

AGRICULTURAL FINANCE PLC

(a public company with limited liability incorporated in England and Wales under company number 07798230)

£500,000,000 Secured Fixed Rate Note Programme

Secured by a Portfolio of Collateral Obligations (as defined herein) managed by Acorn Agricultural Finance Limited.

Under this Secured Fixed Rate Note Programme (the "**Programme**") Agricultural Finance PLC (the "**Issuer**") may from time to time issue notes in registered form (the "**Notes**") denominated in Pounds Sterling. The Notes may have any maturity subject to the restrictions relating to maturity of Notes described under "Programme Overview" below. Capitalised terms used below which are not specifically defined shall have the meaning set out in Condition 1 (*Definitions and Interpretation*) under "*Conditions of the Notes*" below.

Notes will be issued in series of Notes (each a "**Series**") with the benefit of security constituted by a supplemental trust deed relating to that Series of Notes (each a "**Supplemental Trust Deed**") which is supplemental to the trust deed dated 16 August 2012 between (amongst others) the Issuer and BNY Mellon Corporate Trustee Services Limited, in its capacity as note trustee (the "**Note Trustee**") and Prudential Trustee Company Limited in its capacity as security trustee (the "**Security Trustee**" and together with the Note Trustee, the "**Trustees**") (the "**Principal Trust Deed**" and together with the relevant Supplemental Trust Deed representing a Series Notes and any applicable security documents, the "**Trust Deed**"). The specific terms of each Series will be set forth in this Base Prospectus (as defined below) as modified and/or supplemented by an Issue Prospectus relating thereto (each an "**Issue Prospectus**"). References in this Base Prospectus to the "**applicable Issue Prospectus**" are to the Issue Prospectus which sets out the specific terms of each Series of Notes.

Each Series of Notes issued under the Programme will be secured over certain property, assets, rights and benefits of the relevant Issuer (together the "**Collateral**" as more fully described under "*Programme Overview - Security*" below).

The Notes will be subject to optional and mandatory redemption as described herein. See Condition 7 (*Redemption and Purchase*).

See "**Risk Factors**" beginning on page 5 for a discussion of certain factors to be considered in connection with an investment in the Notes.

There is no established trading market for the Notes. This base prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List (the "**Official List**") and trading on its regulated market. Such approval relates only to the Notes of each Series which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. There can be no assurance that such listing and admission to trading will be granted. This Base Prospectus constitutes the Prospectus for the purposes of the Prospectus Directive.

The Notes are limited recourse obligations of the Issuer which are repayable, and on which interest is payable, solely out of amounts received by or on behalf of the Issuer in respect of the Collateral (as defined herein). The net proceeds of the realisation of the security over the Collateral following an Event of Default (as defined herein) may be insufficient to pay all amounts due to the Noteholders (as defined herein) after making payments to other creditors of the Issuer ranking prior thereto or *pari passu* therewith. In the event of a shortfall in such proceeds, the Issuer will not be obliged to pay, and the other assets (including the Issuer's paid up share capital) of the Issuer will not be available for payment of, such shortfall, all claims in respect of which shall be extinguished. See Condition 4 (*Security*).

The Notes have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and will be offered only outside the United States to non-U.S. Persons in compliance with Regulation S under the Securities Act. Each purchaser of Notes offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. See "*Plan of Distribution*".

The Notes are being offered by the Issuer subject to certain conditions.

The date of this Base Prospectus is 16 August 2012

RESPONSIBILITY

This Prospectus constitutes the Base Prospectus in relation to the Issuer and any applicable Issue Prospectus will constitute a prospectus for Prospectus Directive purposes. The Issuer accepts responsibility for the information contained in this Base Prospectus (the "**Base Prospectus**") 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), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Base Prospectus at any time does not imply that the information herein is correct at any time subsequent to the date of the Base Prospectus. The Portfolio Servicer accepts responsibility only for the information contained in the section of this Base Prospectus headed "*The Portfolio Servicer*" and to the best of the knowledge and belief of the Portfolio Servicer (which has taken all reasonable care to ensure that is the case), is in accordance with the facts and does not omit anything likely to affect the import of such information. The Portfolio Servicer is not responsible for, and accepts no responsibility for, the accuracy and completeness of any other information contained in this Base Prospectus. The Collateral Administrator accepts responsibility only for the information contained in the section of this Base Prospectus headed "*Description of the Collateral Administrator*" contained in this Base Prospectus, and to the best of the knowledge and belief of the Collateral Administrator (which has taken all reasonable care to ensure that such is the case) is in accordance with the facts and does not omit anything likely to affect the import of such information. Except for the sections of this document headed "*The Portfolio Servicer*", in the case of the Portfolio Servicer and "*Description of the Collateral Administrator*", in the case of the Collateral Administrator, neither the Portfolio Servicer nor the Collateral Administrator accept any responsibility for the accuracy and completeness of any information contained in this Base Prospectus.

DISCLAIMER

None of the Note Trustee, the Security Trustee, the Portfolio Servicer (save in respect of the section headed "*The Portfolio Servicer*"), the Collateral Administrator (save in respect of the section headed "*Description of the Collateral Administrator*"), any Agent or any other party has separately verified the information contained in this Base Prospectus or in any Issue Prospectus and, accordingly, none of the Note Trustee, the Security Trustee, the Portfolio Servicer (save as specified above), the Collateral Administrator (save as specified above) or any other party (save for the Issuer as specified above in relation to the acceptance of responsibility) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or in any Issue Prospectus or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Note Trustee, the Security Trustee, the Portfolio Servicer, the Collateral Administrator, any Agent or any other party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus or in any Issue Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Base Prospectus or in any Issue Prospectus.

OFFER/INVITATION/DISTRIBUTION RESTRICTIONS

THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF THE ISSUER OR ANY OF THEIR AFFILIATES, THE PORTFOLIO SERVICER, THE COLLATERAL ADMINISTRATOR OR ANY OTHER PERSON TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES. THE DISTRIBUTION OF THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS COMES ARE REQUIRED BY THE ISSUER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. IN PARTICULAR, THE COMMUNICATION CONSTITUTED BY THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO (I) ARE OUTSIDE THE UNITED STATES AND ARE OFFERED AND ACCEPT THIS BASE PROSPECTUS IN COMPLIANCE WITH SUCH RESTRICTIONS OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (*HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.*) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET FORTH IN SUCH ORDER SO THAT SECTION 21(1) OF THE FINANCIAL

SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS COMMUNICATION MUST NOT BE DISTRIBUTED TO, ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF NOTES AND DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS*".

UNAUTHORISED INFORMATION

IN CONNECTION WITH THE ISSUE AND SALE OF THE NOTES, NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OR ON BEHALF OF THE ISSUER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE PORTFOLIO SERVICER OR THE COLLATERAL ADMINISTRATOR. THE DELIVERY OF THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED IN IT IS CORRECT AS AT ANY TIME SUBSEQUENT TO ITS DATE.

GENERAL NOTICE

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION AT ANY TIME AT WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER (OR ANY OF THEIR AFFILIATES), THE PORTFOLIO SERVICER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE OR THE COLLATERAL ADMINISTRATOR SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

INFORMATION AS TO PLACEMENT

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND ARE ONLY BEING OFFERED AND SOLD TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE NOTES OF EACH SERIES SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT WILL BE REPRESENTED ON ISSUE BY BENEFICIAL INTERESTS IN ONE OR MORE PERMANENT GLOBAL CERTIFICATES OF SUCH SERIES (EACH, A "**GLOBAL CERTIFICATE**" AND, TOGETHER, THE "**GLOBAL CERTIFICATES**"), IN FULLY REGISTERED FORM, WITHOUT INTEREST COUPONS OR PRINCIPAL RECEIPTS, WHICH WILL BE DEPOSITED ON OR ABOUT THE ISSUE DATE WITH, AND REGISTERED IN THE NAME OF A NOMINEE FOR A COMMON DEPOSITARY FOR EUROCLEAR BANK S.A./N.V., AS OPERATOR OF THE EUROCLEAR SYSTEM ("**EUROCLEAR**") AND CLEARSTREAM BANKING, SOCIÉTÉ ANONYME ("**CLEARSTREAM, LUXEMBOURG**"). NEITHER U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) NOR U.S. RESIDENTS (AS DETERMINED FOR THE PURPOSES OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") MAY HOLD AN INTEREST IN A GLOBAL CERTIFICATE AT ANY TIME. OWNERSHIP INTERESTS IN THE GLOBAL

CERTIFICATES WILL BE SHOWN ON, AND TRANSFERS THEREOF WILL ONLY BE EFFECTED THROUGH, RECORDS MAINTAINED BY EUROCLEAR AND CLEARSTREAM, LUXEMBOURG RESPECTIVELY, AND THEIR RESPECTIVE PARTICIPANTS. NOTES IN DEFINITIVE CERTIFICATED FORM WILL BE ISSUED ONLY IN LIMITED CIRCUMSTANCES. IN EACH CASE, PURCHASERS AND TRANSFEREES OF NOTES WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS. SEE "*FORM OF THE NOTES*", "*BOOK-ENTRY CLEARANCE PROCEDURES*", "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS*".

FOR A DISCUSSION OF CERTAIN FACTORS REGARDING THE ISSUER AND THE OFFERED NOTES THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE OFFERED NOTES, SEE "*RISK FACTORS*".

SEE "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS*" FOR CERTAIN TERMS AND CONDITIONS OF THE OFFERING OF THE OFFERED NOTES HEREUNDER.

THE ISSUER HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT.

THE PURCHASER OF ANY NOTE, BY SUCH PURCHASE, AGREES THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE) OR (2) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON (AS SUCH TERM IS DEFINED IN REGULATION S) IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN COMPLIANCE WITH THE PRINCIPAL TRUST DEED AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. SEE "*TRANSFER RESTRICTIONS*".

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE NOTES AND THE OFFERING THEREOF DESCRIBED HEREIN, INCLUDING THE MERITS AND RISKS INVOLVED.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS HAS BEEN PREPARED BY THE ISSUER SOLELY FOR USE IN CONNECTION WITH THE OFFERING OF THE NOTES DESCRIBED THEREIN (THE "**OFFERING**"). THE ISSUER RESERVES THE RIGHT TO REJECT ANY OFFER TO PURCHASE NOTES IN WHOLE OR IN PART FOR ANY REASON, OR TO SELL LESS THAN THE STATED INITIAL PRINCIPAL AMOUNT OF ANY SERIES OF NOTES OFFERED HEREBY. THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS IS PERSONAL TO EACH OFFEREE TO WHOM IT HAS BEEN DELIVERED BY THE ISSUER OR ANY AFFILIATE THEREOF AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE NOTES. DISTRIBUTION OF THIS BASE PROSPECTUS OR ANY ISSUE PROSPECTUS TO ANY PERSONS OTHER THAN THE OFFEREE AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH OFFEREE WITH RESPECT THERETO IS UNAUTHORISED AND ANY DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER, IS PROHIBITED.

CAYMAN ISLANDS NOTICE

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Notes.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**) the Issuer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**) it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression on **"offer of Notes to the public"** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 **"PD Amending Directive"**, to the extent implemental in the Relevant Member State), and the expression 2010 PD Amending Directive means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

HONG KONG

This document has not been delivered for registration to the Registrar of Companies in Hong Kong, its contents have not been reviewed by any regulatory authority in Hong Kong, nor has this document been authorised by the Securities and Futures Commission. Accordingly, this document must not be issued, circulated or distributed in Hong Kong other than (1) in circumstances which do not constitute it as a "prospectus" as defined in the Companies Ordinance (Cap.32 of the law of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance, or (2) to professional investors as defined in the Securities and Futures Ordinance (Cap.571 of the law of Hong Kong) and any rules made thereunder. Unless permitted by the securities laws of Hong Kong, no person may issue in Hong Kong, or have in its possession for issue in Hong Kong, this document or any other advertisement, invitation or document relating to securities in the Issuer other than to a professional investor as defined in the Securities and Futures Ordinance (Cap.571 of the law of Hong Kong) and any rules made thereunder.

No invitation to the public in Hong Kong to subscribe for any securities in the Issuer is permitted to be made. You are advised to exercise caution in relation to the contents of this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

UNITED KINGDOM

The Issuer has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **"FSMA"**)) in

connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

CURRENCIES

In this document, unless otherwise specified or the context otherwise requires, all references to "**Pounds Sterling**", "**Pound Sterling**", "**Sterling**" and "**£**" are references to the lawful currency for the time being of the United Kingdom.

WEBSITE

References to any website in this document do not form part of this Base Prospectus.

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PROGRAMME OVERVIEW

*The following overview does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Base Prospectus and related documents referred to herein and, in relation to each Series of Notes, the Issue Prospectus relating thereto. Capitalised terms not specifically defined in this overview have the meanings set out in Condition 1 (Definitions) under "Terms and Conditions of the Notes" below or are defined elsewhere in this Base Prospectus. An index of defined terms appears at the back of this Base Prospectus. References to a "**Condition**" are to the specified Condition in the "Terms and Conditions of the Notes" below and references to "**Conditions of the Notes**" are to the "Terms and Conditions of the Notes" below. For a discussion of certain risk factors to be considered in connection with an investment in the Notes, see "Risk Factors". References in this overview to "Notes" are to each Series of Notes, unless the context otherwise requires.*

Issuer	Agricultural Finance PLC, incorporated in the United Kingdom as a public limited company. The Issuer will operate a programme of Note issuances with a fixed interest rate of not less than 7 per cent. per annum and not more than 9 per cent. per annum for 3 and 5 year terms, the proceeds of which will be used to invest in Collateral Obligations that comply with the Eligibility Criteria. See " <i>The Portfolio</i> ".
Portfolio Servicer	Acorn Agricultural Finance Ltd.
Security Trustee	Prudential Trustee Company Limited.
Note Trustee	BNY Mellon Corporate Trustee Services Limited.
Collateral Administrator	The Bank of New York Mellon, London Branch.
Custodian	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Account Bank	The Bank of New York Mellon, London Branch.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Listing Agent	A&L Listing Limited.
Description	£500,000,000 Secured Fixed Rate Note Programme.
Eligible Purchasers	The Notes of each Series will be offered outside of the United States to non-U.S. Persons (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act.
Maturities	Subject to compliance with all relevant laws, regulations and directives, the Notes may have different maturities as set out in the applicable Issue Prospectus.
Distributions on the Notes	
<i>Payment Dates</i>	The Notes of each Series bear interest from the related Issue Date and such interest will be payable quarterly in arrear on each Payment Date.
<i>Interest Rate</i>	The Notes of each Series bear interest at the rate specified in the related Issue Prospectus which rate shall

be not less than 7 per cent. per annum and not more than 9 per cent. per annum.

Optional Redemption

Optional Redemption

The Notes of each Series are redeemable by the Issuer, in whole but not in part, at the applicable Redemption Prices (see below), from the proceeds of liquidation or realisation of the Collateral on any Payment Date following the occurrence of a Note Tax Event or a Collateral Tax Event at the direction of the holders of the Notes of each Series acting by way of an Extraordinary Resolution (acting as a single class), subject to, and in accordance with the terms of Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*). The Issuer may, at its own discretion or at the request of the Noteholders of each Series (acting as a single class) acting by Extraordinary Resolution, redeem in whole, but not in part, on any Payment Date at the applicable Redemption Prices some or all of the Notes following the occurrence of an Issuer Tax Event, subject to and in accordance with the terms of Condition 7(d) (*Issuer Tax Event*).

Redemption Prices

The Redemption Price of any Notes will be (a) 100 per cent. of the outstanding principal amount of the Notes to be redeemed plus (b) accrued and unpaid interest thereon to the day of redemption and (c) in the case of redemption pursuant to Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or Condition 7(d) (*Issuer Tax Event*), the Redemption Premium.

Priority of Payments

Interest Proceeds and Principal Proceeds will be applied on each Payment Date in accordance with (i) in the case of Interest Proceeds, the Interest Proceeds Priority of Payment and (ii) in the case of Principal Proceeds, the Principal Proceeds Priority of Payment (together, the "**Pre-Enforcement Priority of Payments**") and upon enforcement in accordance with the Post-Enforcement Priority of Payments specified in Condition 11(c) (*Post-Enforcement Priority of Payments*).

Portfolio Servicing Fees

Portfolio Servicing Fee

1.5 per cent. per annum (calculated quarterly on the basis of a 365-day year comprised of twelve 30-day months) of the Average Aggregate Collateral Balance. See "*Description of the Portfolio Servicer Agreement - Fees*". Any Portfolio Servicing Fee not paid on the Payment Date on which it is due will be added to the Portfolio Servicing Fee due on the next occurring Payment Date and will accrue interest at the rate of 6 per cent. per annum, calculated on the basis of the actual number of days for which such fees are due but unpaid divided by 365.

Portfolio Servicer

Pursuant to the Portfolio Servicing Agreement, the Portfolio Servicer is required to act as the Issuer's Portfolio Servicer with respect to the Portfolio, to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and

functions described therein, subject to the overall discretion and control of the Issuer. Pursuant to the Portfolio Servicing Agreement, the Issuer delegates authority to the Portfolio Servicer to carry out certain functions in relation to the Portfolio without the requirement for specific approval by the Issuer, the Collateral Administrator, the Note Trustee or the Security Trustee. The Portfolio Servicer is not an authorised person within the meaning of section 19 of the Financial Services and Markets Act 2000 ("FSMA"). See "*Description of the Portfolio Servicing Agreement*" and "*The Portfolio*".

Portfolio

The Portfolio will consist of Collateral Obligations details of which are set out in the "*Description of the Portfolio*".

Collateral Obligations

The Issuer proposes to originate a Portfolio of Collateral Obligations that, at the time the Issuer entered into binding commitments to finance, comply with the Eligibility Criteria and the Portfolio Profile Tests described herein.

Reinvestment in Collateral Obligations

The Portfolio Servicer may, at its discretion, reinvest Principal Proceeds on behalf of the Issuer in the financing of New Collateral Obligations meeting the Eligibility Criteria and the Reinvestment Criteria.

Eligibility Criteria

In order to qualify as a Collateral Obligation, an obligation must satisfy certain specified Eligibility Criteria at the time of entering into a binding commitment to finance such obligation by, or on behalf of, the Issuer. See "*The Portfolio – Eligibility Criteria*".

Eligible Collateral:

Eligible Collateral is defined under the Terms and Conditions of the Notes and consists of :

- (i) Eligible Collateral securing Opportunity Finance Collateral Obligations and Medium Term Finance Collateral Obligations;
- (ii) Eligible Collateral securing Sale and Leaseback Collateral Obligations; and
- (iii) Eligible Collateral securing Revolving Credit Collateral Obligations;

Portfolio Profile Tests

The Portfolio Profile Tests are described in "*Description of the Portfolio*".

Authorised Denominations

The Notes of each Series will be issued in Minimum Denominations of £100,000 and integral multiples of £50,000 in excess thereof.

Governing Law

The Notes, the Principal Trust Deed and each Supplemental Trust Deed, the Portfolio Servicing Agreement, the Agency Agreement and all other Transaction Documents will be governed by English law.

Listing

This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List and trading on its regulated market. Such approval relates only to the Notes of each Series which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. There can be no assurance that such listing and admission to trading will be granted. This Base Prospectus constitutes the Prospectus for the purposes of the Prospectus Directive. See "*General Information*".

Tax Status

See "*Tax Considerations*".

Withholding Tax

No gross up of any payments to the Noteholders is required by the Issuer. See Condition 9 (*Taxation*).

Security for the Notes

The Notes of each Series issued under the Programme will be secured in favour of the Security Trustee for the benefit of the Secured Parties by security over a portfolio of Collateral Obligations consisting of loans made to and sale and leaseback arrangements with agricultural and rural businesses secured on Eligible Collateral. The Notes of each Series issued under the Programme will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein. See Condition 4 (*Security*).

RISK FACTORS

An investment in the Notes of any Series involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Base Prospectus, prior to investing in the Notes of any Series. Unless the context otherwise requires, references in the Risk Factors to the "Trust Deed", are to the Principal Trust Deed and the Supplemental Trust Deed of any Series of Notes.

1. GENERAL

1.1 General

It is intended that the Issuer will invest directly in secured loans and sale and lease back obligations, details of which are set forth in "*Description of the Portfolio*" herein. There can be no assurance that the Issuer's investments will be successful, that the holders of Notes will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Base Prospectus carefully and should consider, among other things, the factors set out below before deciding whether to invest in the Notes. Except as is otherwise stated below, such factors are generally applicable to all Series of Notes.

None of the Issuer, the Collateral Administrator, the Portfolio Servicer, the Note Trustee or the Security Trustee or the other Agents undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Issuer, the Collateral Administrator, the Portfolio Servicer or the Trustees which is not included in this Base Prospectus.

1.2 Suitability

Prospective purchasers of the Notes of any Series should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting, regulatory and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in the light of their own circumstances and financial condition.

1.3 Limited Sources of Funds to Pay Expenses of the Issuer

The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the Priorities of Payment. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against persons it has indemnified.

1.4 Parent/Subsidiary Relationship

The Issuer is the subsidiary of the Parent. The Parent has undertaken in a security deed (the "**Share Charge**") dated on or about 16 August 2012, as owner of the entire issued share capital of the Issuer as at the date thereof not to petition for the voluntary winding up of the Issuer until such time as the Notes have been redeemed in full.

1.5 No Equity to Absorb First Losses

The Issuer will have no equity available to it to absorb the first loss on the Portfolio arising as a result of delays in payments or ultimate non-payment of principal and/or interest and/or lease rental payments. Accordingly any such losses on the Portfolio shall be borne *pro rata* by the holders of the Notes of each Series. Notwithstanding the absence of equity available to absorb such losses and subject to the provisions of Condition 4(c) (*Limited Recourse and Non-Petition*), the Noteholders of each Series will only be entitled to repayment of the principal amount of the Notes of such Series and the payment of interest on the Notes of such Series at the applicable Rate of Interest and will not be entitled to share in any profit that the Issuer may earn from time to time.

2. RELATING TO THE NOTES

2.1 Recent Events in the Financial Markets

The global economy is currently being affected by a crisis in the credit markets and is experiencing a general downturn and, in certain countries, a recession. Among the sectors of the global credit markets that are experiencing particular difficulty are the collateralised obligations ("CO"). There exist significant risks for the Issuer and investors as a result of the current economic conditions. These risks include, among others, (i) the likelihood that the Issuer will find it more difficult to sell any of its assets in the secondary market, thus rendering it more difficult to dispose of such assets, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the illiquidity of the Notes as there is currently little or no secondary trading in CO securities. These risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their stated maturity, if at all. As the credit crisis continues it has had an increasing impact on the economic conditions in a number of jurisdictions including the United Kingdom. The slow down in growth or commencement of a recession in such economies may have an adverse effect on the ability of borrowers to repay or refinance their existing debt. Adverse macro economic conditions may adversely affect the performance and the realisation value of the Collateral. It is possible that the Collateral will experience higher default rates than anticipated and that performance will suffer. In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer, the Collateral and the Notes. While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that the financial markets will recover at the same time or to the same degree as such other recovering sectors.

Noteholders should also be aware that the recent sovereign debt crisis in Europe may result in changes to the composition of the European Monetary Union and this may have an impact on the liquidity and the market value of the Notes.

2.2 Limited Liquidity and Restrictions on Transfer

Although there is currently a limited market for notes representing collateralised obligations similar to the Notes, there is currently no market for the Notes themselves. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or continue for the life of such Notes. Consequently, a purchaser must be prepared to hold the Notes potentially until their Maturity Date. As referred to above as a result of the current global economic conditions there is currently little or no secondary trading in these types of securities. See *"Recent Events in the Financial Markets"* above.

In addition, no sale, assignment, assignation, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer or any of its officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See *"Plan of Distribution"* and *"Transfer Restrictions"*. Such restrictions on the transfer of the Notes may further limit their liquidity. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date.

2.3 Limited Recourse Obligations and Non-Petition

The Notes of each Series are secured limited recourse obligations of the Issuer, secured by the Issuer in favour of the Security Trustee for the benefit of the Secured Parties and are payable solely from amounts received in respect of the Collateral Obligations, all cash and other property with respect to the Collateral Obligations and other Collateral securing the Notes as set out in detail in Condition 4(a) (*Security*). Payments on the Notes of each Series prior to enforcement of the security over the Collateral are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer.

Only the Security Trustee may pursue the remedies available under applicable law and under the Trust Deed to enforce the rights of the Secured Parties against the Issuer and no other Secured Party shall be entitled to proceed directly against the Issuer in respect of such rights, unless the Security Trustee having been bound to take steps and/or proceedings, fails to do so within a reasonable time and such failure is continuing. If the net proceeds of realisation of the security constituted by the Trust Deed, upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Trust Deed, are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a "**shortfall**"), the obligations of the Issuer in respect of the Notes of each Series and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payment. In such circumstances, the other assets (if any) of the Issuer will not be available for payment of such shortfall which shall be borne by the Noteholders and the other Secured Parties in accordance with the Priorities of Payment. The rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders of each Series or the other Secured Parties may take any further action to recover such amounts. None of the Noteholders of any Series or the other Secured Parties or, save as permitted in the Trust Deed, the Security Trustee (nor any other Person acting on behalf of any of them other than the Security Trustee acting in accordance with the Trust Deed) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Series, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another non affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer.

Consequently, the holders of the Notes must rely solely on distributions on the Collateral Obligations and other Collateral securing the Notes for the payment of principal and interest. There can be no assurance that the distributions on the Collateral Obligations and other Collateral securing the Notes will be sufficient to make payments on the Notes and certain other required payments to other creditors ranking senior to or *pari passu* with such Series pursuant to the Priorities of Payment.

None of the Noteholders of any Series or any Secured Party (nor any Person acting on behalf of any of them) shall have any recourse against any director, shareholder or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Trust Deed or any or any other Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

None of the Note Trustee, the Security Trustee, the Issuer, the Portfolio Servicer, the Collateral Administrator, or the Custodian has any obligation to any Noteholder of any Series for payment of any amount by the Issuer in respect of the Notes of any Series.

2.4 Non-Payment of Notes

In the event of any non-payment of interest on the Notes which is due and payable, an Event of Default shall occur (unless such default is otherwise cured by the Issuer and subject to any applicable grace periods) which entitles the Noteholders, acting by Extraordinary Resolution, to accelerate the Notes in accordance with Condition 10(b) (*Acceleration*).

2.5 Average Life and Prepayment Considerations

The average life of each Series of Notes may be shorter than the number of years to their Maturity Date. Average life refers to the average amount of time that will elapse from the date of issue of each Series of Notes until each Pound Sterling of the outstanding principal amount of such Note will be paid to the holder thereof.

The average lives of each Series of Notes will be determined by the amount and frequency of principal repayments in respect of such Series, which are dependent upon, among other things, the amount of any payments received at or in advance of the scheduled maturity of Collateral Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of each Series of Notes will be affected by the financial condition of each of the obligors of the underlying Collateral Obligations and the characteristics of such loans, including the

existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on any Defaulted Obligations. In particular, loans are generally repayable at par and a high proportion of loans could be repaid. Substantially all of the Collateral Obligations are expected to be subject to optional redemption or prepayment by the obligors of such loans thereunder. Any disposition of a Collateral Obligation may change the composition and characteristics of the Portfolio of Collateral Obligations and the rate of payment thereon, and, accordingly, may affect the actual average lives of each Series of Notes. The average life of the Notes will also be affected by the exercise of any rights of optional redemption in accordance with Conditions 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) and 7(d) (*Issuer Tax Event*). See paragraph 2.6 (*Optional Redemption and Volatility of Portfolio Market Value*) below.

2.6 Optional Redemption and Volatility of Portfolio Market Value

A form of liquidity for the Notes is the optional redemption provision set out in Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*). In accordance with such Condition, the Notes may be redeemed in whole in respect of a Note Tax Event or Collateral Tax Event. There can be no assurance however that such optional redemption provision will be capable of exercise in accordance with the conditions set out in Condition 7(e) (*Redemption Mechanics*). The market value of the Collateral Obligations may fluctuate, with, among other things, changes in prevailing interest rates, general economic conditions, the conditions of financial markets, European and international political events, events in the United Kingdom, developments or trends in any particular industry and the financial condition of such obligor. The secondary market for agricultural loans is limited. A decrease in the market value of the Portfolio would adversely affect the amount of proceeds which could be realised upon liquidation of the Portfolio and ultimately the ability of the Issuer to redeem the Notes pursuant to the right of optional redemption set out in Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) due to the applicable threshold requirements set out therein. Furthermore, there can be no assurance that, upon any such redemption, the proceeds realised would permit any payment on the Notes after required payments are made in respect of the Notes and the other creditors of the Issuer which rank in priority to the holders of the Notes pursuant to the Priorities of Payment. In either case, the Portfolio Servicer shall have no liability to the Issuer, the Note Trustee, the Noteholders or any other person.

2.7 Withholding Tax on the Notes

Although no withholding tax is currently imposed on payments of interest on the Notes, there can be no assurance that the law will not change.

