes requirements on mortgage loans which are regulated consumer credit agreements ("**Regulated Credit Agreements**"). If entered into prior to 6 April 2008 Regulated Credit Agreements are those where the "amount of credit" (as defined in the CCA) does not exceed the financial limit, which is £25,000 for mortgage loans made on or after 1 May 1998 or lower amounts for mortgage loans made before 1 May 1998 and the loan is not otherwise exempt. On 6 April 2008 the £25,000 threshold was removed with the effect that unless an exemption applies, a loan of any amount entered into after that date is a Regulated Credit Agreement. The CCA is enforced by the Office of Fair Trading ("**OFT**"). Loans in the Mortgage Pool which meet these criteria and were advanced before 31 October 2004 will therefore need to comply with the requirements of the CCA. The CCA may still apply to Loans advanced on or after 31 October 2004, which are not Regulated Mortgages as described below as well as to variations on or after 31 October 2004 of Loans originated before that date.

Since 31 October 2004, most residential mortgage loans are regulated under the Financial Services and Markets Act 2000 (the "**FSMA**") and not the CCA. FSMA applies to regulated mortgage contracts as defined in Article 61(3)(a) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "**Order**") advanced on or after 31 October 2004 ("**Regulated Mortgages**"). Variations to agreements made before 31 October 2004 may give rise to new regulated mortgage contracts and as such have FSMA consequences where such variations amount to novations of existing agreements and constitute the creation of a new contract with the borrower and where such contract satisfies the criteria in the Order for a Regulated Mortgage. Further Advances may also give rise to CCA consequences to the extent that they do not satisfy the criteria in the Order for a Regulated Mortgage or result in the bilateral variation or supplementing of a credit agreement and the creation of multiple agreements under Section 18 of the CCA. A Regulated Mortgage is a contract under which the lender provides credit to an individual or a trustee and the contract provides for the obligations of the borrower to be secured by a first legal mortgage (or in Scotland, a first ranking standard security) on land located (other than timeshare accommodation) in the United Kingdom where at least 40 per cent. of the land is (or is intended) for residential use by the borrower or by an individual who is the beneficiary of the relevant trust or his or her immediate family. Regulated Mortgages are exempt from most of the CCA regime, but are subject to requirements imposed by the Financial Services Authority (the "**FSA**"). Some of the Loans sold by PFL to the Issuer on the Closing Date will need to comply with the FSA requirements (having been originated on or after 31 October 2004), and any Further Advance which may be included in the Mortgage Pool originated on or after 31 October 2004 may need to comply with these FSA requirements.

Some rules extend to other types of loan, however. For example, by section 126 of the CCA, a court order is necessary to enforce a land mortgage securing a credit agreement to the extent that it is a Regulated Credit Agreement or treated as such or is a Regulated Mortgage or exempt Buy to Let Loan that would, apart from this status, be a Regulated Credit Agreement or treated as such. Loans which are neither Regulated Mortgage Contracts nor Regulated Credit Agreements are subject to CCA rules on unfair relationships. It is intended that Regulated Mortgages and exempt Buy to Let Loans will not be subject to CCA rules on modifying agreements (relevant regulations in 2005 and 2008 have been made to clarify the position in this regard) but other unregulated loans are subject to CCA rules on modifying agreements. Qualifying credit agreements are unenforceable if resulting from a financial promotion which is not approved by an authorised person in breach of section 21 of the FSMA.

### *Loans Regulated by the Consumer Credit Act 1974*

A licence is required from the OFT to originate Regulated Credit Agreements and in order to carry out certain other activities relating to consumer credit agreements. The OFT can take formal proceedings to revoke the licences of those it considers to be unfit to hold a licence. In the event that the licence is revoked, the former holder of the licence is no longer able to carry on a consumer credit business. Loans made by unlicensed lenders or introduced by unlicensed credit brokers are unenforceable without an order from the OFT.

The OFT may issue guidance for licence holders which may set out practices which in the opinion of the OFT call into question a licence holders' fitness to continue to hold a consumer credit licence. Such

guidance does not have the force of law, but breach of it may be taken into account by the OFT in assessing a person's fitness to hold a consumer credit licence. The OFT has issued guidance entitled "*Non-Status Lending Guidelines for Lenders and Brokers*" (the "**Guidelines**") which is directed at mortgage lenders who lend to borrowers who may have difficulty obtaining credit on the basis of the general lending criteria of typical United Kingdom banks and building societies (often known as non-status, credit impaired or sub-prime borrowers). Further consideration of the Guidelines is set out below.

The Mortgage Pool may contain loans which are Regulated Credit Agreements. This may arise for Loans which (a) are partly regulated by the CCA in that they also finance the supply of insurance under arrangements with the supplier or (b) might be wholly or partly regulated by the CCA because of technical rules on determining whether the financial limit is exceeded or (c) might be treated as wholly or partly regulated by the CCA because of technical rules on agreements varied mutually or supplemented or (d) are treated as wholly or partly regulated by the CCA as they were intended to be loans regulated by the CCA or entered into on documentation stated to be regulated by the CCA.

A Regulated Credit Agreement has to comply with requirements under the CCA as to content, layout and execution of the loan documentation. Apart from the question of enforceability on the ground that the creditor or broker did not hold the appropriate licence (as explained above), a Regulated Credit Agreement will be: (a) (if entered into before 6 April 2008) totally unenforceable if the agreement to be signed by the Borrower is not signed by the Borrower personally or omits or misstates a "prescribed term"; or (b) unenforceable without a court order, where a Regulated Credit Agreement fails to comply with the CCA requirements in other ways. Where the court has a discretion to enforce the agreement, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the Borrower and any culpability of the lender. The terms of a Loan may also be reopened if a Court finds an agreement to be the subject of an unfair relationship within the meaning of the CCA, in which case any liability to repay amounts received from the Borrower is imposed on both the originator and any assignee (such as the Issuer).

If a court order is necessary, and capable of being granted, to enforce a Mortgage securing a Loan, in dealing with such application, the court has the power, if it appears just to do so, to amend the Loan or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

Other liabilities may also arise under the CCA. In certain circumstances, lenders can be made responsible for misrepresentations and breaches of contract in respect of goods or services financed by a Regulated Credit Agreement. This may arise, for example, in relation to any insurance policies financed by the Loan and may result in a claim by a Borrower to set off amounts due under a Regulated Credit Agreement.

Under the Mortgage Sale Agreement, PFL will warrant that the terms of each Loan and its Related Security constitute valid, binding and enforceable obligations (subject to certain exceptions) and Britannia will provide a guarantee to the Issuer in respect of the obligations of a Relevant Purchaser to purchase any Mortgage upon a breach of warranty given by PFL under the Mortgage Sale Agreement.

As a consequence, where a court or other competent authority determines that a Mortgage is unenforceable as a result of a breach of the Consumer Credit Act or there has been an alleged breach of the CCA which is the subject of a complaint by a Borrower, a consumer body or a competent regulatory body and such breach is likely to make that Mortgage unenforceable, the Issuer will have the benefit of the relevant warranties and guarantees provided or assigned to it.

#### ***Non-Status Lending Guidelines for Lenders and Brokers issued by the OFT***

As noted above, the OFT may issue guidance to consumer credit licence holders which does not have force of law, but breach of which may be taken into account by the OFT in considering a person's fitness to hold a consumer credit licence.

The Guidelines issued by the OFT in November 1997 apply to all secured loans made to "non-status borrowers", defined for the purposes of the guidelines as borrowers with a low or impaired credit rating and who would find it difficult generally to obtain finance from traditional sources on normal terms and conditions. Most of the Loans are concluded with Borrowers who fall within this category. The

Guidelines are not legislation. They set out certain "principles" to be applied in the context of the non-status residential mortgage market that are considered by the OFT to be good business practice for lenders and brokers to adopt in order that their fitness to hold a consumer credit licence is not brought into question. Although it is not obliged to do so, PFL has liaised with the OFT and taken steps to ensure that it adopts practices and procedures in compliance with the Guidelines.

The Guidelines regulate activities relating to advertising and marketing, loan documentation and contract terms, the relationship between lenders and brokers, selling methods, underwriting, dual interest rates, flat interest rates and early redemption payments. The Guidelines are designed to promote transparency in all dealings with borrowers, requiring clear contract terms and conditions to be provided promptly with full explanation of all fees and charges payable by the borrower in connection with the mortgage.

Some of the principal requirements of the Guidelines are: (a) advertising and other promotional material must be clear and not misleading and unfair sales tactics are prohibited; (b) brokers are obliged to disclose at the outset of the transaction their status with regard to the borrower and the lender, together with details of any fee or commission payable to them as broker; (c) lenders must take all reasonable steps to ensure that brokers and other intermediaries who market their products do not engage in unfair business practices or act unlawfully, that they serve the best interests of borrowers and explain clearly the documentation and consequences of any breach or early repayment to borrowers; (d) lenders must carry on responsible lending, with all underwriting decisions being subject to a proper assessment of the borrower's ability to repay and verification of the accuracy of information provided by borrowers on or in support of the loan application; (e) all underwriting staff must be properly trained and supervised; (f) prompt notification to borrowers of any changes in the terms and conditions of the loan including prior notification of at least 2 months of any changes to the borrower's monthly payment date and any variations to the applicable interest; (g) partial repayment and early repayment charges must do no more than cover the costs reasonably incurred by the lender to date and not already recovered and reasonable administrative costs arising from the prepayment; (h) the use of the "Rule of 78" to calculate the early settlement figure should be discontinued; (i) borrowers should not be charged a higher interest rate on default and administrative charges incurred on default must be reasonable, covering the lender's administrative costs only, and must be set out in the documentation; (j) arrears must be dealt with sympathetically and positively and monitored closely, with repossession proceedings being initiated only as a last resort and court proceedings should not be instituted unless all other avenues have failed.

The actions of any broker or other intermediary involved in marketing a lender's products can jeopardise the lender's fitness to hold a consumer credit licence, and the Guidelines make clear that lenders must take all reasonable steps to ensure that such brokers and other intermediaries comply with the Guidelines and all relevant statutory requirements. This is so even if the lender has no formal or informal control over the broker or other intermediary.

### ***Reforms to the CCA***

The amendments to the rules on calculation of early settlement charges have removed the use of the Rule of 78 calculation and replaced it with a different (actuarial) calculation for calculating rebates on the amounts that would otherwise be payable by consumers who settle a credit agreement early. This is likely to reduce the amount of the early repayment charge as compared to the calculation under the Rule of 78. These amendments apply to all Loans originated on or after 31 May 2005. They also apply to all Loans made before 31 May 2005, from 31 May 2007 for agreements with a term not exceeding 10 years and from 31 May 2010 for Loans with a term exceeding 10 years.

### ***Consumer Credit Act 2006***

The Consumer Credit Act 2006 amends many provisions of the CCA. The CCA 2006 was enacted on 30 March 2006 and was fully implemented by 31 October 2008. The CCA has been amended by, *inter alia*:

- (i) a change to the definition of individual to include loans to partnerships consisting of two or three persons, not all of whom are bodies corporate;
- (ii) the removal of the financial limit from the CCA in respect of credit for non-business lending;
- (iii) the exemption from most of the CCA regime of high net worth debtors who meet certain criteria and who choose to exercise a voluntary opt out;

- (iv) the exemption from most of the CCA regime of credit agreements for an amount above the value of £25,000 where such credit agreement is entered into by the debtor predominantly for the purposes of a business carried on, or intended to be carried on, by him;
- (v) the exemption from most of the CCA regime of Buy to Let Loans which meet certain criteria;
- (vi) the extension of the Financial Ombudsman Service to all licence holders under the CCA, allowing consumers to challenge agreements without court proceedings;
- (vii) further criteria (applicable with some retroactive effect) to determine whether the relationship between debtors and creditors is unfair, which will include unfair practices and terms, and not just extortionate credit bargains;
- (viii) the strengthening of the powers of the OFT and the introduction of a Consumer Credit Appeals Tribunal to hear appeals from determinations of the OFT relating to licensing matters;
- (ix) further requirements on post-contract disclosure, with non-recovery of interest for any period when the lender fails to comply with these requirements; and
- (x) the introduction of discretionary unenforceability (rather than mandatory unenforceability) of consumer credit agreements which breach certain requirements of the CCA in order to allow courts to make a judgment that is proportionate to the detriment caused to the consumer (but only in respect of arrangements entered into after 6 April 2007).

Accordingly, any Loan originated or changed such that a new contract is entered into will be regulated by the CCA unless: (i) it is a Regulated Mortgage under the FSMA; or (ii) it is otherwise exempt under the CCA; or (iii) the Borrower is not an individual as defined under the CCA; or (iv) the Loan is for more than £25,000 and is made to the Borrower for the purposes of their business.

The variation of credit agreements is regulated by section 82(2) CCA. Section 82 states that where an agreement (a "**modifying agreement**") varies or supplements an earlier agreement, the modifying agreement shall for the purposes of the CCA be treated as (a) revoking the earlier agreement and (b) creating a new combined agreement. Section 82 effectively operates to create a new CCA regulated agreement comprising the earlier agreement and the modifying agreement.

With the abolition, subject to exceptions, of the £25,000 upper limit on 6 April 2008 for credit agreements entered into on or after 6 April 2008, previously unregulated agreements which are varied or supplemented could potentially fall within the scope of the CCA. Of relevance, however, is the Consumer Credit Act 2006 (Commencement No. 4 and Transitional Provisions) Order 2008 which provides that Loans entered into prior to 6 April 2008 by which the creditor provided the debtor with credit exceeding £25,000 will not be subject to CCA regulation, if the variation (e.g. an interest rate switch) does not relate to the advance of further credit or an appropriate exemption applies. Notwithstanding the points above, many lenders do not treat further advances on unregulated loans as comprising a separate agreement but instead treat the loan (having been made before 6 April 2008) and further advance as a "unitary" (essentially, single) agreement which avoids CCA regulation and therefore obviates the need to rely on the order.

Buy to Let Loans made on or after 31 October 2008 are, regardless of value, exempt agreements under the CCA. The Legislative Reform (Consumer Credit) Order 2008 as amended defines Buy to Let Loans for these purposes as being credit agreements secured on land where the borrower or a connected person occupies or intends to occupy less than 40 per cent. of the floor area of the secured property as a dwelling. In view of the disconnect between the removal of the financial limit in April 2008 and this order coming into force, transitional arrangements within the 4th Commencement Order 2008 disapplied the abolition of the £25,000 limit for Buy to Let Loans made before 31 October 2008 which meet the criteria described above. This was to ensure that the loans were not brought into CCA regulation during the intervening period. Consequential amendments were also made to section 82 of the CCA to avoid bringing existing Buy to Let Loans into regulation (exempt by virtue of providing an amount of credit in excess of £25,000) in the event that they are varied or supplemented.

To the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable for any period when the lender fails to comply with requirements as to default notices. From 1 October 2008, (a) the credit agreement is also unenforceable for any period when the lender fails to comply with further

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

### ***Loans Regulated by the Financial Services Authority under the FSMA***

Since 31 October 2004, a number of activities relating to Regulated Mortgages have become "regulated activities" under section 22 of FSMA and the Order and these activities require authorisation from the FSA. These activities are: (a) entering into a Regulated Mortgage as lender; (b) administering a Regulated Mortgage (administering in this context includes notifying borrowers of certain events (such as changes in payments) and/or collecting payments due); (c) advising on Regulated Mortgages; (d) arranging Regulated Mortgages; and (e) agreeing to do any of the foregoing.

Each of Britannia, PFL and WMS has received confirmation from the FSA that it has permissions for the applicable activities listed above from 31 October 2004. A view has been taken that the Issuer does not require to be authorised since its activities are such that they either do not fall within the regulated activities as set out in the Order or they benefit from a specific exclusion in respect of those activities.

Authorisation by the FSA subjects each of Britannia, PFL and WMS to the full regulatory regime imposed by FSMA and the FSA. In particular, Britannia, PFL and WMS are required to have in place full systems and controls, to ensure that those carrying out controlled functions are approved by the FSA, to maintain prescribed prudential ratios, and its activities are subject to the Financial Ombudsman Scheme. In addition, the regulated activities relating to Regulated Mortgages are subject to mortgage conduct of business rules set out in the FSA Handbook ("**MCOB**").

MCOB sets out detailed rules that apply to the origination of Regulated Mortgages. These rules contain requirements: (a) which place limitations on the types of inducements and commission which can be paid to introducers; (b) regulate all advertising and other financial promotions in relation to "qualifying credit promotions"; (c) to ensure the suitability of any advice provided; (d) on disclosure prior to and post conclusion of a Regulated Mortgage; (e) in relation to the format, layout and content of offer documentation; (f) to lend "responsibly" when entering into any Regulated Mortgage or Further Advance which includes an express obligation to consider the customer's ability to repay; (g) that all charges (including the interest rate, settlement fees and default charges) are not "excessive" by reference to market rates; and (h) in relation to dealings with borrowers in arrears or facing repossession. The provisions of MCOB are supplemented by the other provisions of the FSA Handbook in respect of "information society services", such as web-based online information.

Failure to comply with the FSA Rules, including MCOB, does not make Loans unenforceable. Regulated Mortgages are only unenforceable if the originator is not authorised or if they are originated following a regulated activity which is conducted by an unauthorised person in breach of the general prohibition, or as a result of a financial promotion which is not approved by an authorised person in breach of Section 21 of FSMA. Breach of FSA Rules could give rise to enforcement action by the FSA. Breaches of the rules in MCOB are actionable by Borrowers who suffer loss as a result of the contravention. A breach could therefore give rise to a claim by a Borrower to set off sums due under a Loan. Any such set off may adversely affect the Issuer's ability to make payment on the Notes.

Under the Mortgage Sale Agreement, in respect of any Mortgage entered into after 31 October 2004, PFL will warrant that it is authorised by and had permission from the FSA to enter into regulated mortgage contracts as a lender, and in relation to each Mortgage, that it is authorised by and had permission from the FSA for conducting all regulated activities carried on by it in respect of each Mortgage, and that it has complied in all material respects with the provisions of MCOB. Britannia will provide a guarantee to the Issuer in respect of the obligations of a Relevant Purchaser to purchase any Mortgage upon a breach of warranty given by PFL under the Mortgage Sale Agreement.

As a consequence, should a court or other competent authority determine that a Mortgage is unenforceable as a result of a lack of authorisation or where there has been an alleged breach of the provisions of the MCOB which is the subject of a complaint by a Borrower and such breach is likely to result in a judgment allowing a Borrower to set off sums due under a Loan, the Issuer will have the benefit of the relevant warranties and guarantees provided or assigned to it.

The FSA has significant regulatory flexibility to alter its rules and to provide guidance on existing rules. We can give no assurance that the FSA will not change its rules or take a particular regulatory approach which may adversely affect the particular sector of Britannia, PFL or WMS in the mortgage market or specifically Britannia, PFL or WMS. Any such development may have a material adverse effect on the Issuer and/or the Administrator and/or the Sub-Administrator and their respective businesses and operations.

### ***Unfair Terms in Consumer Contracts Regulations 1994 and 1999***

The Unfair Terms in Consumer Contracts Regulations 1994 (insofar as applicable) and 1999 (the "**Regulations**") apply to agreements made on or after 1 July 1995 and apply to standard form contracts entered into with individuals acting outside the scope of their trade, business or profession. The Regulations provide that (a) a consumer may challenge a standard term in an agreement on the basis that it is "unfair" within the Regulations and therefore not binding on the consumer and (b) the OFT, the FSA and any other "qualifying body" may seek to enjoin (or in Scotland, interdict) a business against relying on unfair terms although the rest of the agreement will remain valid, if it can survive without the relevant term.

This will not generally affect "core terms" which set out the main subject matter of the contract (for example, the Borrower's obligation to repay the principal), provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention, but may affect terms deemed to be ancillary terms, which may include interest variation provisions, the ability to choose a substitute for LIBOR where LIBOR cannot be determined under the Loan and other terms the application of which are in the lender's discretion (such as the ability to impose early repayment charges).

If a term of a Loan permitting the lender to vary the interest rate is found to be unfair, the Borrower will not be liable to pay 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. Any such non-recovery, claim or set-off may adversely affect the realisable value of the Loans in the Mortgage Pool and accordingly the ability of the Issuer to meet its obligations in respect of the Notes.

In February 2000, the OFT issued a guidance note (the "**Guidance Note**") on what the OFT considers "fair" or "unfair" within the Regulations for interest variation terms. The Guidance Note accepts the principle of a term linking an interest rate to an external rate which is outside the lender's control. It provides that, generally, the OFT and Consumers' Association will not regard such term as unfair if the lender explains at the outset how the interest rate is linked to the external rate and, if the link does not provide for precise and immediate tracking, the maximum margin of difference, and the time limits within which changes will be made. All of the LIBOR-Linked Loans are made on terms that provide for the mortgage rate to be either at a fixed margin above LIBOR, a fixed rate for a specific period reverting to LIBOR, or at a discount to LIBOR for a specific period reverting to LIBOR, and explain when and how the tracking will take effect. It should be noted that the OFT Guidance Note is not legally binding.

The guidance note has been withdrawn from the OFT website, but may remain in effect as the OFT's view and as a factor that the FSA may take into account. The division of responsibilities between the OFT and the FSA for enforcing the Regulations is set out in concordats between them. Generally, the FSA is responsible for enforcement of the Regulations in relation to mortgage contracts regulated under the FSMA and the OFT is responsible for enforcement of the Regulations in relation to other mortgage contracts (including CCA regulated loans).

In May 2005, the FSA issued a non-binding statement of good practice on fairness of terms in consumer contracts, with specific reference to the fairness of variation clauses. The statement is addressed to firms authorised and regulated by the FSA in relation to products and services within the FSA's regulatory scope, including regulated mortgage contracts. The statement provides, amongst other things, the FSA's views on the factors to be considered when assessing the fairness of variation clauses, particularly where such variation clauses are applied to contracts with locked-in borrowers (i.e. where, in order to withdraw from the contract, the borrower is required to give advance notice or to pay a cost or to give up a benefit). Whilst the FSA provides that in general any information about interest rates, variations and notification of any changes should be clear, fair and not misleading, the statement in particular specifies a variety of factors that should be considered in respect of variation clauses applied to contracts with locked-in borrowers. These factors include whether there is some connection between interest rates which apply to

locked-in borrowers and those which apply to non-locked in borrowers; whether valid reasons for the change are stated clearly and unambiguously in the contract; and whether the borrower must be given advance notice of the change. Additionally, the FSA states that firms may consider drafting contracts so as to permit variations to be made only when any lock-in clause has not been exercised.

In January 2007, the FSA issued a statement of good practice as a follow-up to that May 2005 paper, more specifically on the fairness of mortgage exit administration fees ("MEAFs"). The statement indicates how lenders should draft or be able to vary MEAF clauses and how they should apply them in practice. The main focus of the statement is that the fairness of a MEAF should be linked to a reasonable estimate of the lender's costs for dealing with early redemption. The FSA issued a follow-up statement in November 2007 emphasising that the statement should not be construed narrowly and, where appropriate, that firms should consider applying those principles to other charges. In addition, the FSA's Unfair Contract Terms Regulatory Guide came into force in August 2007, explaining the FSA's policy on its use of powers under the regulations.

In August 2002, the Law Commission and the Scottish Law Commission issued a joint consultation on proposals (amongst other things) to consolidate the Unfair Contract Terms Act 1977 and the Regulations into a single piece of legislation written in plain language. A final report (together with a draft Bill) was issued on 24 February 2005. It was not proposed that there should be any significant increase in the extent of controls over terms in consumer contracts. Some changes were proposed, however, such as that: (i) a consumer may also challenge a negotiated term in an agreement on the basis that it is "unfair" and "unreasonable" within the legislation and therefore not binding on the consumer, and (ii) in any challenge by a consumer (but not by the OFT or a qualifying body) of a standard term or a negotiated term, the burden of proof lies on the business to show that the term is fair and reasonable.

According to the Law Commission, if the results of a regulatory impact assessment prove favourable, the Department of Business, Enterprise and Regulatory Reform will seek an opportunity to introduce the appropriate legislation necessary to implement the Law Commission's recommendations as soon as practicable.

No assurance can be given that changes to the Regulations, if enacted, or changes to guidance on interest variation terms, if adopted, will not have an adverse effect on the Loans, Britannia, PFL, WMS or the Issuer and their respective businesses and operations.

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

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the "**Unfair Commercial Practices Directive**"). The Unfair Commercial Practices Directive was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 ("**CPRs**"). The CPRs commenced on 26 May 2008 and affect all contracts entered into with persons who are natural persons and acting for purposes outside their business. Although the CPRs are not concerned solely with financial services, they do apply to, amongst other things, the residential mortgage market.

Under the CPRs a commercial practice is to be regarded as unfair and prohibited if it is:

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

In addition to the general prohibition on unfair commercial practices, the CPRs contain provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and the CPRs set out a list of practices which will in all cases be considered unfair.

Whilst engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment.

The effect (if any) of the CPRs on the Loans, Britannia, PFL, WMS or the Issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPRs. No assurance can be given that the CPRs will not adversely affect the ability of the Issuer to make payments to Noteholders.

#### *Potential for Regulatory Changes*

The following developments may affect or lead to reform of the regulatory framework, legislation or rules applicable to mortgage lending.

#### *Consumer Credit Directive*

The Consumer Credit Directive (2008/48/EC) ("CCD") was adopted in May 2008. Once fully implemented, which is required by 12 May 2010, it will regulate consumer credit agreements between EUR 200 — 75,000 between credit providers and consumers. Notably, however, the CCD excludes a number of credit agreements from regulation including credit agreements secured by a mortgage (whether first or second mortgage and including standard security in Scotland) and credit agreements the purpose of which is to acquire or retain property rights in land. Whilst it is not presently anticipated that United Kingdom legislation implementing the CCD will regulate credit agreements excluded from regulation by the CCD, until the details of the implementing legislation are published, it is not certain what effect the implementation of the Directive would have on the Loans, Britannia, PFL, WMS or the Issuer and their respective businesses and operations. No assurance can be given that the implementing legislation will not adversely affect the ability of the Issuer to make payments to Noteholders.

#### *Mortgage Credit Directive*

The European Commission published its White Paper on the Integration of EU Mortgage Credit Markets on 18 December 2007. In the paper, the Commission stated that its goal is to improve the competitiveness and efficiency of mortgage markets by facilitating the cross-border supply and funding of mortgage credit as well as by increasing the diversity of products available. However, it was yet to be determined as to whether legislation was the most appropriate way forward. The Commission has stated that no directive will be tabled if the costs of legislative measures outweigh their benefits.

On 14 March 2008, the European Commission published a notice, requesting tenders to undertake a study on the costs and benefits of the different policy options for mortgage credit. Tenders were required to be made by 13 May 2008. The tender anticipates that the study should take 9 months to complete.

No draft mortgage directive has yet been published.



## WEIGHTED AVERAGE LIVES OF THE NOTES

The average life of the Notes cannot be predicted with any certainty, as the actual rate at which the Mortgages will be repaid and a number of other relevant factors are unknown.

Estimates of the possible average life of the Notes can be made by the Issuer based on certain assumptions. For example, the table below shows the expected average life of the Notes based on assumptions (the "**Modelling Assumptions**") that:

- (a) the Issuer exercises its option to redeem all (but not some only) of the Notes then outstanding on the Interest Payment Date falling on the Step-Up Date;
- (b) the Mortgages are subject to a constant annual rate of prepayment (inclusive of scheduled and unscheduled principal redemptions) as shown in the table below;
- (c) the Issuer does not purchase any Further Advances;
- (d) the Non-Principal Amortisation Amount is zero;
- (e) the Liquidity Shortfall will be zero throughout the life of the Notes;
- (f) the Income Surplus, after taking into account the impact of all liabilities is greater than zero throughout the life of the Notes and is sufficient to pay in full interest due on the Class B Notes at each Interest Payment Date;
- (g) Retained Principal will be zero throughout the life of the Notes;
- (h) the mortgage balance is equal to the Principal Amount Outstanding of the Notes, such that item "E" of Principal Received is zero;
- (i) Principal Recoveries are zero throughout the life of the Notes;
- (j) all Mortgages are performing and that there are no arrears, losses, or fees and charges added to the Mortgages;
- (k) interest on the Notes is paid on time and that the Security has not been enforced;
- (l) the Interest Payment Date is always 21 March, 21 June, 21 September and 21 December, in each year;
- (m) the Closing Date will be 27 January 2009;
- (n) the first Collection Period commenced on 13 January 2009;
- (o) from the Closing Date all Mortgages will have exactly the same payment profile, life and duration; and
- (p) no Mortgage is repurchased by virtue of a buy back for breach of warranty.

### Average Life Sensitivities

Constant Prepayment Rate (per cent.) (inclusive of scheduled and unscheduled redemptions)	Average Life of Class A Notes (Years)	Average Life of Class B Notes (Years)
5.....	4.22	4.90
10.....	3.62	4.90
15.....	3.08	4.90
20.....	2.60	4.90
25.....	2.17	4.90
30.....	1.80	4.88
35.....	1.52	4.67

There is no assurance that redemption of the Notes will occur as described in assumption (a). The Issuer has no recourse to the Britannia Group in financing its option to redeem all (but not only some) of the Notes.

Assumption (b) above is stated as an average annualised prepayment rate since the prepayment rate (inclusive of scheduled and unscheduled redemptions) for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

The average lives of the Notes are subject to factors largely outside of the control of the Issuer and consequently no assurance can be given that the Modelling Assumptions used to calculate the average life of the Notes will prove in any way to be realistic and they must therefore be viewed with considerable caution.

Any difference between the Modelling Assumptions and the actual performance and characteristics of the Mortgages will cause the average life of the Notes to differ (which difference can be material) from the corresponding information in the table.

The actual characteristics and performance of the Mortgages are likely to differ from the Modelling Assumptions used in constructing the table, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment assumptions (inclusive of scheduled and unscheduled principal receipts).

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

### General

Each Class of Notes will initially be represented by a Regulation S Global Note (the "**Regulation S Global Note**") without coupons for principal or interest or talons for further coupons attached.

The Regulation S Global Notes will be registered in the name of HSBC Issuer Services Common Depositary Nominee (UK) Limited as common nominee for Euroclear and Clearstream, Luxembourg and will be deposited with HSBC Bank plc as common depositary for Euroclear and Clearstream, Luxembourg on the Closing Date. Upon deposit of the Regulation S Global Notes, Euroclear or Clearstream, Luxembourg will credit each subscriber of the Notes with the principal amount of Notes for which it has subscribed and paid. Interests in the Regulation S Global Notes may only be held through Euroclear or Clearstream, Luxembourg. See further the section entitled "*Terms and Conditions of the Notes*" below.