If any withholding tax or deduction for tax (including any withholding pursuant to a voluntary agreement entered into with a taxing authority) is payable on payments of interest on the Notes, the holders of the Notes will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Event of Default shall occur as a result of any such withholding or deduction.

In the event of the occurrence of a Note Tax Event pursuant to which any payment on the Notes of any Series becomes subject to any withholding tax or deduction on account of tax, the Notes may be redeemed in whole but not in part at the request of the Noteholders, in each case acting by Extraordinary Resolution, subject to certain conditions including a threshold test pursuant to which determination is made as to whether the anticipated proceeds of liquidation of the security over the Collateral would be sufficient to pay all amounts due and payable on the Notes in such circumstances in accordance with the Priorities of Payment.

2.8 Security

Although the security constituted by the Principal Trust Deed over the Collateral held from time to time, including the security over the Accounts, is expressed to take effect as a fixed charge, it may (as a result of, among other things, the substitutions of Collateral Obligations or Eligible Investments contemplated by the Portfolio Servicing Agreement and the payments to be made from the Accounts in accordance with the Conditions and the Trust Deed) take effect as a floating charge which, in particular, would rank after a subsequently created fixed charge. However, the Issuer has covenanted in the Trust Deed not to create any such subsequent security interests (other than those permitted under the Principal Trust Deed) without the consent of the Security Trustee.

2.9 Resolutions, Amendments and Waivers

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, acting together. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing. Meetings of the Noteholders may be convened by the Issuer, the Note Trustee or by one or more Noteholders holding not less than 10 per cent. in aggregate Principal Amount Outstanding of the Notes of a particular Series, subject to certain conditions including minimum notice periods.

In the event that a meeting of Noteholders is called to consider a Resolution, a determination as to whether the requisite Principal Amount Outstanding of Notes has voted in favour of such Resolution will be made by reference to the percentage which the Notes which voted in favour of such Resolution represent of the total Principal Amount Outstanding of Notes voted at such meeting and not, as the case is in respect of a Written Resolution, by the aggregate original Principal Amount Outstanding of all such Notes which are entitled to be voted in respect of such Resolution. This means that a lower percentage of Noteholders may pass a Resolution which is put to a meeting of Noteholders than would be required for a Written Resolution in respect of the same matter. There are however quorum provisions which provide that one or more Noteholders representing a minimum amount of the aggregate Principal Amount Outstanding of the applicable Series or Series of Notes be present at any meeting to consider an Extraordinary Resolution or Ordinary Resolution. In the case of an Extraordinary Resolution, this is one or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of each Series of Notes and in the case of an Ordinary Resolution this is one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of each Series of Notes. Such quorum provisions still, however, require considerably lower thresholds than would be required for a Written Resolution. In addition, in the event that a quorum requirement is not satisfied at any meeting, lower quorum thresholds will apply at any meeting previously adjourned for want of quorum as set out in Condition 14(b) (*Decisions and Meetings of Noteholders*) and in the Trust Deed.

Certain entrenched rights relating to the Conditions including but not limited to the currency thereof, Payment Dates applicable thereto, the Priorities of Payment, the provisions relating to quorums and the percentages of votes required for the passing of an Extraordinary Resolution, cannot be amended or waived by Ordinary Resolution but require an Extraordinary Resolution. It should however be noted that amendments may still be effected and waivers may still be granted in respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Conditions and the provisions of the Trust Deed will be binding on all such dissenting Noteholders. In addition to the Note Trustee's right to agree to changes to the Transaction Documents to correct a manifest error or cure an ambiguity, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Series without the consent of the Noteholders, modifications may also be made and waivers granted in respect of certain other matters in relation to which the Note Trustee is obliged to give its consent without consultation with or the consent of the Noteholders as set out in Condition 14(c) (*Modification and Waiver*) which in certain circumstances could be materially prejudicial to the interests of the Noteholders. The Note Trustee shall not be liable to any Noteholder or any other person for any loss occasioned by concurring in the implementation of such other matters.

Noteholders should note that further issuances of any Series of Notes will dilute their Note holding and accordingly may adversely affect their ability to approve or veto any Resolutions.

2.10 Enforcement Rights Following an Event of Default

If an Event of Default occurs and is continuing, the Note Trustee shall, at the direction of the Noteholders acting by Extraordinary Resolution (subject to being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may become liable and all costs, charges and expenses which may be incurred by it in connection therewith), give notice to the Issuer that all the Notes are to be immediately due and payable (such notice an "**Acceleration Notice**").

At any time after an Acceleration Notice has been given following the occurrence of an Event of Default and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Note Trustee, at its discretion, may or, if directed by the Noteholders acting by Extraordinary Resolution,

shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may become liable and all costs, charges and expenses which may be incurred by it in connection therewith) rescind and annul such notice of acceleration under Condition 10(b)(i) (*Acceleration*) and its consequences if the requirements set out in Condition 10(c) (*Curing of Default*) are met.

The requirements described above could result in the Noteholders being unable to procure enforcement of the security over the Collateral in circumstances in which they desire such enforcement and may also result in enforcement of such security in circumstances where the proceeds of liquidation thereof would be insufficient to ensure payment in full of all amounts due and payable in respect of the Series of Notes in accordance with the Priorities of Payment.

2.11 Cross Default

Noteholders should be aware that an Event of Default in respect of one Series of Notes will trigger an Event of Default in respect of each other Series of Notes Outstanding.

2.12 Rate of Interest and Maturity

Noteholders should be aware that the Notes of each Series are secured by a common pool of Collateral. Notwithstanding this the Rate of Interest and the term of a Series of Notes may differ from the Rate of Interest and the term of another Series of Notes. This may result in the holders of a Series of Notes being exposed to either less or more risk than the holders of another Series of Notes.

3. RELATING TO THE COLLATERAL

3.1 Collateral Reinvestment Provisions, Reinvestment Risk, Uninvested Cash Balances

The Portfolio Servicer (acting on behalf of the Issuer) may dispose of certain Collateral Obligations and reinvest the sale proceeds thereof, together with other Principal Proceeds received in New Collateral Obligations subject to compliance with the Reinvestment Criteria and certain other conditions. The exercise by the Portfolio Servicer of its discretion in disposing of such Collateral Obligation and purchasing New Collateral Obligations in compliance with the Reinvestment Criteria and such other requirements will expose the Issuer to the market conditions prevailing at the time of such sale and reinvestment. Such actions during periods of adverse market conditions may result in unfavourable changes in the characteristics and quality of the Portfolio and may result in a decrease in the overall yield on the Portfolio, adversely affecting the Issuer's ability to make payments on the Notes. The income generated by any New Collateral Obligations will depend, among other factors, on the price paid therefor and the availability of investments satisfying the Reinvestment Criteria which are acceptable to the Issuer or the Portfolio Servicer (acting on behalf of the Issuer). The need to satisfy such Reinvestment Criteria and the other trading criteria specified in the Portfolio Servicing Agreement and to identify acceptable investments may require the purchase of New Collateral Obligations with lower yields than those initially acquired or require that any Principal Proceeds received be maintained temporarily in cash, which may reduce the yield on the Collateral. See "*Description of the Portfolio*" below.

3.2 Portfolio Servicing Agreement and Portfolio Servicer

The Portfolio Servicer is given authority in the Portfolio Servicing Agreement to administer the Portfolio and act in specific circumstances in relation to the Portfolio as agent of the Issuer pursuant to and in accordance with the parameters and criteria set out in the Portfolio Servicing Agreement. See "*Description of the Portfolio*" and "*Description of the Portfolio Servicing Agreement*".

The liability of the Portfolio Servicer to the Issuer under the Portfolio Servicing Agreement is limited to damage caused by (i) acts or omissions constituting bad faith, wilful misconduct or gross negligence in the making of the representations under the Portfolio Servicing Agreement or in the performance of the Portfolio Servicer of its obligations under the Portfolio Servicing Agreement or (ii) with respect to the information concerning the Portfolio Servicer provided in writing by the Portfolio Servicer for inclusion in this Base Prospectus if such information contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained in "*Risk Factors – Certain Conflicts of Interest*" (insofar as such section is related to the Portfolio Servicer) and

"Description of the Portfolio Servicer", in the light of the circumstances under which they were made, not misleading.

The performance of any investment in the Notes will be dependent on, inter alia, the ability of the Portfolio Servicer to select, manage and service the Portfolio and the performance by the Portfolio Servicer of its obligations under the Transaction Documents. Prospective purchasers of the Notes should make their own evaluation of the Portfolio Servicer.

Although the Portfolio Servicer is required, pursuant to its entry into the Portfolio Servicing Agreement, to commit an appropriate amount of its business efforts to the management of the Portfolio, the Portfolio Servicer is not required to devote all of its time to such affairs and may continue to advise and manage other investment funds in the future.

The duties of the Portfolio Servicer under the Portfolio Servicing Agreement do not constitute advisory services and the Portfolio Servicer will not act as an advisor to the Issuer. The obligations of the Portfolio Servicer under the Portfolio Servicing Agreement are owed only to the Issuer, other than following an Event of Default when the Portfolio Servicer may be required to act on behalf of the Security Trustee. The Portfolio Servicer does not have any obligations or responsibilities to the Noteholders, the Issuer, the Note Trustee, (other than as mentioned in the foregoing sentence), the Security Trustee or any other party and does not owe any fiduciary duties to the Issuer, the Noteholders, the Note Trustee, the Security Trustee or any other party.

Set forth under "*Portfolio Servicer*" is information regarding certain persons who are currently either directors of the Portfolio Servicer or executives on the board of the Portfolio Servicer, although such persons may not necessarily continue to be either directors or members of the board during the entire term of the Portfolio Servicing Agreement or remain responsible for the performance of the Portfolio Servicer's obligations under the Portfolio Servicing Agreement.

The inability of the Issuer and, for the avoidance of doubt, the Portfolio Servicer to manage the Portfolio of Collateral Obligations could adversely affect the Issuer and the holders of the Notes, and it is impossible to quantify the potential magnitude of this impact. Potential investors in the Notes are urged to (a) review carefully this Base Prospectus and the related terms of the Portfolio Servicing Agreement and other operative documents and (b) consider the inability of the Issuer to manage the Portfolio before investing in any of the Notes.

3.3 Disclosure in Respect of the Portfolio

The decision by any prospective holder of Notes to invest in such Notes should be based on (among other things), the Eligibility Criteria which each Collateral Obligation is required to satisfy as at the entry by the Issuer into a binding commitment to finance such Collateral Obligation and the Portfolio Profile Tests as set out in the "*Description of the Portfolio*" section.

Although each Collateral Obligation is required to satisfy the Eligibility Criteria as at the entry by the Issuer into a binding commitment to purchase such Collateral Obligation, this Base Prospectus does not contain any information regarding the individual Collateral Obligations and Collateral Obligations may, subsequent to the date the Issuer enters into a binding commitment to purchase, no longer satisfy the Eligibility Criteria.

The value of the Portfolio may fluctuate from time to time and none of the Issuer, the Note Trustee, the Security Trustee, the Custodian, the Portfolio Servicer, the Collateral Administrator or any of their Affiliates are under any obligation to maintain the value of the Collateral Obligations at any particular level. None of the Transaction Parties or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Obligations from time to time.

3.4 **Performance of the Obligors**

The ability of the Issuer to pay amounts payable to the Noteholders under the Notes depends upon the general operating performance and debt service capabilities of the borrowers. There can be no assurance that the borrowers will be able to generate the funds necessary to meet their respective payment obligations under their Collateral Obligations. If any borrower should become unable to meet their payment obligations under their Collateral Obligations the Issuer may become partially or wholly unable to make any payments under the Notes.

3.5 **Liquidation or insolvency of the Obligors**

The Obligors may be unable to make payments under the Collateral Obligations where it is insolvent or where insolvency proceedings have been commenced in respect of it. Where the Obligors make payments under the Collateral Obligations where it is insolvent at the time of such payment or is declared insolvent within a certain period following such payment then an insolvency official appointed in respect of the Obligors may in certain circumstances be able to set aside or revoke such payments and recover the amounts of such payments from the Issuer.

The monitoring of the Obligors by the Portfolio Servicer under the Portfolio Servicing Agreement is intended to keep the Issuer apprised as to the financial status of the Obligors and the possibility of insolvency or potential insolvency of an Obligor. However, the information available to the Issuer and the Portfolio Servicer is limited and there is no certainty that it will be able to avoid such setting aside or revocation of payments arising.

3.6 **Nature of the Collateral**

The Collateral on which the Notes and the claims of the other Secured Parties are secured will be subject to credit, liquidity, interest rate and exchange rate risks, general economic conditions, operational risks, market value risk, farming operational risks, farming environmental risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance.

To the extent that a default occurs with respect to any Collateral Obligation and the Portfolio Servicer acting on behalf of the Issuer or (if so requested by the Security Trustee) the Security Trustee (through its agent) sells or otherwise disposes of such Collateral Obligation, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest or, in the case of a Sale and Leaseback Collateral Obligation, rental thereon. In addition, the Issuer may incur additional expenses to the extent it seeks recoveries upon the default of a Collateral Obligation or participates in the restructuring of a Collateral Obligation. Even in the absence of a default with respect to any of the Collateral Obligations, the potential volatility and lack of liquidity at any time will vary and may vary substantially from the principal amount of such Collateral Obligations.

Environmental Risk Factors

Certain activities carried out on agricultural land and on other rural business properties may involve the storage, transport and application and disposal of potentially contaminative or polluting materials. The costs of remedying pollution or contamination to real estate are ultimately the responsibility of the real estate owner which in the case of real estate the subject of a Sale and Leaseback Collateral Obligation would be the Issuer and in some cases can be significant if the remedial operations required involve large scale works or works of a specialist nature.

It is possible that environmental contamination of real estate may be present but not apparent from inspection or enquiry. It is also possible that any remedial works that may be required in the event of environmental pollution or contamination may exceed the insured amounts under the insurance policies held by Obligors in the case of real estate over which the Issuer has security, or by the Issuer in the case of real estate that is the subject of a Sale and Leaseback Collateral Obligation. If that were the case, the existence of environmental pollution or contamination could lead to a substantial reduction in value or the creation of a negative value in the event that any uninsured amounts were greater than the value of the real estate.

When purchasing Sale and Leaseback Property, the purchase contract used by the Issuer includes provisions by which the vendor provides warranties and indemnities to the Issuer specifically relating

to environmental risks. If circumstances were to arise in which the Issuer sought to rely on those warranties and indemnities it is possible that the costs and/or losses which the Issuer seeks to recover from the vendor would exceed the ability of the vendor to meet these obligations.

In the event that environmental pollution or contamination was not detected as a result of professional negligence and a successful claim was made against the negligent professional it is possible that the insured sum would not cover the full extent of the financial loss.

In the above cases, Noteholders would be exposed to the financial risks associated with contamination or pollution if it were discovered to be present in loan security held or assets purchased by the Issuer.

Disposal Risk

The financial markets have recently and may in the future experience substantial fluctuations in the prices of the Collateral Obligations and limited liquidity for such obligations. No assurance can be given that the conditions giving rise to such price fluctuations and limited liquidity will not continue, subsist or become more acute following the Issue Date. During periods of limited liquidity and higher price volatility, the ability of the Portfolio Servicer on behalf of the Issuer to dispose of Collateral Obligations, in accordance with the terms of the Portfolio Servicing Agreement and the Trust Deed, at a price and time that the Portfolio Servicer deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully in the event that it is unable to dispose of Collateral Obligations whose prices have risen; the inability to dispose fully and promptly of Collateral Obligations on behalf of the Issuer in declining markets will conversely cause the net asset value of the Portfolio to decline. A decrease in the market value of the Collateral Obligations would adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal and of interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payment. Moreover, there can be no assurance as to the timing of any recoveries received in respect of Defaulted Obligations.

In the case of a Sale and Leaseback Obligation, the Obligor has an option (but not an obligation) to repurchase the related Sale and Leaseback Property at the end of the 3 year term for 80% of its then market value as determined by a valuation report provided by an independent and suitably experienced valuer who is a qualified member of the Royal Institute of Chartered Surveyors ("RICS") and is also a member of the RICS Valuation Registration Scheme (subject to a floor, equal to the amount paid to the Obligor in the original contract plus stamp duty land tax). If such market value of the property has fallen by more than the value of the discounted price available to the Obligor under the option, the Obligor may decide not to exercise the option, in which case the property will be sold on the open market. In such circumstances, there can be no assurance that the proceeds from any sale will be sufficient to repay the Notes issued to finance such Sale and Leaseback Obligation.

3.7 Characteristics of Collateral Obligations

The Portfolio will consist of a single managed pool of Collateral Obligations originated by the Portfolio Servicer on behalf of the Issuer in accordance with the Eligibility Criteria. The Portfolio will be marketed under the following headings (see *"The Portfolio – Eligibility Criteria"*) and will have the characteristics as set out below:

Product	Characteristics
Opportunity finance	Short term loan facility for business purposes with a maximum term of 12 months but which may be renewed for a further period of 12 months; indicative interest rate 21% per annum with interest paid up front; legal charge security in England and Wales (and standard security in Scotland) over agricultural land and other Eligible Collateral for Opportunity Finance Collateral Obligations average loan to value 65% but up to 75% in specific circumstances. Available to agricultural and other businesses which require funding to restructure their finances or take a business opportunity.
Medium term finance	Medium term loan facility for business purposes with a normal loan term of between 36 and 60 months but always subject to annual reviews and formal renewal; indicative interest rate 12% per annum with up to 12 months interest paid up front and the balance paid over the whole term of the loan. Legal charge security in England and Wales (and standard security in Scotland) over agricultural land and other Eligible Collateral for Medium Term Finance Collateral Obligations; average loan to value 65% but up to 75% in specific circumstances. Available to agricultural and other businesses which require funding to consolidate following restructuring through opportunity finance or to give a period of time to develop a financial track record for new business opportunities or add value prior to refinance and/or sale.
Revolving credit	Twelve month revolving loan facility available to farmers to purchase farming inputs and to manage repayments to suit their cash flow profile. Maximum term 12 months and renewable subject to annual reviews. Indicative interest rate 12% per annum. Interest for the whole term of the loan to be added to the amount borrowed and repaid at the end of the term. Secured by Eligible Collateral For Revolving Credit Collateral Obligations. A Comfort Charge over Eligible Collateral, where available, will be taken as additional Collateral. Loan to value 50% for farming assets and receivables and up to 80% for agricultural subsidy payments and agri environmental payments, giving a maximum combined loan to value of 65%.
Sale and leaseback	Three year alternative finance product specifically for farmers who wish to sell their land and associated buildings (usually excluding the farm dwelling house and a cartilage of land) (see " <i>Eligible Collateral For Sale and Leaseback Collateral Obligations</i> ") or 80% of market value with a grant to them of a Farm Business Tenancy

	(FBT) and with an option to repurchase the property sold at the end of the three year period for 80% of the then market value or the original sale/purchase price (plus stamp duty land tax), whichever is greater. The option can be exercised through sale on the open market or through refinance at the election of the applicant. Direct ownership of real estate provides the opportunity to participate in capital growth where applicable. Indicative rental payments under the three year FBT equating to 9% of the purchase price per annum with up to 12 months rent paid up front and the balance rentalised for the term of the FBT.
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The product mix across the pool of Collateral Obligations will be sufficiently flexible to enable the aggregate return across the pool to generate sufficient quarterly income to meet the payments due to Noteholders. The target product mix, measured once the total amount of Notes in issue reaches £20 million, and the range within which the product mix can vary at any time, is anticipated to be as follows:

- Opportunity finance 25% (with a range between 15% and 40%)
- Medium term finance 50% (with a range between 40% and 75%)
- Revolving credit 15% (with a range between 0% and 15%)
- Sale and leaseback 10% (with a range between 0% and 15%)

Risks associated with the Collateral Obligations include defaults on payment of interest by borrowers or on payment of rent by tenants and/or failure to repay loans on the due date and/or the failure to sell Sale and Leaseback Property for not less than the purchase price paid by the Issuer for such Sale and Leaseback Property. This could result in limited liquidity and an inability to meet the interest payments due to Noteholders.

In the case of secured lending and revolving credit, borrowers are entitled to redeem their borrowing at any time. If loans are redeemed before the term date there is a risk that demand in the marketplace may be insufficient to enable the sums redeemed to be reinvested in other suitable Loan Obligations or in an appropriate mix of products to enable the pool of collateral obligations to continue to generate sufficient income to enable interest payments to be made to Noteholders.

So far as other risks are concerned, it is possible that there will be an ongoing absence of credit from high street banks and other lenders into the agricultural and rural business market place as a result of the continuing credit crisis and credit dislocation. This could result in borrowers who are intending to repay their loans or repurchase their real estate in the case of sale and leaseback by means of refinancing with another lender being unable to do so. If that were the case, that would increase the likelihood of defaults and of the need to take recovery action to secure repayment through the realisation of the real estate held as loan security or through the sale of land purchased for sale and leaseback purposes.

3.8 Risks Associated with Collateral Obligations

Limited Liquidity

In addition to the limited liquidity and restrictions on transfer of the Notes, there are limited liquidity risks associated with the Obligors where the majority of their net worth may be held in illiquid assets such as real estate or other assets thereby impacting the ability of Obligors to meet their debt service obligations or, in respect of sale and leaseback, make contractual payments (see "*Defaults and Recoveries*" below).

Defaults and Recoveries

Defaults by Obligors in respect of their loan obligations or contractual payments may not be remedied due to lack of cashflow (see "*Limited Liquidity*" above) or loans may not be repaid by Obligors on their due date, at which point suitable recovery action will be taken by the Portfolio Servicer on behalf of the Issuer which may result in the sale of real estate or other assets held as security.

(a) *Potential Risks Impacting Recoveries:*

(i) *Economic and Liquidity*

Agricultural and other rural real estate and other farming assets are frequently sold through private treaty, through sealed bids or at auction. An economic downturn or downturn in the market for real estate or farming assets or absence of an active lending market could limit the number of potential buyers and the ability of those buyers to raise sufficient funds to enable them to proceed with a purchase. When land or other assets held as security for Collateral Obligations is offered for sale, these factors may result in a reduced number or even a complete lack of bids at auction or offers submitted.

(ii) *Legal*

Effective recovery action in respect of a defaulted Collateral Obligation is dependent on valid and enforceable security having been granted in favour of the Issuer or, in the case of a Sale and Leaseback Collateral Obligation, good title having been conveyed to the Issuer. If such security is invalid or unenforceable or if good title has not been conveyed to the Issuer, the Portfolio Servicer, acting on behalf of the Issuer may be able to make a claim against the conveyancing solicitors' professional indemnity insurance policy. Whilst, at the time of the original transaction, a check will be undertaken by the Portfolio Servicer on behalf of the Issuer to ensure sufficient professional indemnity policy cover is held by the solicitor firm, there can be no assurance that at the time of any subsequent claim that the solicitor firm will have sufficient assets including professional indemnity cover in place to meet such claim or that any such professional indemnity cover exists at that time.

In order for the Portfolio Servicer on behalf of the Issuer to dispose of property charged by an Obligor as security without the Obligors consent, possession of the security has to be obtained. This is a legal process and the Portfolio Servicer will use experienced advisers to progress their application for possession through the courts. Obligors may lodge a defence into court to try and have the possession delayed or set aside. This may impact the ability of the Portfolio Servicer to gain possession quickly, resulting in an Obligation being held by the Issuer for an extended period without interest being serviced by the Obligor. This may affect the Issuer's ability to meet its own obligations to pay interest to Noteholders.

(iii) *Valuation*

The amount advanced to Obligors will be based on a valuation provided by a professional firm. All valuations of real estate and other property will be undertaken by independent and suitably experienced valuers who are qualified members of the Royal Institution of Chartered Surveyors (RICS) and are also members of the RICS Valuation Registration Scheme. The valuation will be an industry standard "Red Book" valuation and will be commissioned by the Portfolio Servicer using a standard instruction letter. Recovery of amounts outstanding through subsequent remortgage or sale of the security property may depend on the accuracy of the original valuation. Insufficient recovery from the sale of the asset to repay the obligations may be due to factors which subsequently come to light of which the valuer was unaware despite making the usual and appropriate enquiries (for example unknown land contamination). Where there is insufficient recovery due to negligence by the original valuer a claim against the valuation firm's professional indemnity insurance policy may be available to the Issuer. Whilst, at the time of the valuation, a check will be undertaken by the Portfolio Servicer, on behalf of the Issuer, to ensure sufficient professional indemnity cover is held by the valuation firm, there can be no assurance that at the time of any claim the

valuation firm will have sufficient assets including professional indemnity cover in place to meet such claim.

(iv) **Financial**

Whilst a provisioning policy will be put in place by the Issuer by crediting the Debt Service Reserve Required Amount to the Debt Service Reserve Account on each Payment Date in accordance to paragraph (G) of the Interest Proceeds Priority of Payments and paragraph (C) of the Principal Proceeds Priority of Payments there is no assurance that this will be sufficient to cover any losses that may be incurred in respect of the Portfolio. This could result in the Issuer being unable to pay principal and/or interest when due on the Notes of each Series.

As well as the economic and liquidity, legal, valuation, operational and financial risks outlined above (see "*Potential Risks Impacting Recoveries*") illness or death of individual Obligor or key personnel employed by Obligor may result in the full principal amount lent or invested by the Issuer in Collateral Obligations not being repaid to it.

Prepayment Risk

Loans are generally prepayable in whole or in part at any time at the option of the Obligor thereof at par plus accrued and unpaid interest thereon. Prepayments on loans may be caused by a variety of factors, which are difficult to predict. See "*Average Life and Prepayment Considerations*" and "*Mandatory Redemption of the Notes*" above.

Credit Risk

Risks applicable to Collateral Obligations also include the possibility that an over optimistic view of future earnings is provided by the Obligor as part of the application process or that economic conditions result in the earnings of the Obligor becoming insufficient to meet its debt service obligations thereunder and the declining creditworthiness and potential for insolvency of the Obligor of such Collateral Obligations during periods of economic downturn. An economic downturn could severely disrupt the market for Collateral Obligations and adversely affect the value thereof and the ability of the Obligor thereunder to repay principal and interest or, in the case of a Sale and Leaseback Collateral Obligation, rent.

3.10 Reliance on Portfolio Servicer in relation to sale or restructuring of Collateral Obligations

The ability of the Issuer to obtain recoveries by way of sale or potentially a restructuring of a Collateral Obligation is dependent on the performance by the Portfolio Servicer of their functions and the Portfolio Servicing Agreement. See "*Description of the Portfolio Servicing Agreement*" below.

In recent years, a number of judicial decisions in the United States and other jurisdictions have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "**Lender Liability**"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although it would be a novel application of the lender liability theories, the Issuer may be subject to allegations of lender liability. However, the Issuer does not intend to engage in any conduct that would form the basis for a successful cause of action based upon lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under-capitalisation of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of the Collateral Obligations, the Issuer may be subject to claims from creditors of an Obligor that Collateral

Obligations issued by such Obligor that are held by the Issuer should be equitably subordinated. However, the Issuer does not intend to engage in any conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine described above.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as Collateral Obligations that are obligations of non-United States Obligor are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws. However, the Issuer does not intend to engage in any lending outside of England, Scotland and Wales.

3.11 Changes in Tax Law

Following acquisition by the Issuer, payments of interest or, in the case of Sale and Leaseback Collateral Obligations, rent on the Collateral Obligations will not be subject to any withholding tax imposed by any jurisdiction. However, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Obligations will not in the future become subject to withholding tax or increased withholding tax rates in respect of which the relevant Obligor will not be obliged to make gross up payments to the Issuer.

Such tax would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Obligations would be sufficient to make timely payments of interest, principal on the Maturity Date and other amounts payable in respect of the Notes of each Series. In addition, subject to the satisfaction of any relevant thresholds and conditions, any such withholding may result in a Collateral Tax Event in relation to which the Noteholders have an option to require the Issuer to redeem all of the Notes prior to the Maturity Date. See Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*).

Although no withholding tax is currently imposed on payments of interest on the Notes, there can be no assurance that the law will not change. For example, see "*Tax Considerations*". If any withholding tax (including any withholding pursuant to a voluntary agreement entered into with a taxing authority) is imposed on payments of interest on any Series of Notes, the Issuer will not "gross-up" payments to the holders of such Notes. In the event of the occurrence of a Note Tax Event pursuant to which any payment on the Notes of any Series becomes properly subject to any withholding tax or deduction for or on account of tax, the Notes may be redeemed in whole but not in part at the direction of the Noteholders acting by Extraordinary Resolution. In the case of such redemption at the direction of the holders of the Notes, there can be no assurance that the proceeds of such redemption would be sufficient to make payments of all amounts payable in respect of the Notes of each Series.

3.12 Changes in Inheritance Tax

Agricultural land may be attractive to certain purchasers as currently it is exempt from Inheritance Tax if owned for a sufficient period of time prior to the date of death. If the favourable tax treatment of agricultural land were to change, it is possible that demand for agricultural land may reduce which may have a negative impact on the value of agricultural land and accordingly the prices achieved on sale.