Temporary documents of title will not be issued for the Regulation S Global Notes.

### Euroclear and Clearstream, Luxembourg

Ownership of beneficial interests in the Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Regulation S Global Notes through participants ("**Indirect participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect participants shall also include persons that hold beneficial interests through such indirect participants. Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective amount of Notes beneficially owned by such participants on each of their respective book-entry registration and transfer systems. Beneficial interests in the Regulation S Global Notes will be shown on, and transfers of book-entry interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their indirect participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge book-entry interests.

The registered holder of a Regulation S Global Note will be considered the sole Noteholder for all purposes under the Trust Deed. Accordingly, each person holding a beneficial interest in a Regulation S Global Note must rely on the rules and procedures of Euroclear and/or Clearstream, Luxembourg (the "**Clearing Systems**"), as the case may be, and indirect participants must rely on the procedures of the participants or indirect participants through which such person owns its interest in a Regulation S Global Note, to exercise any rights and obligations of a holder of Notes under the Trust Deed.

Although the Clearing Systems have agreed to certain procedures to facilitate transfers of beneficial interests in the Regulation S Global Notes among account holders of the Clearing Systems, 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 Trustee, JPMCB, the Co-Arrangers or any of their respective agents will have any responsibility for the performance by the Clearing Systems or their participants or account holders of their respective obligations under the rules and procedures governing their operations.

References herein to Euroclear and/or Clearstream, Luxembourg or the Clearing Systems shall be deemed to include references to any other clearing system approved by the Trustee.

### Payments

Payment of principal of, and interest on, and any other amount due in respect of, the Regulation S Global Notes, will be made in the relevant currency by the Principal Paying Agent on behalf of the Issuer to the registered holder thereof. It is anticipated that the Principal Paying Agent will distribute all such payments in the relevant currency for the account of the registered holder to the relevant Clearing System. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law.

If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of the relevant Clearing System, after receipt of any payment from the Principal Paying Agent the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of the Regulation S Global Notes as shown in the records of Euroclear or Clearstream, Luxembourg. The Issuer expects that payments by participants to owners of beneficial interests in Regulation S Global Notes held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, or any of their respective agents, will have any responsibility or liability for any aspect of the records relating to or payments made on account of a participant's ownership of beneficial interests in the Regulation S Global Notes or for maintaining, supervising or reviewing any records relating to a participant's ownership of Regulation S Global Notes.

### **Notices**

For so long as any of the Notes are represented by a Regulation S Global Note and such Regulation S Global Note is held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relative accountholders rather than by publication as required by Condition 15. So long as the Notes are listed on the Official List, the Company Announcements Office of the London Stock Exchange must also be notified of such notice. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to the relevant Clearing System as aforesaid.

### **Redemption**

In the event that any Regulation S 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 Regulation S Global Note to the relevant Clearing System for the account of the relevant nominee, and the Principal Paying Agent shall cancel such Regulation S Global Note. The redemption price payable in connection with the redemption of Noteholder interests in a Regulation S Global Note will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Regulation S Global Note (or portion thereof) relating thereto. For any redemptions of a Regulation S Global Note in part, the relevant Noteholder interests relating thereto to be redeemed will be allocated by the relevant Clearing System, as the case may be, on a *pro rata* basis.

### **Cancellation**

Any Note represented by a Regulation S Global Note which is required to be cancelled following its redemption will be cancelled and may not be reissued or resold.

### **Transfers**

All transfers of beneficial interests in the Regulation S Global Notes will be recorded in accordance with the book-entry systems maintained by the relevant Clearing System pursuant to customary procedures established by each respective system and its participants.

Beneficial interests in the Regulation S Global Notes may be held only through Euroclear or Clearstream, Luxembourg. The Regulation S Global Notes will bear a legend substantially identical to that appearing under "*Notice to Investors*", and neither the Regulation S Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend and under "*Notice to Investors*" below.

### **Issuance of Notes in definitive form**

Holders of beneficial interests in the Regulation S Global Notes will be entitled to receive Definitive Registered Notes in exchange for their respective holdings of beneficial interests if:

- (i) in the case of a Regulation S Global Note held on behalf of Euroclear or Clearstream, Luxembourg each of Euroclear, and Clearstream, Luxembourg are closed for business for a

continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative clearing system satisfactory to the Trustee is available; or

- (ii) as a result of any amendment to, or change in the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form, in which case the Issuer will deliver in definitive and registered form, serially numbered, in the denomination of £100,000.

Any Definitive Registered Notes issued in exchange for beneficial interests in the Regulation S Global Notes will be registered in a register in such name or names as the Principal Paying Agent shall instruct the Registrar based on the instructions of the relevant Clearing System. It is expected that such instructions will be based upon directions received by the relevant Clearing System from their participants with respect to ownership of the relevant beneficial interests in the Regulation S Global Notes.

Definitive Registered Regulation S Notes will bear the legend set out in "*Notice to Investors*".

## NOTICE TO INVESTORS

### Offers and Sales by the Purchasers

The Notes may only be offered, sold, resold, delivered or transferred (i) outside the United States to a non-US person in an offshore transaction in reliance on Rule 903 or 904 of Regulation S or (ii) following the expiration of the distribution compliance period, pursuant to an applicable exemption from the registration requirements of the Securities Act and in accordance with any applicable securities law of any state of the United States.

By its purchase of the Notes, each purchaser of the Notes (each initial purchaser, together with each subsequent transferee are referred to herein as the "**Purchaser**") will be deemed to have represented and agreed to the following (undefined terms used in this section that are defined in Regulation S are used herein as defined therein):

#### 1. **Purchaser Requirements for Regulation S Notes**

If the Purchaser is acquiring the Regulation S Notes (or a beneficial interest in a Global Certificate) prior to the date that is 40 days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**"), the Purchaser is not a U.S. person and is acquiring the Regulation S Notes (or a beneficial interest in a Global Certificate) in an offshore transaction pursuant to Rule 903 or 904 of Regulation S. The Purchaser is not purchasing such Regulation S Notes (or a beneficial interest in a Global Certificate therein) with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. All transactions must be in principal amount of not less than £100,000.

#### 2. **Notice of Transfer Restrictions**

Each Purchaser acknowledges and agrees that (A) the Notes have not been and will not be registered under the Securities Act, (B) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set forth herein, and (C) it will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.

#### 3. **Amendments**

Each Purchaser acknowledges that the Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that it will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement.

#### 4. **Acknowledgements, Representations and Agreements**

Each Purchaser understands that these acknowledgements, representations and agreements are required in connection with U.S. securities laws and it agrees to indemnify and hold harmless the Issuer, the Co-Arrangers and the Trustee, and any affiliate of the foregoing from and against all losses, liabilities, claims, costs, charges and expenses which they may incur by reason of the Purchaser's failure to fulfil any of the terms, conditions or agreements set forth above or by reason of any breach of its representations and warranties herein. Each Purchaser acknowledges that the Issuer, Registrar, the Trustee, the Co-Arrangers, and any affiliates of the foregoing will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. Each Purchaser agrees that it will promptly (i) inform the Issuer if, during any time it holds a Note, there shall be any change in the acknowledgements, representations and agreements contained above or if they shall become false for any reason and (ii) deliver to the Issuer such other representations and agreements as to such matters as the Issuer may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom.

#### 5. **Disclosure of Participants' Identities**

Each Purchaser understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries, and that those participants may further disclose to the Issuer the names and positions of holders of its securities.

6. **Legend on Regulation S Global Note and Definitive Registered Regulation S Notes**

Each Purchaser understands that (i) the sale of the Regulation S Notes (or a beneficial interest therein) to it is being made in reliance on Regulation S, and (ii) the Regulation S Notes (or a beneficial interest therein) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

THIS NOTE HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND, AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING OF THE OFFERING THE REGULATION S NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND IN PRINCIPAL AMOUNT OF NOT LESS THAN £100,000.

THE PURCHASER IS HEREBY NOTIFIED THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES, AND THAT THOSE PARTICIPANTS MAY FURTHER DISCLOSE TO THE ISSUER THE NAMES AND POSITIONS OF HOLDERS OF ITS SECURITIES.

PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, AN INTEREST IN THIS NOTE MAY BE HELD ONLY THROUGH EUROCLEAR OR CLEARSTREAM, LUXEMBOURG.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes, substantially as they will appear in the Trust Deed, subject to completion and amendment, and as they will apply to the Notes in global form (subject as provided in the section entitled "Description of the Notes in Global Form") and the Notes in definitive form (if any) issued in exchange for the Regulation S Global Note(s) and which will be endorsed on such Notes in definitive form, as applicable. These terms and conditions are subject to the detailed provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents (as defined below).*

The £501,000,000 Mortgage Backed Floating Rate Notes of Leek Finance Number Twenty Two PLC (the "**Issuer**") will comprise the £395,800,000 Class A Mortgage Backed Floating Rate Notes due 2050 (the "**Class A Notes**") and the £105,200,000 Class B Mortgage Backed Floating Rate Notes due 2050 (the "**Class B Notes**") and together with the Class A Notes, the "**Notes**").

The Notes are issued subject to the provisions of and have the benefit of a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about the Closing Date between the Issuer and Capita Trust Company Limited as trustee (the "**Trustee**", which expression shall include all persons for the time being acting as trustee or trustees appointed pursuant to the Trust Deed) for the holders for the time being of the Notes and are subject to an agency agreement (as amended or supplemented from time to time, the "**Paying Agency Agreement**") dated on or about the Closing Date between the Issuer, HSBC Bank plc (as "**Principal Paying Agent**", "**Transfer Agent**", "**Registrar**" and "**Agent Bank**"), and the Trustee. The security for the Notes is created pursuant to, and on the terms set out in, a deed of charge (as amended or supplemented from time to time, the "**Deed of Charge**") dated on or about the Closing Date between, *inter alios*, the Issuer and the Trustee.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Master Framework Agreement and the other Transaction Documents (as defined below) are available for inspection by the Noteholders upon reasonable notice during normal business hours at: (a) the principal office for the time being of the Trustee, being at the date hereof, Phoenix House, 18 King William Street, London EC4N 7HE; (b) at the Specified Office (as set out in Condition 18 ("**Specified Offices of Agents**")) for the time being of the Principal Paying Agent and (c) at the registered office of the Issuer.

The statements in these terms and conditions relating to the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Paying Agency Agreement and the other Transaction Documents (as they may be amended from time to time) the provisions of which the Noteholders have the benefit of and are bound by.

The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on 20 January 2009.

### 1. Definitions

In these Conditions:

"**3 Month Sterling LIBOR**" has the meaning given to it in Condition 5(c)(ii), ("**Interest – Rate of Interest**");

"**Account**" means any of the Collection Account, the Sundries Account or the GIC Accounts;

"**Actual Principal Losses**" means, at any time and in relation to any Mortgage, the principal amount of such Mortgage which is not recovered from the proceeds following the sale of the property to which such Mortgage relates or, if later, upon completion of all relevant enforcement procedures;

"**Actual Redemption Funds**" means:

- (a) prior to delivery of an Enforcement Notice, Applied Principal less Retained Principal; and
- (b) following delivery of an Enforcement Notice, Applied Principal;

"**Administration Agreement**" means an administration agreement dated on or about the Closing Date between the Issuer, the Trustee, PFL and Britannia;



**"Administrator"** means PFL in its capacity as administrator of the Mortgages under the Administration Agreement or any successor administrator appointed in accordance with the Administration Agreement;

**"Applied Income"** means, in relation to any Calculation Date, Income Received less Income Retained plus Liquidity Shortfall plus Principal Recoveries;

**"Applied Principal"** means, in relation to any Calculation Date, Principal Received plus Income Retained less Liquidity Shortfall less Principal Recoveries plus the Rounding Balance retained on the preceding Interest Payment Date, if any;

**"Basic Terms Modification"** has the meaning given thereto in Condition 12(b) (*"Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor – Quorum"*);

**"Basis Swap Counterparty"** means JPMCB or any successor basis swap counterparty or counterparties from time to time under the Basis Swap Transaction;

**"Basis Swap Transaction"** means the Basis Swap Transaction dated on or about the Closing Date between the Issuer and the Basis Swap Counterparty;

**"Borrower"** means, in relation to a Loan, the person or persons named as such in the relevant Mortgage Conditions and to whom such loan is advanced together with any person from time to time assuming the obligations of the borrower to repay such loan or any part of it;

**"Britannia"** means Britannia Building Society;

**"Britannia GIC Account"** means a Sterling denominated account in the name of the Issuer held at Britannia, for the deposit of amounts made pursuant to the Britannia GIC Agreement;

**"Britannia GIC Agreement"** means a guaranteed investment contract dated on or about the Closing Date to be entered into between, *inter alios*, the Issuer and Britannia;

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

**"Calculation Date"** means, in relation to any Interest Payment Date, the last day of the calendar month preceding that Interest Payment Date;

**"Cash Manager"** means PFL in its capacity as cash manager under the Administration Agreement;

**"Charged Property"** means all the property of the Issuer which is subject to the Security;

**"Class"** means each Class of Notes to be issued including the Class A Notes and the Class B Notes, or any combination of them;

**"Class A Noteholders "** means the persons who for the time being are holders of Class A Notes;

**"Class B Noteholders"** means the persons who for the time being are holders of Class B Notes;

**"Closing Date"** means 27 January 2009;

**"Collection Account"** means the collection account with account number 36094218 - Platform Funding Limited re Leek 22a & b Collection Account with sort code 01-05-02 at National Westminster Bank Plc;

**"Collection Period"** means the period commencing on (but excluding) a Calculation Date and ending on (and including) the next Calculation Date, **provided that** the first Collection Period shall commence on (but exclude) 13 January 2009 and end on (and include) the first Calculation Date;

**"Declaration of Trust"** means the declaration of trust declared by PFL in favour of the Issuer and the Trustee over the Collection Account and the Sundries Account which relate to the Mortgages;

**"Discount Reserve"** means the discount reserve fund established on the Closing Date by the Issuer by crediting the Discount Reserve Amount to the Britannia GIC Account;

**"Discount Reserve Amortisation Schedule"** means, in respect of the Interest Payment Dates falling in June, September and December 2009 and March, June, September, December 2010 and March and June 2011 the relevant specified amount as follows:

- (a) the Interest Payment Date falling in June 2009, an amount of £7,700,000;
- (b) the Interest Payment Date falling in September 2009, an amount of £3,500,000;
- (c) the Interest Payment Date falling in December 2009, an amount of £3,200,000;
- (d) the Interest Payment Date falling in March 2010, an amount of £2,700,000;
- (e) the Interest Payment Date falling in June 2010, an amount of £1,600,000;
- (f) the Interest Payment Date falling in September 2010, an amount of £1,500,000;
- (g) the Interest Payment Date falling in December 2010, an amount of £1,200,000;
- (h) the Interest Payment Date falling in March 2011, an amount of £1,000,000; and
- (i) the Interest Payment Date falling in June 2011, an amount of £400,000.

**"Discount Reserve Amount"** means 4.551 per cent. of the sum of the proceeds of the Notes on the Closing Date;

**"Discounted Mortgages"** means any discounted LIBOR-linked Mortgages (a **"Discount LIBOR-Linked Mortgage Loan"**) and discounted bank base rate-linked Mortgages (a **"Discount BBR-Linked Mortgage Loan"**) that form part of the Mortgage Pool from time to time.

**"Enforcement Notice"** has the meaning given thereto in Condition 10(a), (*"Events of Default"*);

**"EU Insolvency Regulation"** means the European Regulation on Insolvency Proceedings;

**"Event of Default"** has the meaning given thereto in Condition 10(a), (*"Events of Default"*);

**"Exchange Date"** means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the **"Registrar"** and any **"Transfer Agent"** is located;

**"Expenses Loan"** means a loan in Sterling granted to the Issuer by the Expenses Loan Provider on or about the Closing Date pursuant to the Expenses Loan Agreement;

**"Expenses Loan Agreement"** means an expenses loan agreement dated on or about the Closing Date between the Issuer, the Trustee and the Expenses Loan Provider;

**"Expenses Loan Condition"** is true if, on the immediately preceding Calculation Date, the aggregate principal balance of Loans which are greater than three months in arrear expressed as a percentage of the aggregate principal balance of the Loans exceeds 15 per cent.;

**"Expenses Loan Provider"** means Britannia or any successor expenses loan provider pursuant to the terms of the Expenses Loan Agreement;

**"Extraordinary Resolution"** means a resolution passed at a meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than 75 per cent. of the votes cast and, for the avoidance of doubt, the Class A Noteholders shall be treated as one Class and the Class B Noteholders shall be treated as one Class, each for the purposes of voting of an Extraordinary Resolution of Noteholders;

**"Final Pre-Enforcement Interest Priority of Payments"** has the meaning given thereto in Condition 3(g), (*"Status, Ranking and Security – Priority of Payments Prior to Enforcement – Pre-Enforcement Interest Priority of Payments on the Final Repayment Date"*);

**"Final Repayment Date"** means the earlier of (a) the date on which all (but not part only) of the Notes are redeemed in full; and (b) the date on which the Mortgage assets securing the Notes have been redeemed, liquidated, distributed or otherwise disposed of in full and the proceeds thereof are available to be distributed in full, in accordance with the terms of the Transaction Documents;

**"Fitch"** means Fitch Ratings Ltd.;

**"Further Advances"** means any discretionary further advances (including any Retentions) made by PFL to Borrowers and purchased by the Issuer which are secured on the relevant Property but excluding amounts debited to a Borrower's account in respect of third party expenses incurred in connection with its Mortgage;

**"GIC Account Banks"** means together, Britannia and RBS, each a **"GIC Account Bank"**;

**"GIC Accounts"** means the Britannia GIC Account and the RBS GIC Account;

**"GIC Agreements"** means the Britannia GIC Agreement and the RBS GIC Agreement;

**"GIC Guarantee"** means the guarantee given pursuant to an agreement dated on or about the Closing Date between, *inter alios*, the Issuer, Britannia, RBS and the Trustee;

**"GIC Guarantor"** means RBS or any successor GIC guarantor(s) from time to time appointed under the GIC Guarantee;

**"GIC Minimum Rating"** means A-1 by S&P, P-1 by Moody's and F1 by Fitch, or such other short term or long term rating which is otherwise acceptable to such Rating Agencies so that the Ratings Test is satisfied;

**"Holdings"** means Leek Finance Holdings Number Twenty Two Limited;

**"Income Received"** means, in relation to any Calculation Date, the amount received in respect of the Mortgages and otherwise during the Collection Period ending on that Calculation Date which is determined by PFL (in its capacity as Cash Manager) in accordance with the Administration Agreement to be of an income nature and includes interest amounts accrued but not yet paid pursuant to the GIC Agreements, any amount standing to the credit of the Relevant GIC Account representing the Required Amount, the specified amount to be applied from the Discount Reserve in accordance with the Discount Reserve Amortisation Schedule and applied on the immediately following Interest Payment Date (but excluding, for the avoidance of doubt, any other specified amounts set out in the Discount Reserve Amortisation Schedule to be applied on any other Interest Payment Date), the amount, if any, retained by the Issuer in the Britannia GIC Account on the previous Interest Payment Date in accordance with item (xiv) of the Regular Pre-Enforcement Interest Priority of Payments, the amounts (if any) received in accordance with item (xvi) of the Pre-Enforcement Interest Priority of Payments and amounts received or to be received on or prior to the next Interest Payment Date under the Swap Agreements (excluding (A) any amounts paid in respect of Swap Replacement Premia and (B) any amounts paid as collateral in respect of the Swap Agreements (and any income thereon), other than amounts of collateral to be applied in satisfaction of any termination payment due by the relevant Swap Counterparty to the Issuer upon early termination of the swap transactions entered into under a Swap Agreement) and the amount (if any) drawn under the Expenses Loan Agreement, to the extent the same has not been applied in meeting the Initial Expenses Amount, excluding any amounts retained in accordance with item (viii) of the Regular Pre-Enforcement Interest Priority of payments and excluding any cash collateral provided by Britannia which may not be applied in satisfaction of its obligations under the Britannia GIC Agreement, as reduced by the amounts calculated in accordance with items B and C in the definition of Principal Received;

**"Income Retained"** means, in relation to any Calculation Date, the greater of (i) zero and (ii) the lesser of Income Surplus and Uncovered Shortfall as at such date;

**"Income Surplus"** means, in relation to any Calculation Date, the greater of (i) zero and (ii)  $A - B - C$

where:

A is equal to Income Received;

B is equal to Senior Expenses;

C when the Principal Amount Outstanding of the Class A Notes is greater than zero and if the relevant Interest Payment Date is not the Final Repayment Date, the Required Amount;

**"Initial Expenses Amount"** means the fees, costs and expenses incurred by the Issuer in connection with each of the series of transactions contemplated by the Transaction Documents up to and on the Closing Date;

**"Insolvency Official"** means, in respect of any company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

**"Insolvency Proceedings"** means the winding-up, dissolution or administration (whether by court action or otherwise) of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration (whether by court action or otherwise), arrangement, adjustment, protection or relief of debtors;

**"Interest Amount"** has the meaning given thereto in Condition 5(d), (*"Interest – Determination of Rates of Interest and Calculation of Interest Amounts"*);

**"Interest Determination Date"** has the meaning given thereto in Condition 5(c), (*"Interest — Rate of Interest"*);

**"Interest Payment Date"** has the meaning given thereto in Condition 5(b), (*"Interest — Interest Payment Dates and Interest Periods"*);

**"Interest Period"** means each period from (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date and in relation to the first Interest Period from (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date;

**"Interest Rate Swap Counterparty"** means RBS or any successor interest rate swap counterparty from time to time;

**"Interest Rate Swap Transactions"** means the interest rate swap transactions to be novated to the Issuer on or about the Closing Date and **"Interest Rate Swap Transaction"** means any one of them;

**"JPMCB"** means JPMorgan Chase Bank, National Association;

**"J.P.Morgan"** means J.P.Morgan Securities Ltd.;

**"LIBOR"** means London Interbank Offered Rate;

**"Liquidity Shortfall"** means in relation to any Calculation Date the lesser of:

(a) Principal Received; and

(b) the greater of:

(i) zero; and

(ii)  $A + B - C$  where:

A is equal to the Senior Expenses;

B when the Principal Amount Outstanding of the Class A Notes is greater than zero and if the relevant Interest Payment Date is not the Final Repayment Date, the Required Amount;

C is equal to Income Received;

**"Loan"** means, in relation to each Mortgage, the aggregate Sterling advances made by PFL to the relevant Borrower by way of loan and from time to time outstanding;

**"Loan Principal Received"** means, in relation to any Calculation Date and any Mortgage, the amount received in respect of that Mortgage during the preceding Collection Period which is determined by PFL (in its capacity as Cash Manager) in accordance with the Administration Agreement to be of a principal nature;

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

**"London Stock Exchange"** means the London Stock Exchange plc;

**"Master Framework Agreement"** means the master framework agreement dated on or about the Closing Date between the Issuer and the Trustee;

**"Maturity Date"** has the meaning given to it in Condition 6(a), (*"Final-Redemption"*);

**"Meeting"** means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

**"Moody's"** means Moody's Investors Service Ltd;

**"Mortgage Conditions"** means, in respect of a Loan, the terms and conditions regulating it;

**"Mortgage Pool"** means the portfolio of Mortgages;

**"Mortgages"** means the mortgages purchased by the Issuer from PFL pursuant to the Mortgage Sale Agreement and a **"Mortgage"** means, in relation to each Loan, the first charge by way of legal mortgage in England and Wales or the first ranking Standard Security in Scotland over the relevant Property securing such Loan other than to the extent such Loan has been redeemed or repurchased;

**"Mortgage Sale Agreement"** means the mortgage sale agreement entered into, on or about the Closing Date, by the Issuer, PFL, Britannia and the Trustee;

**"Most Senior Class"** means:

- (a) the Class A Notes; or
- (b) if no Class A Notes are outstanding, the Class B Notes (if, at the relevant time any Class B Notes are then outstanding);

**"Non-Principal Amortisation Amount"** means, as at a Calculation Date, £1,732,308.26 (being, the amount equal to the current balances plus accrued interest less the principal balances of the Loans as at 12 January 2009), applied *pro rata* in relation to the number of days in each Calculation Period ending on each such Calculation Date, on the first 5 Calculation Dates from the Closing Date and, to the extent not applied in such period, then applied on each succeeding Calculation Date until applied in full, and thereafter, zero. For the purposes of this definition (i) 'current balance' shall be the balance, including without duplication the outstanding principal balance, all arrears of interest and all fees and expenses, in respect of a Borrower's loan from time to time; (ii) 'accrued interest' shall mean in relation to a Loan interest which has accrued but is not yet charged to the relevant Borrower's account and (iii) 'principal balance' shall mean the amount of principal outstanding on a Loan from time to time.;

**"Note Principal Payment"** has the meaning given thereto in Condition 6(c), (*"Redemption, Purchase and Cancellation – Note Principal Payments, Principal Amount Outstanding and Pool Factor"*);

**"Noteholders"** means the Class A Noteholders and the Class B Noteholders or, where the context otherwise requires, the holders of Notes of a particular Class;

**"Notes Issuance Agreement"** means the notes issuance agreement between the Issuer, the Co-Arrangers, the Notes Purchaser and Britannia dated 23 January 2009;

"**Notes Purchaser**" means Britannia Building Society pursuant to the Notes Issuance Agreement;

"**Notional Provisions**" means, in relation to any Calculation Date, the aggregate amount of provisions (if any) which the Administrator determines in accordance with the Administration Agreement should be made in relation to the relevant Mortgages;

"**Official List**" means the official list as defined in Section 74 of the Financial Services and Markets Act 2000;

"**Participating Member State**" means at any time any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with the Treaty;

"**Paying Agents**" means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Paying Agency Agreement and "**Paying Agent**" means any one of them;

"**Payment Priorities**" means the Pre-Enforcement Payment Priorities and the Post-Enforcement Priority of Payments;

"**PFL**" means Platform Funding Limited;

"**Post-Enforcement Priority of Payments**" has the meaning given to it in Condition 3(i), ("*Priority of Payments Following Enforcement*");

"**Pre-Enforcement Interest Priority of Payments**" means, in relation to the Final Repayment Date, the Final Pre-Enforcement Interest Priority of Payments and, in relation to all other Interest Payment Dates, the Regular Pre-Enforcement Interest Priority of Payments;

"**Pre-Enforcement Payment Priorities**" means the Regular Pre-Enforcement Interest Priority of Payments, the Final Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments;

"**Pre-Enforcement Principal Priority of Payments**" has the meaning given to it in Condition 6(b), ("*Redemption, Purchase and Cancellation – Mandatory Redemption in Part*")

"**Principal Amount Outstanding**" means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date less the aggregate of all Note Principal Payments that have become due and payable in respect of that Note (whether or not paid) on or prior to that date **provided that**, for the purposes of Condition 5, ("*Interest*"), Condition 6, ("*Redemption, Purchase and Cancellation*") and Condition 10 ("*Events of Default*"), all Note Principal Payments that have become due and not been paid shall not be so deducted;

"**Principal Received**" means, in relation to the Mortgages and as at a Calculation Date, the amount (subject to cash available) determined by PFL (in its capacity as Cash Manager) to be equal to:

$A + B + C + D + E$

where:

- A is the aggregate amount of Loan Principal Received as at such Calculation Date;
- B is the Liquidity Shortfall satisfied from Principal Received on the preceding Calculation Date and any Liquidity Shortfall for any Calculation Date (the "**Relevant Calculation Date**") before the preceding Calculation Date to the extent that (a) such Liquidity Shortfall was taken into account as reducing Principal Received on the relevant Calculation Date (the amount of the said reduction being X) and (b) compensating amounts of income (equal in aggregate to X) have not been treated as Principal Received on Calculation Dates subsequent to the relevant Calculation Date;
- C is the Non-Principal Amortisation Amount (if any) as at such Calculation Date;
- D is any Principal Received on the preceding Calculation Date that has not been paid away

subsequently, including any amount set aside as Retained Principal; and

- E in the case of the first Calculation Date after the Closing Date only, is an amount equal to the aggregate amount by which the gross proceeds of the Notes exceed the aggregate amount of (i) the initial purchase prices paid by the Issuer to PFL for the Mortgages and (ii) the Discount Reserve;

**"Principal Recoveries"** means, in relation to any Calculation Date, the greater of (i) zero and (ii)  $A - B - C$ .

where:

- A is the sum of the aggregate of all amounts of Income Retained on all preceding Calculation Dates (or, if none, zero);
- B is the sum of Principal Recoveries on all preceding Calculation Dates (or, if none, zero); and
- C is the Principal Shortfall as at such Calculation Date;

**"Principal Shortfall"** means in relation to any Calculation Date, the aggregate of Actual Principal Losses which have arisen up to and including such Calculation Date and the amount of the Notional Provisions in relation to such Calculation Date **provided that** the said amount of Notional Provisions shall be included in the Principal Shortfall only if and to the extent that, following such inclusion, the Reserve Fund Condition will be satisfied on the related Interest Payment Date;

**"Provisions for Meetings of Noteholders"** means the provisions contained in Schedule 3 to the Trust Deed;

**"Rate of Interest"** has the meaning given thereto in Condition 5(c), (*"Interest – Rate of Interest"*);

**"Rating Agencies"** means Fitch, Moody's and S&P;

**"Ratings Test"** means confirmation from S&P (with notification being made to, as well as an acknowledgement of receipt of such notification having been received from Fitch and Moody's) that, in respect of any event or matter where such confirmation is required, the then current ratings of the Class A Notes will not be adversely affected to the extent of being downgraded, qualified or withdrawn by the relevant event or matter;

**"RBS"** means The Royal Bank of Scotland plc;

**"RBS GIC Account"** means a Sterling denominated account in the name of the Issuer which will be held at RBS, for the deposit of amounts made pursuant to the RBS GIC Agreement;

**"RBS GIC Agreement"** means a guaranteed investment contract dated on or about the Closing Date to be entered into between the Issuer, the Trustee and RBS;

**"Receiver"** means any person (being a licensed insolvency practitioner), who is appointed by the Trustee to be a receiver of the Charged Property to act jointly, or jointly and severally, as the Trustee shall determine;