3.13 EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") 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 that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld unless during such period they elect otherwise. The end of the transitional period is dependent upon the conclusion of other arrangements relating to the information exchange with certain other countries.

A number of non-EU countries, including Switzerland, 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 its jurisdiction to, or

collected by such a person for, an individual resident in a Member State or certain limited types of entities established in that other Member State with effect from the same date. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependant or associated territories in relation to payments made by a person in a Member State to an individual or certain other residual entities resident in one of those territories.

Noteholders should note that the European Commission adopted an amending proposal to the Directive, which among other changes, seeks to extend the application of the Directive to (i) payments channelled through certain intermediate structures and (ii) a wide range of income similar to savings income though it is not clear if and when these changes will be enacted. Any changes could impact Notes already in issue.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

3.14 Changes in EU Subsidies for farmers and other fluctuations in farming income

Many farmers in the UK receive EU subsidies under the EU Common Agricultural Policy ("CAP"). These are paid to farmers through the Single Payment Scheme ("SPS"). Farmers who hold SPS entitlements can submit an application to receive a Single Payment ("SP") on an annual basis and, subject to meeting the detailed rules of the SPS, are paid a SP based on the number and value of the SPS entitlements that they hold.

The proportion of total income represented by the SP differs on a case by case basis but can be a significant proportion of total farm income and some farming businesses would not be profitable without the SP.

In addition to the SP, some farmers also receive agri-environmental payments ("AEPs") for undertaking certain management activity on their land. The proportion of total income represented by AEPs varies on a case by case basis but where the land farmed is of high environmental value, for example extensive hill farms with areas of moorland or mountain, AEPs can be a significant proportion of total farm income and some businesses would not be profitable without AEPs.

The EU is proposing to reform the CAP with effect from 2013 and to introduce a revised version of the SPS with effect from the 2014 claim year. The proposals are currently in draft form and are out to consultation. As drafted, the current SPS will be replaced with a new direct payment scheme which will introduce a standard flat payment rate per hectare of agricultural land across the EU plus a "greening" element to enhance the subsidy paid to farmers who adopt environmentally beneficial farming practices. The new basic payment will be lower than the current average area payment under the SPS. The new scheme will include transitional arrangements to enable EU member states to manage the impact of the new scheme over time.

The draft legislation also includes proposals for a progressive reduction in the amount of payments receivable by farmers with a cap of 100% for claims exceeding 300,000 euros.

The sensitivity of farming businesses to changes in the amounts of EU subsidies paid to them will differ on a case by case basis and is a factor of a number of variables which include the general fluctuations in farming income. These include the productive capacity and physical performance of a particular farm and particular farming systems; level of output prices; the costs of farm inputs; the level of fixed costs applicable at individual business level; the availability or otherwise of diversified or non agricultural income streams; the susceptibility or otherwise of farming systems to extreme weather events and, ultimately, also to individual financial circumstances. All these factors, including changes in the amounts of subsidy payments made to farmers, can have a significant impact on financial performance at farm level and, accordingly, on Obligors' abilities to meet their obligations.

3.15 Priority of Security over Sale and Leaseback Property

Pursuant to the Principal Trust Deed, the obligations of the Issuer under the Notes of each Series are secured in favour of the Security Trustee for the benefit of, *inter alia*, the Noteholders by, in respect of

land in England and Wales a first legal mortgage (and in respect of land in Scotland, a first ranking Standard Security) over the Sale and Leaseback Property. To take effective security over the Sale and Leaseback Property by way of a legal mortgage in England and Wales, the Issuer has undertaken in the Principal Trust Deed to execute a security deed supplemental to the Principal Trust Deed upon each Sale and Leaseback Property being acquired by it and to deliver such security deed to HM Land Registry and in the case of Sale and Leaseback Property in Scotland, the Issuer has undertaken in the Principal Trust Deed to enter into a Standard Security in favour of the Security Trustee in the case of each Sale and Leaseback Property located in Scotland being acquired by it and to deliver such Standard Security to the Land Register of Scotland. A first legal mortgage in England and Wales and a first ranking Standard Security in Scotland take priority of security over such property and will rank ahead of any other security created over the property.

3.16 Portfolio Valuation

The Market Value of Opportunity Finance Collateral Obligations, Medium Term Finance Obligations and Revolving Credit Collateral Obligations is based on a market valuation provided by a Qualified Valuer. The Market Value of each Collateral Obligation other than Sale and Leaseback Collateral Obligations will be determined at the time of the Issuer entering into a binding commitment to finance the Collateral Obligation and not less than annually thereafter.

The Market Value of Sale and Leaseback Collateral Obligations will be determined at the time of the Issuer entering into a binding commitment to finance the Collateral Obligation and at the time the option to re-purchase is either exercised or is void as a result of a default by the tenant.

The LTV Default Test, the LTV Diversion Test and the LTV Repayment Test will be calculated with reference to the most recently determined Market Values. Valuations will be carried out (i) no more frequently than annually in respect of Collateral Obligations other than Sale and Leaseback Collateral Obligations and (ii) no more than every 36 months in respect of Sale and Leaseback Collateral Obligations except in circumstances where the option to re-purchase is either exercised or is void as a result of a default by the tenant in which case the re-valuation may take place earlier.

In the event of significant fluctuations in the market value of real estate and other assets providing security for the Collateral Obligations it is possible that the market value of those could reduce or increase significantly between the first and any subsequent date of determination of the Market Value. In the event of a significant reduction in the market value of the assets between the last date upon which the Market Value was determined and the Measurement Date, there is a risk that the LTV Default Test and/or the LTV Diversion Test and/or the LTV Repayment Test will be passed on the related Measurement Date, but would not have been passed had the Market Value been determined on such Measurement Date.

4. CERTAIN CONFLICTS OF INTEREST

4.1 General

Acorn Agricultural Finance Ltd acts as Portfolio Servicer and may act in other capacities in respect of transactions with the Issuer. Various potential and actual conflicts of interest may arise from the overall portfolio servicing and other activities of the Portfolio Servicer, its Affiliates and from its conduct and the conduct of its Affiliates in respect of other transactions with the Issuer. In addition, certain conflicts may arise as a result of the Portfolio Servicer being an Affiliate of the Issuer. There is no limitation or restriction on the Portfolio Servicer with regard to acting as Portfolio Servicer or portfolio servicing agent (or in a similar role) to other parties or persons. This and other future activities of the Portfolio Servicer may give rise to additional conflicts of interest. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such potential conflicts.

4.2 Conflicts of Interest involving the Portfolio Servicer

The Portfolio Servicer and/or its Affiliates may invest in securities that would be appropriate as security for the Notes. Such investments may be different from those made on behalf of the Issuer. In addition, Affiliates of the Portfolio Servicer may invest in loans and securities that are senior to, or have interests different from or adverse to, the Collateral Obligations that are pledged to secure the Notes. The Portfolio Servicer and/or its Affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its or their own account, for the Issuer, for any similar entity for

which it serves as servicer or adviser and for its Affiliates. Neither the Portfolio Servicer nor any of its Affiliates is under any obligation to offer investment opportunities of which they have become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction. Furthermore, the Portfolio Servicer and/or its Affiliates may make an investment on behalf of any account that they advise without offering the investment opportunity to or making any investment on behalf of the Issuer.

The Portfolio Servicer and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Portfolio Servicer and/or its Affiliates advise. Furthermore, Affiliates of the Portfolio Servicer may make an investment on their own behalf without offering the investment opportunity to, or the Portfolio Servicer making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby Affiliates of the Portfolio Servicer are obliged to offer certain investments to funds or accounts that such Affiliates advise before or without the Portfolio Servicer offering those investments to the Issuer. Affiliates of the Portfolio Servicer have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before engaging in any investments for themselves.

4.3 Independence of underwriting

The Portfolio Servicer is responsible for underwriting Collateral Obligations invested in by the Issuer and as such the integrity of the underwriting may be questioned due to the lack of independence from the Issuer. This risk is mitigated through the management structure of the Portfolio Servicer, as the head of credit and risk of the Portfolio Servicer is not a director or officer of the Issuer or its parent company, Agricultural Corporation PLC.

4.4 Effective Recovery Action

The Portfolio Servicer is responsible for taking appropriate and timely action in respect of default by individual Obligors, the lack of independence of the Portfolio Servicer from the Issuer may bring into question whether the Portfolio Servicer would take action as quickly as an independent party and therefore increasing the exposure of risk to Noteholders. This risk is mitigated by the LTV Diversion Test, which ensures that reserves which would otherwise be available for distribution to the Parent are diverted to the Debt Service Reserve Account should the LTV Diversion Test not be satisfied.

The Portfolio Servicer will endeavour to resolve any conflicts including those associated with investment opportunities in a manner which it deems equitable to the extent possible under the prevailing facts and circumstances.

Although the professional staff of the Portfolio Servicer will devote as much time to the Issuer as the Portfolio Servicer deems appropriate to perform its duties in accordance with the Portfolio Servicing Agreement, those staff may have conflicts in allocating their time and services among the Issuer and the Portfolio Servicer's other accounts.

In addition, the Portfolio Servicer and/or its Affiliates may have ongoing relationships (including, without limitation, the provision of portfolio servicing services) with such obligors while also maintaining ongoing relationships (including, without limitation, portfolio servicing services) with purchasers of the Notes. From time to time, the Portfolio Servicer may, on behalf of the Issuer, purchase or sell Collateral Obligations through its Affiliates.

In certain circumstances, the Portfolio Servicer or its Affiliates or both may receive compensation in connection with the investment of assets in certain Eligible Investments from the managers of such Eligible Investments. In addition, the Issuer may from time to time invest in Eligible Investments issued by or arranged by the Portfolio Servicer or their Affiliates.

Save as provided below, there will be no restriction on the ability of the Portfolio Servicer or any of their respective Affiliates or employees to purchase Notes (either upon initial issuance or through secondary transfers) and to exercise any voting rights to which such Notes are entitled. The interests of such holders may differ from those of other holders.

Upon any resignation or removal of the Portfolio Servicer while any of the Notes are Outstanding, the Issuer shall appoint a successor Portfolio Servicer, subject to (among other things) the holders of the

Notes acting by Ordinary Resolution, not disapproving of such proposed successor within 21 days of notice of such appointment. Any Notes held by (but not on behalf of) the Portfolio Servicer, one or more of its Affiliates and/or any one or more directors thereof will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Portfolio Servicer and will be deemed not to be Outstanding in connection with any such vote; provided, however, that any Notes held by the Portfolio Servicer, one or more of its Affiliates and/or one or more directors thereof will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote, including without limitation, any vote in connection with the appointment of a replacement Portfolio Servicer which is not Affiliated with the Portfolio Servicer in accordance with the Portfolio Servicing Agreement. See "*Description of the Portfolio Servicing Agreement*".

5. TAXATION OF THE ISSUER

A change in relevant UK legislation or in HM Revenue and Customs policy or practice could adversely affect the Issuer's returns or financial condition. There can be no assurance that the levels of taxation and levies to which the Issuer is subject in the UK will not be increased. In addition, there can be no assurance that new taxes or levies will not be introduced to which the Issuer will be subject. Any increases in the levels of taxation or levies to which the Issuer is subject in the UK, or the implementation of any new taxes or levies to which the Issuer will be subject, could have a material adverse effect on the Issuer's business, financial condition and results of operations.

6 HIRING INCENTIVES TO RESTORE EMPLOYMENT ACT 2010

It is possible that the Foreign Account Tax Compliance provisions ("**FATCA**") could impose a withholding tax of up to 30 per cent. on payments of interest, principal or certain other income made to Recalcitrant Noteholders on or after January 1, 2017 depending on the particular circumstances of the Issuer, the Notes and the Noteholders and beneficial owners thereof. Further, there could also be, as of January 1, 2014, withholding of 30 per cent. on payments to the Issuer (and certain affiliates of the Issuer) of (if any) interest and dividends and of sales proceeds as of January 1, 2015 from Collateral Obligations with US source income held by the Issuer.

In order to comply with FATCA, the Issuer (and likely any intermediary, broker, or agent (an "**Intermediary**") through which a Noteholder holds its Note) is likely to require each (i) Non-U.S. Noteholder to provide satisfactory documentation (to be determined) that it is not a U.S. person and (ii) U.S. Noteholder to provide its name, address and taxpayer identification number. If a Noteholder is a non-U.S. entity or otherwise not the beneficial owner of the Notes, such Noteholder will generally be required to provide certain information about its owners (or beneficial owners) in order to enable the Issuer to identify and report on certain of such Noteholder's direct and indirect U.S. beneficial owners. Any Noteholder that does not comply with the Issuer's request for information (or execute a waiver of any law that prohibits the Issuer from releasing such information to the U.S. Internal Revenue Service) to enable it to comply with FATCA shall be a "**Recalcitrant Noteholder**". If the Issuer or an Intermediary enters into an IRS Agreement, it may be obligated to withhold up to 30 per cent on distributions to Recalcitrant Holders and FFIs that do not enter into their own IRS Agreement.

If the Issuer chooses not to enter into an IRS Agreement, such decision could preclude certain of its FFI (as such term is defined below) affiliates from entering into such an agreement and such failure could subject such FFI affiliates to a prohibitive 30 per cent. withholding tax on its US source income.

"**FFI**" means a non-U.S. bank, a non-U.S. custodian, or a non-US entity engaged in the business of investing, reinvesting, or trading in securities, notional principal contracts, insurance or annuity contracts, partnership interests, or commodities (or any derivative interest therein).

Each potential purchaser of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such investor in its particular circumstance. See "*Tax Considerations - Application of New U.S. Tax Reporting and Withholding Law*" below.

7 SPECIFIC RISK FACTORS ON SECURITY OVER FREEHOLD PROPERTY AND/OR OTHER FARMING ASSETS/SALE AND LEASE BACK

Lending will always be made for business purposes and the lending portfolio will be secured against Eligible Collateral which includes agricultural land and other rural freehold or heritable property including farm houses and other buildings associated with agricultural land, and other country properties including country houses and associated buildings and other rural business real estate. In addition, in the case of revolving credit, loans will be secured against other farming assets including livestock, forward sales contracts and other receivables including Single Payment Scheme payments ("SPS") and agri environmental payments ("AEPs"). A Comfort Charge will be taken where available.

The sale and leaseback portfolio will consist of agricultural land and associated buildings which in some instances could also include dwellings associated with the agricultural land and buildings.

All lending and purchase decisions will be based on a number of underwriting requirements including due diligence in respect of property title issues to ensure that the borrower(s) has good title to the real estate and/or other assets pledged as security. Title issues will include whether or not the property benefits from or is subject to any third party or public rights and whether or not it is affected by contamination or any other environmental or regulatory issues.

All lending and purchase decisions will also be based on the market value of the security property at the time of the loan application.

Due diligence in respect of title issues will be undertaken by appropriately qualified solicitors who will produce a report on title to certify the real estate is suitable as loan security or for purchase purposes before a loan or a purchase decision is made. All valuations of real estate and other property will be undertaken by independent and suitably experienced valuers who are qualified members of the Royal Institution of Chartered Surveyors ("RICS") and are also members of the RICS Valuation Registration Scheme.

The annual value of the Single Payment Scheme and Agricultural Environmental Payments will be verified by reference to the relevant individual scheme rules applicable to each farm and due diligence will include the payment history to date and compliance with the relevant scheme rules for the year in question. The value of receivables will be verified against specific contract details.

Risks associated with title or valuation matters include the possibility of legal advisors and valuers failing to identify issues that could have an impact either on the value or the saleability (or both) of the property taken as security or purchased although, in the normal course of events, the expectation would be that such failures would be mitigated by appropriate professional indemnity insurance cover to the extent that there was any financial loss arising as a result of professional negligence. The Security Trustee does not have any obligation to verify any title or valuation matters and will rely on the verification of the property by legal advisors and valuers and will not be required to make any independent investigation of title.

Other risks include fluctuations in the market value of agricultural land and other classes of real estate and other security assets. Fluctuations in value can be caused by a number of different factors including political uncertainty in respect of agricultural subsidies and the reform of the EUs Common Agricultural Policy ("CAP"); the availability or shortage of credit; the economic cycle; planning and environmental policies and other regulatory activity. It is possible that fluctuations in the market value of real estate and other property providing loan security and in the market value of real estate purchased for sale and leaseback purposes could result in them being worth less than the loans secured on them (or the purchase price). If that were to happen there would be a loss on realisation of the security property or on the resale of the purchased property and Noteholders would be exposed to this risk.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented, modified or varied in accordance with the provisions of the Issue Prospectus relating to a particular Series, will be applicable to the Notes of such Series and which, subject in certain cases to simplification by the deletion of non-applicable provisions, will be attached to or endorsed on such Notes in definitive form (or, in the case of Registered Notes, on the Certificates relating to such Registered Notes). Unless the context otherwise requires, references in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes which may be issued under the Programme from time to time.

The Notes are constituted and secured by a Principal Trust Deed dated 16 August 2012 between Agricultural Finance PLC and BNY Mellon Corporate Trustee Services Limited, as trustee for the holders of the Notes, (the **"Note Trustee"**) and Prudential Trustee Company Limited, as security trustee for the Secured Parties (the **"Security Trustee"**) (together, the **"Trustees"**, which expression shall include all persons for the time being the trustee or trustees for any Series under a Supplemental Trust Deed in respect of a Series (as defined below)) and the other persons specified therein (the **"Principal Trust Deed"**), as supplemented by a supplemental trust deed relating to the Notes dated the Issue Date (the **"Supplemental Trust Deed"**) made between the Issuer and the Trustees and the other parties named therein (the Principal Trust Deed, as supplemented and amended by the Supplemental Trust Deed, the **"Trust Deed"**). Unless the context otherwise requires references in the Conditions to the **"Trust Deed"** are to the Trust Deed constituting the Notes and not to the Trust Deed constituting the Notes of any other Series.

The following agreements have been entered into in relation to the Notes of each Series:

- (a) an Agency Agreement dated 16 August 2012 (the **"Agency Agreement"**) between, amongst others, the Issuer, The Bank of New York Mellon (Luxembourg) S.A. as registrar, (the **"Registrar"**), The Bank of New York Mellon, London Branch as principal paying agent, account bank, calculation agent and custodian (respectively, as the **"Principal Paying Agent"**, the **"Account Bank"**, the **"Calculation Agent"** and the **"Custodian"** which terms shall include any successor or substitute registrar, principal paying agent, account bank, calculation agent or custodian, respectively, appointed pursuant to the terms of the Agency Agreement) the Note Trustee and the Security Trustee;
- (b) a Portfolio Servicing Agreement dated 16 August 2012 (the **"Portfolio Servicing Agreement"**) between, amongst others, Acorn Agricultural Finance Ltd as portfolio servicer in respect of the Portfolio (the **"Portfolio Servicer"**, which term shall include any successor Portfolio Servicer appointed pursuant to the terms of the Portfolio Servicing Agreement), the Issuer, The Bank of New York Mellon, London Branch, as collateral administrator (the **"Collateral Administrator"** which term shall include any successor Collateral Administrator appointed pursuant to the terms of the Portfolio Servicing Agreement), the Note Trustee and the Security Trustee; and
- (c) a Share Charge dated 16 August 2012 (the **"Share Charge"**) between Agricultural Corporation PLC (the **"Parent"**), the Issuer and the Security Trustee.

The terms and conditions of the Notes set out below shall be supplemented by the issue prospectus relating thereto (the **"Issue Prospectus"**) which may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these terms and conditions, replace and/or modify these terms and conditions for the purposes of this Note. References herein to the **"Conditions"** of the Notes are to these terms and conditions as so supplemented, replaced and/or modified by the Issue Prospectus applicable to or attached to or endorsed on this Note. Furthermore, unless the context otherwise requires, references herein to the **"Conditions"** are to the terms and conditions of the Notes and not to the terms and conditions of any other Series of Notes.

The Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Portfolio Servicing Agreement and the Share Charge applicable to them.

1. Definitions

"Accounts" means the Principal Account, the Interest Account, the Prepaid Interest Deposit Account, the Debt Service Reserve Account, the Payment Account and the Custody Account.

"Accrual Period" means, in respect the Notes, the period from and including the Issue Date to, but excluding, the first Payment Date and each successive period from and including each Payment Date to, but excluding, the following Payment Date.

"Affiliate" or "Affiliated" means with respect to a Person:

- (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or
- (b) any other Person who is a director, officer or employee:
 - (i) of such Person;
 - (ii) of any subsidiary or parent company of such Person; or
 - (iii) of any Person described in paragraph (a) above.

For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (A) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent" means each of the Registrar, the Principal Paying Agent, the Transfer Agents, the Calculation Agent, the Account Bank, the Collateral Administrator and the Custodian, and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement and **"Agents"** shall be construed accordingly.

"Agent Fees" means all amounts due and payable to the Agents under the Transaction Documents.

"Aggregate Collateral Balance" means, as at any Measurement Date, the amount equal to the following amounts:

- (a) the Aggregate Principal Balance of all Collateral Obligations; and
- (b) the aggregate of the balances standing to the credit of the Principal Account and the Debt Service Reserve Account.

"Aggregate Market Value" means the aggregate of the Market Values of all Collateral Obligations and when used with respect to some portion of the Collateral Obligations, means the aggregate of the Market Values of such Collateral Obligations, in each case, as at the date of determination.

"Aggregate Principal Balance" means the aggregate of the Principal Balances of all the Collateral Obligations and, when used with respect to some portion of the Collateral Obligations, means the aggregate of the Principal Balances of such Collateral Obligations.

"Authorised Denomination" means, in respect of any Note, the Minimum Denomination thereof and any denomination equal to one or more multiples of the Authorised Integral Amount in excess of the Minimum Denomination thereof.

"Authorised Integral Amount" means £50,000.

"Authorised Officer" means with respect to the Issuer, any Director of the Issuer or any person who is notified by the Issuer in writing to the Trustees as being authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

"Average Aggregate Collateral Balance" means in respect of a Due Period (a) the sum of the Aggregate Collateral Balance as at the first Business Day of the Due Period plus the Aggregate Collateral Balance as at the last Business Day of the Due Period, (b) divided by two provided that in

respect of the Due Period beginning on the Issue Date of the first Series of Notes to be issued by the Issuer, the Average Aggregate Collateral Balance shall be the Aggregate Collateral Balance as at the last Business Day of such Due Period.

"Balance" means on any date, with respect to any cash or Eligible Investments standing to the credit of an Account (or any subaccount thereof), the aggregate of the:

- (a) current balance of cash, demand deposits, time deposits, government-guaranteed funds and other investment funds;
- (b) outstanding principal amount of interest-bearing corporate and government obligations and money market accounts and repurchase obligations; and
- (c) purchase price, up to an amount not exceeding the face amount, of non interest-bearing government and corporate obligations, commercial paper and certificates of deposit.

"Business Day" means (save to the extent otherwise defined) a day on which commercial banks and foreign exchange markets settle payments in London (other than a Saturday, a Sunday or a public holiday).

"Clearing System Business Day" means Monday to Friday inclusive of each week, except 25 December and 1 January.

"Collateral" means the property, assets and rights described in Condition 4(a) (*Security*) which are charged and/or assigned to the Security Trustee or held on trust from time to time for the benefit of the Secured Parties pursuant to the Trust Deed.

"Collateral Obligation" means Opportunity Finance Collateral Obligations, Medium Term Finance Collateral Obligations, Revolving Credit Collateral Obligations or Sale and Leaseback Collateral Obligations. Obligations which are to constitute Collateral Obligations in respect of which the Issuer has entered into a binding commitment to finance but which have not yet settled shall be included as Collateral Obligations in the calculation of the Portfolio Profile Tests at any time as if such financing had been completed. For the avoidance of doubt, the failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Portfolio Servicer on behalf of the Issuer has entered into a binding agreement to finance it, shall not cause such obligation to cease to constitute a Collateral Obligation.

"Collateral Tax Event" is the introduction of a new, or any change in, home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation which results in payments due from the obligors under one or more Collateral Obligations held by or on behalf of the Issuer becoming properly subject to the imposition of home jurisdiction or foreign withholding tax (other than where such withholding tax is compensated for by a "gross-up" provision in the terms of the Collateral Obligation or such requirement to withhold is eliminated pursuant to a double tax treaty so that the holder thereof is held completely harmless from the full amount of such withholding tax on an after tax basis) which reduces in the aggregate by six per cent. or more the aggregate interest and rent payments on all of the Collateral Obligations held by or on behalf of the Issuer during the related Due Period.

"Comfort Charge" means a legal mortgage or standard security over Eligible Collateral as defined under Eligible Collateral For Opportunity Finance Collateral Obligations taken to provide additional Collateral for Revolving Credit Collateral Obligations and which is in addition to the Collateral upon which the loan to value is calculated.

"Debt Service Required Amount" means in relation to a Payment Date, the lesser of (a) the product of 0.525 per cent and the aggregate principal amount outstanding of the Notes of each Series immediately following such Payment Date, and (b) the greater of (i) zero and (ii) the sum of (1) the product of 2.1 per cent and the aggregate principal amount outstanding of the Notes of each Series immediately following such Payment Date minus (2) the amount standing to the credit of the Debt Service Reserve Account on such Payment Date.

"Debt Service Reserve Account" means the interest bearing account described as such in the name of the Issuer with the Account Bank into which, subject to and in accordance with the Priorities of Payment, the Debt Service Required Amount shall be paid on each Payment Date.

"Debt Service Reserve Interest Shortfall" means in relation to a Payment Date, the amount payable on such Payment Date in accordance with paragraph (F) of the Interest Proceeds Priority of Payments which would not be payable prior to the payment referred to in Condition 3(i)(iv)(1) of each Series of Notes due to there being insufficient Interest Proceeds available to pay such amount on such Payment Date.

"Debt Service Reserve Principal Shortfall" means in relation to a Payment Date, the amount payable on such Payment Date in accordance with paragraph (B) of the Principal Proceeds Priority of Payments which would not be payable prior to the payment referred to in Condition 3(i)(iv)(2) of each Series of Notes due to there being insufficient Principal Proceeds available to pay such amounts on such Payment Date.

"Defaulted Obligation" means a Collateral Obligation in respect of which:

- (a) there has occurred and is continuing a default with respect to the payment of interest or principal (or in the case of a Sale and Leaseback Collateral Obligation, there has occurred and is continuing a default with respect to the payment of rental) disregarding any grace periods applicable thereto;
- (b) any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor of such Collateral Obligation; or
- (c) the Portfolio Servicer determines in its reasonable business judgement should be treated as a Defaulted Obligation.

"Definitive Certificate" means a certificate representing one or more Notes in definitive, fully registered, form.

"Determination Date" means the last Business Day of each Due Period, or in the event of any redemption of the Notes, following the occurrence of an Event of Default, two Business Days prior to the applicable Redemption Date.

"Directors" means Peter John Sobey, Derek Martin Wills, Mark Andrew Sanders, Nick James David Kidd, Alan Lesley Kerbey or such other person(s) who may be appointed as Director(s) of the Issuer from time to time, in each case for so long as such person shall remain a Director of the Issuer.

"Due Period" means, with respect to any Payment Date, the period commencing on and including the day immediately following the eighth Business Day prior to the preceding Payment Date (or on the Issue Date, in the case of the Due Period relating to the first Payment Date) and ending on and including the eighth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date which is the Redemption Date of any Note, ending on and including the Business Day preceding such Payment Date).

"Eligibility Criteria" means the Eligibility Criteria specified in the Portfolio Servicing Agreement which are required to be satisfied in respect of each Collateral Obligation financed by the Portfolio Servicer (on behalf of the Issuer) at the time of entering into a binding commitment to finance such obligation.

"Eligible Collateral" means Eligible Collateral For Opportunity Finance Collateral Obligations, Eligible Collateral For Medium Term Finance Collateral Obligations, Eligible Collateral For Sale and Leaseback Collateral Obligations and Eligible Collateral For Revolving Credit Collateral Obligations.

"Eligible Collateral For Medium Term Finance Collateral Obligations" means freehold or heritable agricultural land and buildings, freehold or heritable farmhouses, other freehold or heritable country properties and other freehold or heritable rural business properties.

"Eligible Collateral For Opportunity Finance Collateral Obligations" means freehold or heritable agricultural land and buildings, freehold or heritable farmhouses, other freehold or heritable country properties and other freehold or heritable rural business properties.

"Eligible Collateral For Revolving Credit Collateral Obligations" means a bill of sale over agricultural assets such as livestock, assignments and assignments of receivables such as crop sale contracts, agricultural subsidy payments and agricultural environmental payments and any Comfort Charge held.

"Eligible Collateral for Sale and Leaseback Collateral Obligations" means freehold or heritable agricultural land and buildings and freehold or heritable farmhouses subject to an option to purchase the property at the end of the lease back term in favour of the Obligor.

"Eligible Investments" means any investment denominated in Sterling and selected by the Portfolio Servicer, including, without limitation, any Eligible Investments for which the Custodian, the Note Trustee, the Security Trustee or the Portfolio Servicer, or an Affiliate of any of them, provides services.

"Event of Default" means in relation to a Series of Notes each of the events defined as such in Condition 10(a) (*Events of Default*) of such Series of Notes.

"Extraordinary Resolution" means an Extraordinary Resolution as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Principal Trust Deed.

"FATCA" means the Foreign Account Tax Compliance Act.

"First Issue Date" means the first Issue Date.

"First Priority Medium Term Finance Collateral Obligations" means an obligation which is (a) secured by a legal mortgage or standard security over Eligible Collateral For Medium Term Finance Collateral Obligations in a manner consistent with market practice for such type of obligation to be regarded as a Secured Obligation and (b) no other obligation of the Obligor has a higher priority security interest in such assets.

"First Priority Opportunity Finance Collateral Obligations" means an obligation which is (a) secured by a legal mortgage or standard security over Eligible Collateral For Opportunity Finance Collateral Obligations, in a manner consistent with market practice for such type of obligation to be regarded as a Secured Obligation; and (b) no other obligation of the Obligor has a higher priority securing interest on such assets.

"Interest Account" means an interest bearing account described as such in the name of the Issuer with the Account Bank into which Interest Proceeds are to be paid.

"Interest Amount" means, on each Payment Date, the amount of interest payable in respect of each Minimum Denomination and Authorised Integral Amount in original principal amount of the Notes indicated for any Accrual Period being the amount calculated by the Calculation Agent as soon as practicable after 11.00 a.m. (London time) on the relevant Interest Determination Date in accordance with Condition 6(c) (*Rate of Interest on the Notes*), together with any interest payable on unpaid amounts pursuant to the terms of the Trust Deed (which for the avoidance of doubt shall only be payable to the extent that any such non-payment constitutes an Event of Default).

"Interest Period" has the meaning given thereto in Condition 6(a) (*Payment Dates*).

"Interest Proceeds" means all amounts paid or payable into the Interest Account from time to time and, with respect to any Payment Date, means any such amounts received or receivable by the Issuer during the related Due Period, to be disbursed pursuant to the Interest Proceeds Priority of Payments on such Payment Date, together with any other amounts to be disbursed out of the Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 3(h) (*Accounts*).

"Interest Proceeds Priority of Payments" means the priority of payments in respect of Interest Proceeds set out in Condition 3(b)(i) (*Application of Interest Proceeds*).

"Investment Company Act" means the United States Investment Company Act of 1940, as amended.

"Issue Date" means in respect of a Series, the date specified as such in the related Issue Prospectus.

"Issuer Ordinary Shares" means the 50,000 ordinary shares of the Issuer for £1 each which shall be issued partly paid as to 25 pence each on or after the First Issue Date to Agricultural Corporation PLC.

"Loan to Value Ratio" means, on any Measurement Date the ratio (expressed as a percentage) obtained by dividing (a) the Aggregate Principal Balance on such Measurement Date minus the amount standing to the credit of the Debt Service Reserve Account on such Measurement Date, by (b) the sum of the Aggregate Market Values on such Measurement Date and when used with respect to a particular Collateral Obligation, the ratio (expressed as a percentage) obtained by dividing (a) the Principal Balance of such Collateral Obligation on such Measurement Date, by (b) the Market Value of such Collateral Obligation on such Measurement Date.

"LTV Default Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Loan to Value Ratio is less than 70.1 per cent.

"LTV Diversion Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Loan to Value Ratio is less than 65.1 per cent.

"LTV Prepayment Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Loan to Value Ratio is less than 67.5 per cent.

"Make Whole Yield" means 0.20 per cent. per annum above the yield to maturity implied by yields reported as at 10:00 a.m. (London time) on the second Business Day preceding the related Redemption Date on the display designated as "Page DEBMK" on the Reuters Monitor Money Rates Service (or such other page as may replace "Page DEBMK" on the Reuters Monitor Rates Service) for sterling swaps having a maturity equal to the number of years from the related Redemption Date until the date determined by the Portfolio Servicer as the final date of the average life of the Notes of the related Series.

"Market Value" means in respect of Opportunity Finance Collateral Obligations and Medium Term Finance Collateral Obligations, the open market valuation provided by a Qualified Valuer of the Eligible Collateral on which such Collateral Obligations are secured determined at the time of the Issuer entering into a binding commitment to finance such Collateral Obligation and thereafter not less frequently than annually or if the Collateral Obligation is in default, the net realisable value of such security; in respect of Revolving Credit Collateral Obligations, the open market valuation of the farming, assets, single farm payments, agri-environmental payments and forward sale contracts provided by a Qualified Valuer on which the loan obligations are secured determined at the time of the Issuer entering into a binding commitment to finance such Collateral Obligation and thereafter not less frequently than annually, or if any such Collateral Obligation is in default, the net realisable value of the security plus the net realisable value of any Comfort Charge held; and in respect of Sale and Leaseback Collateral Obligations, the Repurchase Price as set out in the Obligor's option to purchase, or if the Collateral Obligation is in default, the lower of the Repurchase Price and the net realisable value of the asset as determined by a Qualified Valuer in each case as set out in the most recent Payment Date Report.

"Maturity Date" in respect of a Series, the date specified as such in the related Issue Prospectus or in the event that such day is not a Business Day, the next following Business Day.

"Measurement Date" means:

- (a) each Determination Date;
- (b) the date as at which any Report is prepared; and
- (c) each Issue Date.

"Medium Term Finance Collateral Obligations" means First Priority Medium Term Finance Collateral Obligations and Second Priority Medium Term Finance Collateral Obligations.

"Minimum Denomination" means, in the case of the Notes, £100,000.

"New Collateral Obligations" means a Collateral Obligation financed pursuant to the terms of the Portfolio Servicing Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

"Note Tax Event" means, at any time, the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date result in) any payment of principal or interest on the Notes becoming properly subject to any withholding tax (other than with regard to FATCA).

"Note Trustee Fees and Expenses" means the fees and expenses (including, without limitation, legal fees), together with value added tax thereon, and other amounts payable to the Note Trustee or any other agent, delegate or appointee thereof pursuant to the Trust Deed and/or these Conditions from time to time and, where the context requires, means the fees and expenses (including, without limitation, legal fees), together with value added tax thereon, and other amounts payable to the Note Trustee or any other agent, delegate or appointee thereof pursuant to the trust deed and/or conditions from time to time of each Series of Notes.

"Noteholders" means the holders of the Notes from time to time.

"Notes of each Series" means the notes of each Series constituted by the related Trust Deed or the respective principal amounts outstanding thereof, or as the context may require, a specific number thereof.

"Notes" means the notes constituted by the Trust Deed, or the Principal Amount Outstanding thereof for the time being or, as the context may require, a specific number. This includes any replacements for Notes issued pursuant to Condition 13 (*Replacement of Notes*) of the Notes and (except for the purposes of clause 3 of the Principal Trust Deed) each Global Certificate.

"Obligor" means, in respect of a Collateral Obligation other than a Sale and Leaseback Collateral Obligation, the borrower thereunder and in the case of a Sale and Leaseback Collateral Obligation, the lessee thereunder.

"Opportunity Finance Collateral Obligations" means First Priority Opportunity Finance Collateral Obligations and Second Priority Opportunity Finance Collateral Obligations.

"Ordinary Resolution" means an Ordinary Resolution as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Principal Trust Deed.

"Outstanding" means in relation to the Notes of a Series as of any date of determination, all of the Notes of that Series issued that have not been redeemed, purchased or cancelled, as further defined in the Principal Trust Deed.

"Payment Account" means the account described as such in the name of the Issuer held with the Account Bank to which amounts shall be transferred by the Account Bank on the instructions of the Collateral Administrator on the second Business Day prior to each Payment Date out of certain of the other Accounts in accordance with Condition 3(h) (*Accounts*) and out of which the amounts required to be paid on each Payment Date or Redemption Date pursuant to the Priorities of Payments shall be paid.

"Payment Date" means in respect of each Series of Notes 31 January, 30 April, 31 July and 31 October in each year, commencing on the first such date immediately following the Issue Date and ending on the relevant Maturity Date and any Redemption Date provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

"Payment Date Report" means the accounting report defined as such in the Portfolio Servicing Agreement which is prepared by the Collateral Administrator (in consultation with the Portfolio Servicer) on behalf of the Issuer and deliverable to the Issuer, the Trustees, the Portfolio Servicer and

any holder of a beneficial interest in any Note (upon written request of such holder) not later than the second Business Day preceding the related Payment Date.

"Person" means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"Portfolio" means the Collateral Obligations and Eligible Investments held by or on behalf of the Issuer from time to time.

"Portfolio Profile Tests" means the Portfolio Profile Tests each as defined in the Portfolio Servicing Agreement.

"Portfolio Servicing Fee" means the fee payable to the Portfolio Servicer in arrear on each Payment Date in respect of each Due Period pursuant to the Portfolio Servicing Agreement in an amount, as determined by the Collateral Administrator, equal to 1.5 per cent. per annum (calculated quarterly on the basis of a 365-day year and the actual number of days elapsed in such Due Period) of the Average Aggregate Collateral Balance.

"Post-Enforcement Priority of Payments" means the priority of payments in respect of Principal Proceeds and Interest Proceeds set out in Condition 11(c) (*Post-Enforcement Priority of Payments*).

"Pre-Enforcement Priority of Payments" means the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments.

"Presentation Date" means a day which (subject to Condition 12 (*Prescription*)):

- (a) is a Business Day;
- (b) is or falls after the relevant due date or, if the due date is not or was not a Business Day is or falls after the next following Business Day which is a Business Day; and
- (c) is a Business Day in which the account specified by the payee is open.

"Principal Account" means the interest bearing account described as such in the name of the Issuer with the Account Bank into which Principal Proceeds are to be paid.

"Principal Amount Outstanding" means in relation to the Notes and at any time, the aggregate principal amount of Notes outstanding under such Notes at that time and in relation to any other Series of Notes and at any time means the aggregate principal amount of Notes outstanding under such Series of Notes at that time.

"Principal Balance" means as of any date of determination, (i) with respect to any Collateral Obligation, other than a Sale and Leaseback Collateral Obligation, the outstanding principal amount thereof plus (a) any capitalised interest thereon, and (b) any unpaid fees thereunder and, (ii) in the case of a Sale and Leaseback Collateral Obligation means the original purchase price, plus (a) stamp duty paid thereunder by the Issuer and (b) any rent arrears and (c) any unpaid fees thereunder.

"Principal Proceeds" means all amounts paid or payable into the Principal Account from time to time and, with respect to any Payment Date, means such amounts received or receivable by the Issuer during the related Due Period and any other amounts to be disbursed as Principal Proceeds on such Payment Date pursuant to Condition 3(b)(ii) (*Application of Principal Proceeds*).

"Principal Proceeds Priority of Payments" means the priority of payments in respect of Principal Proceeds set out in Condition 3(b)(ii) (*Application of Principal Proceeds*).

"Priorities of Payments" means the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments.

"Qualified Valuer" means a member of the Royal Institution of Chartered Surveyors or any successor professional body thereof selected by the Portfolio Servicer as being experienced in the valuation of property and assets of a similar type to the Collateral Obligations.

"Rate of Interest" has the meaning given thereto in Condition 6 (c) (*Rate of Interest on the Notes*).

"Record Date" means the close of the business day which is a Clearing System Business Day before the relevant due date for payment of principal and interest in respect of a Note.

"Redemption Date" means in respect of a Series of Notes, each date specified for a redemption of the Notes pursuant to Condition 7 (*Redemption and Purchase*) of the relevant Series of Notes or the date on which the Notes are declared to be immediately due and repayable pursuant to Condition 10 (*Events of Default*) of the relevant Series of Notes, or in each case, if such day is not a Business Day, the next following Business Day.

"Redemption Premium" means in respect of a proposed date of redemption of the Notes, the amount equal to the excess (if any) of:

- (a) an amount equal to the then current value of the amounts of principal and interest (exclusive of such amounts as would have been payable in any event on the Redemption Date had the Notes not become subject to redemption) on such Note, calculated in accordance with accepted financial practices and assuming that the entire Principal Amount Outstanding (exclusive of such amounts as would have been payable on the applicable Redemption Date in any event had the Notes not become subject to redemption) of the Notes would have been paid on the Payment Date falling on the date determined by the Portfolio Servicer as the final date of the average life of the Notes of the related Series using a discount factor utilising the Make Whole Yield; over
- (b) the Principal Amount Outstanding of the Note (exclusive of such amounts as would have been payable in any event on the related Redemption Date had the Notes not become subject to redemption).

"Redemption Price" means, when used with respect to any Note:

- (a) 100 per cent. of the Principal Amount Outstanding thereof (if any);
- (b) together with any unpaid accrued interest in respect thereof; and
- (c) in the case of redemption pursuant to Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or Condition 7(d) (*Issuer Tax Event*) the Redemption Premium,

provided that, in the event that the Notes become subject to redemption in whole (but not in part) pursuant to more than one Condition, the Redemption Price applicable upon redemption thereof shall be that which relates to the redemption of the Notes which would occur first in time pursuant to the relevant provisions thereof.

"Redemption Threshold Amount" means the aggregate of all amounts which would be due and payable on redemption of the Notes on the scheduled Redemption Date pursuant to the Priorities of Payments.

"Register" means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency Agreement.

"Regulation S" means Regulation S under the Securities Act.

"Reinvestment Criteria" has the meaning ascribed to it in the Portfolio Servicing Agreement.

"Report" means each Annual Report and/or Payment Date Report.

"Resolution" means any Ordinary Resolution or Extraordinary Resolution, as the context may require.

"Revolving Credit Collateral Obligations" means an obligation which is secured by Eligible Collateral for Revolving Credit Obligations and any Comfort Charge in a manner consistent with market practice for such type of obligation to be regarded as a Secured Obligation.

"Sale and Leaseback Collateral Obligation" means an obligation comprising the sale by an Obligor and the purchase by the Issuer of Eligible Collateral For Sale and Leaseback Obligations coupled with the lease thereof by the Issuer to the Obligor and the option of the Obligor to repurchase at the end of the lease on terms which is consistent with market practice for such type of obligation.

"Sale and Leaseback Property" means all freehold or heritable property, the buildings and fixtures (including trade fixtures) thereon, from time to time owned by the Issuer and the subject of a Sale and Leaseback Collateral Obligation.

"Sale and Leaseback Security" means each supplemental security deed granted over a Sale and Leaseback Property in England and Wales and each standard security granted over a Sale and Leaseback Property in Scotland in each case pursuant to Clause 5.2(a) of the Principal Trust Deed.

"Scottish Loan Assignment" means each Scots law assignment of Collateral Obligations (other than Sale and Leaseback Collateral Obligations) which are governed by Scots law granted pursuant to Clause 5.2 (b) of the Principal Trust Deed.

"Scottish Sale and Leaseback Assignment" means each Scots law assignment of Sale and Leaseback Collateral Obligations comprising rental income and which are governed by Scots law granted pursuant to Clause 5.2 (c) of the Principal Trust Deed.

"Second Priority Medium Term Finance Collateral Obligation" means an obligation which is (a) secured by a legal mortgage in England and Wales (or a standard security in Scotland) over Eligible Collateral For Medium Term Finance Collateral Obligations in a manner consistent with market practice for such type of obligation to be regarded as a Secured Obligation and (b) other obligations of the Obligor have a higher priority security interest in such assets.

"Second Priority Opportunity Finance Collateral Obligation" means an obligation which is (a) secured by a legal mortgage in England and Wales (or a standard security in Scotland) over Eligible Collateral For Opportunity Finance Collateral Obligations in a manner consistent with market practice for such type of obligation to be regarded as a Secured Obligation and (b) other obligations of the Obligor have a higher priority security interest in such assets.

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent) of the Issuer to:

- (a) the Noteholders pursuant to the Conditions and the provisions of the Trust Deed;
- (b) the Security Trustee pursuant to the Legal Charge and the Trust Deed and any receiver appointed thereby pursuant to the Legal Charge or this Trust Deed;
- (c) the Note Trustee pursuant to the Trust Deed;
- (d) the Agents pursuant to the Agency Agreement;
- (e) the Portfolio Servicer pursuant to the Portfolio Servicing Agreement; and
- (f) the Collateral Administrator pursuant to the Portfolio Servicing Agreement.

"Secured Party" means the Noteholders of each Series of Notes Outstanding, the Collateral Administrator, the Portfolio Servicer, the Note Trustee, the Security Trustee and the Agents (in respect of their rights in respect of each Series of Notes Outstanding and the related Transaction Documents) and **"Secured Parties"** means any two or more of them as the context so requires.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Security Trustee Fees and Expenses" means the fees and expenses (including, without limitation, legal fees), together with value added tax thereon, and other amounts payable to the Security Trustee or any other agent, delegate or appointee thereof pursuant to the Trust Deed and/or these Conditions from time to time and, where the context requires, means the fees and expenses (including, without limitation, legal fees), together with value added tax thereon, and other amounts payable to the Security

Trustee or any other agent, delegate or appointee thereof pursuant to the trust deed and/or conditions from time to time of each Series of Notes.

"Senior Fees" means all amounts due and payable:

- (a) to the Portfolio Servicer pursuant to the Portfolio Servicing Agreement (excluding any Portfolio Servicing Fees or any value added tax payable on the Portfolio Servicing Fees);
- (b) to the auditors and legal counsel of the Issuer (including, but not limited to, fees incurred in respect of a restructuring of a Collateral Obligation);
- (c) to the Irish Stock Exchange, or such other stock exchange or exchanges upon which any of the Notes are listed from time to time;
- (d) to the payment of any applicable value added tax required to be paid by the Issuer in respect of any of the foregoing; and
- (e) any costs associated with liquidation of the Issuer.

"Series" and **"Series of Notes"** means each issue of Notes which is specified as a numbered series constituted by the Principal Trust Deed as supplemented and amended by a supplemental Trust Deed in respect of that Series.

"Single Payment Scheme" means the scheme by which farmers receive EU Subsidies under the EU Common Agricultural Policy. These subsidies are paid to farmers through the Single Payment Scheme ("SPS") and farmers who hold SPS entitlements can submit an application to receive a Single Payment ("SP") on an annual basis and subject to meeting the detailed rules of the SPS, are paid a SP based on the number and value of SPS entitlements that they hold.

"Stated Maturity" means, with respect to any Collateral Obligation or Eligible Investment the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable or, in the case of a Sale and Leaseback Collateral Obligation, the final date of the term of the related Lease.

"Sterling", "Pound Sterling" and "£" means the lawful currency of the United Kingdom.

"Transaction Documents" means the Principal Trust Deed, the Agency Agreement, the Portfolio Servicing Agreement, the Share Charge, each Sale and Leaseback Security, each Scottish Loan Assignment, each Scottish Sale and Leaseback Assignment, each other standard security granted by the Issuer pursuant to clause 5.2 (b) of the Principal Trust Deed and, in relation to a Series of Notes, the Supplemental Trust Deed and any note purchase agreement entered into in respect of each Series of Notes issued from time to time, between the Issuer and the purchaser of the Notes relating to that Series of Notes and each other document as is designated a "Transaction Document" by the Issuer and the Security Trustee from time to time.

"Written Resolution" means any Resolution of the Noteholders in writing, as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Principal Trust Deed.

2. Form and Denomination, Title and Transfer

(a) Form and Denomination

The Notes are in definitive fully registered form, without interest coupons or principal receipts attached, in the applicable Authorised Denomination. A Definitive Certificate will be issued to each Noteholder in respect of its registered holding or holdings of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar.

(b) ***Title to the Registered Notes***

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Principal Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note (as evidenced by the Register) will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(c) ***Transfer***

One or more Notes may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Definitive Certificate representing such Note(s) to be transferred, with the form of transfer endorsed on such Definitive Certificate duly completed and executed and together with such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate will be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

(d) ***Delivery of New Certificates***

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing Certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, at the risk of the holder entitled to the new Definitive Certificate, to such address as may be so specified. In this Condition 2(d) (*Delivery of New Certificates*), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agents and the Registrar.

(e) ***Transfer Free of Charge***

Transfer of Notes and Definitive Certificates representing such Notes in accordance with these Conditions of the Notes on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(f) ***Closed Periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) ***Regulations Concerning Transfer and Registration***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Principal Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void *ab initio*. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Note Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Note Trustee and subject to not less than 60 days' notice of any such change having been given to the Noteholders in accordance with Condition 16 (*Notices*)), is not prejudicial to the interests of the holders of the Notes. A copy of the current regulations may be inspected at the offices of any Transfer Agent during usual

business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

3. **Status**

(a) **Status**

The Notes constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(c) (*Limited Recourse and Non-Petition*). The Notes are secured in the manner described in Condition 4(a) (*Security*).

(b) **Pre-Enforcement Priority of Payments**

The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator in consultation with the Portfolio Servicer pursuant to the terms of the Portfolio Servicing Agreement on each Determination Date), on behalf of the Issuer, on each Payment Date cause the Account Bank to disburse Interest Proceeds and Principal Proceeds transferred to the Payment Account by the second Business Day prior thereto in accordance with the following priorities of payments (the "**Pre-Enforcement Priority of Payments**"):

(i) **Application of Interest Proceeds**

Interest Proceeds (save for on any Redemption Date relating to any redemption of the Notes pursuant to condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or condition 7(d) (*Issuer Tax Event*) or following the delivery of an Acceleration Notice in which event the Post-Enforcement Priority of Payments shall apply) shall be applied in the following order of priority:

- (A) to the payment of taxes or statutory fees owing by the Issuer to any United Kingdom authority, accrued and unpaid in respect of the related Due Period;
- (B) to the payment on a *pro rata* and *pari passu* basis of due and unpaid Note Trustee Fees and Expenses and Security Trustee Fees and Expenses in respect of each Series of Notes;
- (C) in payment on a *pro rata* and *pari passu* basis of due and unpaid Agent Fees;
- (D) in payment on a *pro rata* and *pari passu* basis of due and unpaid Senior Fees in relation to each item thereof;
- (E) to the payment of the accrued and unpaid Portfolio Servicing Fee due and payable on such Payment Date and any value added tax in respect thereof (whether payable to the Portfolio Servicer or directly to the relevant taxing authority) and, thereafter, to the payment of any Portfolio Servicing Fee due and payable but not paid pursuant to this paragraph (E) on any prior Payment Date together with interest accrued thereon in accordance with the Portfolio Servicing Agreement and to the payment of any value added tax in respect thereof (whether payable to the Portfolio Servicer or directly to the relevant taxing authority);
- (F) to the payment on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Notes of each Series in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable and unpaid on the Notes of each Series;
- (G) to the payment of the Debt Service Reserve Required Amount to the Debt Service Reserve Account;
- (H) if the LTV Prepayment Test is not satisfied on the related Determination Date any remaining Interest Proceeds in payment on a *pro rata* and *pari passu* basis of the Principal Amount Outstanding of the Notes of each Series;

- (I) if the LTV Diversion Test is not satisfied on the related Determination Date, any remaining Interest Proceeds to the Debt Service Reserve Account to the extent necessary to cause the LTV Division Test to be met if recalculated immediately following such payment; and
- (J) any remaining Interest Proceeds in the payment of dividends by the Issuer on its ordinary shares.

(ii) ***Application of Principal Proceeds***

Principal Proceeds (save for on any Redemption Date relating to any redemption of the Notes pursuant to condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or condition 7(d) (*Issuer Tax Event*) or following the delivery of an Acceleration Notice in which event the Post-Enforcement Priority of Payments shall apply) shall be applied in the following order of priority:

- (A) to the payment of the amounts referred to in paragraphs (A) to (F) (inclusive) of Condition 3(b)(i) (*Application of Interest Proceeds*) above, but only to the extent not paid in full thereunder;
- (B) on each Maturity Date in respect of a Series of Notes, in payment to the holders thereof (including the Noteholders) on a *pro rata* and *pari passu* basis of the Principal Amount Outstanding of the Notes of such Series then due and payable;
- (C) to the payment of the Debt Service Reserve Required Amount to the Debt Service Reserve Account to the extent not paid in full pursuant to paragraph (G) of Condition 3(b)(i) (*Application of Interest Proceeds*);
- (D) if the LTV Prepayment Test is not satisfied on the related Determination Date, any remaining Principal Proceeds in payment on a *pro rata* and *pari passu* basis of the Principal Amount Outstanding of the Notes of each Series;
- (E) if the LTV Diversion Test is not satisfied on the related Determination Date after application of Interest Proceeds in accordance with paragraph (I) of Condition 3(b)(i) (*Application of Interest Proceeds*), any remaining Principal Proceeds to the Debt Service Reserve Account to the extent necessary to cause the LTV Division Test to be met if recalculated immediately following such payment;
- (F) at the discretion of the Portfolio Servicer, either to (i) credit the Principal Proceeds Account for reinvestment in New Collateral Obligations and/or (ii) to the payment of any amounts to be used in the financing of New Collateral Obligations and/or (iii) in payment on a *pro rata* and *pari passu* basis of the Principal Amount Outstanding of the Notes of each Series; and
- (G) following the redemption in full of each Series of Notes, any remaining Principal Proceeds in the payment of dividends by the Issuer on its ordinary shares.

(c) ***Non-payment of Amounts***

Failure on the part of the Issuer to pay the Interest Amounts due and payable on the Notes pursuant to Condition 6 (*Interest*) and the Pre-Enforcement Priority of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not be an Event of Default save as the result of any deduction therefrom or the imposition of withholding thereon as set forth in Condition 9 (*Taxation*). References to the amounts referred to in the Pre-Enforcement Priority of Payments of this Condition shall include any amounts thereof not paid when due on any preceding Payment Date.

(d) ***Determination and Payment of Amounts***

The Collateral Administrator will, in consultation with the Portfolio Servicer, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Pre-Enforcement Priority of Payments and will notify the Issuer and the Note Trustee of such amounts. The Account Bank (acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 12.00 noon (London time) on the second Business Day preceding each Payment Date, cause the amounts standing to the credit of the Principal Account, Debt Service Reserve Account and if applicable the Interest Account (together with, to the extent applicable, amounts standing to the credit of any other Account) to the extent required to pay the amounts referred to in the Pre-Enforcement Priority of Payments which are payable on such Payment Date, to be transferred to the Payment Account in accordance with Condition 3(i) (*Payments to and from the Accounts*).

(e) ***De Minimis Amounts***

The Collateral Administrator may, in consultation with the Portfolio Servicer, adjust the amounts required to be applied in payment of principal on the Notes from time to time pursuant to the Priorities of Payments so that the amount to be so applied in respect of each Note is a whole amount, not involving any fraction of a 0.01 Pound Sterling or, at the discretion of the Collateral Administrator, part of a Pound Sterling.

(f) ***Publication of Amounts***

The Collateral Administrator will cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date in respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Note Trustee, the Principal Paying Agent, the Registrar and the Irish Stock Exchange by no later than 11.00 am (London time) on the second Business Day following the applicable Determination Date and the Registrar shall procure that details of such amounts are notified at the expense of the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) as soon as possible after notification thereof to the Registrar in accordance with the above but in no event later than (to the extent applicable) the third Business Day after the last day of the applicable Due Period.

(g) ***Notifications to be Final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition will (in the absence of manifest error) be binding on the Issuer, the Collateral Administrator, the Note Trustee, the Registrar, the Principal Paying Agent, the Transfer Agents and all Noteholders and (in the absence as referred to above) no liability to the Issuer or the Noteholders shall attach to the Collateral Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

(h) ***Accounts***

The Issuer shall, prior to the Issue Date, establish the following accounts with the Account Bank:

- the Principal Account;
- the Interest Account;
- the Prepaid Interest Deposit Account
- the Debt Service Reserve Account; and
- the Payment Account.

The Issuer shall, prior to the Issue Date, establish the Custody Account with the Custodian.

Amounts standing to the credit of the Accounts from time to time may be invested by the Portfolio Servicer on behalf of the Issuer in Eligible Investments.

All interest accrued on any of the Accounts, from time to time shall be paid into the Interest Account, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All principal amounts received in respect of Eligible Investments standing to the credit of any Account from time to time shall be credited to that Account upon maturity, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All interest accrued on such Eligible Investments (including capitalised interest received upon the sale, maturity or termination of any such investment) shall be paid to the Interest Account as, and to the extent provided, above.

(i) ***Payments to and from the Accounts***

(i) ***Principal Account***

The Issuer will procure that the following amounts are paid into the Principal Account promptly upon receipt thereof:

- (A) all principal payments received in respect of any Collateral Obligation, including, without limitation, the proceeds of sale of Sale and Leaseback Property, principal payments received in respect thereof, recovery amounts, prepayments and repayments at maturity, fees, commissions, sale proceeds and any other amounts;
- (B) all proceeds received from the issuance of each Series of Notes;
- (C) amounts transferred to the Principal Account from any other Account as required below; and
- (D) the proceeds of issuance of the Issuer Ordinary Shares.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted below) out of the Principal Account:

- (1) on the second Business Day prior to each Payment Date, all Principal Proceeds standing to the credit of the Principal Account to the Payment Account for disbursement pursuant to the Principal Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period; and
- (2) at the discretion of the Portfolio Servicer, at any time when no Notes of any Series are then outstanding, to fund the financing of any New Collateral Obligations.