**"Record Date"** means the seventh Business Day before the due date for the relevant payment;

**"Reference Banks"** means RBS, Lloyds TSB Bank Plc, Barclays Bank PLC and HSBC Bank plc or such other four major banks in the London interbank market as may be approved by the Trustee from time to time;

**"Register"** means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar;

**"Registrar"** means the party responsible for the registration of the Notes, which at the Closing Date is HSBC Bank plc;

**"Regular Pre-Enforcement Interest Priority of Payments"** has the meaning given thereto in Condition 3(f), (*"Status, Ranking and Security – Priority of Payments Prior to Enforcement – Pre-Enforcement Income Receipts"*);

**"Relevant Date"** means, in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 15, (*"Notices"*);

**"Relevant Expenses"** means the aggregate of the Senior Expenses when the Principal Amount Outstanding of the Class A Notes is greater than zero and if the relevant Interest Payment Date is not the Final Repayment Date, the Required Amount;

**"Relevant GIC Account"** means the GIC Account into which the Cash Manager is obliged, pursuant to the Administration Agreement, to deposit cash amounts received by the Issuer;

**"Relevant Margin"** has the meaning given thereto in Condition 5(c), (*"Interest – Rate of Interest"*);

**"Required Amount"** means an amount funded by the Sub Loan Drawing equal to 6.00 per cent. of the sum of the aggregate Principal Amount Outstanding of the Notes on the Closing Date for so long as the Class A Notes remain outstanding and which thereafter will be zero;

**"Reserve Fund Condition"** means, with respect to an Interest Payment Date that, following the application of Applied Income on such Interest Payment Date, the credit balance on the Relevant GIC Account is equal to the Required Amount;

**"Retained Principal"** means, in relation to any Calculation Date, the sum of (i) the Rounding Balance; and (ii) such amount up to 10.0 per cent. of the aggregate outstanding balance of the Mortgages as at the Closing Date as PFL (in its capacity as Cash Manager) determines on such Calculation Date should be retained for the purpose of purchasing Further Advances and Retentions;

**"Retentions"** means an amount or amounts to be advanced but retained as at the relevant cut-off date pending satisfaction of certain conditions (as described in the relevant letter of offer);

**"Rounding Balance"** has the meaning given to it in Condition 6(b), (*"Mandatory Redemption in Part"*);

**"S&P"** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.;

**"Scottish Declaration of Trust"** means the declaration of trust in respect of the Scottish Loans and their related security made by PFL in favour of the Issuer on the Closing Date in relation to the Scottish Mortgages pursuant to the Mortgage Sale Agreement;

**"Scottish Loan"** means a Loan secured by a Scottish Mortgage;

**"Scottish Mortgages"** means the Mortgages secured by way of standard security over residential properties located in Scotland;

**"Secured Creditors"** means the Noteholders, the Trustee, PFL, any Receiver, the Paying Agents, the Agent Bank, the Transfer Agent, the Administrator, the Expenses Loan Provider, the Subordinated Loan Provider and any Swap Counterparty;

**"Secured Obligations"** means:

- (a) all monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer:
  - (i) to the order of the Trustee and/or any Receiver under the Deed of Charge, the Trust Deed or the Conditions at the times and in the manner provided herein or therein;
  - (ii) under or in respect of the Notes; and



- (iii) to the Trustee on any account whatsoever, whether as principal or surety and whether or not directly with another; and
- (b) all monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer to each of the other Secured Creditors in accordance respectively with each of the other Transaction Documents;

**"Security"** means all assets, rights and amounts secured pursuant to the Deed of Charge;

**"Senior Expenses"** means, in relation to any Calculation Date, the amount determined by PFL (in its capacity as Cash Manager) to be owing in respect of items (i) to (vi) (inclusive) of the Pre-Enforcement Interest Priority of Payments on the next following Interest Payment Date;

**"Standard Security"** means a heritable security created by a standard security over any interest in land in Scotland in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970;

**"Step-Up Date"** means the Interest Payment Date falling in December 2013;

**"Sterling"** or **"£"** denote the lawful currency of the United Kingdom;

**"Sterling LIBOR Screen Rate"** has the meaning given thereto in Condition 5(c)(ii), (*"Interest – Rate of Interest"*);

**"Sub Loan Drawing"** means the amount drawn under the Subordinated Loan on the Closing Date which equals 6 per cent of the sum of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;

**"Subordinated Loan"** means the Sterling subordinated loan facility to be made available to the Issuer by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

**"Subordinated Loan Agreement"** means the subordinated loan agreement to be dated on or about the Closing Date between the Issuer, the Cash Manager, the Subordinated Loan Provider and the Trustee;

**"Subordinated Loan Provider"** means Britannia;

**"Sundries Account"** means the sundries account with account number 36094188 - Platform Funding Limited re Leek 22a & b Sundries Account with sort code 01-05-02 at National Westminster Bank Plc;

**"Swap Agreement"** means the ISDA master agreement, schedule, credit support annex and confirmation(s) (as amended and supplemented from time to time) in respect of each of (i) the Basis Swap Transaction and (ii) the Interest Rate Swap Transactions (or any replacement thereof), and **"Swap Agreements"** means both or all of them;

**"Swap Counterparty"** means the Basis Swap Counterparty and the Interest Rate Swap Counterparty, or any of them as the context may require;

**"Swap Replacement Premia"** means (a) any amount received by the Issuer from a Swap Counterparty upon early termination of the swap transactions entered into under a Swap Agreement, *provided that* this shall not exceed the amount required to fund any upfront payment payable by the Issuer to a replacement swap counterparty in order to replace the relevant Swap Counterparty and enter into a replacement swap agreement with the Issuer; and (b) any amount received by the Issuer from a replacement swap counterparty in order to replace a Swap Counterparty and enter into a replacement swap agreement with the Issuer, *provided that* this shall not exceed the amount payable by the Issuer to the relevant Swap Counterparty upon termination of the swap transactions entered into under the relevant Swap Agreement;

**"Transaction Documents"** means the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Paying Agency Agreement, the Administration Agreement, the Deed of Charge, the Notes, the Trust Deed, the Notes Issuance Agreement, the Britannia GIC Agreement, the Declaration of Trust, the RBS GIC Agreement, the GIC Guarantee, the Master Framework Agreement, the Subordinated Loan Agreement, the Expenses Loan Agreement, the Basis Swap Transaction, the Interest Rate Swap Transactions and the Deferred Consideration Agreement;

**"Transfer Agent"** means HSBC Bank plc together with any successor transfer agents appointed from time to time in connection with the Notes under the Paying Agency Agreement;

**"Treaty"** means the Treaty establishing the European Communities as amended by the Treaty on European Union;

**"Trust Documents"** means the Trust Deed and the Deed of Charge and any deed or document expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable);

**"Trustee"** means Capita Trust Company Limited;

**"UK Listing Authority"** means the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;

**"Uncovered Shortfall"** means, in relation to any Calculation Date, the greater of (i) zero and (ii) the Principal Shortfall less the aggregate of all amounts (if any) of Income Retained on all preceding Calculation Dates;

**"VAT"** means value added tax provided for in the Value Added Tax Act 1994 and other United Kingdom primary legislation relating to value added tax and/or any regulations enacted thereunder (**"Existing UK VAT"**) and any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to existing United Kingdom VAT) or elsewhere; and

**"Written Resolution"** means a resolution in writing signed by or on behalf of all holders of Notes of the relevant class who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

## 2. **Form, Denomination and Title**

### (a) ***Form and Denomination***

The Notes are in fully registered form and serially numbered in the denomination of £100,000 each for the Notes. Notes in registered form are issued without coupons attached. The expression **"Notes"** means and includes co-ownership under a permanent global note and the expression **"Noteholder"** shall mean and include any person entitled to co-ownership and further benefit under a permanent global note.

The Principal Amount Outstanding of the Notes of each Class initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S (**"Regulation S"**) under the United States Securities Act of 1933, as amended (the **"Securities Act"**) is represented by one or more global notes in fully registered form (the **"Regulation S Global Note"**) without coupons attached.

### (b) ***Definitive Registered Notes***

Definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Regulation S Global Note (the **"Definitive Registered Notes"**) will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Registered Notes, if issued, will be issued in the denomination of £100,000 each for the Notes.

If, while any Notes are represented by a Regulation S Global Note, (i) in the case of a Regulation S Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative clearing system satisfactory to the Trustee is available; or (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, 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 withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee, the Issuer will issue Definitive Registered Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Regulation S Global Note in exchange for those

interests within 30 days of the relevant event but not earlier than the Exchange Date. The Regulation S Global Note will not be exchangeable for Definitive Registered Notes in any other circumstances.

(c) ***Title***

The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.

The Issuer shall cause to be kept at the specified office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes. No transfer of a Note will be valid unless and until entered on the Register.

Transfers and exchanges of beneficial interests in the Regulation S Global Note and any Definitive Registered Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Paying Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Regulation S Global Note or the transfer of a Definitive Registered Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Transfer Agent in the U.K. or the Registrar to any holder of a Note who so requests and will be available upon request at the specified office of the Transfer Agent in the U.K., the Registrar or the Principal Paying Agent.

A Definitive Registered Note may be transferred in whole or in part upon the surrender of the relevant Definitive Registered Note, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Transfer Agent in the U.K., the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.

Each new Definitive Registered Note to be issued upon transfer of Definitive Registered Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the specified office of the Transfer Agent in the U.K., the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Registered Note to such address as may be specified in such request.

Registration of Definitive Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

No holder of a Definitive Registered Note may require the transfer of such Note to be registered during the period of 7 days ending on the due date for any payment of principal or interest on such Note.

3. **Status, Ranking and Security**

*Status*

- (a) The Notes constitute direct, secured and unconditional obligations solely of the Issuer and the Notes of each Class will rank (subject to the provisions of Condition 6, ("*Redemption, Purchase and Cancellation*")) without preference or priority *pari passu* amongst themselves.
- (b) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by any of the other parties to the Transaction Documents.
- (c) The Notes which have been issued by the Issuer on the Closing Date, are subject to the Trust Deed and are secured by the Security. The Notes of each Class rank *pari passu* without preference or priority amongst the other Notes of such Class. In the event of the Security being

enforced, the Class A Notes will rank higher in priority to the Class B Notes. Save as provided in Condition 6, prior to the enforcement of the Security, repayments of principal of, and payments of interest on, the Class B Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes.

- (d) The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders and the other Secured Creditors as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise including, without limitation, as provided in Condition 12), but requiring the Trustee in such case to have regard only to: (i) for so long as there are any Class A Notes outstanding, the interests of the Class A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders and/or any other persons entitled to the benefit of the Security; or (ii) (where there are no Class A Notes outstanding) the Class B Noteholders if, in the Trustee's opinion there is a conflict between the interests of the Class B Noteholders and/or any other persons entitled to the benefit of the Security.;

However, at any particular time, having regard to the specific circumstances then applicable, the Trustee may, in its absolute discretion (and without prejudice to the preceding paragraph), if it believes it to be just and equitable to do so, convene a meeting or meetings of a specific Class or Classes of Noteholders.

#### *Security*

- (e) As security for the payment of all moneys payable in respect of the Notes and the other Secured Obligations (including the remuneration, expenses and any other claims of the Trustee and any Receiver appointed under the Deed of Charge), and in respect of certain amounts payable to the Noteholders and the other Secured Creditors from time to time, the Issuer has, pursuant to the Deed of Charge created the following Security in favour of the Trustee for itself and on trust for the Noteholders and the other Secured Creditors:
- (i) a first fixed charge over the Issuer's right, title, interest and benefit in the Mortgages and certain collateral security, other than the Scottish Mortgages, and certain collateral security;
  - (ii) an assignation in security of the Issuer's whole right, title and interest in and to the Scottish Declaration of Trust and the Scottish Trust Property therein defined;
  - (iii) an assignment by way of security of the Issuer's interest in certain insurance contracts so far as they relate to the Mortgages (in so far as such interests are capable of assignment);
  - (iv) an assignment by way of security of the benefit of the Issuer's right, title, benefit and interest present and future in the Transaction Documents other than the Notes and the Trust Documents;
  - (v) a first fixed charge over the Issuer's interest in the GIC Accounts and any other bank account of the Issuer from time to time and the debts represented thereby (which in either case, may take effect as a floating charge and so rank behind the claims of any preferential creditors of the Issuer); and
  - (vi) floating charge over all the present and future assets and undertaking of the Issuer not subject to the fixed charges or assignments by way of security as described above but extending over all the assets and undertaking of the Issuer situated in, or otherwise governed by, the laws of Scotland.

#### **Priority of Payments Prior to Enforcement**

##### *Pre-Enforcement Income Receipts*

- (f) prior to the delivery of an Enforcement Notice by the Trustee, Applied Income will be applied on each Interest Payment Date in making the following payments or provisions in the following order of priority (in each case only to the extent that payments or provisions of a higher priority have been made in full) (the "**Regular Pre-Enforcement Interest Priority of Payments**"):

- (i) *first*, in or towards satisfaction of the fees, costs and expenses of the Trustee and any costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
- (ii) *second, pro rata and pari passu*, in or towards satisfaction of the fees payable to the Paying Agents and the Agent Bank and any costs, charges, liabilities (including in respect of indemnity payments payable to any of them) and expenses incurred by any of them under the provisions of the Paying Agency Agreement and/or the Deed of Charge and any VAT payable thereon;
- (iii) *third, pro rata and pari passu*, in or towards satisfaction of the administration fees (inclusive of any VAT) of the Administrator under the Administration Agreement (or any substitute administrator) up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365 day year (or over a 366 day year in a leap year), by applying a rate up to 0.3 per cent. per annum to the average of the aggregate of the balance of the Loans administered by the Administrator on the last day of each calendar month commencing in the immediately preceding Collection Period, together with all and any costs and expenses paid or to be paid by the Administrator or any substitute administrator during such Collection Period or to be incurred in the next succeeding Collection Period;
- (iv) *fourth, pro rata and pari passu*, in or towards payment due to a Swap Counterparty under the Interest Rate Swap Transactions or the Basis Swap Transaction including termination payments (except for such amounts as are payable under item (xi) below);
- (v) *fifth*, in or towards payment *pro rata* and *pari passu* according to the respective amounts of interest due on the Class A Notes;
- (vi) *sixth*, in or towards payment of or provision for sums due to unsecured third parties without such payment or provision causing breach by the Issuer of the Trust Deed, the Deed of Charge or other Transaction Documents and for which payment has not been provided for elsewhere and to provide for any such amounts expected to become due and payable during the next following Collection Period;
- (vii) *seventh*, if applicable, to the extent of any shortfall in respect of the Required Amount in applying an amount to be credited to the Relevant GIC Account to bring the balance up to the Required Amount;
- (viii) *eighth*, in or towards retention, to the extent such amount has not been retained in full on a previous Interest Payment Date falling within each relevant accounting period of the Issuer, of an amount equal for each such relevant accounting period to the sum of the aggregate principal balances of the Loans at the beginning of the first Collection Period commencing on or after the first day of such relevant accounting period multiplied by 0.01 per cent. up to an amount equal to £35,000;
- (ix) *ninth*, in or towards payments *pro rata* and *pari passu* according to the respective amounts of interest due on the Class B Notes;
- (x) *tenth*, in or towards payment of interest due and principal payable in respect of the Expenses Loan;
- (xi) *eleventh, pro rata and pari passu*, amounts due to a Swap Counterparty in connection with an early termination of any Swap Agreement where such early termination results from an Event of Default (as defined in the applicable Swap Agreement) by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Agreement) with respect to an Additional Termination Event (as defined in the applicable Swap Agreement) as a result of a ratings downgrade of the Swap Counterparty (other than amounts attributable to collateral (and income thereon)) to the extent not paid in item (iv) above;

- (xii) *twelfth, pro rata and pari passu*, in or towards satisfaction of the balance of the fees, costs and expenses of the Administrator under the Administration Agreement (or any substitute administrator) not paid under item (iii) above;
- (xiii) *thirteenth*, in or towards satisfaction of amounts of interest payable in respect of the Subordinated Loan;
- (xiv) *fourteenth*, to retain in the Britannia GIC Account an amount equal to, if the Expenses Loan Condition is true, the principal amount outstanding under the Expenses Loan Agreement or, if the Expenses Loan Condition is not true, nil;
- (xv) *fifteenth, pro rata and pari passu*, in or towards payment to PFL in respect of all amounts accrued and due under or pursuant to the deferred consideration agreement between the Issuer and PFL dated on or about the Closing Date (the "**Deferred Consideration Agreement**"); and
- (xvi) *sixteenth*, the surplus, if any, to the Issuer, to be applied as Income Received on the next Interest Payment Date.

Applied Income allocated and provided for in accordance with the Regular Pre-Enforcement Interest Priority of Payments may be applied during each Interest Period by the Issuer to make payment of certain third party costs and expenses and amounts under the Interest Rate Swap Transactions that have fallen due.

In addition, the Issuer may, on any business day during an Interest Period, apply any amounts received by it in respect of Swap Replacement Premia to make any payment required to be made to a replacement swap counterparty or an outgoing Swap Counterparty (as the case may be) in order to replace a Swap Counterparty and enter into a replacement swap agreement on substantially the same terms as the relevant Swap Agreement.

The "**Expenses Loan Condition**" is true, if on the immediately preceding Calculation Date the aggregate principal balance of Loans which are greater than three months in arrear expressed as a percentage of the aggregate principal balance of the Loans exceeds 15 per cent.

#### **Pre-Enforcement Interest Priority of Payment on the Final Repayment Date**

- (g) On the Final Repayment Date, provided an Enforcement Notice has not been delivered by the Trustee, Applied Income will be applied on such Interest Payment Date in making the following payments or provisions in the following order of priority (in each case only to the extent that payments or provisions of a higher priority have been made in full) (the "**Final Pre-Enforcement Interest Priority of Payments**", and, together with the Regular Pre-Enforcement Interest Priority of Payments, the "**Pre-Enforcement Interest Priority of Payments**"):
  - (i) *first*, in or towards satisfaction of the fees, costs and expenses of the Trustee and any costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
  - (ii) *second, pro rata and pari passu*, in or towards satisfaction of the fees payable to the Paying Agents and the Agent Bank and any costs, charges, liabilities (including in respect of indemnity payments payable to any of them) and expenses incurred by any of them under the provisions of the Paying Agency Agreement and/or the Deed of Charge and any VAT payable thereon;
  - (iii) *third, pro rata and pari passu*, in or towards satisfaction of the administration fees (inclusive of any VAT) of the Administrator under the Administration Agreement (or any substitute administrator) up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365 day year (or over a 366 day year in a leap year), by applying a rate up to 0.3 per cent. per annum to the average of

the aggregate of the balance of the Loans administered by the Administrator on the last day of each calendar month commencing in the immediately preceding Collection Period, together with all and any costs and expenses paid or to be paid by the Administrator or any substitute administrator during such Collection Period or to be incurred in the next succeeding Collection Period;

- (iv) *fourth, pro rata and pari passu*, in or towards payment, due to a Swap Counterparty under the Interest Rate Swap Transactions or the Basis Swap Transaction including termination payments (except for such amounts as are payable under item (x) below);
- (v) *fifth*, in or towards payments *pro rata* and *pari passu* according to the respective amounts of interest due on the Class A Notes;
- (vi) *sixth*, in or towards payment of or provision for sums due to unsecured third parties without such payment or provision causing breach by the Issuer of the Trust Deed, the Deed of Charge or the other Transaction Documents and for which payment has not been provided for elsewhere and to provide for any such amounts expected to become due and payable during the next following Collection Period;
- (vii) *seventh*, in or towards payment of principal on the Subordinated Loan;
- (viii) *eighth*, in or towards retention, to the extent such amount has not been retained in full on a previous Interest Payment Date falling within each relevant accounting period of the Issuer, of an amount equal for each such relevant accounting period to the sum of the aggregate principal balances of the Loans at the beginning of the first Collection Period commencing on or after the first day of such relevant accounting period multiplied by 0.01 per cent. up to an amount equal to £35,000;
- (ix) *ninth*, in or towards payment *pro rata* and *pari passu* according to the respective amounts of interest due on the Class B Notes;
- (x) *tenth, pro rata and pari passu*, amounts due to a Swap Counterparty in connection with an early termination of any Swap Agreement where such early termination results from an Event of Default (as defined in the applicable Swap Agreement) by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Agreement) with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (other than amounts attributable to collateral (and income thereon)) to the extent not paid in item (iv), above;
- (xi) *eleventh*, in or towards payment of interest on the Expenses Loan;
- (xii) *twelfth*, in or towards payment of principal on the Expenses Loan;
- (xiii) *thirteenth*, in or towards payment of interest on the Subordinated Loan;
- (xiv) *fourteenth, pro rata and pari passu*, in or towards satisfaction of the balance of the fees, costs and expenses of the Administrator (or any substitute administrator) to the extent not paid under item (iii) above;
- (xv) *fifteenth, pro rata and pari passu*, in or towards payment to PFL in respect of all amounts accrued and due under or pursuant to the Deferred Consideration Agreement; and
- (xvi) *sixteenth*, the surplus, if any, to the Issuer.

#### **Principal Receipts**

- (h) Prior to the delivery of an Enforcement Notice by the Trustee, Applied Principal will be applied on each Interest Payment Date in making the payments or provisions in accordance with the Pre-Enforcement Principal Priority of Payments (in each case only to the extent that payments or provisions of a higher priority have been made in full) as set out in Condition 6(b) below.

## Priority of Payments Following Enforcement

- (i) At any time following the delivery of an Enforcement Notice by the Trustee pursuant to Condition 10 ("*Events of Default*") declaring the Notes to be due and repayable, the Trustee shall, to the extent that such funds are available, use funds standing to the credit of the Britannia GIC Account and the RBS GIC Account and in respect of the Charged Property (other than amounts standing to the credit of any swap collateral account which are payable to the Basis Swap Counterparty or Interest Rate Swap Counterparty in accordance with the Basis Swap Agreement or the Interest Rate Swap Agreement, as applicable, and other than amounts of cash collateral provided in respect of Britannia's obligations under the Britannia GIC Agreement which may not be applied by the Issuer pursuant to the terms of the Administration Agreement) to make payments in the following order of priority (the "**Post-Enforcement Priority of Payments**"), in accordance with and as more fully specified in the Deed of Charge (in each case only to the extent that payments or provisions of a higher priority have first been made in full):
- (i) *first*, in or towards satisfaction *pro rata* and *pari passu*, of:
    - (A) the remuneration then payable to any Receiver and any costs, charges, liabilities (including in respect of any indemnity payments payable to such Receiver) and expenses then incurred by such Receiver together with interest as provided in the Deed of Charge; and
    - (B) the fees, costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by the Trustee under the provisions of the Trust Deed, the Deed of Charge or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
  - (ii) *second, pro rata*, in or towards payment of the fees and costs (including any VAT) of Administrator (and any substitute administrator) and the fees, costs, charges and liabilities and expenses of the Paying Agents, Transfer Agent and the Agent Bank;
  - (iii) *third, pro rata and pari passu*, in or towards payment of amounts due to any Interest Rate Swap Counterparty and any Basis Swap Counterparty including termination payments (except for such amounts as are payable under item (ix) below):
  - (iv) *fourth, pro rata and pari passu* according to the respective amounts of interest and principal due on the Class A Notes;
  - (v) *fifth, pro rata and pari passu* according to the respective amounts of principal and interest due on the Class B Notes;
  - (vi) *sixth*, in or towards satisfaction of all amounts of principal repayable in respect of advances outstanding under the Subordinated Loan;
  - (vii) *seventh*, in or towards all amounts due and payable in respect of the Expenses Loan;
  - (viii) *eighth*, in or towards satisfaction of amounts payable in respect of interest pursuant to the Subordinated Loan;
  - (ix) *ninth*, in or towards payment of amounts due to a Swap Counterparty in connection with an early termination of any Swap Agreement where such termination results from a default by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Agreement) with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty to the extent not paid in item (iii) above;
  - (x) *tenth, pro rata and pari passu*, in or towards payment to PFL respectively in respect of all amounts accrued and due under or pursuant to the Deferred Consideration Agreement; and



- (xi) *eleventh*, the surplus, if any, to the Issuer.

#### 4. **Covenants**

Save with the prior written consent of the Trustee or as provided in or envisaged by any of these Conditions, the Trust Deed, the Deed of Charge or any of the other Transaction Documents, the Issuer shall not, so long as any Note remains outstanding (as defined in the Master Framework Agreement):

(a) ***Negative Pledge***

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

(b) ***Restrictions on Activities***

- (i) engage in any activity 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;
- (ii) have or form any subsidiaries, undertakings of any nature or employees or premises; or
- (iii) have its centre of main interest, as such term is used in the EU Insolvency Regulation, in any jurisdiction other than England;

(c) ***Disposal of Assets***

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

(d) ***Dividends or Distributions***

other than in respect of Company Profit (as defined in the Deferred Consideration Agreement), pay any dividend or make any other distribution to its shareholders or issue any further shares;

(e) ***Borrowings***

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

(f) ***Merger***

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

(g) ***Bank Accounts***

have an interest in any bank account, other than the Collection Account, the Sundries Account, the Britannia GIC Account, the RBS GIC Account and the Standby Drawing Account unless such account or interest is charged to the Trustee so as to form part of the security for the Notes on terms acceptable to the Trustee;

(h) ***Value Added Tax (VAT)***

apply to become part of any group for the purposes of Section 43 of the VAT Act 1994 with any other company or group of companies, or for the purposes of any act, regulation, order, statutory instrument or directive which, from time to time, may re-enact, replace, amend, vary, codify, consolidate or repeal the VAT Act 1994, unless required to do so by law;

(i) ***Surrender of Group Relief***

offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Chapter IV of Part X of the Income and Corporation Taxes Act 1988 unless the Issuer

first receives by way of consideration for such surrender the payment of an amount calculated by applying to the amount surrendered the rate of corporation tax applicable to the Issuer at the time of surrender; or

(j) ***Other***

permit the validity or effectiveness of any of the Transaction Documents, the insurance contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, terminated or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of the Trust Deed, these Conditions or any of the Transaction Documents, or permit any party to any of the Transaction Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders.

5. **Interest**

(a) ***Period of Accrual***

The Notes of each Class bear interest on their Principal Amount Outstanding from and including the Closing Date. Each Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is not paid in full or is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well after as before any judgment) at the rate from time to time applicable to the relevant Class of Note up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the Noteholder (in accordance with Condition 15 ("*Notices*")), that the full amount payable is available for collection by the Noteholder, **provided that** on due presentation payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period), such interest shall be calculated on the basis of actual days elapsed in a 365 day year or a 366 day year if the last day of such period falls in a leap year.

(b) ***Interest Payment Dates and Interest Periods***

Interest on each Class of Notes shall be payable in arrear on 22 June 2009, and thereafter quarterly in arrear on the 21st day in September, December, March and June in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day (each such date an "**Interest Payment Date**").

If there is a shortfall between the Income Received by the Issuer and the amount of interest due on any Class B Notes on that Interest Payment Date, that shortfall will be borne by each Class B Note in a proportion equal to the proportion that the interest outstanding on the relevant Note bears to the total amount of interest outstanding on all the Class B Notes. This will be determined on the Interest Payment Date on which the shortfall arises. Payment of the shortfall will be deferred and will be due on the next Interest Payment Date on which funds are available to the Issuer, or, if earlier, the Maturity Date, from Income Received on that Interest Payment Date, to make the payment. The shortfall will accrue interest at the rate described for each Class B Note below, and payment of that interest will also be deferred and will be due on the next Interest Payment Date on which funds are available to the Issuer to make the payment or, if earlier, on the Maturity Date.

(c) ***Rate of Interest***

The rate of interest payable from time to time in respect of each Class of Notes (the "**Rate of Interest**") will be determined by the Agent Banks on each Interest Payment Date (each an "**Interest Determination Date**").

The Rate of Interest in respect of each Class of Notes for each Interest Period shall be the aggregate of:

- (i) the Relevant Margin; and
- (ii) the rate for three-month Sterling deposits offered to prime banks in the London Inter Bank Market ("**3 Month Sterling LIBOR**") which appears on the page reference "LIBOR01" on the Reuters monitor (or (aa) such other page as may replace the page reference "LIBOR01" on the Reuters monitor on that service for the purpose of displaying such information or (bb) if that service ceases to display such information, such page as displays such information on any successor or equivalent service (or, if more than one, that one which is approved in writing by the Trustee to replace the Reuters Monitor)) at or about 11.00 a.m. (London time) on the Interest Determination Date (the "**Sterling LIBOR Screen Rate**"); or in the case of the first Interest Period only, the rate obtained by the linear interpolation of the rate for four month and five month Sterling deposits in the market;
- (iii) if the Sterling LIBOR Screen Rate is unavailable at such time, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the relevant LIBOR rate at or about 11.00 a.m. (London time) on the Interest Determination Date. If on any such Interest Determination Date, only two of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the Trustee suitable for such purpose) and the Rate of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then 3 Month Sterling LIBOR for the relevant Interest Period shall be the 3 Month Sterling LIBOR in effect as at the last preceding Interest Determination Date to which Condition 5(c)(ii) shall have applied.

For the purposes of these Conditions, the "**Relevant Margin**" shall be:

(A) for the Class A Notes, 1.00 per cent. per annum until the Interest Payment Date falling in December 2013 and thereafter 1.00 per cent. per annum; and

(B) for the Class B Notes 0.21 per cent annum until the Interest Payment Date falling in December 2013 and thereafter 0.21 per cent. per annum;

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

The Agent Bank will, on each Interest Determination Date, determine and notify the Issuer, the Administrator, the Trustee, the Swap Counterparty and the Paying Agents of (i) the Rate of Interest applicable for the Interest Period beginning on and including such Interest Determination Date in respect of each Class of Notes; (ii) the amount payable in respect of such Interest Period in respect of each Note (the "**Interest Amount**") payable in respect of such Interest Period in respect of each Note. The Interest Amount for a Note of a particular Class shall be calculated by applying the Rate of Interest applicable to that Note to the Principal Amount Outstanding of the relevant Note of that Class multiplied by the actual number of days in the relevant Interest Period and divided by 365 (or in the case of an Interest Period ending in a leap year, 366) and rounding the resultant figure to the nearest penny or cent, as the case may be, (half a penny or cent, as the case may be, being rounded upwards).