(ii) ***Interest Account***

The Issuer will procure that the following amounts are paid into the Interest Account promptly upon receipt thereof:

- (A) all cash payments of interest and rent received in respect of any Collateral Obligation;
- (B) amounts transferred to the Interest Account from any other Account as required below;
- (C) at the Portfolio Servicer's discretion, all premiums, fees and commissions received in respect of any Collateral Obligation; and
- (D) any other amounts received in respect of the Collateral which are not required to be paid into another account.

The Issuer shall procure payment (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted below) out of the Interest Account, on the second Business Day prior to each Payment Date, of all Interest Proceeds standing to the credit of the Interest Account to the Payment Account for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period.

(iii) ***Prepaid Interest Deposit Account***

The Issuer will procure that all prepaid interest and lease payments received or deducted from Obligor in respect of each Collateral Obligation are paid into the Prepaid Interest Deposit Account.

The Issuer shall procure payment (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted below) out of the Prepaid Interest Deposit Account, on the second Business Day prior to each Payment Date, of an amount standing to the credit of the Prepaid Interest Deposit Account equal to interest and lease payments which have accrued on the related Collateral Obligations during the preceding Due Period to the Interest Account for disbursement pursuant to the Interest Proceeds Priority of Payments on such Payment Date.

(iv) ***Debt Service Reserve Account***

The Issuer will procure that:

- (A) on each Payment Date in relation to each Series of Notes the Debt Service Required Amount in relation to that Series of Notes is credited to the Debt Service Reserve Account in accordance with paragraph (G) of the Interest Proceeds Priority of Payments and paragraph (C) of the Principal Proceeds Priority of Payments in respect of such Series of Notes; and
- (B) on each Payment Date in relation to each Series of Notes the amount if any required to be paid in accordance with paragraph (I) of the Interest Proceeds Priority of Payments and paragraph (E) of the Principal Proceeds Priority of Payments in respect of such Series of Notes is credited to the Debt Service Reserve Account.

The Issuer shall procure payment (and shall ensure that payment of no other amount is made out of the Debt Service Reserve Account) on the Second Business Day prior to each Payment Date of:

- (1) the lesser of (i) the balance then standing to the credit of the Debt Service Reserve Account; and (ii) the Debt Service Reserve Interest Shortfall to the Interest Account for disbursement pursuant to the Interest Proceeds Priority of Payments on such Payment Date; and
- (2) after the payment referred to in paragraph (1) above having been made, the lesser of (i) the balance then standing to the credit of the Debt Service Reserve Account; and (ii) the Debt Service Reserve Principal Shortfall, to the Principal Account for disbursement pursuant to the Principal Proceeds Priority of Payments on such Payment Date.

(v) ***Payment Account***

The Issuer will procure that, on the second Business Day prior to each Payment Date, all amounts standing to the credit of each of the Accounts which are required to be transferred from the other Accounts to the Payment Account pursuant to Condition 3(h) (*Accounts*) and Condition 3(i) (*Payments to and from the Accounts*) are so transferred and, on such Payment Date, the Collateral Administrator (acting on the basis of the Payment Date Report), shall disburse such amounts in accordance with the Pre-Enforcement Priority of Payments. No amounts shall be transferred to or withdrawn

from the Payment Account at any other time or in any other circumstances, save that all interest accrued on the Payment Account shall be credited to the Interest Account.

4. **Security**

(a) ***Security***

Pursuant to the Principal Trust Deed, the obligations of the Issuer under the Notes of each Series are secured in favour of the Security Trustee for the benefit of, *inter alia*, the Noteholders by:

- (i) in respect of land in England and Wales a first legal mortgage (and in respect of land in Scotland, a first ranking Standard Security) over the Sale and Leaseback Property;
- (ii) an assignment by way of security of all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Eligible Investments standing to the credit of each of the Accounts and any other investments in each case held by the Issuer from time to time, including, without limitation, moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;
- (iii) a first fixed charge and first priority security assignment granted over all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Collateral Obligations and all Eligible Investments standing to the credit of each of the Accounts (other than Collateral Obligations and Eligible Investments that are governed by Scots law) and any other investments in each case held by the Issuer, including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;
- (iv) an assignment by way of security of all the Issuer's present and future rights against the Account Bank under the Agency Agreement and a first fixed charge over all present and future rights of the Issuer in respect of each of the Accounts and all moneys and all Eligible Investments from time to time standing to the credit of the Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;
- (v) an assignment by way of security of all the Issuer's present and future rights against the Custodian under the Agency Agreement (to the extent it relates to the Custody Account) and a first fixed charge over all of the Issuer's right, title and interest in and to the Custody Account (including each cash account relating to the Custody Account) and any cash held therein and the debts represented thereby;
- (vi) an assignment by way of security of all the Issuer's present and future rights under the Portfolio Servicing Agreement;
- (vii) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);
- (viii) an assignment by way of security of all the Issuer's present and future rights under the Agency Agreement;
- (ix) an assignment by way of security of all the Issuer's present and future rights under any note purchase agreement; and
- (x) a floating charge over the whole of the Issuer's undertaking and assets to the extent that such undertaking and assets are not subject to any other security created pursuant to the Principal Trust Deed and charges by way of floating charge the whole of the Issuer's undertaking and assets in Scotland or otherwise governed by Scots law notwithstanding

such undertaking and assets are subject to any other security created pursuant to the Principal Trust Deed.

Pursuant to the Principal Trust Deed, if, for any reason, the purported assignments by way of security of, and/or the grant of first fixed charge over, the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Collateral**"), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Security Trustee and shall (i) account to the Security Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Security Trustee may direct (provided that, subject to these Conditions of the Notes and the terms of the Portfolio Servicing Agreement, if no Event of Default has occurred and is continuing, the Issuer shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it and held on trust under this clause without prior direction from the Security Trustee), (ii) exercise any rights it may have in respect of the Trust Collateral at the direction of the Security Trustee and (iii) at its own cost take such action and execute such documents as the Security Trustee may in its sole discretion require.

Supplemental Security

Pursuant to the Principal Trust Deed, the Issuer from time to time will enter into supplemental security arrangements, as set out below.

In respect of the creation of security pursuant to clause 4 (a) (i) above, the Issuer shall execute a security deed supplemental to the Principal Trust Deed upon each Sale and Leaseback Property being acquired by the Issuer and deliver such security deed to HM Land Registry in the case of Sale and Leaseback Property in England and Wales.

In the case of Sale and Leaseback Property being acquired by the Issuer in Scotland, the Issuer will enter into a Standard Security in favour of the Security Trustee and deliver such Standard Security to the Land Register of Scotland. The form of the security deed and Standard Security are set out in Schedules 6 and 7 to the Principal Trust Deed respectively.

In respect of any Collateral Obligations (other than Sale and Leaseback Collateral Obligations) that are governed by Scots law, the Issuer shall, following the creation of such Collateral Obligations, execute a Scots law assignation in security in respect of these Collateral Obligations. The form of assignation in security is set out in Schedule 8 to the Principal Trust Deed.

In respect of any Sale and Leaseback Collateral Obligations comprising rental income that are governed by Scots law, the Issuer shall, following the creation of such Sale and Leaseback Collateral Obligations, execute a Scots law assignation of rents in respect of these Sale and Leaseback Collateral Obligations. The form of assignation of rents is set out in Schedule 9 to the Principal Trust Deed.

All deeds, documents, assignments, assignations, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Principal Trust Deed.

Pursuant to the terms of the Principal Trust Deed, the Security Trustee is exempted from any liability in respect of any loss or theft of the Collateral, from any obligation to insure the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by the Custodian, a bank or other custodian. The Security Trustee has no responsibility for the management of the Portfolio by the Portfolio Servicer or to supervise the administration of the Portfolio by the Collateral Administrator or any other party and is entitled to rely on the certificates or notices of any relevant party without further enquiry. The Principal Trust Deed also provides that the Security Trustee shall accept without

investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

(b) ***Application of Proceeds upon Enforcement***

The Principal Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to, the security over the Collateral constituted by the Principal Trust Deed shall be applied in accordance with the Post-Enforcement Priority of Payments set out in Condition 11(c) (*Post-Enforcement Priority of Payments*).

(c) ***Limited Recourse and Non-Petition***

The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the proceeds available at such time to make such payments in accordance with the Priorities of Payments. If the net proceeds of realisation of the security constituted by the Principal Trust Deed, upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Principal Trust Deed are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a "shortfall"), the obligations of the Issuer in respect of the Notes and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payments. In such circumstances, the other assets (including the Issuer's present or future issued share capital whether paid or unpaid and any rights in connection therewith of the Issuer will not be available for payment of such shortfall which shall be borne by the Noteholders, the Security Trustee and the other Secured Parties in accordance with the Priorities of Payments (applied in reverse order). The rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders or the other Secured Parties may take any further action to recover such amounts. None of the Noteholders of any Series of Notes, the Security Trustee or the other Secured Parties (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up, examinership or liquidation proceedings or for the appointment of a liquidator, an examiner, administrator or similar official or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of each Series or the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

None of the Note Trustee, the Security Trustee, the Directors, the Portfolio Servicer, the Collateral Administrator, the Principal Paying Agent, the Registrar or the Custodian has any obligation to the Noteholder of any Series of Notes for payment of any amount by the Issuer in respect of the Notes of any Series.

(d) ***Exercise of Rights in Respect of the Portfolio***

Pursuant to the Portfolio Servicing Agreement, the Issuer authorises the Portfolio Servicer, prior to enforcement of the security over the Collateral, to exercise all rights and remedies of the Issuer in its capacity as a holder of, or person beneficially entitled to, the Portfolio. In particular, the Portfolio Servicer is authorised, subject to any specific direction given by the Issuer, to attend and vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) under, the Portfolio and to give any consent, waiver, indulgence, time or notification, make any declaration or agree any composition, compounding or other similar arrangement with respect to any Portfolio forming part of the obligations.

(e) ***Information Regarding the Collateral***

The Issuer shall procure that a copy of each Annual Report and any Payment Date Report will be made available to (via www.agribonds.com, a secured web site accessible only to

Noteholders and other Secured Parties by a password which may be obtained by Noteholders from the Collateral Administrator subject to the receipt by the Collateral Administrator of a form set out in the Agency Agreement certifying that it is a holder of a beneficial interest in any Note) the Note Trustee, the Security Trustee, the Portfolio Servicer and the Noteholders within two Business Days of publication thereof.

5. Covenants of and Restrictions on the Issuer

(a) *Covenants of the Issuer*

Unless otherwise provided and as more fully described in the Principal Trust Deed, the Issuer covenants to the Trustees on behalf of the holders of the Notes that, for so long as any Note remains Outstanding, the Issuer will:

- (i) take such steps as are reasonable to enforce all its rights:
 - (A) under the Transaction Documents in respect of each Series of Notes; and
 - (B) in respect of the Collateral;
- (ii) comply with its obligations under the Notes of each Series, the Principal Trust Deed, the Agency Agreement, the Portfolio Servicing Agreement and each other Transaction Document to which it is a party in respect of each Series of Notes;
- (iii) keep proper books of account;
- (iv) pay its debts generally as they fall due;
- (v) do all such things as are necessary to maintain its corporate existence; and
- (vi) use its best endeavours to obtain and maintain a listing of the Outstanding Notes on the Irish Stock Exchange and an admission to its regulated market. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such listing and admission are agreed by the Note Trustee to be unduly onerous and the Note Trustee is satisfied that the interests of the holders of the Notes would not thereby be materially prejudiced, the Issuer will instead use its best endeavours promptly to obtain and thereafter to maintain a listing for such Notes on such other stock exchange(s) as it may (with the approval of the Note Trustee) decide.

(b) *Restrictions on the Issuer*

As more fully described in the Principal Trust Deed, for so long as any of the Notes remain Outstanding, save as contemplated in the Transaction Documents, the Issuer covenants to the holders of such Outstanding Notes and to the Note Trustee that (to the extent applicable) it will not, without the prior written consent of the Note Trustee (which consent shall only be given if the Note Trustee is of the opinion that to do so would not be materially prejudicial to the interests of the Noteholders):

- (i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Collateral, other than in accordance with the Portfolio Servicing Agreement, nor will it create or permit to be outstanding any mortgage, standard security or other heritable security, pledge, lien, charge, encumbrance or other security interest over the Collateral except in accordance with the Principal Trust Deed or the Conditions of each Series of Notes;
- (ii) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, standard security or other heritable security, pledge, lien, charge, encumbrance or other security interest over, any of its other property or assets or any part thereof or interest therein other than in accordance with the Principal Trust Deed or the Conditions in respect of each Series of Notes;
- (iii) engage in any business other than:

- (A) acquiring and holding any property, assets or rights that are capable of being effectively mortgaged or charged in favour of the Security Trustee or that are capable of being held on trust by the Issuer in favour of the Security Trustee under the Principal Trust Deed;
 - (B) issuing and performing its obligations under the Notes of each Series;
 - (C) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Principal Trust Deed, the Agency Agreement, the Portfolio Servicing Agreement and each other Transaction Document to which it is a party, as applicable in respect of each Series of Notes;
 - (D) performing any act incidental to or necessary in connection with any of the above;
- (iv) amend any term or condition of the Notes of any Series (save in accordance with the Conditions of the Notes of the Series and the related Trust Deed);
- (v) agree to any amendment to any provision of, or grant any waiver or consent under the Principal Trust Deed, the Agency Agreement, the Portfolio Servicing Agreement or any other Transaction Document to which it is a party in relation to any Series of Notes;
- (vi) incur any indebtedness for borrowed money, other than in respect of:
 - (A) each Series of Notes or any document entered into in connection with each Series of Notes or the sale thereof; or
 - (B) as otherwise permitted pursuant to the Principal Trust Deed(s) of each Series of Notes;
- (vii) amend its constitutional documents;
- (viii) have any subsidiaries;
- (ix) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);
- (x) enter into any reconstruction, amalgamation, merger or consolidation;
- (xi) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person, otherwise than as contemplated in the Conditions of any Series of Notes;
- (xii) issue any shares (other than such shares as are in issue as at the Issue Date) nor redeem or purchase any of its issued share capital;
- (xiii) enter into any material agreement or contract with any Person (other than an agreement on customary market terms, which terms do not contain the provisions below) unless such contract or agreement contains "limited recourse" provisions and such Person agrees that such Person shall not take any action or institute any proceeding against the Issuer at any time under any insolvency law applicable to the Issuer or which would reasonably be likely to cause the Issuer to be subject to or seek protection of, any such insolvency law; provided that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such insolvency law that is initiated by any other Person other than one of its Affiliates;
- (xiv) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Custodian or the Account Bank under the Agency Agreement, the Portfolio Servicer or the Collateral Administrator under the Portfolio Servicing Agreement or, in each case, from any executory obligation thereunder; or

- (xv) enter into any lease in respect of, or own, premises other than Sale and Leaseback Property.

6. **Interest**

(a) ***Payment Dates***

The Notes each bear interest (as defined in Condition 6(c) (*Rate of Interest on the Notes*)) from the Issue Date and such interest will be payable quarterly in arrear on each Payment Date. The period from (and including) a Payment Date (or the Issue Date) to (but excluding) the next (or first) Payment Date is called an "**Interest Period**" in these Conditions.

(b) ***Interest Accrual***

The Notes will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (*Interest*) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day seven days after the Principal Paying Agent has notified the Noteholders of such Notes in accordance with Condition 16 (*Notices*) of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) ***Rate of Interest on the Notes***

The Notes bear interest at the rate specified in the related Issue Prospectus which rate shall be not less than 7 per cent. per annum and not more than 9 per cent. per annum (the "**Rate of Interest**"). The amount of interest payable in respect of each Minimum Denomination or Authorised Integral Amount applicable to any such Notes shall be calculated by applying the Rate of Interest to an amount equal to such Minimum Denomination or Authorised Integral Amount, as applicable, multiplying the product by the actual number of days in the Accrual Period concerned divided by 365 and rounding the resultant figure to the nearest £0.01 (£0.005 being rounded upwards) provided that for the avoidance of doubt, holders of the Notes shall only be entitled to receive interest on the Principal Amount Outstanding from time to time in respect of such Notes.

(d) ***Notifications, etc to be Final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Calculation Agent, the Note Trustee, the Agents and all Noteholders and no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 6 (*Interest*).

7. **Redemption and Purchase**

(a) ***Final Redemption***

Save to the extent previously redeemed or purchased and cancelled, the Notes will be redeemed on their Maturity Date. In the case of a redemption pursuant to this Condition 7(a) (*Final Redemption*), the Notes will be redeemed at their Principal Amount Outstanding. Notes may not be redeemed or purchased other than in accordance with this Condition 7 (*Redemption and Purchase*).

(b) ***Redemption upon Breach of LTV Prepayment Test***

If the LTV Prepayment Test is not satisfied on any Determination Date, Interest Proceeds and Principal Proceeds will be applied in redemption on a *pro rata* and *pari passu* basis of the Notes in accordance with and subject to the Priorities of Payments.

(c) ***Optional Redemption following a Note Tax Event or a Collateral Tax Event***

Subject to and in accordance with the provisions of Condition 7(e) (*Mechanics of Redemption*), the Notes shall be redeemed by the Issuer, in whole but not in part, at their applicable Redemption Prices, from the proceeds of liquidation or realisation of the Collateral on any Payment Date following the occurrence of a Note Tax Event or a Collateral Tax Event at the direction of the holders of the Notes of each Series (acting as a single series) acting by way of an Extraordinary Resolution and subject to the establishment of a reasonable reserve as determined by the Note Trustee following consultation with the Portfolio Servicer and Collateral Administrator for all administrative and other fees and expenses payable in accordance with the Post-Enforcement Priority of Payments).

The Issuer shall procure that notice of such redemption, including the applicable Redemption Date, shall be given to the Noteholders of each Series in accordance with Condition 16 (*Notices*). The Note Trustee shall have no liability to any person in connection with the establishment or sufficiency of any reserve made by the Issuer pursuant to this Condition.

(d) ***Issuer Tax Event***

Subject to the provisions of Condition 7(e) (*Mechanics of Redemption*) below, the Issuer may, at its own discretion (upon notice to the Principal Paying Agent) or at the request of the Noteholders of each Series (acting as a single series) acting by Extraordinary Resolution, redeem the Notes of each Series in whole, but not in part, on any Payment Date at the applicable Redemption Prices (on giving not less than seven or more than thirty days' irrevocable notice to the Noteholders of each Series) if the Issuer determines in good faith that:

- (a) it has, or there is a substantial likelihood that it will, become subject to withholding imposed on a payment made to it or be forced to liquidate its interest in a Collateral Obligation on account of the Issuer's inability to comply with the reporting requirements imposed by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the "**Code**") and the Treasury regulations (and any notices or official pronouncements promulgated thereunder (together with the Code, the "**Foreign Account Tax Compliance Provisions**")), provided that (1) such inability to comply with the reporting requirements is attributable to non-compliance by any Noteholder of such Notes (or a foreign withholding agent (if any) in the chain of custody of payments made to the relevant holder) with the Issuer's requests for certifications or identifying information (such holder a "**Recalcitrant Noteholder**") and (2) (in the reasonable determination of the Issuer) compliance with the reporting requirements would, or there is a substantial likelihood that it would, preclude such withholding; or
- (b) there is a substantial likelihood that it will otherwise violate its agreement (if any) with the U.S. taxing authority that it entered into with respect to the Foreign Account Tax Compliance Provisions,

each such event, an "**Issuer Tax Event**".

Upon an Issuer Tax Event, Notes held by Noteholders who are not Recalcitrant Noteholders, in addition to those held by Recalcitrant Noteholders, may be redeemed or terminated, even if, in the case of an Issuer Tax Event arising out of paragraph (b) above, such agreement only mandated the termination of the non-compliant holders. The Issuer shall procure that notice of such redemption, including the applicable Redemption Date, shall be given to the Noteholders in accordance with Condition 16 (*Notices*) and the Note Trustee.

(e) ***Mechanics of Redemption***

Any exercise of a right of optional redemption pursuant to Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) shall be effected by delivery to a Transfer Agent and to the Note Trustee by holders of $66\frac{2}{3}$ per cent of the Aggregate Principal Amount Outstanding of the Notes of each Series (acting as a single Series) of duly completed Redemption Notices not more than 40 nor less than 20 Business Days prior to the applicable Redemption Date. No Redemption Notice and Notes so delivered

may be withdrawn without the prior consent of the Issuer. The Transfer Agent shall copy each Redemption Notice received to each of the Issuer, the Note Trustee, the other Transfer Agents, the Collateral Administrator and the Portfolio Servicer.

In respect of a redemption of the Notes in accordance with Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or Condition 7(d) (*Issuer Tax Event*) the Portfolio Servicer shall arrange for realisation of the Portfolio on behalf of the Issuer in accordance with the Portfolio Servicing Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with Condition 7(c) (*Optional Redemption following Note Tax Event or a Collateral Tax Event*) in the Payment Account on or before the Business Day prior to the applicable Redemption Date. Principal Proceeds and Interest Proceeds received in connection with such redemption shall be payable in accordance with the Post-Enforcement Priorities of Payments.

(f) ***Redemption in accordance with the Priorities of Payment***

Save to the extent previously redeemed and cancelled, the Notes will be redeemed on any Payment Date out of Principal Proceeds in accordance with the Pre-Enforcement Priority of Payments or, following enforcement of the security, in accordance with the Post-Enforcement Priority of Payments.

(g) ***Redemption***

All Notes in respect of which any notice of redemption is given shall be redeemed on the Redemption Date at their applicable Redemption Prices and to the extent specified in such notice and in accordance with the requirements of this Condition.

(h) ***Cancellation***

All Notes redeemed in full by the Issuer will be cancelled and may not be reissued or resold.

(i) ***Notice of Redemption***

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (*Redemption and Purchase*) is given to the Noteholders in accordance with Condition 16 (*Notices*).

(j) ***Purchase***

The Issuer may not purchase any Notes.

8. ***Payments***

(a) ***Method of Payment***

Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the Principal Paying Agent or any Paying Agent outside the United States. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a Sterling account maintained by the payee with a bank in Western Europe.

(b) ***Payments***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (*Taxation*). No commission shall be charged to the Noteholders.

(c) ***Payments on Presentation Days***

A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 6 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

(d) ***Registrar and Transfer Agents***

The names of the initial Registrar and Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time, with the approval of the Note Trustee, to vary or terminate the appointment of the Registrar and any Paying Agent and appoint additional or other agents, provided that (A) it will maintain (i) a Registrar and (ii) Paying Agents having specified offices in at least two major European cities approved by the Note Trustee and (B) it will appoint an additional paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive (as defined below) and shall procure that it shall at all times maintain a Custodian, Account Bank, Portfolio Servicer and Collateral Administrator. Notice of any change in any of the Registrar, the Principal Paying Agent, the Paying Agents, the Account Bank or the Custodian or of their specified offices or in Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

9. ***Taxation***

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom, or any political sub-division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, the Issuer shall not be required to gross up any payments made to Noteholders and shall withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority. Any such withholding or deduction shall not constitute an Event of Default under Condition 10(a) (*Events of Default*).

Subject as provided below, if the Issuer has or will on the occasion of the next payment due in respect of the Notes become obliged by the laws of the United Kingdom to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer shall use all reasonable endeavours to arrange for the substitution of a company incorporated in another jurisdiction as the principal obligor under the Notes of, or to change its tax residence to another jurisdiction.

Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:

- (a) due to the connection of any Noteholder with United Kingdom otherwise than by reason only of the holding of any Note or receiving principal or interest in respect thereof; or
- (b) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
- (c) in respect of a payment made or secured for the immediate benefit of an individual or a non corporate entity pursuant to Council Directive 2003/48/EC on Taxation of Savings Income in the Form of Interest Payments (the "**Directive**") or any law implementing or complying with, or introduced in order to conform to, such Directive, or any arrangements entered into between the Member States and certain other third countries and territories in connection with the Directive; or

- (d) as a result of presentation for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Transfer Agent in a Member State of the European Union,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes shall not apply.

10. **Events of Default**

(a) ***Events of Default***

The occurrence of any of the following events shall constitute an "**Event of Default**":

- (i) ***Non-payment of interest*** Without prejudice to Condition 3(c) (*Non-payment of Amounts*), the Issuer fails to pay any interest in respect of the Notes when the same becomes due and payable (save as the result of any deduction therefrom or the imposition of withholding thereon in the circumstances described in Condition 9 (*Taxation*)) and provided that any such failure to pay such interest in such circumstances continues for a period of at least five Business Days;
- (ii) ***Non-payment of principal*** The Issuer fails to pay any principal when the same becomes due and payable on the Notes of any Series on any Redemption Date provided that any such failure to pay such principal continues for a period of at least five Business Days;
- (iii) ***Default under Pre-Enforcement Priority of Payments*** Other than a failure already referred to in paragraphs (i) and (ii) above, the Issuer fails on any Payment Date to disburse amounts available in the Payment Account in accordance with the Pre-Enforcement Priority of Payments appropriate to any Series of Notes, which failure continues for a period of five business days;
- (iv) ***Collateral Obligations*** On any Measurement Date where the LTV Default Test is not satisfied;
- (v) ***Breach of Other Obligations*** The Issuer does not perform or comply with any other of its covenants, warranties or other undertakings (or similar) under the Notes of any Series and the Transaction Documents in relation to any Series, (other than a covenant, warranty or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition 10(a) (*Events of Default*) and other than the failure to meet any Portfolio Profile Test or the Eligibility Criteria), or any representation, warranty or statement of the Issuer made in the Principal Trust Deed of any Series, the Portfolio Servicing Agreement or in any certificate or other writing delivered pursuant thereto or in connection therewith ceases to be correct or is found to have been incorrect when made in all material respects, and if capable of remedy (in the opinion of the Note Trustee) the continuation of such default, breach or failure for a period of 45 days (or 30 days, in the case of any default, breach or failure of representation or warranty in respect of the Collateral) after notice thereof shall have been given by registered or certified mail or overnight courier, to the Issuer (with a copy to the Portfolio Servicer) by the Note Trustee specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "**Notice of Default**" hereunder;
- (vi) ***Insolvency Proceedings*** Proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, controlled management and suspension of payments, reorganisation or other similar laws (together, "**Insolvency Law**"), or a receiver, trustee, insolvency administrator, custodian, conservator, examiner, liquidator or other similar official (a "**Receiver**") is 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 the Issuer is, or initiates or consents to judicial proceedings relating to, itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or arrangement for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or

amalgamation (other than on terms previously approved in writing by the Note Trustee); or

(vii) **Illegality** It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes of any Series.

(viii) **Cross Default** An Event of Default occurs in respect of any other Series of Notes.

(b) **Acceleration**

(i) If an Event of Default occurs and is continuing, the Note Trustee may, at its discretion and shall, at the request of the Noteholders of each Series (acting as a single series) acting by Ordinary Resolution (subject to being indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), give notice to the Issuer that the Notes of each Series are to be immediately due and repayable.

(ii) Upon any such notice being given to the Issuer in accordance with paragraph (i) of this Condition 10(b) (*Acceleration*), all of the Notes of each Series shall immediately become due and repayable at their applicable Redemption Prices, provided that no such notice shall be required in the case of the Event of Default referred to in Condition 10(a)(vi) (*Insolvency Proceedings*), the occurrence of which shall result in the Notes of each Series becoming automatically due and repayable in accordance with this Condition.

(c) **Curing of Default**

At any time after a notice of acceleration of maturity of the Notes has been given following the occurrence of an Event of Default and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Note Trustee, subject to receipt of consent from the Noteholders of each Series (acting as a single series), may and if requested by the Noteholders of each Series (acting as a single series), in each case, acting by Ordinary Resolution and subject, in each case, to the Note Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) shall rescind and annul such notice of acceleration under paragraph (b)(i) above or automatic acceleration under paragraph (b)(ii) above and its consequences if:

- (i) the Issuer has paid or deposited with the Note Trustee a sum sufficient to pay:
 - (A) all overdue payments of interest and principal on the Notes of each Series;
 - (B) all due but unpaid taxes owing by the Issuer, as certified by an Authorised Officer of the Issuer to the Note Trustee;
 - (C) all unpaid Note Trustee Fees and Expenses and all unpaid Security Trustee Fees and Expenses and all unpaid Agent Fees;
 - (D) all unpaid Senior Fees; and
 - (E) any unpaid Portfolio Servicing Fee; and
- (ii) the Note Trustee has determined that all Events of Default, other than the non-payment of the interest in respect of, or principal of, the Notes that have become due solely as a result of the acceleration thereof under paragraph (b) above due to such Events of Default, have been cured or waived.

Any previous rescission and annulment of a notice of acceleration or automatic acceleration pursuant to this paragraph (c) shall not prevent the subsequent acceleration of the Notes if the Note Trustee, at its discretion or, as subsequently requested to accelerate the Notes in

accordance with paragraph (b)(i) above, accelerates or upon subsequent automatic acceleration in accordance with paragraph (b)(ii) above.