(e) ***Publication of Rate of Interest and Interest Amount***

As soon as practicable after receiving notification thereof, the Issuer will cause the Rate of Interest and the Interest Amount applicable to each Class of Notes for the Interest Period and the Interest Payment Date falling at the end of such Interest Period to be notified to the UK Listing Authority and to the London Stock Exchange, for so long as the Notes are listed on the Official List of the UK Listing

Authority and admitted for trading with the London Stock Exchange, and will cause the same to be published in accordance with Condition 15 ("*Notices*") on or as soon as practicable after such determination. The Interest Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or a shortening of the Interest Period.

(f) ***Determination or Calculation by the Trustee***

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for any Class of Notes in accordance with this Condition 5, the Trustee shall (i) determine the Rate of Interest for each Class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or, as the case may be, (ii) calculate the Interest Amount for each Class in the manner specified in this Condition, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and in the absence of fraud or negligence shall be final and binding and in such absence of fraud or negligence, no liability to the Noteholders shall attach to the Trustee in connection with the exercise or non exercise by the Trustee of its powers, duties, determinations and discretions under this Condition.

(g) ***Notification to be Final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Trustee and all Noteholders and (in such absence as aforesaid) no liability to any such person shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) ***Reference Banks and Agent Bank***

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be four Reference Banks and an Agent Bank. The initial Agent Bank shall be HSBC Bank plc of 8 Canada Square, London E14 5HQ. In the event of any of the Reference Banks being unable or unwilling to continue to act as a Reference Bank or HSBC Bank plc being unable or unwilling to continue to act as Agent Bank, the Issuer shall appoint such other bank as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved in writing by the Trustee is appointed by the Issuer.

(i) ***Interest Accrual***

To the extent that the funds available to the Issuer to pay interest on the Class B Notes on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall ("**Deferred Interest**"), which will be borne by each Class B Note in a proportion equal to the proportion that the Principal Amount Outstanding of that Class B Note bears to the aggregate Principal Amount Outstanding of the Class B Notes (in each case as determined on the Interest Payment Date on which such Deferred Interest arises), will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds. Such Deferred Interest will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to the Class B Notes and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds. Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Maturity Date of the Class B Notes, or beyond any earlier date on which each respective Class of Notes falls to be redeemed in full in accordance with Condition 6 ("*Redemption, Purchase and Cancellation*"), and any such amount which has not then been paid in respect of the relevant Class of Notes shall thereupon become due and payable in full.

## 6. **Redemption, Purchase and Cancellation**

### (a) ***Final Redemption***

Unless previously redeemed or purchased and cancelled as provided in this Condition 6, the Issuer shall (without prejudice to the provisions of Condition 6(i)) redeem all the Classes of Notes at their respective Principal Amount Outstanding together with all interest accrued thereon on the Interest Payment Date falling in March 2050 (the "**Maturity Date**").

The Issuer may not redeem Notes in whole or in part prior to their respective Maturity Dates except as provided in Conditions 6(b), (d) or (e) of this Condition, but without prejudice to Condition 10 ("**Events of Default**") below.

### (b) ***Mandatory Redemption in Part***

Prior to delivery of an Enforcement Notice by the Trustee, on each Interest Payment Date other than the Interest Payment Date on which the Notes are to be redeemed under Condition 6(a) or (d) or (e), the Issuer is required to apply the amount of Applied Principal, *inter alia*, in or towards purchasing Further Advances, **provided that** the aggregate of the amounts so applied must not exceed (i) the cumulative amount of 10.0 per cent. of the aggregate original outstanding balances of the Mortgages on the Closing Date plus (ii) the aggregate amount of Retentions in respect of the Mortgages.

The Actual Redemption Funds will be applied in partial redemption of the Notes on any Calculation Date, to effect redemptions of the Notes on the next Interest Payment Date sequentially as follows (the "**Pre-Enforcement Principal Priority of Payments**"):

- (i) *first, pro rata and pari passu* in redeeming the Class A Notes until no Class A Notes remain outstanding;
- (ii) *second, pro rata and pari passu* in redeeming the Class B Notes until no Class B Notes remain outstanding; and
- (iii) *third*, on the Interest Payment Date falling in March 2050 or such earlier date when all of the Notes, have been redeemed in full, in or towards repayment of all outstanding amounts in respect of the Subordinated Loan in respect of principal and interest to the extent not previously repaid pursuant to the Pre-Enforcement Interest Priority of Payments.

Each Note will be redeemed in an amount equal to the applicable proportion of the Actual Redemption Funds divided by the number of Notes and rounded down to the nearest pound.

To the extent that the Sterling amounts available are greater than the amounts actually used by the Issuer on any Interest Payment Date such excess Sterling amounts (the "**Rounding Balance**") shall be retained and form part of Applied Principal on the next Calculation Date.

The Cash Manager is responsible, pursuant to the Administration Agreement, for determining the amount of the Applied Principal as at any Calculation Date and each determination so made shall (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on the Trustee and all Noteholders and no liability to the Noteholders shall attach to the Issuer, the Trustee or (in the absence of negligence, wilful default, bad faith or manifest error) to the Cash Manager in connection therewith.

### (c) ***Note Principal Payments, Principal Amount Outstanding and Pool Factor***

The principal amount redeemable in respect of each Class A Note and Class B Note, (the "**Note Principal Payment**") on any Interest Payment Date under paragraph (b) above shall be the amount of the Actual Redemption Funds on the Calculation Date immediately preceding that Interest Payment Date to be applied in redemption of Notes of that Class divided by the number of Notes of that Class in the relevant denomination then outstanding.

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 Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of

each such Note and (iii) the fraction expressed as a decimal to the sixth point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in (ii) above) and the denominator is 100,000. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange) the London Stock Exchange, and will immediately cause notice of each such determination to be given in accordance with Condition 15 ("**Notices**") by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders. If the Issuer does not at any time for any reason determine (or cause the Cash Manager to determine) with respect to each of the Classes of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this paragraph, such determination may be made by the Trustee in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer and in the absence of fraud or negligence shall be final and binding and in such absence of fraud or negligence, no liability to the Noteholders shall attach to the Trustee in connection with the exercise or non exercise by the Trustee of its powers, duties, determinations and discretions under this Condition.

(d) ***Optional Early Redemption of the Notes***

On any Interest Payment Date falling on or after the Step-Up Date and having given not more than 60 nor less than 30 days' prior written notice to the Trustee and the Noteholders (in accordance with Condition 15 ("**Notices**")), the Issuer may redeem all (but not some only) of the Notes then outstanding at their then Principal Amount Outstanding together with accrued interest **provided that**, prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid.

On any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Class A Notes then outstanding is less than 10.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date and having given not more than 60 nor less than 30 days' prior written notice to the Trustee and the Noteholders, the Issuer may redeem all (but not some only) of the Notes at their then Principal Amount Outstanding together with accrued interest **provided that**, prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid.

(e) ***Optional Redemption of the Notes for Tax Reasons***

If the Issuer at any time satisfies the Trustee prior to the giving of the notice referred to below that either (i) on the next Interest Payment Date the Issuer and/or any Swap Counterparty would be required to deduct or withhold from, in the case of the Issuer, any payment of principal or interest on the Notes or from, in the case of the Issuer and/or any Swap Counterparty, any payment to be made under any Swap Agreement, or under any such hedging arrangements (other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or in any jurisdiction or (ii) the Issuer is liable to pay United Kingdom corporation tax in respect of any of its accounting periods for United Kingdom corporation tax purposes on an amount in excess of the amount of Company Profit (as defined in the Deferred Consideration Agreement) retained by the Issuer in such accounting period; or (iii) by virtue of a change in tax law (or the application or official interpretation thereof), the amounts payable to the Issuer in respect of interest from Borrowers under the Mortgages ceases to be receivable in full, then the Issuer may, having given not more than 60 nor less than 30 days' prior written notice to the Trustee and the Noteholders in accordance with Condition 15 ("**Notices**"), redeem all (but not some only) of the Notes then outstanding on any Interest Payment Date at their Principal Amount Outstanding together with accrued interest **provided that**, prior to giving any such notice, the Issuer (or in respect of (c) below the Issuer or any Swap Counterparty), shall have provided to the Trustee: (a) a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other

person, required to redeem the Notes as aforesaid, (b) in relation to (iii) above, a certificate from two directors of the Issuer to the effect that the reduction in amounts received under the Mortgages cannot be avoided without significant cost to the Issuer, and (c) a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in England (approved in writing by the Trustee) opining on the relevant change in law. Any certificate(s) and legal opinion given by or on behalf of the Issuer or any Swap Counterparty, may be relied on by the Trustee and shall be conclusive and binding on the Noteholders.

(f) ***Notice of Redemption***

Any such notice as is referred to in Condition 6(d) or (e) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their then Principal Amount Outstanding together with all accrued interest.

(g) ***Cancellation***

All Notes redeemed pursuant to Condition 6(d) or (e) above or otherwise redeemed in whole will be cancelled upon redemption and may not be resold or re-issued.

(h) ***Limited Recourse***

If at any time following (i) the Maturity Date, (ii) the service of an Enforcement Notice, (iii) enforcement of the Security and (iv) the application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the Post Enforcement Priority of Payments, the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority in accordance with the Post Enforcement Priority of Payments, to pay in full any amount then due and payable under any class of Notes then the amount remaining to be paid (after such application in full of the amounts referred to in (iv) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following the such application in full of the amounts referred to in (iv) above, cease to be due and payable by the Issuer.

(i) ***Final Payment of Principal***

Without prejudice to the rights of the Trustee and the Noteholders of each Class pursuant to Condition 10 ("*Events of Default*"), if, on the Maturity Date or other date on which the Notes in question fall to be redeemed in full in accordance with this Condition, there remains any unpaid amount of principal in respect of the Notes of any Class, such amount will become due and payable on that date (subject to any applicable provisions of the Deed of Charge regarding the priority of payments as between holders of the different Classes of Notes).

7. ***Payments***

(a) ***Principal and interest***

Payments of principal in respect of any Regulation S Global Note will be made to the persons shown in the Register at the close of business on the Record Date and, in the case of any final redemption, upon the surrender of such Regulation S Global Note at the Specified Office of the Transfer Agent in the U.K., the Registrar or the Principal Paying Agent.

Payments of principal in respect of any Definitive Registered Notes will be made to the persons shown in the Register at the close of business on the Record Date and, in the case of final redemption, upon surrender of such Definitive Registered Notes at the specified office of the Transfer Agent in the U.K., the Registrar or the Principal Paying Agent.

Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date.

Payments in respect of the Notes will be made in Sterling by Sterling cheque drawn on a bank in the United Kingdom at the Specified Office of the Principal Paying Agent or, at the option of the Noteholder, by transfer to a Sterling account maintained by the payee with a branch of a bank in the City of London.

The person shown in the Register at the close of business on the applicable Record Date in respect of a Regulation S Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Regulation S Global Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(b) ***Payments subject to Fiscal Laws***

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(c) ***Withheld Interest***

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(a) will be paid against presentation of such Note at the Specified Office of any Paying Agent in accordance with this Condition 7.

(d) ***Paying Agent***

The initial Principal Paying Agent and its initial specified office are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents (together with the Principal Paying Agent, the Paying Agents). The Issuer will at all times prior to redemption of the Notes in full maintain a paying agent with a Specified Office in London. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their Specified Offices to be given in accordance with Condition 15 ("*Notices*").

(e) ***Payments on Business Days***

If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

8. **Prescription**

Claims for principal in respect of Notes shall become void unless claims under the relevant Notes are made within ten years of the appropriate Relevant Date. Claims for interest in respect of Notes shall become void unless the relevant Notes are made within five years of the appropriate Relevant Date.

9. **Taxation**

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

10. **Events of Default**

(a) The Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class A Notes or if there are no Class A Notes then 25 per cent. in aggregate Principal Amount Outstanding of the Class B Notes subject, in each case, to being indemnified to its satisfaction and subject further, in each case, to Condition 12(b). Notes shall give a notice (an "**Enforcement Notice**") to the Issuer declaring the Notes to be due and repayable at any time after the happening of any of the following events (each an "**Event of Default**"):

- (i) default being made for a period of five Business Days in the payment of the principal of or any interest on any Note when and as the same ought to be paid in accordance with



these Conditions always **provided that**, for the avoidance of doubt, a deferral of interest in accordance with Condition 5(i) shall not constitute a default in the payment of such interest for the purposes of this Condition 10; or

- (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes, the Trust Deed, the Deed of Charge or any of the other Transaction Documents (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no notice will be required) such failure continues for a period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied and **provided that** the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders; or
  - (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv), ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
  - (iv) an order being made or an effective resolution being passed for the winding up of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Class A Noteholders or, if there are no Class A Notes outstanding, the Class B Noteholders; or
  - (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order being granted or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 14 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors, generally.
- (b) Upon any Enforcement Notice being served upon the Issuer by the Trustee in accordance with Condition 10(a) above, the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Trust Deed.

## 11. **Enforcement**

### (a) ***Action by the Trustee***

Subject to Condition 11(b), at any time after the Notes have become due and repayable and without prejudice to its rights of enforcement in relation to the Security, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce payment of the Notes together with accrued interest, but it shall not be bound to take any such proceedings unless: (i) it shall have been directed or requested to do so by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding; or (ii) it shall have been directed or requested to do so in writing by the holders of the Most Senior Class of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding and in either case only if it shall have been indemnified and/or secured to its satisfaction. No Noteholder shall be entitled to proceed directly against the Issuer otherwise than in accordance with the Deed of Charge. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Security at the request of any other Secured Creditor under the Deed of Charge.

(b) ***Restrictions on Disposal of the Charged Property***

If the Notes have become due and repayable otherwise than by reason of a default in payment of any amount due thereon, the Trustee will not be entitled to dispose of any of the Charged Property (including any Loan and its Related Security beneficially owned by the Issuer) unless either:

- (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and amounts ranking in priority thereto or *pari passu* therewith; or
- (ii) the Trustee is of the opinion, reached after considering the advice of an investment bank or other financial advisor selected by the Trustee for the purpose of giving such advice, that the cash flow prospectively receivable by the Issuer (if the Charged Property were not disposed of) will not (or that there is a significant risk that it would not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and amounts ranking in priority thereto or *pari passu* therewith.

12. **Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor**

(a) ***Convening***

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed or other Transaction Documents, which modification may be made if sanctioned by an Extraordinary Resolution.

(b) ***Relationship between the Classes***

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class B Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined below), shall not take effect unless it shall have also been sanctioned by an Extraordinary Resolution of the Class B Noteholders.

An Extraordinary Resolution other than a Basic Terms Modification passed at any meeting of Class B Noteholders or a request in writing by the Class B Noteholders shall not be effective for any purpose while any Class A Note remains outstanding unless either: (i) the Trustee is of the opinion that it would not materially be prejudicial to the interests of the Class A Noteholders; or (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

However, at any particular time, having regard to the specific circumstances then applicable, the Trustee may, in its absolute discretion (and without prejudice to the preceding paragraph), if it believes it to be just and equitable to do so, convene a meeting or meetings of a specific Class or Classes of Noteholders.

(c) ***Quorum***

Subject as provided below, the quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. of the aggregate Principal Amount Outstanding of the Notes in the relevant Class then outstanding or at any adjourned meeting two or more persons being or representing Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding. The quorum at any meeting of the Noteholders passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be two or more persons holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, two or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding. The rules relating to meetings of Noteholders, including matters relating to quorums and resolutions, shall apply *mutatis mutandis* to any meeting of any Class of Noteholders. The majority required for an Extraordinary Resolution shall be 75 per cent. of the votes cast on that Extraordinary Resolution, whether on a show of hands or a poll.