(d) ***Notification and Confirmation of Default***

The Issuer shall promptly notify the Trustees and the Portfolio Servicer upon becoming aware of the occurrence of an Event of Default.

11. **Enforcement**

(a) ***Security Becoming Enforceable***

Subject as provided in paragraphs (b), (c) and (d) below, the security constituted under the Trust Deed over the Collateral shall become enforceable upon an acceleration of the maturity of any of the Notes pursuant to Condition 10 (*Events of Default*).

(b) ***Enforcement***

- (i) Subject to the provisions of Condition 11(b)(ii) below, the Note Trustee may, at any time and at its discretion and without further notice, institute such proceedings as it may think fit against the Issuer to enforce the terms of the Trust Deed and the Notes and the Security Trustee may at any time after the Notes of any Series become due and payable and the security under the Trust Deed becomes enforceable and pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral, in whole or in part and/or take any other action to enforce the security over the Collateral (such action, "**Enforcement Action**") (which term includes any other action which the Security Trustee may deem to fall within such definition), in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 14(e) (*Entitlement of the Note Trustee and Conflicts of Interest*)), to the effect of such action on individual Noteholders of such Series or any other Secured Party.

The Security Trustee shall notify the Issuer, the Agents, the Note Trustee and the Portfolio Servicer if it has been directed to take Enforcement Action at any time and, following receipt of that notice, the Note Trustee shall notify the Noteholders of each Series that the Security Trustee has been so directed. The net proceeds of enforcement of the security over the Collateral shall be credited to the Payment Account or such other account as the Note Trustee may direct and shall be distributed by the Note Trustee in accordance with the Post-Enforcement Priority of Payment.

- (ii) Neither the Note Trustee or the Security Trustee shall be bound to institute any such proceedings or take any other action under the Trust Deed and the Notes of any Series unless (i) it is directed by the Noteholders of each Series (acting as a single series) acting by Ordinary Resolution at such time and, (ii) in each case, the Note Trustee and/or (as the case may be) the Security Trustee is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

(c) ***Post-Enforcement Priority of Payments***

Interest Proceeds and Principal Proceeds received in connection with a redemption of the Notes pursuant to condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or condition 7(d) (*Issuer Tax Event*) and the net proceeds of enforcement of the security over the Collateral shall be credited to the Payment Account or such other account as the Note Trustee may direct and shall be distributed by the Note Trustee in accordance with the following priority of payments (the "**Post-Enforcement Priority of Payments**"):

- (A) in payment on a *pro rata* and *pari passu* basis of due and unpaid Note Trustee Fees and Expenses and Security Trustee Fees and Expenses;

- (B) in payment on a *pro rata* and *pari passu* basis of due and unpaid Agent Fees;
- (C) in payment of due and unpaid Senior Fees on a *pari passu* basis;
- (D) to the payment of the accrued and unpaid Portfolio Servicing Fee due and payable on such Redemption Date and any value added tax in respect thereof (whether payable to the Portfolio Servicer or directly to the relevant taxing authority) and, thereafter, to the payment of any Portfolio Servicing Fee due and payable but not paid pursuant to this paragraph (C) on any prior Payment Date together with interest accrued thereon in accordance with the Portfolio Servicing Agreement and to the payment of any value added tax in respect thereof (whether payable to the Portfolio Servicer or directly to the relevant taxing authority);
- (E) to the payment on a *pari passu* basis of all due and unpaid interest payable on the Notes of each Series; and
- (F) to the payment on a *pari passu* basis of the Principal Amount Outstanding of the Notes of each Series.

(d) ***Only the Note Trustee and the Security Trustee to Act***

Only the Note Trustee and the Security Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the relevant Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time following the instance of the obligation to proceed having arisen and such failure or neglect is continuing. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Post-Enforcement Priority of Payment, no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Note Trustee, the Security Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up of the Issuer except to the extent permitted under the Principal Trust Deed.

(e) ***Purchase of Collateral by Noteholders***

Upon any sale of any part of the Collateral following the occurrence of an Event of Default, whether made under the power of sale under the Principal Trust Deed or by virtue of judicial proceedings, any Noteholder may (but shall not be obliged to) bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such Notes pursuant to the Post-Enforcement Priority of Payment out of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

12. **Prescription**

Claims in respect of principal and interest payable on redemption in full of the relevant Notes will become void unless presentation for payment is made as required by Condition 7 (*Redemption and Purchase*) within a period of five years, in the case of interest, and ten years, in the case of principal, from the appropriate Record Date.

13. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Transfer Agent, subject in each case to all applicable laws and Irish 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 require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. Meetings of Noteholders, Modification, Waiver and Substitution

(a) *Provisions in Principal Trust Deed*

The Principal Trust Deed contains provisions for convening meetings of the Noteholders (and for passing Written Resolutions) to consider any matters affecting the interests of the Noteholders including, without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) are descriptive of the detailed provisions of the Principal Trust Deed.

(b) *Decisions and Meetings of Noteholders*

(i) *General*

Decisions may be taken by Noteholders by way of Ordinary Resolution or, to the extent required, Extraordinary Resolution of each Series (acting as a single series). Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table "Minimum Percentage Voting Requirements" in paragraph (iii) (*Minimum Voting Rights*) below. Meetings of the Noteholders may be convened by the Issuer, the Note Trustee or by one or more Noteholders holding not less than 10 per cent. of the aggregate of the then Principal Amount Outstanding of each relevant Series of Notes, subject to certain conditions including minimum notice periods.

(ii) *Quorum*

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution of the Noteholders of all or any Series, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table "Quorum Requirements" below.

Quorum Requirements

Type of Resolution	Any meeting other than a meeting adjourned for want of quorum	Meeting previously adjourned for want of quorum
Extraordinary Resolution	One or more persons holding or representing not less than 66 $\frac{2}{3}$ per cent. of the aggregate Principal Amount Outstanding of each relevant Series of Notes	One or more persons holding or representing not less than 33 $\frac{1}{3}$ per cent. of the aggregate Principal Amount Outstanding of each relevant Series of Notes
Ordinary Resolution	One or more persons holding or representing not less than 50 per cent. of the Principal Amount Outstanding of each relevant Series of Notes	One or more persons holding or representing any Notes regardless of the Principal Amount Outstanding of each relevant Series of Notes

The Principal Trust Deed does not contain any provision for higher quorums in any circumstances.

(iii) ***Minimum Voting Rights***

Set out in the table "Minimum Percentage Voting Requirements" below are the minimum percentages required to pass the Resolutions specified in such table which, (A) in the event that such Resolution is being considered at a duly convened meeting of Noteholders of the Notes of each Series (acting as a single series), shall be determined by reference to the percentage which the aggregate Outstanding principal amount of Notes held or represented by any person or persons entitled to vote any applicable Notes who vote in favour of such Resolution represents of the aggregate Outstanding principal amount of the Notes or, as the case may be, all applicable Notes of each Series which are represented at such meeting and are entitled to vote or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Outstanding principal amount of the Notes which are voted in favour thereof represent of the aggregate Outstanding principal amount of the Notes, or as the case may be, all the Notes of each Series.

Minimum Percentage Voting Requirements

Type of Resolution	Per cent.
Extraordinary Resolution considered at any meeting (whether or not previously adjourned for want of quorum)	66⅔ per cent. of the aggregate Principal Amount Outstanding of the Notes of each relevant Series so held or represented by any person attending and entitled to vote at a duly convened meeting of Noteholders
Ordinary Resolution considered at any meeting (whether or not previously adjourned for want of quorum)	Greater than 50 per cent. of the aggregate Principal Amount Outstanding of Notes of each relevant Series so held or represented by any person attending and entitled to vote at a duly convened meeting of Noteholders of each relevant Series

(iv) ***Written Resolutions***

Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Series and the date of such Written Resolution shall be the date on which the latest such document is signed.

(v) ***All Resolutions Binding***

Any Resolution of the Noteholders of one or more Series duly passed shall be binding on all Noteholders of such Series (regardless of whether or not a Noteholder of such Series was present at any meeting at which such Resolution was passed).

(vi) ***Extraordinary Resolution***

Any Resolution to sanction any of the following items will be required to be passed by an Extraordinary Resolution (in each case, subject to anything else contemplated in the Principal Trust Deed, the Portfolio Servicing Agreement or the relevant Transaction Document, as applicable):

- (A) the exchange or substitution for the Notes of any Series, or the conversion of the Notes of any Series into, shares, bonds or other obligations or securities of the Issuer or any other entity;

- (B) the modification of any provision relating to the timing and/or circumstances of redemption of the Notes of any Series at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated);
- (C) the modification of any of the provisions of the Principal Trust Deed or these Conditions which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note;
- (D) the adjustment of the outstanding principal amount of the Notes Outstanding of any Series;
- (E) a change in the currency of payment of the Notes;
- (F) any change in the priorities of payment of any payment items in the Priorities of Payments of any Series;
- (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass an Extraordinary Resolution or any other provision of these Conditions of the Notes of any Series which requires the written consent of the holders of a requisite principal amount of the Notes Outstanding of any Series;
- (H) any modification of any Transaction Document of any Series having an effect on the security over the Collateral constituted by the Trust Deed for any Series;
- (I) any item requiring approval by Extraordinary Resolution pursuant to these Conditions of the Notes of any Series or any Transaction Document of any Series; and
- (J) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*).

(c) ***Modification and Waiver***

The Issuer may, without the consent of the Noteholders of each Series, without the consent of the Trustees and without any requirement for or obligation on the Trustees to consult the Noteholders of any Series concerning such amendments, modifications, supplements or waivers to the extent they fall within the paragraphs below, amend, modify, supplement and/or waive any provisions of the Trust Deed and/or the Portfolio Servicing Agreement and/or any other Transaction Document in relation to any Series (subject to the consent of the other parties thereto) (as applicable) for any of the following purposes (and, subject as provided below, the Trustees shall execute any documents required to effect such amendments, modifications, supplements and/or waivers without any requirement or obligation to consult the Noteholders of any Series):

- (i) to add to the covenants of the Issuer for the benefit of the Noteholders of any Series and/or the Trustees or to surrender any right or power in the Principal Trust Deed or the Portfolio Servicing Agreement or any other Transaction Document (as applicable) conferred upon the Issuer in relation to any Series;
- (ii) to charge, convey, transfer, assign, mortgage, grant a standard security or other heritable security or pledge any property to or with the Security Trustee;
- (iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed in relation to any Series, or to better assure, convey and confirm unto the Security Trustee any property subject or required to be subject to the security of the Trust Deed in relation to any Series (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed in relation to any Series any additional property;
- (iv) to evidence and provide for the acceptance of appointment under the Trust Deed in relation to any Series by a successor Note Trustee or Security Trustee subject to and in

accordance with the terms of such Trust Deed and to add to or change any of the provisions of such Trust Deed as shall be necessary to facilitate the administration of the trusts under such Trust Deed by more than one Note Trustee or Security Trustee, pursuant to the requirements of the relevant provisions of such Trust Deed;

- (v) to make such changes as shall be necessary in order for the Notes of any Series to be (or to remain) listed on the Irish Stock Exchange or any other exchange;
- (vi) save as contemplated in paragraph (d) (*Substitution*), to take any action to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;
- (vii) to enter into any additional agreements not expressly prohibited by the Trust Deed in relation to any Series or the Portfolio Servicing Agreement (as applicable);
- (viii) to make any other modification of any of the provisions of the Principal Trust Deed, the Portfolio Servicing Agreement or any other Transaction Document in relation to any Series which, in the opinion of the Note Trustee, is of a formal, minor or technical nature or is made to correct a manifest error; and
- (ix) to make any other modification (save as otherwise provided in the Principal Trust Deed, the Portfolio Servicing Agreement or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Principal Trust Deed or any other Transaction Document in relation to any Series which is, in the opinion of the Note Trustee, not materially prejudicial to the interests of the Noteholders of any Series.

Any such modification, authorisation or waiver shall be binding on all Noteholders of each Series and shall be notified by the Issuer to the Trustees and to the Noteholders of each Series as soon as practicable in accordance with Condition 16 (*Notices*).

The Trustees shall not be required to consent to and/or give effect to any such amendment, modification, supplement, authorisation or waiver if, in the sole opinion of the relevant Trustee, such amendment, modification, supplement, authorisation or waiver would (i) impose new or additional obligations on, (ii) release the rights or protections of or (iii) alter the obligations, rights and/or protections of the relevant Trustee under the Trust Deed, the Conditions of the Notes, the Notes of any Series or otherwise and unless the Trustees shall first have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) ***Substitution***

The Principal Trust Deed contains provisions permitting the Trustees to agree, subject to such amendment of such Principal Trust Deed and such other conditions as the Note Trustee may require (without the consent of the Noteholders of any Series), to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes, if required for taxation purposes. In the case of such a substitution the Trustees may agree, without the consent of the Noteholders of any Series, to a change of the law governing the Notes of each Series and/or the Trust Deed of each Series, provided that such change would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders of any Series. Any substitution agreed by the Trustees pursuant to this Condition 14(d) (*Substitution*) shall be binding on the Noteholders of each Series, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

The Trustees may, subject to the satisfaction of certain conditions, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Series, provided the Issuer does all such things as the Note Trustee may reasonably require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders of each Series as it may reasonably direct.

(e) ***Entitlement of the Note Trustee and Conflicts of Interest***

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*)), the Note Trustee shall have regard to the interests of the Noteholders of each Series as a class and shall not have regard to the consequences of such exercise for the Noteholders of a particular Series or for individual Noteholders of any Series (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder of any Series be entitled to claim, from the Issuer, the Note Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders of any Series except to the extent already provided for in Condition 9 (*Taxation*). In connection with any such exercise, the Note Trustee shall not have regard to the interests of any other Secured Parties.

The Principal Trust Deed provides that in the event of any conflict of interest between the Noteholders of any Series and any other Secured Party, the interests of such Noteholders will prevail.

15. **Indemnification of the Trustees**

The Principal Trust Deed contains provisions for the indemnification of the Trustees and for their relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Principal Trust Deed, unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustees are entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustees are exempted from any liability in respect of any loss or theft of the Collateral and from any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, the Collateral (for the avoidance of doubt, under the Principal Trust Deed the Trustees are under no such obligation) and from any claim arising from the fact that the Collateral is held by the Custodian or is otherwise held in safe custody by a bank or other custodian. The Trustees shall not be responsible for the performance by the Custodian of any of its duties under the Agency Agreement or for the performance by the Portfolio Servicer of any of its duties under the Portfolio Servicing Agreement, or for the performance by the Collateral Administrator of its duties under the Portfolio Servicing Agreement, or for the performance by any other person appointed by the Issuer in relation to the Notes. The Trustees shall not have any responsibility for the administration, management or operation of the Collateral including any request by the Portfolio Servicer to release any of the Collateral from time to time.

The Principal Trust Deed contains provisions for the retirement of the Trustees and the removal of the Trustees by Extraordinary Resolution of the Noteholders of each Series (acting as a single series), but no such retirement or removal shall become effective until a successor trustee is appointed.

16. **Notices**

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail (or any other manner approved by the Note Trustee which may be by electronic transmission) and (for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) shall be sent to the Company Announcements Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given three days (in the case of inland mail) or seven days (in the case of overseas mail) after the date of dispatch thereof to the Noteholders.

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules 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 Note Trustee shall require.

The Issuer shall procure that, so long as the Notes are listed on the Irish Stock Exchange, any amendments or modifications to the Conditions of the Notes or the Principal Trust Deed shall be notified to the Irish Stock Exchange.

17. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Note under the Contracts (Rights of Third Parties) Act 1999.

18. **Governing Law**

(a) ***Governing Law***

The Trust Deed and the Notes of each Series (and any dispute, controversy, proceedings or claim, including any non-contractual dispute, controversy, proceeding or claim of whatever nature arising out of the Trust deed and the Notes of each Series) shall be governed by and construed in accordance with English law.

(b) ***Jurisdiction***

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Principal Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustees and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

USE OF PROCEEDS

The gross proceeds from the issue and offering of each Series of Notes will be used by the Issuer:

- (i) in payment of applicable fees and expenses, including but not limited to, legal fees, administration fees and expenses associated with admission to the Irish Stock Exchange; and
- (ii) any remaining proceeds, in payment to the Principal Account;

all as further described in Condition 3(i) (*Payments to and from the Accounts*).

FORM OF THE NOTES

1. Initial Issue of Notes

As set forth in the Issue Prospectus, each Series of Notes will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Book-Entry Clearance Procedures*". Beneficial interests in a Regulation S Global Certificate may not be held by a U.S. Person or U.S. Resident at any time. By acquisition of a beneficial interest in a Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S.

Except in the limited circumstances described below, owners of beneficial interests in Regulation S Global Certificates will not be entitled to receive physical delivery of certificated Notes. The Notes are not issuable in bearer form.

2. Amendments to Terms and Conditions

Each Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes in definitive form (See "*Terms and Conditions of the Notes*"). The following is a summary of those provisions:

- **Payments** Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest (unless the Notes represented thereby do not bear interest) or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and, in the case of a payment of principal, cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.
- **Notices** So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions of such Notes provided that such notice is also made to the Company Announcements Office of the Irish Stock Exchange for so long as such Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require.
- **Prescription** Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the date on which any payment first becomes due.
- **Meetings** For the purposes of any meetings of Noteholders, the holder of each Global Certificate will be treated as having one vote in respect of each £1 of principal amount of Notes for which the relevant Global Certificate may be exchanged.
- **Note Trustee's Powers** In considering the interests of Noteholders, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.
- **Cancellation** Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

- **Optional Redemption** The Noteholders' option in Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) and Condition 7 (d) (*Issuer Tax Event*) may be exercised by the holder of any Global Certificate of Notes giving notice to the Registrar of the principal amount of Notes in respect of which the option is exercised and presenting such Certificate for endorsement of exercise within the time limit specified in such Condition.

3. **Exchange for Definitive Certificates**

Exchange

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Definitive Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if a Global Certificate is held (directly or indirectly) on behalf of Euroclear and Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) the date for any payment of principal or interest in respect of the Notes.

"Definitive 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.

Delivery

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates.

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Note Trustee, or any Agent party to the Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

1. **Euroclear and Clearstream, Luxembourg**

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of beneficial interests in the Notes associated with secondary market trading. (See "*Settlement and Transfer of Notes*" below).

1.1 **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

2. **Book-Entry Ownership**

2.1 **Euroclear and Clearstream, Luxembourg**

Each Regulation S Global Certificate will have an ISIN and a Common Code and will be registered in the name of a nominee of, and deposited with such nominee as common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

3. **Relationship of Participants with Clearing Systems**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a beneficial interest in a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions

and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Note Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

4. Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of beneficial interests in Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such beneficial interests in such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such beneficial interests in such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in beneficial interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such beneficial interests in such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

5. Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

THE ISSUER

General

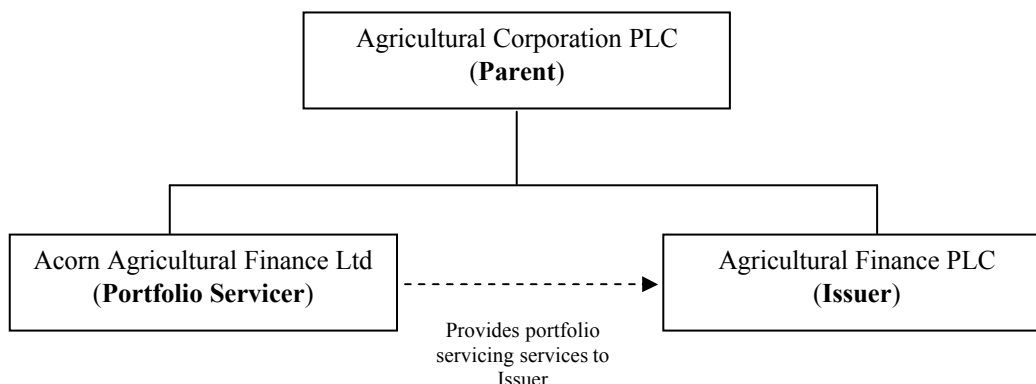
The Issuer was incorporated on 5th October 2011 under the laws of the United Kingdom as a public limited company and is registered under company number 07798230 and under the name Agricultural Finance PLC.

The Issuer holds a Data Protection Act licence (number Z2958073).

Issuer Shareholders and Relationship to Agricultural Corporation PLC

The authorised share capital of the Issuer on incorporation was £50,000 divided into 50,000 ordinary shares of £1 each of which will be issued partly paid as to 25 pence each to the subscribers on or before the First Issue Date (the "**Issuer Ordinary Shares**").

The entire issued share capital of the Issuer is owned by Agricultural Corporation PLC ("**AGC**" or the "**Parent**"). The Issuer is an Affiliate of the Portfolio Servicer. The Portfolio Servicer is a wholly-owned subsidiary of AGC.



In the group structure diagram above solid lines represent the parent/subsidiary relationships and the dotted line represents the investment management function

Undertaking of AGC

The Parent has undertaken in a security deed (the "**Share Charge**") dated on or about 16 August 2012, as owner of the entire issued share capital of the Issuer (the "**Issuer Shares**") as at the date thereof and for so long as the Notes of any Series remain Outstanding:

1. not to petition for the voluntary winding-up of the Issuer until such time as the Notes have been redeemed in full;
2. not to amend the memorandum or articles of association of the Issuer until such time as the Notes have been redeemed in full; and
3. should, at any time when AGC or any of its Affiliates remains the legal or beneficial owner of the entire issued share capital of the Issuer, the Portfolio Servicer or any other Affiliate of AGC cease to act as the Portfolio Servicer, then AGC shall, or as the case may be AGC shall procure that its Affiliates shall, if requested by the Note Trustee, procure the removal of the then current board of Directors of the Issuer and appoint to such board as Directors persons nominated by the Note Trustee, and as security for the foregoing undertakings, the Issuer has granted security to the Security Trustee for the benefit of the Secured Parties over the Issuer shares.

Corporate Purpose of the Issuer

The Issuer has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Notes, any note purchase agreement, the Agency Agreement, the Principal Trust Deed, the Portfolio Servicing Agreement and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio in respect of the applicable Series of Notes.

The registered office of the Issuer is at Acorn House, Hoopers Close, Isleport Business Park, Highbridge, Somerset, TA9 4JT, United Kingdom. The telephone number of the Issuer at its registered office is (+44) 1278 772 650.

Capitalisation of the Issuer

The Issuer's initial proposed capitalisation and indebtedness prior to giving effect to the issuance of the Notes but after giving effect to the issue of the Issuer Ordinary Shares (before deducting expenses of the programme) is set forth below:

	Amount
Share Capital	
Issuer Ordinary Shares (50,000 ordinary registered shares of £1 each, each share partly paid up as to 25 pence each).	£12,500
Total Capitalisation	£12,500

Save as disclosed above, the Issuer has no loan capital outstanding, has not created shares which have not been allotted and has no term loans and no other borrowings or indebtedness in the nature of borrowings nor any contingent liabilities or guarantees.

Directors

The Directors of the Issuer and their business occupations are as follows:

Director	
Peter John Sobey	Chairman
Derek Martin Wills	Director
Mark Andrew Sanders	Director
Nick James David Kidd	Non-Executive Director
Alan Leslie Kerbey OBE	Non-Executive Director

The Issuer will at all times have two Directors who will provide management, corporate and administrative services to the Issuer.

The business address of each of the Directors is Acorn House, Hoopers Close, Isleport Business Park, Highbridge, Somerset, TA9 4JT, United Kingdom. The Company Secretary is Derek Martin Wills of Acorn House, Hoopers Close, Isleport Business Park, Highbridge, Somerset, TA9 4JT, United Kingdom.

Business

Under the terms of the Principal Trust Deed, the Issuer will not undertake any business other than the business and activities in which it has already engaged (as set out above) and the issuance of Notes, the entry into of other obligations and the entry into, and performance of, agreements and obligations relating to such Notes and other obligations, in accordance with the Principal Trust Deed, and any related agreements and will not have any subsidiaries nor declare any dividends without the consent of the Note Trustee. Since the date of incorporation the Issuer has not commenced operations and no financial statements have been made up as of the date of this Base Prospectus. The establishment of the Programme was authorised by resolution of the Board of Directors of the Issuer passed on 12 July 2012.

The Issuer has, and will have, no assets other than the Collateral.

Financial Statements

The financial year of the Issuer is 31 March and the Issuer will publish financial statements on an annual basis and will make available such financial statements, when prepared, at the registered office of the Issuer and at the offices of the Paying Agent. The Issuer will not prepare interim financial statements.

The Auditors of the Issuer are PricewaterhouseCoopers who are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practise as auditors in the United Kingdom. PricewaterhouseCoopers were appointed as auditors to the Issuer on 2 May 2012.

THE PORTFOLIO SERVICER

The information appearing in this section has been prepared by the Portfolio Servicer and has not been independently verified by the Issuer, or any other party. None of the Issuer or any other party other than the Portfolio Servicer assumes any responsibility for the accuracy or completeness of such information.

Acorn Agricultural Finance Ltd.

Acorn Agricultural Finance Ltd ("AAF") has been appointed as Portfolio Servicer under the Portfolio Servicing Agreement. Acorn Agricultural Finance Ltd is not an authorised person within the meaning of section 19 of the Financial Services and Markets Act 2000.

Acorn Agricultural Finance Ltd was incorporated on 22 January 2010 in the United Kingdom. The Portfolio Servicer's registered address is at Acorn House, Hoopers Close, Isleport Business Park, Highbridge, Somerset TA9 4JT. The Portfolio Servicer intends to provide various forms of financial services including, *inter alia*, portfolio management and certain loan packaging services.

Acorn Agricultural Finance Ltd holds a Data Protection Act licence (number Z2958073)

Acorn Agricultural Finance Ltd provides portfolio management services for two other specialist short term lenders in the agricultural and rural sector and also for a specialist fund offering a bespoke sale and contract farming product and are currently servicing niche loan portfolios of circa £35,000,000.

Asset Selection Process

AAF receives enquiries directly from potential borrowers and also referrals from a number of brokers circa £20,000,000 per month. AAF filters suitable applications that meet the Eligibility Criteria. If the Applicant and the security meet the preliminary requirements then the loan or sale and leaseback application is underwritten to strict criteria as set out in the credit policy of the Issuer which is attached in a schedule to the Portfolio Servicing Agreement and in Schedule 1 to this Prospectus.

AAF will instruct a suitable valuer who is a member of the RICS Valuation Registration Scheme to provide an industry standard "Red Book" valuation and a reputable solicitor to undertake conveyancing to provide a report on title, and in the case of property in England and Wales, register a legal charge in favour of the Issuer and, in the case of property in Scotland, register a standard security in favour of the Issuer, or in the case of sale and leaseback, provide confirmation that good title is being conveyed.

The fully completed loan application along with the valuation and conveyancing information will be submitted to AAF's credit committee for formal sign off and a member of AAF's management team will conduct a pre-completion visit with the Applicant and visit the security address prior to funds being requested from the Collateral Administrator. The Collateral Administrator will confirm that the Eligibility Criteria has been satisfied prior to releasing funds. Once the facility has completed AAF will manage the day to day administration of the loan or lease, collect interest, rent and fees due and continue to work closely with the borrower/tenant to ensure that redemption or repurchase is achieved. Where loans have been agreed subject to staged drawdown, each tranche will only be released upon re-inspection by a RICS valuer.

Asset Recovery Process

AAF will make every effort to avoid arrears or enforcement action, however in the event that this is necessary AAF will follow the strict recovery policy as set out in the credit policy of the Issuer.

In the case of arrears, following initial 14 day process of letters and telephone calls the case is passed to the solicitor to progress matters through the court until such time as the arrears are brought up to date or possession proceedings commence; at all times AAF reserves the right to appoint an LPA Receiver on behalf of the Issuer.

Where a borrower fails to repay a loan on the due date and AAF has been in contact with the borrower, the term of the loan may be extended on a month by month basis, provided the borrower continues to pay monthly interest at the contractual rate. Where enforcement action is necessary a letter of formal demand is issued within 7 days, if payment has not been made within a further 14 days the case is

passed to the solicitor to progress matters through the court to obtain possession and an LPA Receiver is appointed on behalf of the Issuer.

With regard to sale and leaseback arrangements, arrears under the Farm Business Tenancy ("FBT") are dealt with as described above, should a default continue AAF will instruct solicitors to serve a forfeiture notice and arrange for the property to be sold.

Key Personnel

Set forth below is information regarding certain persons who are currently either directors of the Portfolio Servicer or members of the executive board of the Portfolio Servicer, although such persons may not necessarily continue to be either directors or executives during the entire term of the Portfolio Servicing Agreement or remain responsible for the performance of the Portfolio Servicer's obligations under the Portfolio Servicing Agreement.

Peter Sobey

Chairman and Director

Aged 55, Peter has a background in commercial banking spanning over three decades.