For these purposes, a "Basic Terms Modification" means any modification of the date of maturity of the Notes, any modification which would have the effect of postponing any day for payments of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the priority of payment of interest and principal on the Notes or the Security constituted by

or for the Notes, altering the currency of payment of the Notes (save as would be necessary in the event that the United Kingdom becomes a Participating Member State in the Economic and Monetary Union) or an alteration of the definition of Basic Terms Modification or of the majority required to effect a Basic Terms Modification or of the majority required to pass an Extraordinary Resolution.

(d) ***Resolutions in Writing***

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

(e) ***Modification; Waiver***

The Trustee may agree, without the consent of the Noteholders, to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or the Secured Creditors or to any modification which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders, determine that an Event of Default or a Potential Event of Default shall not, or shall not subject to special conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 ("*Notices*").

(f) ***Substitution of Principal Debtor***

The Trustee may agree, at the written request of the Issuer and subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the 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 Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially 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(f), the 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 Trustee, be materially prejudicial to the interests of the Noteholders.

(g) ***Approval***

The Trustee, in considering whether the exercise of any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents is not materially prejudicial to the interests of the Noteholders (the "**No Material Prejudice Test**"), shall be entitled to take into account any such matters as it in its sole discretion considers relevant, and which may include the Ratings Test being satisfied.

13. ***Indemnification of the Trustee***

(a) ***Trustee's Right to Indemnity***

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Trustee and provides that the Trustee is entitled to be indemnified and/or secured and relieved from responsibility in certain circumstances and to be paid or reimbursed for any liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer and any other party to the Transaction Documents without accounting for any profit.

(b) ***Trustee not Responsible for Loss***

The Trustee will not be responsible for any loss, cost, expense or liability which may be suffered as a result of any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Administrator or any agent or related

company of the Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

(c) ***Paying Agents Solely Agents of Issuer***

In acting under the Paying Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and (to the extent provided in the Paying Agency Agreement) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(d) ***Initial Agents***

The initial Principal Paying Agent and the initial Agent Bank and their initial specified offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent or the Agent Bank and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Paying Agent or Agent Bank.

(e) ***Maintenance of Agents***

The Issuer shall at all times maintain a paying agent in London, a principal paying agent, an agent bank and a registrar. Notice of any change in any of the Paying Agents or the Agent Bank or the Registrar or in their specified offices shall promptly be given to the Noteholders in accordance with Condition 15 ("Notices") and to the Company Announcements Office of the London Stock Exchange.

14. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of any of the Paying Agents, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

15. **Notices**

(a) ***Valid Notices***

Any notice to Noteholders shall be validly given if such notice is published in a leading daily newspaper printed in the English language and having general circulation in London (which is expected to be the Financial Times) or, if this is not practicable, in another leading English language newspaper as the Trustee shall approve having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in the newspaper referred to above.

Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount, a Note Principal Payment, a Principal Amount Outstanding or a Pool Factor shall be deemed to have been duly given if the information contained in such notice appears on Reuters Screen Page UCAA07 or such other medium for the electronic display of data as may be approved by the Trustee and notified to the Noteholders in accordance with the preceding paragraph. Any such notice will be deemed to have been given on the first date on which such information appeared on the relevant screen.

(b) ***Other Methods***

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

16. **Non Petition**

The Noteholders shall not be entitled to take any steps (otherwise than in accordance with the Deed of Charge):

- (a) to direct the Trustee to enforce the Security other than when expressly permitted to do so under Condition 11 ("*Enforcement*"); or
- (b) to take or join any person in taking steps against the Issuer for the purpose to obtaining payment of any amount due from the Issuer to it; or
- (c) to initiate or join any person in initiating any Insolvency Proceedings in relation to the Issuer or the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any substantial part of the undertakings or assets of the Issuer; or
- (d) to take any steps or proceedings which would result in the Payment Priorities not being observed.

**17. Ratings Confirmations**

- (a) By subscribing for or purchasing Note(s), each Noteholder shall be deemed to have acknowledged and agreed that a credit rating of a Class of Notes is an assessment of credit risk and does not address other matters that may be of relevance to Noteholders, including, without limitation, in the case of a confirmation by a Rating Agency that any action proposed to be taken by the Issuer, Britannia, PFL, the Trustee or any other party to a Transaction Document will not have an adverse effect on the then current rating of the Notes or cause such rating to be withdrawn, whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the Noteholders.
- (b) In being entitled to have regard to the fact that a Rating Agency has confirmed that the then current rating of the relevant class of Notes would not be adversely affected or withdrawn, each of the Issuer, Britannia, PFL, the Trustee and the Secured Creditors (including the Noteholders) is deemed to have acknowledged and agreed that any confirmation by a rating agency does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, Britannia, PFL, the Trustee and the Secured Creditors (including the Noteholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, Britannia, PFL, the Trustee and the Secured Creditors (including the Noteholders) or any other person whether by way of contract or otherwise.
- (c) By subscribing for or purchasing the Note(s) each Noteholder shall be deemed to have acknowledged and agreed that:
  - (i) a confirmation from a Rating Agency may or may not be given at the sole discretion of each Rating Agency;
  - (ii) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide of the confirmation in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;
  - (iii) a confirmation by the Rating Agency, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Notes form a part; and
  - (iv) a confirmation by a Rating Agency represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any Noteholder or any other party.

**18. Governing Law**

The Transaction Documents and the Notes are governed by, and shall be construed in accordance with, English law other than certain provisions of the Transaction Documents particular to the law of Scotland (which are governed by, and shall be construed in accordance with, Scots law).

**19. Specified Offices of Agents**

The initial specified office of the initial Agent Bank and the initial Principal Paying Agent is at 8 Canada Square, London E14 5HQ.

## TAXATION

The following discussion is a summary of the United Kingdom withholding tax treatment as at the date hereof of the principal and interest paid in respect of the Notes (together with certain European Union withholding information reporting requirements). It does not deal with other United Kingdom tax consequences of acquiring, holding or disposing of the Notes. It describes consequences for persons who are absolute beneficial owners of the Notes based on law and practice as at the date of this Prospectus. The discussion is only a summary. It is a general guide and should be treated with appropriate caution. It is not intended as tax advice, and it does not describe all of the tax considerations that may be relevant to a prospective purchaser.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES UNDER ITS CIRCUMSTANCES OF PURCHASING, HOLDING AND SELLING THE NOTES UNDER THE LAWS OF THE UNITED KINGDOM, THE UNITED STATES, THEIR POLITICAL SUBDIVISIONS AND ANY OTHER JURISDICTIONS WHERE THE PROSPECTIVE PURCHASER MAY BE SUBJECT TO TAX.

### United Kingdom Taxation

#### (i) *Withholding Tax*

The Notes will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "**Income Tax Act**") provided they 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. Securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The London Stock Exchange is a recognised stock exchange for these purposes. Whilst the Notes are and continue to be quoted Eurobonds (and in particular so long as the Notes continue to be listed as mentioned above), payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on such Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on such Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In all other cases an amount must be withheld on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty or to any other exemption which may apply.

#### *Other Rules Relating to United Kingdom Withholding Tax*

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" and "principal" in this summary of the United Kingdom withholding tax position mean "interest" and "principal" as understood in United Kingdom tax law. The statements in this summary do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

Substitution of another corporate entity in place of the Issuer as principal debtor on the Notes (as described in "*Condition 12 – Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor*") may give rise to different withholding tax consequences to those described above.

(ii) ***Provision of Information***

Noteholders who are individuals should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**Paying Agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "**Collecting Agent**"), then the Issuer, the Paying Agent or the Collecting Agent (as the case may be) may, in certain cases, be required to supply to HM Revenue and Customs details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in, that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

## NOTES ISSUANCE

Pursuant to a Notes Issuance Agreement dated 23 January 2009 between the Issuer, Britannia (the "**Notes Purchaser**"), J.P. Morgan Securities Ltd. and The Royal Bank of Scotland plc (the "**Co-Arrangers**") (the "**Notes Issuance Agreement**"), the Notes Purchaser has agreed with the Issuer to purchase the Class A Notes and the Class B Notes at the issue price of 100 per cent. of the principal amount of such Notes. The Issuer will pay an arrangement fee to each Co-Arranger.

The Notes Issuance Agreement is subject to a number of conditions and may be terminated by the Notes Purchaser in certain circumstances prior to the time on the Closing Date when payment would otherwise be due under the Notes Issuance Agreement to the Issuer. The Issuer and the Notes Purchaser have agreed to indemnify the Co-Arrangers against certain liabilities in connection with the issue of the Notes.

### General

#### *Compliance with Applicable Laws*

- (a) The Notes Purchaser and the Issuer undertake not to offer or sell, directly or indirectly, any Notes, or to distribute or publish the Prospectus or any other material relating to the Notes, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable securities laws and regulations.
- (b) The Notes Purchaser and the Issuer acknowledge that, save for the approval of the Prospectus as a prospectus in accordance with Part VI of FSMA, the application for the admission of the Notes to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange's Regulated Market, no further action has been or will be taken by any party in any jurisdiction 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.

#### *Use of information*

- (c) The Notes Purchaser and the Issuer are not authorised to give any information in relation to, or make any representation in connection with, the offering or sale of the Notes other than is contained in the Prospectus or as authorised in writing by the Issuer or the Note Purchaser (for use in connection with the giving of information or the making of any representation to third parties) or information otherwise in the public domain.

### United States

#### *No Registration under Securities Act*

- (a) The Notes have not been and will not be registered under the Securities Act or under the securities law of any U.S. state and, unless so registered may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any U.S. state. Accordingly, the Notes are being offered and sold outside the United States to non-U.S. persons pursuant to Regulation S.

#### *Compliance by Issuer with United States Securities Laws*

- (b) The Issuer represents, warrants and undertakes that:
  - (i) neither it, its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act ("**Regulation D**")), nor any person acting on its or their behalf (except for the Co-Arrangers, as to whom no representation is made) has, directly or indirectly, sold, offered for sale, solicited offers to buy or otherwise negotiated or will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Securities Act) that would require the registration of the Notes under the Securities Act;



- (ii) neither it, its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as that term is defined in Regulation S) with respect to the Notes and it, its affiliates, and any person acting on its or their behalf, has complied and will comply with the offering restrictions requirements of Regulation S;
- (iii) it has not taken and will not take, directly or indirectly, any action designed to cause or result in, stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Notes; and
- (iv) it is a "foreign issuer" (as defined in Regulation S) and there is no "substantial U.S. market interest" (as defined in Regulation S) in the debt securities of the Issuer.

#### **Notes Purchaser's Compliance with United States Securities Laws**

- (c) The Notes Purchaser represents, warrants and undertakes that:
  - (i) neither it, its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf (except for the Co-Arrangers, as to whom no representation is made) has, directly or indirectly, sold, offered for sale, solicited offers to buy or otherwise negotiated or will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Securities Act) that would require the registration of the Notes under the Securities Act;
  - (ii) it has solicited and will solicit offers, it has offered, sold or delivered the Notes and will offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**") only in accordance with Regulation S. The Notes Purchaser agrees that, at or prior to confirmation of sale of the Notes, it will have sent to each affiliate, distributor, dealer or person receiving a selling concession, fee or other remuneration to whom it sells the Notes during the Distribution Compliance Period a confirmation or notice to substantially the following effect:
 

"The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), and may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, U.S. persons (i) as part of the distribution of the Notes at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the date of closing of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S".
- (d) The Notes Purchaser represents, warrants and agrees that neither it, its affiliates (as defined in Rule 501(b) of Regulation D) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

#### **United Kingdom**

The Notes Purchaser represents to and agrees that in connection with the issue of the Notes or the sale of any Notes:

- (a) it has complied and will comply with all applicable provisions of the FSMA in, from or otherwise involving the United Kingdom; and
- (b) 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 investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes or the sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 20 January 2009.
2. It is expected that the listing of the Notes by the UK Listing Authority on the Official List and admission of the Notes to trading on the London Stock Exchange's Regulated Market by the London Stock Exchange will be granted on or around 27 January 2009. The listing of the Notes is conditional upon the issue of the Regulation S Global Note, which is expected to take place on the Closing Date. Transactions will normally be effected for delivery on the third working day after the Closing Date. Prior to such listing on the Official List and admission to trading, however, dealing in the Notes will be permitted by the London Stock Exchange's Regulated Market in accordance with its rules.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and ISIN for the Notes are as follows:

### Regulation S Notes

	Common Code	ISIN
Class A Notes .....	041017007	XS0410170079
Class B Notes .....	041017015	XS0410170152

4. The auditors of the Issuer are PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP are a member of the Institute of Chartered Accountants in England and Wales. So long as the Notes are listed on the Official List and traded on the London Stock Exchange's Regulated Market, the most recent published audited annual accounts of the Issuer will be available at the Specified Office of the Principal Paying Agent. The Issuer does not publish interim accounts.
5. The Issuer is not nor has it been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) during the previous twelve months which may have or have had in the recent past, significant effects on the Issuer's financial position or profitability.
6. In relation to this transaction the Issuer, as at the date of this document, has entered into the Notes Issuance Agreement referred to under "*Notes Issuance*" above, which is or may be material.
7. PricewaterhouseCoopers LLP have given and not withdrawn its written consent to the inclusion herein of its accountant's report and references to its name in the form and context in which they are included and has authorised the content of those parts of the Prospectus for the purposes of rule 5.5.4(f) of the Prospectus Rules made under Part VI of FSMA. The auditors of the Issuer have no material interest in the Issuer.
8. Since 18 November 2008, being the date of incorporation of the Issuer, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or (save as disclosed under the Capitalisation and Indebtedness Statement on page 49) financial position of the Issuer.
9. Copies of the following documents may be inspected during usual business hours at the offices of the Issuer and the Principal Paying Agent from the date of this document and so long as any of the Notes remains outstanding:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the Accountant's Report on the Issuer;
  - (c) this Prospectus;
  - (d) drafts of the following agreements (subject to modification):
    - (i) the Paying Agency Agreement;

- (ii) the Deed of Charge;
  - (iii) the Trust Deed;
  - (iv) the Master Framework Agreement;
  - (v) the Mortgage Sale Agreement;
  - (vi) the Administration Agreement;
  - (vii) the Britannia GIC Agreement;
  - (viii) the RBS GIC Agreement;
  - (ix) the GIC Guarantee;
  - (x) the Subordinated Loan Agreement;
  - (xi) the Expenses Loan Agreement;
  - (xii) the Declaration of Trust;
  - (xiii) the Basis Swap Transaction;
  - (xiv) the Interest Rate Swap Transactions;
  - (xv) the Sub-Administration Agreement;
  - (xvi) the Deferred Consideration Agreement; and
  - (xvii) Scottish Declaration of Trust.
10. The Issuer confirms that the mortgage loans backing the Notes have the characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.
11. So long as the Notes are listed on the Official List of the U.K. Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market by the London Stock Exchange, on or before the London Business Day preceding each Interest Payment Date the Cash Manager shall, pursuant to the terms of the Administration Agreement, provide the Issuer and the Trustee with a report regarding the performance of the underlying Loans. The Issuer does not intend to provide post-issuance transaction information regarding the Notes or the performance of the Loans.

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