Peter originally joined Lloyds Bank Ltd in 1974 undertaking a wide variety of roles before moving into Commercial Banking Head Office in 1985. Roles such as Senior Area Manager Corporate Banking and Area Director for Corporate Banking followed until Peter became head of Lloyds TSB Agriculture. In this role he was responsible for leading a team of 130 people in 42 offices across England and Wales, growing the franchise through a mix of successful business development and organic growth. In addition, Peter was a member of the Executive Committee of the Agricultural Mortgage Corporation Plc. Peter will also be Chairman of the Credit Committee to which he brings his extensive banking experience.

Peter has also had considerable experience in marketing in which he has a postgraduate Diploma and an MA with distinction. He has lectured on a number of marketing programmes at graduate and post graduate level. Peter is an Associate of the Chartered Institute of Bankers, a Fellow of the Chartered Institute of Marketing, a Chartered Marketer and a Freeman of the Worshipful Company of Marketors.

Derek Wills

Finance Director

Aged 47, an experienced Finance Director and CIMA qualified Accountant, Derek brings first hand experience in acquisitions, disposals, turnarounds and start up businesses.

Over the last decade, Derek has worked at senior level in various industries including manufacturing and financial services. He has also gained extensive experience within bridging loan companies, successfully managing financial relationships with investors and external funders.

Through his participation on the Credit Committee he will use his financial expertise to help ensure that applicants' proposals are properly assessed.

Mark Sanders

Director

Aged 48, Mark is a rural practice chartered surveyor who, having qualified with one of the national firms in 1990, jointly founded his own firm in 1997.

With extensive valuation experience gained over two decades, particularly in the agricultural sector, Mark is registered with the UK Register of Expert Witnesses. Recent cases in which Mark has accepted expert witness instructions include issues relating to banking matters and loan security, agricultural tenancies, farm partnerships, milk quota, boundaries, professional and medical negligence damages claims and valuation issues.

With MA (Cantab) gained in Land Economy and also in English Literature, Mark is a member of the Royal Institution of Chartered Surveyors (RICS) and an Associate of the Chartered Institute of Arbitrators.

Mark is also Chairman of the RICS Agricultural Tenancies Monitoring Group, and RICS APC Assessor and Chairman, the RICS representative of the Tenancy Reform Industry Group (TRIG) and a member (and former Committee Member) of the Agricultural Law Association.

Mark is still involved in his family farming business and will contribute considerable farming and valuation expertise when assessing loan applications as a member of the Credit Committee.

Nick Kidd

Non Executive Director

Aged 51, after working with agricultural management consultants David Anderson & Co (now Andersons) for 5 years, Nick then worked for Grant Thornton for 20 years - the last 8 of which he was appointed Director in Cambridge. He was also appointed as Joint Head of Grant Thornton's Agribusiness Industry Group giving him National sector responsibility. Currently, he runs his own consultancy providing professional advice to a number of agri-food operators. Nick is a member of the Agricultural Law Association; Affiliate, Council Member and Treasurer of the Chartered Institute of Marketing – Food, Drink and Agriculture Group; Fellow of Non-Administrative Receivers Association; and an IPA Registered Property Receiver. He also holds a number of external non-executive roles.

Karen Phillips

Head of Credit and Risk

Aged 32, Karen has worked her way up through various businesses, gaining knowledge in all areas of the business model. Karen is fully qualified in CeMAP and heads up Credit and Risk which includes the underwriting department. She has experience of underwriting and packaging £360m of facilities for other lenders prior to 2010 and for underwriting and packaging £40m of new business since July 2010 for Acorn Agricultural Finance Ltd. Karen maintains close contact and a good working relationship with solicitors and has an excellent understanding of the legal issues of conveyancing. Karen has taken an active role in the development of the business model and will be a member of the credit committee.

THE PORTFOLIO

Terms used and not otherwise defined herein or in this Base Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.

Introduction

Pursuant to the Portfolio Servicing Agreement, the Portfolio Servicer is required to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions described below.

Management of the Portfolio

The Portfolio Servicer (acting on behalf of the Issuer) will select and cause to be financed by the Issuer a portfolio of Collateral Obligations. It is anticipated that the Portfolio will be comprised of loans made to the agricultural and rural business sectors in the United Kingdom (including Scotland), which will be secured on Eligible Collateral.

The issue proceeds will be credited to the Principal Account pending investment in Eligible Collateral Obligations by the Portfolio Servicer acting on behalf of the Issuer. Money standing to the credit of the Principal Account may be applied in investment in Eligible Collateral Obligations and in accordance with the Principal Proceeds Priority of Payments, but for no other purpose. The Portfolio will represent a managed pool of assets, with all the Noteholders secured on the same pool of security. The proceeds of redemption of Collateral Obligations may be re-invested in new Collateral Obligations subject to satisfaction of the Reinvestment Criteria (set out below). The Portfolio Servicer will be responsible for ensuring that new Collateral Obligations comply with the Eligibility Criteria at the time of entering into a binding commitment to finance such obligations.

Eligibility Criteria

Each Collateral Obligation must, at the time of entering into a binding commitment to finance such obligation by, or on behalf of, the Issuer, satisfy the following "**Eligibility Criteria**":

- (a) it is an Opportunity Finance Collateral Obligation, a Medium Term Finance Collateral Obligation, a Revolving Credit Collateral Obligation or a Sale and Leaseback Collateral Obligation;

- (b) in the case of Revolving Credit Collateral Obligations it satisfies the following criteria:

Minimum loan size	£30,000
Maximum loan size	£300,000
Maximum Loan to Value Ratio	65% (equating to a mix of farming assets and receivables 50% and subsidy and agri environmental payments 80%)
Minimum term	6 months
Maximum term	12 months

- (c) in the case of Sale and Leaseback Collateral Obligations it satisfies the following criteria:

Minimum purchase	£100,000
Maximum purchase	£5,000,000
Purchase price	80% of market valuation
Term	3 years. The Issuer will grant an FBT to the vendor who has the option to buy back in 3 years at

80% of the then market value.

- (d) in the case of First Priority Opportunity Financial Collateral Obligations it satisfies the following criteria:

Minimum loan size	£30,000
Maximum loan size	£5,000,000
Maximum Loan to Value Ratio	75%
Minimum term	3 months
Maximum term	12 months renewable for a maximum of a further 12 months providing the Reinvestment Criteria are satisfied on the date of such renewal.

- (e) in the case of Second Priority Opportunity Finance Collateral Obligations it satisfies the following criteria:

Minimum loan size	£30,000
Maximum loan size	£750,000
Maximum Loan to Value Ratio	65%
Minimum term	3 months
Maximum term	12 months

- (f) in the case of First Priority Medium Term Finance Collateral Obligations it satisfies the following criteria:

Minimum loan size	£30,000
Maximum loan size	£5,000,000
Maximum Loan to Value Ratio	75%
Minimum term	36 months (advanced as a 12 month loan, with an annual review and, at the discretion of the Portfolio Servicer (acting on behalf of the Issuer) and provided the Reinvestment Criteria are satisfied on the date of such renewal, renewed on an annual basis).
Maximum term	60 months (advanced as a 12 month loan, with an annual review and, at the discretion of the Portfolio Servicer (acting on behalf of the Issuer) and provided the Reinvestment Criteria are satisfied on the date of such renewal, renewed on an annual basis up to a maximum of 5 years).

- (g) in the case of Second Priority Medium Term Finance Collateral Obligations it satisfies the following criteria:

Minimum loan size	£30,000
Maximum loan size	£750,000
Maximum Loan to Value Ratio	65%

Minimum term	36 months (advanced as a 12 month loan, with an annual review and, at the discretion of the Portfolio Servicer (acting on behalf of the Issuer) and provided the Reinvestment Criteria are satisfied on the date of such renewal, renewed on an annual basis).
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Maximum term	60 months (advanced as a 12 month loan, with an annual review and, at the discretion of the Portfolio Servicer (acting on behalf of the Issuer) and provided the Reinvestment Criteria are satisfied on the date of such renewal, renewed on an annual basis up to a maximum of 5 years).
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- (h) it is an obligation which:
- (i) constitutes legal, valid and binding obligations of the Obligors subject only to applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting the rights of creditors generally and the Obligors have not disputed the amount or validity of the relevant loan; and
 - (ii) has been originated in accordance with the standard origination and collection policies for the Issuer;
- (i) it is denominated in Sterling and is not convertible into or payable in any other currency;
- (j) other than in respect of a Sale and Leaseback Collateral Obligation, it is an obligation which provides for a fixed amount of principal payable in cash at the Stated Maturity of such security;
- (k) it is an obligation that pays interest or rental no less frequently than annually;
- (l) upon financing, is capable of being, and will be the subject of a first fixed charge or first priority security interest in favour of the Security Trustee for the benefit of the Secured Parties pursuant to the Trust Deed (or any deed or document supplemental thereto);
- (m) the Obligor is resident and/or incorporated in the United Kingdom (including Scotland) and the related security is located in the United Kingdom (including Scotland);
- (n) it has a Stated Maturity that is not later than the latest Maturity Date of each Series of Notes Outstanding; and
- (o) in the case of the Issuer's first investment in Collateral Obligations, it is one of not less than ten Collateral Obligations invested in by the Issuer at that time.

The subsequent failure of any Collateral Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Obligation from being a Collateral Obligation so long as such obligation satisfied the Eligibility Criteria when the Issuer or the Portfolio Servicer on behalf of the Issuer entered into a binding agreement to provide the financing for such obligation.

Measurement of Tests

The satisfaction of the Portfolio Profile Tests is a condition of an investment in a Collateral Obligation by the Issuer at any time after the Aggregate Principal Balance first exceeds £20,000,000.

The Collateral Administrator will measure the Portfolio Profile Tests on the Measurement Date save as otherwise provided herein. No action will be required to be taken by the Issuer, or the Portfolio Servicer if the Portfolio Profile Tests are not satisfied.

Portfolio Profile Tests

The percentage requirements applicable to different types of Collateral Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Obligations. The Portfolio Profile Tests are as follows:

- (a) The Aggregate Principal Balance of Collateral Obligations which are obligations of a single Obligor may not exceed 15 per cent of the Aggregate Principal Balance of all Collateral Obligations;
- (b) the Aggregate Principal Balance of Collateral Obligations which are Opportunity Finance Collateral Obligations may not be less than 15 per cent and not more than 40 per cent of the Aggregate Principal Balance of all Collateral Obligations;
- (c) the Aggregate Principal Balance of Collateral Obligations which are Medium Term Finance Collateral Obligations may not be less than 40 per cent and not more than 75 per cent of the Aggregate Principal Balance of all Collateral Obligations;
- (d) the Aggregate Principal Balance of Collateral Obligations which are Revolving Credit Collateral Obligations may not be more than 15 per cent of the Aggregate Principal Balance of all Collateral Obligations;
- (e) the Aggregate Principal Balance of Collateral Obligations which are Sale and Leaseback Collateral Obligations may not be more than 15 per cent of the Aggregate Principal Balance of all Collateral Obligations; and
- (f) the Aggregate Principal Balance of Collateral Obligations which are Second Priority Collateral Obligations may not be more than 10 per cent of the Aggregate Principal Balance of all Collateral Obligations.

Sale of Collateral Prior to Maturity Date

In the event of any redemption of the Notes in whole prior to the Maturity Date, or upon receipt of notification from the Security Trustee of the enforcement of the security over the Collateral, the Portfolio Servicer (acting on behalf of the Issuer) will (at the direction of the Security Trustee following the enforcement of such security), as far as practicable, arrange for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date and sell all or part of the Portfolio, as applicable, without regard to the limitations set out in the Portfolio Servicing Agreement, subject always to any limitations or restrictions set out in the Conditions of the Notes and the Principal Trust Deed.

Eligible Investments

The Issuer or the Portfolio Servicer (acting on behalf of the Issuer) may from time to time direct the Collateral Administrator to purchase Eligible Investments out of the Balances standing to the credit of the Accounts (other than the Payment Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Portfolio Servicer (acting on behalf of the Issuer) at any time.

Reinvestment of Collateral Obligations

The Portfolio Servicer may, at its discretion, reinvest Principal Proceeds in the financing of New Collateral Obligations satisfying the Eligibility Criteria provided that immediately after each such financing, the criteria set out below (the "**Reinvestment Criteria**") must be satisfied:

- (a) to the Portfolio Servicer's knowledge, no Event of Default has occurred that is continuing at the time of such financing; and
- (b) in respect of such reinvestment at any time after the Aggregate Principal Balance first exceeds £20,000,000, the Portfolio Profile Tests are satisfied or, if any such limitation is not satisfied, in the case of each limitation (i) in respect of which an upper limit is applicable, the relevant concentration is no greater, and (ii) in respect of which a lower limit is applicable, the relevant

concentration is no lesser, after giving effect to such reinvestment than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Obligation the Principal Proceeds of which are being reinvested.

Liquidation of Collateral upon Optional Redemption of Notes

Liquidation in Whole or in Part

In the event of an optional redemption of the Notes in whole, the Portfolio Servicer (acting on behalf of the Issuer) shall, as far as practicable, perform the obligations of the Portfolio Servicer set forth in Condition 7(c) (*Optional Redemption following a Note Tax Event or a Collateral Tax Event*) or Condition 7(d) (*Issuer Tax Event*) including arranging for liquidation of the Portfolio and any other Collateral, but subject always to any limitations or restrictions set out in the Conditions of the Notes and the Principal Trust Deed in order to procure that the proceeds thereof are in immediately available funds by one Business Day prior to the applicable scheduled Redemption Date.

Highest Price

The Portfolio Servicer shall only sell any part of the Portfolio at a price which it believes to be reasonably close to the highest fully actionable price for such asset.

Acting as Agent

In liquidating the Portfolio, the Portfolio Servicer shall act solely as an agent of the Issuer and will not be responsible to any other person (including Noteholders) for the provision of such service. The Portfolio Servicer shall have no duties (including any fiduciary duties) or responsibilities to the Noteholders or the Security Trustee and no fiduciary duties to the Issuer. In connection with the sale of all or a portion of the Portfolio on behalf of the Issuer (including, without limitation, pursuant to one or more binding agreements as described below), the Portfolio Servicer, acting on behalf of the Issuer, may agree to sell and/or transfer assets and liabilities at prices determined by the Portfolio Servicer in a commercially reasonable manner, and the Portfolio Servicer shall have no liability to the Issuer, the Security Trustee, the Secured Parties or any other person for determining prices in such manner.

Liquidation of Collateral upon Enforcement of Security

Upon receipt of notification from the Security Trustee of the enforcement of security over the Collateral, the Portfolio Servicer will act as directed to act for the Security Trustee pursuant to clause 3.1 (c) (*Portfolio Servicer to act for Trustee*) of the Portfolio Servicing Agreement acting in accordance with clause 7 of the Principal Trust Deed (*Enforcement of Security*) and Condition 11 (*Enforcement*).

Terms and Conditions applicable to the Sale of Defaulted Obligations

Defaulted Obligations may be sold at any time by the Portfolio Servicer (acting on behalf of the Issuer).

If the Portfolio Servicer determines (based, in part, on information and data provided by the Collateral Administrator to the Portfolio Servicer in respect of the Collateral Loan Obligations contained in the Portfolio) that a Collateral Loan Obligation is a Defaulted Obligation it shall notify the Issuer of such fact and the date of such determination (such date the "**Default Date**") and shall seek to dispose of such Collateral Loan Obligation prior to the Maturity Date. The timing of such sale within such specified time period shall be at the sole discretion of the Portfolio Servicer.

DESCRIPTION OF THE PORTFOLIO SERVICING AGREEMENT

The investment management functions described herein will be performed by the Portfolio Servicer pursuant to authority granted to the Portfolio Servicer by the Issuer under the Portfolio Servicing Agreement, subject to the Issuer monitoring the performance of the Portfolio Servicer. Pursuant to the Portfolio Servicing Agreement, the Issuer has delegated and may delegate authority to the Portfolio Servicer to carry out certain functions in relation to the Portfolio without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustees.

The Portfolio Servicer has agreed to perform the investment management and related functions described herein.

The Portfolio Servicer is not an authorised person within the meaning of section 19 of the Financial Services and Markets Act 2000.

1. Fees of the Portfolio Servicer

Subject to the Priorities of Payments, the Portfolio Servicer shall be paid a Portfolio Servicing Fee on each Payment Date up to the Maturity Date (or, if earlier, the date upon which the Notes are to be redeemed in full). The Portfolio Servicing Fee shall be equal to 1.5 per cent. per annum (calculated quarterly on the basis of a 365-day year comprised of twelve 30-day months) of the Average Aggregate Collateral Balance applicable to the related Due Period. Any value added tax in respect of the Portfolio Servicing Fee (whether payable to the Portfolio Servicer or directly to the relevant UK tax authority) shall be paid in the priority level as set forth in the Priorities of Payments. Any Portfolio Servicing Fee not paid on the Payment Date on which it is due will be added to the Portfolio Servicing Fee due on the next occurring Payment Date and will accrue interest at the rate of 6 per cent. per annum, calculated on the basis of the actual number of days for which such fees are due but unpaid divided by 365.

2. Removal of the Portfolio Servicer

Removal for Cause

In addition, the Portfolio Servicer may be removed for cause upon 30 Business Days' prior written notice to the Portfolio Servicer by (a) the Issuer and/or the Note Trustee acting upon the instructions of an Extraordinary Resolution of the holders of the Notes or (b) by the Issuer (at its discretion). In determining whether the holders of the requisite percentage of Notes have given any such direction, notice or consent, Notes owned by the Portfolio Servicer or any of its Affiliates shall be disregarded and deemed not to be Outstanding. For purposes of the Portfolio Servicing Agreement, "cause" shall mean any one of the following events: (i) wilful breach by the Portfolio Servicer of any material obligation by which it is bound under or pursuant to the terms of the Portfolio Servicing Agreement or the Trust Deed, (ii) breach by the Portfolio Servicer of any provision of the Portfolio Servicing Agreement or the Principal Trust Deed applicable to it, (iii) the failure of any representation, warranty, certification or statement made or delivered by the Portfolio Servicer in or pursuant to the Portfolio Servicing Agreement or the Principal Trust Deed to be correct in any material respect when made and such failure (x) has a material adverse effect on the Noteholders and (y) no correction is made for a period of 30 days after the Portfolio Servicer becoming aware of, or its receipt of notice from the Issuer or the Note Trustee of such failure, (iv) any procedure being commenced with a view to the winding-up or reorganisation of the Portfolio Servicer with a view to the appointment of an administrator, receiver or trustee in relation to the Portfolio Servicer or any of its assets, (v) the occurrence of an Event of Default under the Notes set out in paragraphs (i) or (ii) of Condition 10(a) (*Events of Default*) which results from a breach by the Portfolio Servicer of its duties under the Portfolio Servicing Agreement, (vi) the Portfolio Servicer or any of its senior executive officers being convicted by a court of competent jurisdiction of any action that constitutes fraud whilst carrying out its portfolio management activities or (vii) the Portfolio Servicer ceasing to be permitted to act as such under the laws of the United Kingdom.

If any of the events specified above occur, the Portfolio Servicer shall promptly give notice thereof to the Issuer, the Trustees, the Collateral Administrator and the Noteholders upon the Portfolio Servicer becoming aware of the same.

Resignation

The Portfolio Servicer may at any time resign upon 45 days' prior written notice to the Issuer, the Collateral Administrator and the Trustees.

Replacement Portfolio Servicer

Notwithstanding the foregoing, no termination or resignation of the Portfolio Servicer shall be effective unless and until a replacement Portfolio Servicer has agreed to assume all the duties and obligations arising out of the Portfolio Servicing Agreement and the Principal Trust Deed, in accordance with the terms and conditions of the Portfolio Servicing Agreement.

Successor Portfolio Servicer

In the event that the Portfolio Servicer has purported to resign or to have been removed as described above (and as more fully set out in the Portfolio Servicing Agreement), the Issuer may, in its own discretion, and the Note Trustee shall, within 45 days of notice of such purported resignation or removal, appoint a successor Portfolio Servicer. The appointment of any potential successor Portfolio Servicer is subject to:

- (a) the holders of the Notes, acting by Ordinary Resolution (which, for the avoidance of doubt, includes by way of Written Resolution of holders of the Notes representing a simple majority of the aggregate original principal amount of the Notes of such Series), not disapproving such proposed successor within 30 days of notice of such proposed appointment thereto;
- (b) the proposed successor Portfolio Servicer (i) not being Affiliated with the Portfolio Servicer, (ii) in the reasonable opinion of the Issuer has demonstrated an ability professionally and competently to perform duties similar to those imposed upon the Portfolio Servicer, (iii) being legally qualified and having the capacity to act as Portfolio Servicer; and (iv) shall not cause the Issuer to be, or deemed to be, resident for tax purposes or be engaged, or deemed to be engaged, in the conduct of a trade or business in any jurisdiction other than in the United Kingdom.

Where the Noteholders shall have disapproved (within the 30 day time limit) a proposed successor put forward by the Issuer, the Issuer may, in its own discretion, within 30 days of such disapproval by the Noteholders, appoint a successor Portfolio Servicer subject to satisfaction of the conditions referred to above in (a) and (b) above. Upon (i) the Noteholders having disapproved a second proposed successor put forward by the Issuer having not proposed a successor Portfolio Servicer within the initial 45 day period set forth above or within the second 30 day period set forth above, the Portfolio Servicer will be entitled to direct the Issuer to appoint a successor Portfolio Servicer identified by it, subject to the requirements relating to any successor Portfolio Servicer referred to in (a) and (b) above by reference to such 30 day period above having been satisfied.

No compensation payable to a successor Portfolio Servicer shall be greater than that paid to the Portfolio Servicer. Upon termination of the appointment of any Portfolio Servicer as specified in the Portfolio Servicing Agreement, all authority and power of the Portfolio Servicer under the Portfolio Servicing Agreement, whether with respect to the Collateral or otherwise, shall automatically and without action by any person or entity pass to and be vested in the successor Portfolio Servicer upon the appointment thereof.

3. Liability of the Portfolio Servicer

The Portfolio Servicer will agree in the Portfolio Servicing Agreement to perform its obligations under the Portfolio Servicing Agreement in good faith and to exercise a standard of care which the Portfolio Servicer (and its Affiliates) exercises with respect to comparable assets and liabilities that it manages for itself and others (if any), in each case, in a manner consistent with practices and procedures generally followed by prudent institutional Portfolio Servicers advising in respect of assets and liabilities similar in nature and character to those which comprise the Collateral, except as otherwise expressly provided in the Portfolio Servicing Agreement. The Portfolio Servicer is exempted from liability arising out of or in connection with the performance of its duties under the Portfolio Servicing Agreement except by reason of acts or omissions constituting bad faith, fraud, wilful misconduct or negligence of the Portfolio Servicer.

4. Delegation

The Portfolio Servicer under the Portfolio Servicing Agreement may not be delegated, in whole or in part.

5. Standard of Care

The Portfolio Servicer has covenanted and agreed that it shall perform its obligations and discretions under the Portfolio Servicing Agreement and the Trust Deed in good faith and shall exercise a standard of care which is consistent with practices and procedures generally followed by prudent institutional portfolio servicers advising in respect of assets and liabilities similar in nature and character to those which comprise the Collateral.

6. Responsibilities of the Collateral Administrator

The Collateral Administrator will perform certain administrative matters and related functions, including without limitation, the preparation of the Reports, in the manner and on the terms of the Portfolio Servicing Agreement.

7. Fees of the Collateral Administrator

Subject to the Priorities of Payments, the Collateral Administrator shall be paid such fees as are set out in a Fee Schedule, dated 16 February 2012, between the Issuer and the Collateral Administrator, which fees shall be payable quarterly on each Interest Payment Date in arrear on each Payment Date in accordance with the Priorities of Payments. Any value added tax in respect of such fees (whether payable to the Collateral Administrator or directly to the relevant UK tax authority) shall be paid in the priority level as set forth in the Priorities of Payments. If on any Payment Date there are insufficient funds to pay such fees as are payable in full, the amount not so paid shall be deferred and shall become payable on the next Payment Date at which there are sufficient funds available, in accordance with the Priorities of Payment.

8. Termination of Appointment and Resignation of the Collateral Administrator

Removal Without Cause

The Collateral Administrator may be removed without cause upon 60 Business Days' prior written notice to the Collateral Administrator, copied to the Note Trustee and the Portfolio Servicer, and written notice to the Noteholders in accordance with Condition 16 (Notices) by (a) the Issuer at its discretion or (b) the Note Trustee acting upon the directions of an Ordinary Resolution of the holders of the Notes.

Removal With Cause

In addition, the Collateral Administrator may be removed with cause by (a) the Issuer at its discretion or (b) the Note Trustee acting upon the directions of an Extraordinary Resolution of the holders of the Notes. For purposes of the Portfolio Servicing Agreement, "cause" shall mean any one of the following events: (i) default by the Collateral Administrator in the performance of any of its material duties under the Portfolio Servicing Agreement, which is not cured within 30 days of such default's occurrence, (ii) a decree or order for relief being entered by a court with relevant jurisdiction in respect of the Collateral Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law, or the appointment by such court of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Collateral Administrator or for any substantial part of its property, or an order for the winding-up or liquidation of the Collateral Administrator's affairs by such court, or (iii) the commencement by the Collateral Administrator of a voluntary case under applicable bankruptcy, insolvency or other similar law, the consent by the Collateral Administrator to the entry of an order for relief in an involuntary case under any such law or to the appointment of or the taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Collateral Administrator or in respect of any substantial part of its property, the making by the Collateral Administrator of any general arrangement for the benefit of creditors, or the general failure by the Collateral Administrator to pay its debts as they become due.

If either of the events specified in (ii) or (iii) above occur, the Collateral Administrator shall give written notice thereof to the Issuer, the Note Trustee, the Security Trustee and the Portfolio Servicer within one Business Day after becoming aware of the same.

Resignation

The Collateral Administrator may at any time resign, without cause, upon 30 days' prior written notice to the Issuer, the Note Trustee, the Security Trustee and the Portfolio Servicer or, with cause, upon giving 10 days' prior written notice to the same recipients. In either case, the Collateral Administrator shall not become responsible for any Liabilities incurred by any person as a result of such resignation.

Replacement Collateral Administrator

Notwithstanding the foregoing, no termination or resignation of the Collateral Administrator shall be effective unless and until a replacement Collateral Administrator has agreed to assume all the duties and obligations arising out of the Portfolio Servicing Agreement, in accordance with the terms and conditions of the Portfolio Servicing Agreement.

DESCRIPTION OF THE COLLATERAL ADMINISTRATOR

The Bank of New York Mellon (formerly The Bank of New York)

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralised debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at bnymellon.com.

If the Issuer fails to appoint a successor Collateral Administrator within 30 days of the Collateral Administrator's notice of resignation, removal or incapacity, a successor Collateral Administrator may be appointed by the Collateral Administrator with the approval of the Note Trustee by notice delivered to the Issuer.

DESCRIPTION OF THE REPORTS

Terms used and not otherwise defined herein or in this Base Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (*Definitions*) of the Terms and Conditions of the Notes.

Payment Date Report

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Portfolio Servicer, shall render an accounting report (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and make available to (via <http://gctinvestorreporting@bnymellon.com/Home.jsp>, a secured web site accessible only to Noteholders and other Secured Parties), the Portfolio Servicer, the Issuer, the Trustees, and any holder of a beneficial interest in any Note (upon written request therefor in the form set out in the Agency Agreement certifying that it is such a holder), not later than the second Business Day preceding the related Payment Date. Upon receipt of each Payment Date Report, the Collateral Administrator, in the name and at the expense of the Issuer, shall notify the Irish Stock Exchange of the Principal Amount Outstanding of Notes after giving effect to the principal payments, if any, on the next Payment Date. The Payment Date Report shall contain, in addition to all of the information provided in the Annual Report, the following information:

Notes

- (a) the Principal Amount Outstanding of the Notes and such aggregate amount as a percentage of the original aggregate Principal Amount Outstanding of the Notes at the Issue Date, the amount of principal payments to be made on the Series of Notes on the related Payment Date, and the aggregate amount of the Notes Outstanding and such aggregate amount as a percentage of the original aggregate amount of the Notes Outstanding after giving effect to the principal payments, if any, on the next Payment Date; and
- (b) the interest payable in respect of the Notes, on the related Payment Date (in the aggregate).

Accounts

- (a) the Balance standing to the credit of each of the Accounts at the end of the related Due Period;
- (b) the Balance standing to the credit of each of the Accounts immediately after all payments and deposits to be made on the next Payment Date;
- (c) the amounts payable from each of the Accounts (through a transfer to the Payment Account) pursuant to the Pre-Enforcement Priority of Payments on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;
- (d) the purchase price, principal amount, redemption price, annual interest rate and maturity date under each Eligible Investment purchased from funds in the Accounts.

Portfolio

The most recent Market Value of each Collateral Obligation as notified by the Portfolio Servicer to the Collateral Administrator not later than 8 days prior to the related Determination Date.

Portfolio Profile Tests

As at the related Measurement Date:

- (a) the percentage of the Aggregate Principal Balance of all Collateral Obligations represented by the Aggregate Principal Balance of Collateral Obligations which are obligations of a single Obligor;
- (b) the percentage of the Aggregate Principal Balance of all Collateral Obligations represented by the Aggregate Principal Balance of Collateral Obligations which are Opportunity Finance Collateral Obligations;

- (c) the percentage of the Aggregate Principal Balance of all Collateral Obligations represented by the Aggregate Principal Balance of Collateral Obligations which are Medium Term Finance Collateral Obligations;
- (d) the percentage of the Aggregate Principal Balance of all Collateral Obligations represented by the Aggregate Principal Balance of Collateral Obligations which are Revolving Credit Collateral Obligations;
- (e) the percentage of the Aggregate Principal Balance of all Collateral Obligations represented by the Aggregate Principal Balance of Collateral Obligations which are Sale and Leaseback Collateral Obligations; and
- (f) the percentage of the Aggregate Principal Balance of all Collateral Obligations represented by the Aggregate Principal Balance of Collateral Obligations which are Second Priority Collateral Obligations.

Miscellaneous

Each Report shall state that it is for the purposes of information only, that certain information included in the Report is estimated, approximated or projected and that it is provided without any representations or warranties as to the accuracy or completeness thereof and that none of the Collateral Administrator, the Trustees, the Issuer or the Portfolio Servicer will have any liability for estimates, approximations or projections contained therein.

TAX CONSIDERATIONS

1. General

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. **In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority.** Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

All Prospective Investors (including non-US investors) should read "Application of New U.S. Tax Reporting and Withholding Law" below for a discussion of potential reporting obligations and the consequences of failing to comply with such obligations.

2. UK Taxation

The following is a summary based on the laws and practice currently in force in the United Kingdom regarding the tax position of investors beneficially owning their Notes and is not intended to be exhaustive, and should be treated with appropriate caution. The summary does not constitute tax or legal advice and the comments below are of a general nature only. The summary relates only to the position of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

While the Notes continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The Irish Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the Irish Stock Exchange for these purposes if they are included in the Official List by the Irish Stock Exchange and are admitted to trading on the regulated market of the Irish Stock Exchange.

If the Notes cease to be listed on a recognised stock exchange, interest will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20 per cent.) unless:

- (i) any other relief is available; or
- (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

Taxation of Noteholders

General

Interest payable on the Notes has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes who are

not resident in the United Kingdom, except where the Noteholder carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment.

If interest were paid under deduction of United Kingdom income tax (e.g. if the Notes lost their listing), 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 an applicable double taxation treaty.

UK Tax Resident Individuals

UK tax resident individual Noteholders will be subject to income tax on the amount of interest received by them in respect of the Notes.

The Notes are "qualifying corporate bonds" with the result that on a disposal of the Notes neither chargeable gains nor allowable losses will arise for the purposes of taxation of capital gains.

A transfer of a Note by a Noteholder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Note is attributable may give rise to a charge to tax on income in respect of an amount representing interest on the Note which has accrued since the preceding interest payment date.

If the Notes are issued at an issue price of less than 100 per cent. of their redemption amount they may constitute "deeply discounted securities" depending on the level of the discount. If the Notes constitute "deeply discounted securities", a Noteholder who is resident in the United Kingdom may be liable to United Kingdom income tax on any profit (the amount by which any sum payable on the transfer or redemption of the Note exceeds its acquisition price) made on the sale or other disposal (including redemption) of such Notes.

If the Notes are issued at a redemption premium as opposed to being issued at a discount, then where such premium does not constitute a payment of interest the Notes may constitute "deeply discounted securities" (as mentioned above).

Corporate Noteholders

Noteholders within the charge to United Kingdom corporation tax (including non-resident Noteholders whose Notes are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to corporation tax on all profits and gains from the Notes broadly in accordance with their statutory accounting treatment, provided that accounting treatment complies with United Kingdom generally accepted accounting practice or IFRS. Such Noteholders will generally be charged in each accounting period by reference to interest and other amounts which, in accordance with generally accepted accounting practice, are recognised in determining the Noteholder's profit or loss for that period.

Inheritance Tax

If a Noteholder who is an individual disposes of Notes by way of gift, in form or in substance, or dies, no United Kingdom inheritance tax should be due unless:

- (i) the donor is or the deceased was domiciled or deemed to be domiciled in the United Kingdom for the purposes of United Kingdom inheritance tax; or
- (ii) the donor or the deceased was neither domiciled nor deemed to be domiciled in the United Kingdom for the purposes of United Kingdom inheritance tax but the Notes are UK-situs assets.

The situs of the Notes will be determined by the place of registration.

Stamp Duty

It is expected that the Notes will constitute loan capital as defined in section 78 of the Finance Act 1986. Accordingly, no United Kingdom Stamp Duty or Stamp Duty Reserve Tax should be payable on the issue or transfer of a Note or on its redemption.

3. 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 that other Member State or certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld unless during such period they elect otherwise. The end of the transitional period is dependent upon the conclusion of other arrangements relating to the information exchange with certain other countries.

A number of non-EU countries, including Switzerland, 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 its jurisdiction to, or collected by such a person for, an individual resident in a Member State or certain limited types of entities established in that other Member State with effect from the same date. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependant or associated territories in relation to payments made by a person in a Member State to an individual or certain other residual entities resident in one of those territories.

Noteholders should note that the European Commission adopted an amending proposal to the directive, which among other changes, seeks to extend the application of the directive to (i) payments channelled through certain intermediate structures and (ii) a wide range of income similar to savings income though it is not clear if and when these changes will be enacted. Any changes could impact Notes already in issue.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

4. Application of New U.S. Tax Reporting and Withholding Law

Introduction

It is possible that a recently enacted U.S. tax law, the Hiring Incentives to Restore Employment Act 2010, which includes the Foreign Account Tax Compliance provisions ("FATCA"), could compel the Issuer to subject the Notes held by some Noteholders to a forced sale. It is also possible that FATCA could impose a withholding tax of up to 30 per cent. on payments of interest, principal or certain other income made to Recalcitrant Noteholders and Non-Participating FFIs (each defined below) on or after January 1, 2017, depending on the particular circumstances of the Issuer, the Notes, and the Noteholders and beneficial owners thereof (although it is not currently expected that any such withholding would be material). The determination of whether the Issuer expects to have to withhold on payments to Noteholders will depend not only on whether any such Noteholder is a Recalcitrant Noteholder or a Non-Participating FFI, but also on the particular assets that the Issuer purchases. Even if the Issuer does not fund any Collateral Obligations with US source income, if it enters into the FATCA-related IRS Agreement (defined below), it may nevertheless have to withhold on payments to Recalcitrant Noteholders or a Non-Participating FFI if it owns assets in other foreign financial institutions that own (or are deemed to own) U.S. assets. Further, there could also be (as of January 7, 2014) withholding of 30 per cent. on payments to the Issuer (and certain affiliates of the Issuer) of United States source interest and dividends as well as (as of January 1, 2015) of sales proceeds from

certain United States assets of a type that produce United States source income that are held by the Issuer (although it is not currently expected that the issuer will own any such Collateral Obligations).

General Reporting Requirements and Forced Sale under FATCA

FATCA is particularly complex, is subject to further guidance and interpretive releases from the U.S. Department of the Treasury and the U.S. Internal Revenue Service (the "**IRS**"), and is dependent on the particular factual circumstances of the Issuer, the Notes and the Noteholders. Broadly, however, FATCA is likely to effectively require the Issuer (and any agent or broker through which a Noteholder purchases its Notes, or any nominee or other entity through which a Noteholder holds its Notes (any such agent, broker, nominee or other entity, an "**Intermediary**") to enter into an agreement with the IRS (an "**IRS Agreement**") under which it will be required to, among other things, provide certain information to the IRS about its direct and indirect U.S. Noteholders. In order to provide such information, however, the Issuer (or an Intermediary) will be obliged to obtain information from all of the Noteholders (not just from the U.S. Noteholders) because unless it can adequately identify the non-U.S. Noteholders, it will be unable to properly identify (by matter of elimination) the direct and indirect U.S. Noteholders.

Accordingly, the Issuer expects to require (and that an Intermediary will require) each (i) Non-U.S. Noteholder to provide satisfactory documentation (to be determined) that it is not a U.S. person and (ii) U.S. Noteholder to provide its name, address and taxpayer identification number. If a Noteholder is a non-U.S. entity or otherwise not the beneficial owner of the Notes, such Noteholder will generally be required to provide certain information about its owners (or beneficial owners) in order to enable the Issuer to identify and report on certain of such Noteholder's direct and indirect U.S. beneficial owners. Further the Issuer expects to require Noteholders to agree that the Issuer can share such information with the IRS. Although certain exceptions to these disclosure requirements could apply, each Noteholder should assume that the failure to provide the required information generally will compel the Issuer (or an Intermediary) to force the sale of such Noteholder's Notes (and such sale could be for less than its then fair market value).

Potential Withholding Under FATCA

In addition, if an FFI (defined below) does not enter into an IRS Agreement, or (such an FFI, a "**Non-participating FFI**") if a Noteholder does not comply with the Issuer's request for information (such a Noteholder, a "**Recalcitrant Noteholder**"), the Issuer may be required under the IRS Agreement to impose a non-refundable 30 per cent. U.S. withholding tax on certain payments made to such Noteholder (although the amount of withholding (if any) generally would be based solely on the percentage of the Issuer's assets that comprise (or are deemed to comprise) US assets). Although the Issuer does not intend to directly own any U.S. assets, it is possible that the Issuer will be deemed to own U.S. assets. An FFI is a non-U.S. bank, a non-U.S. custodian, or a non-US entity engaged in the business of investing, reinvesting, or trading in securities, notional principal contracts, insurance or annuity contracts, partnership interests, or commodities (or any derivative interest therein), and an obligation of an FFI will be treated as a U.S. asset to the extent of (x) the value of such interest multiplied by (y) the percentage of U.S. assets held by such FFI.

In addition, obligations of non-U.S. entities engaged in a U.S. trade or business (even if the Issuer is unaware that such entity is engaged in a U.S. trade or business) and obligations of entities pursuant to certain hedges entered into with the Issuer, could be deemed to be US assets. However, in general, obligations (other than equities and certain debt obligations lacking a definitive term (such as saving and demand deposits) that are outstanding on or before December 31, 2012 and that are not (x) modified after December 31, 2012 and (y) treated as reissued for U.S. federal income tax purposes (such obligations, "**Grandfathered Obligations**"), will not be treated as U.S. assets.

If any withholding is imposed pursuant to the IRS Agreement on payments to Recalcitrant Noteholders or Non-participating FFIs, the Issuer is under no obligation to gross up such payments.

Further, to the extent that the Issuer owns Collateral Obligations, the income in respect of which is U.S. source income, payments to the Issuer (including gross proceeds from such Collateral Obligations) made on or after January 1, 2014 or January 1, 2015, depending on the type of payment, could be subject to a 30 per cent. non-refundable withholding tax if the Issuer fails to enter into an (or is in violation of its) IRS Agreement. U.S. source income would include not only U.S. source dividends,

interest and other U.S. source periodic income, but also interest and dividends from non-U.S. entities engaged in a U.S. trade or business, and payments with respect to certain hedges entered into with non-U.S. entities.

Lastly, if the Issuer chooses not to enter into an IRS Agreement, such decision could preclude certain of its FFI affiliates from entering into such an agreement. For this purpose an FFI affiliate generally is an FFI that is deemed to be part of an affiliated group that includes the Issuer (where, in general, such affiliates and the Issuer are deemed related through more than 50 per cent. ownership (by vote and, or with respect to some entities, or value)). For example, if a person is deemed (for US federal income tax purposes) to own more than 50 per cent. of both (i) the Issuer and (ii) another FFI, such FFI may be treated as an FFI affiliate of the Issuer for this purpose and, thus, if the Issuer does not enter into an IRS Agreement, such failure could subject such other FFI to a prohibitive 30 per cent. withholding tax on its US source income. For these purposes, ownership by a person of a majority of the ordinary share capital of another FFI or, in the case of another FFI which is a special purpose entity similar to the Issuer, of the most junior class and any other class treated as equity for US federal tax purposes of notes of such other FFI, is likely to constitute the ownership by that person of such other FFI.

Recalcitrant Noteholders

If a non-U.S. law prohibits a Noteholder from providing the information requested by the Issuer (or the Issuer from providing such information to the IRS) as described above, such Noteholder generally must execute a waiver of this non-U.S. law (and then provide (or permit the Issuer to provide) such information) or dispose of its Notes (or otherwise have the Issuer cause the disposal of such Notes) within a reasonable period of time. In addition, in complying with the U.S. reporting requirements under FATCA, it may, as described above, be necessary for the Issuer to agree in the IRS Agreement to "close out" any Noteholder (and not just a Noteholder that fails to obtain the foreign law waiver described above) that fails to respond to its reasonable requests for information that will enable the Issuer to comply with such U.S. reporting requirements. If the Issuer does "close out" any Noteholder's interest, it may do so by causing the sale of such Notes.

Uncertain Application

FATCA is particularly complex and the full extent of its application to the Issuer (or an Intermediary) is currently uncertain, as the IRS has not yet issued final regulations that interpret the relevant statutory provisions. Thus, it is not clear what actions, if any, will be required to minimize the impact of FATCA on the Issuer (or an Intermediary) and the Noteholders. No assurance can be given that the Issuer (or an Intermediary) will be able to take all necessary actions or that actions taken will be successful to minimize the new forced sale provision or the new withholding tax. Further, the efficacy of the Issuer's (or an Intermediary's) actions might not be within the control of the Issuer (or an Intermediary) and, for example, may depend on the actions of Noteholders (and each foreign withholding agent (if any) in the chain of custody).

Each potential purchaser of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such investor in its particular circumstance

PLAN OF DISTRIBUTION

The Notes will be offered on a continuous basis by the Issuer to purchasers of the Notes, subject to the terms of a note purchase agreement that will be entered into between each purchaser of a Series of Notes and the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, and are only being offered and sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act.

Neither U.S. persons (as defined in Regulation S under the Securities Act) nor U.S. residents (as determined for the purposes of the United States Investment Company Act of 1940, as amended (the "Investment Company Act")) may hold an interest in a Global Certificate at any time.

See "*Transfer Restrictions*" for certain terms and conditions of the offering of the offered Notes hereunder.

The Issuer has not been registered under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**").

The purchaser of any Note, by such purchase, agrees that such Note is being acquired for its own account and not with a view to distribution and may be resold, pledged or otherwise transferred only (1) to the Issuer (upon redemption thereof or otherwise) or (2) outside the United States to a non-U.S. person (as such term is defined in Regulation S) in an offshore transaction in reliance on Regulation S under the Securities Act, in each case in compliance with the Principal Trust Deed and all applicable securities laws of any state of the United States or any other jurisdiction. See "*Transfer Restrictions*".

Cayman Islands

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Notes.

Hong Kong

This document has not been delivered for registration to the Registrar of Companies in Hong Kong, its contents have not been reviewed by any regulatory authority in Hong Kong, nor has this document been authorised by the Securities and Futures Commission. Accordingly, this document must not be issued, circulated or distributed in Hong Kong other than (1) in circumstances which do not constitute it as a "prospectus" as defined in the Companies Ordinance (Cap.32 of the law of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance, or (2) to professional investors as defined in the Securities and Futures Ordinance (Cap.571 of the law of Hong Kong) and any rules made thereunder. Unless permitted by the securities laws of Hong Kong, no person may issue in Hong Kong, or have in its possession for issue in Hong Kong, this document or any other advertisement, invitation or document relating to securities in the Issuer other than to a professional investor as defined in the Securities and Futures Ordinance (Cap.571 of the law of Hong Kong) and any rules made thereunder.

No invitation to the public in Hong Kong to subscribe for any securities in the Issuer is permitted to be made. You are advised to exercise caution in relation to the contents of this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") the Issuer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent

authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

For the purposes of this provision, the expression on "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 "**PD Amending Directive**", to the extent implemental in the Relevant Member State), and the expression 2010 PD Amending Directive means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The Issuer has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

The Issuer has represented and warranted that no action has been or will be taken in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Base Prospectus or any Issue Prospectus or any other material relating to the Issuer or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Issue Prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) It is located outside the United States and is not a U.S. Person (as defined in Regulation S).
- (2) It understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer and any of their Affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.
- (3) In connection with the purchase of the Notes: (a) none of the Issuer, the Note Trustee, the Portfolio Servicer or the Collateral Administrator is acting as a fiduciary or financial or Portfolio Servicer for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Note Trustee, the Portfolio Servicer or the Collateral Administrator other than in this Base Prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Note Trustee, the Portfolio Servicer or the Collateral Administrator has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Principal Trust Deed) based upon its own judgement and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Note Trustee, the Portfolio Servicer or the Collateral Administrator; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.
- (4) It understands that, unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend set forth below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S OF THE SECURITIES ACT IN A PRINCIPAL AMOUNT OF NOT LESS THAN £100,000. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE NOTE TRUSTEE OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE PRINCIPAL TRUST DEED TO ITS TRANSFEREE.

EACH PURCHASER OF THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES.

TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE PRINCIPAL TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE REGISTRAR.

- (5) It acknowledges that the Issuer, the Note Trustee, the Portfolio Servicer or the Collateral Administrator and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (6) It understands that the Notes may not, at any time, be held by, or on behalf of, U.S. Persons.

A transferor who transfers an interest in a Global Certificate to a transferee who will hold the interest in the same form is not required to make any additional representation or certification.

GENERAL INFORMATION

1. Listing

It is expected that each Series of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued subject only to the issue of a Global Certificate initially representing Notes of that Series.

This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange for the Notes of each Series to be admitted to the Official List and trading on its regulated market.

2. Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 12 July 2012.

3. No Significant or Material Change

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 5th October 2011 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 5th October 2011.

4. No Litigation

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position.

5. Accounts

Since the date of its incorporation the Issuer has not commenced operations and has not produced Accounts.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained at the specified offices of the Transfer Agents during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 March 2013. The annual accounts of the Issuer will be audited. The Issuer will not prepare interim financial statements.

The Principal Trust Deed requires the Issuer to provide written confirmation to the Trustees on an annual basis and otherwise promptly on request that no Event of Default or Potential Event of Default (as defined in the Principal Trust Deed) or other matter which is required to be brought to the Trustees' attention has occurred.

Any certificate or report of the auditors of the Issuer or any other person called for by or provided to the Trustees in accordance with or for the purposes of the Principal Trust Deed or the Conditions of the Notes may be relied upon by the Trustees as sufficient evidence of the facts stated therein whether or not such certificate or report and/or any engagement letter or other document entered into by the Trustees in connection therewith contains a monetary or other limit on the liability of the auditors of the Issuer or such other person in respect thereof.

6. Documents Available

From the date of this Base Prospectus and for so long as the Programme remains in effect or any Notes remain outstanding, copies of the following documents may be inspected in

physical form at the offices of the Transfer Agents and at the registered offices of Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Principal Trust Deed (which includes the form of the Note);
- (c) the Agency Agreement;
- (d) the Portfolio Servicing Agreement;
- (e) each Payment Date Report; and
- (f) a copy of this Base Prospectus.

SCHEDULE 1

Credit Policy

Agricultural Finance plc
CREDIT POLICY



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INTRODUCTION: RESPONSIBLE LENDING

Agricultural Finance Plc (AF) provides a range of finance products to the agricultural and rural sector.

AF's vision is to be the first port of call for those requiring finance for the development of their farming and rural businesses. AF aims to provide a service that will assist the prospective borrowers to formulate their application and understand the process from the initial enquiry, through completion to eventual repayment.

AF is committed to lending responsibly and, to fulfill this aim, will assess carefully each customer's plan (e.g. Borrowing and Repayment Proposal for Opportunity Finance, Medium Term Finance and Revolving Credit applicants; and Affordability Statement for Sale and Leaseback applicants) to ensure that the product being sought is suitable for the applicant and that for loan finance a deliverable repayment plan or exit route has been identified by them.

The final lending decision (or purchase decision for Sale & Leaseback) is made by Acorn Agricultural Finance Ltd Credit Committee in its capacity as Portfolio Servicer (PS) and will be based upon the information submitted by the applicant and the pack prepared by the underwriter.

Ensuring that all applications have understandable and deliverable repayment plans is one of the most important areas of underwriting. It is essential that all checks necessary are made to satisfy ourselves that applicants are both committed to their plans and have the resources to carry them through. The main areas to evaluate are:

- The Borrowing and Repayment Proposal (or Affordability Statement for Sale and Leaseback);
- property valuation or (for Revolving Credit) asset valuations;
- loan to value ratios;
- understandable and deliverable repayment proposals.

1 FACILITIES

Details of the Eligibility Criteria are contained at Appendix 3.

1.1 PURPOSE

AF will provide facilities for a broad range of purposes. Acceptable purposes include:

- purchase of property and/or land;
- provision of working capital;
- development activities;
- supporting sale or partial sale;
- investment in livestock and other trading assets.

AF will not provide facilities where we have reason to believe that funds are to be used for illegal or fraudulent purposes.

In respect of Opportunity Finance and Medium Term Finance, lending will be secured by a legal charge (first or second mortgage) against freehold real estate with a sub-charge granted in favour of the Security Trustee.

Further Advances

Further advances may be considered on a case by case basis subject to the overall maximum exposure limit (see 1.4).

1.2 LOAN FACILITIES: REPAYMENT AND TERMS

Also see Eligibility Criteria at Appendix 3.

1.2.1 Opportunity Finance

These loans are offered on an interest-only basis with bullet repayment.

- Minimum Term – 3 months
- Maximum Term – up to 12 months (facilities may be renewed for a further 12 months provided all other criteria are met)

Repayment methods are usually:

- sale of assets;
- restructuring to longer term finance - including AF's Medium Term Finance or Sale and Leaseback products;
- a combination of the above.

The PS must be satisfied that the applicant has developed a deliverable repayment plan to ensure that they can repay the loan at the end of the agreed term. The repayment plan will be tested at the underwriting stage to ensure it is realistic and that the applicant is fully committed to its implementation. Where the repayment plan involves refinancing the loan to another AF finance product no guarantee can be given that these products or facilities will be available. The applicant will need to apply for these facilities at the relevant time and the application will be assessed by Credit Committee as if it were a new application.

1.2.2 Medium Term Finance

These loans are offered on an interest-only basis with bullet repayment of capital at the end of the term. Where staged payments are required multiple loans can be agreed with varying redemption dates. A monthly payment to cover interest is paid by the borrower for each loan granted.

The loan will be granted for 12 months. A review will be undertaken at the end of 12 months with a view to renewing the loan for a further 12 month period, with further reviews and renewals up to a maximum total term of 60 months.

Repayment methods are usually:

- sale of assets;
- restructuring to long term finance;
- a combination of the above.

The PS must be satisfied that the applicant has developed a deliverable repayment plan to ensure that they can repay the loan at the end of the agreed term. The repayment plan will be tested at the underwriting stage to ensure it is realistic and that the applicant is fully committed to its implementation.

1.2.3 Revolving Credit

These facilities are offered to fund the purchase of farming inputs with deferred payment terms. Each facility will be bespoke, however, usually, repayment will be made within a maximum of 12 months of the purchase.

Repayment methods are usually

- receipt of Single Farm Payment (SFP) and/or agri-environmental scheme payments
- sale of trading assets in the normal course of business (eg; livestock; crops).

1.3 SALE AND LEASEBACK FACILITIES

See Eligibility Criteria at Appendix 3.

These facilities will be offered to appropriate applicants who own acceptable agricultural real estate.

The real estate will be purchased for 80% of market value less transaction costs including purchase taxes. The seller will be granted a Farm Business Tenancy (FBT) for 3 years and the option to repurchase the real estate at the end of the term for 80% of the market value on the option date.

If the value has fallen during the three year term AF will receive 80% of the market value on the option date subject to a minimum equal to the original purchase price plus purchase tax.

The lessee may elect to exercise the option to re-purchase through sale where they will receive the surplus once AF has received 80% of the market value on the option date (subject to the minimum amount as stated above).

If the FBT falls into default and the default is not remedied (i.e. through non-payment of rent) the lessee will lose the option to repurchase the land.

1.4 EXPOSURE LIMITS

All applications are subject to minimum and maximum amounts. Loan to value, repayment plan options and individual product eligibility criteria (see Appendix 3) may further limit these.

- Minimum £30,000
- Maximum £5,000,000

Additional loans or other facilities may be granted (e.g. 2 or more Medium Term Loans), however, the maximum exposure to any one applicant, or group of applicants (e.g. husband and wife) across all facilities (including Sale and Leaseback) is limited to £5,000,000.

1.5 ACCEPTABLE LOAN SECURITY

In respect of Medium Term and Opportunity Finance, AF will lend on a first or second charge basis against farmhouses, rural and country properties, agricultural buildings and land. Different eligibility criteria apply to first and second charge lending as set out at Appendix 3.

For Revolving Credit, a variety of farming assets may be held as loan security– see 1.7.2 below for further details.

1.6 LOAN INTEREST AND RENTAL PAYMENTS

1.6.1 Opportunity Finance

Interest for the whole term of the loan is deducted from the amount advanced. At the discretion of the Credit Committee it may also be a condition of lending that the borrower pays an additional monthly payment of 3.5% pa over Coutts and Co bank base rate, from time to time (subject to an overall minimum rate of 6.5% pa).

1.6.2 Medium Term Finance

The first 12 months interest will be deducted upfront and held on a separate ring-fenced deposit account. The borrower will pay a monthly amount throughout the term of the loan to cover the remaining interest. For example, where the applicant has requested that facilities be renewed annually, subject to meeting loan criteria, for a total of 36 months, then interest for the first 12 months will be paid up front and interest for the remaining 24 months will be divided into 36 equal payments and paid to AF monthly. This has the effect of reducing the impact of paying interest on the ongoing cashflow of the business.

1.6.3 Revolving Credit

Interest for the whole term of the loan is added to the amount borrowed and repaid at the end of the term.

1.6.4 Sale and Leaseback

12 months rent payment will be deducted upfront and held on a separate ring-fenced account. The tenant will then pay the remaining rent quarterly throughout the term of the lease. For example, for a 36 month tenancy the first 12 months rent will be paid up front, and the rent due for the remaining 24 months will be divided into 12 equal payments and paid to AF quarterly with the first payment commencing in month 3. This has the effect of reducing the impact of the rent payments on the ongoing cashflow of the business.

1.7 MAXIMUM LOAN TO VALUE RATIOS

The Loan to Value Ratio (LTV) is the amount of total secured lending expressed as a percentage of the market value of the loan security.

1.7.1 First Charge Security over Real Estate

In respect of Real Estate the normal maximum LTV is 65%. In exceptional cases where the applicant's covenant is sufficiently good quality and the repayment plan is strong (e.g. by way of property sale rather than refinance), then a higher LTV can be considered, up to a maximum of 75%, but will be subject to Credit Committee approval and provided the overall weighted LTV across the whole portfolio does not exceed the target of 65% (target LTV to be measured once the total Agribonds in issues reach £20M).

1.7.2 Second Charge Security over Real Estate

In respect of second charge security, the maximum LTV (including the first and second charge) will always be 65%. Second charge security will only be acceptable when the first charge is held by UK Acorn Finance Ltd, a main high street lender (e.g. Barclays, Lloyds, RBS, Santander etc) or the Agricultural Mortgage Corporation plc. Lower maximum loan sizes also apply for second charge security – see Eligibility Criteria at Appendix 3.

1.7.3 Other Farming Assets

In respect of other farming assets charged to support Revolving Credit facilities, LTV will normally be as follows:

- SFP / Agri-environmental schemes payments – 80%
- Livestock – 50%
- Sales contracts – 50%
- Any other suitable security – 50%

In all cases, the combined security for the facility issued will not exceed 65% LTV and where available a “comfort charge” (i.e. legal charge security) will be taken over any real estate owned by the borrower.

1.8 INTER-FAMILY SALES

The PS will consider lending to fund genuine inter-family sales. In all cases the valuer needs to be made aware of the circumstances at the time they are instructed and take it into account when placing a value on the property. AF will lend against the market value and the LTV will be based on this figure. In these circumstances an appropriate deed of gift indemnity insurance should be considered and, where appropriate, a condition may be placed on the loan offer to that effect.

1.9 PURCHASES BY SITTING TENANTS

Loan applications from sitting tenants are acceptable. The valuer needs to be made aware of the position at the time they are instructed and take it into account when placing a value on the property. AF will lend against the market value and the LTV will be based on this figure.

1.10 PROPERTY SUBJECT TO TENANCY

AF will accept freehold property that is subject to tenancy or lease as loan security. The standard LTV criteria will apply in all cases. Valuers will be required to provide a copy of

the tenancy or lease agreement with all valuation reports together with details of how they have reflected the impact of the tenancy in the valuation process. Valuers will also be required to provide a valuation of the property assuming vacant possession is available.

(It should be noted that, in the case of agricultural property, the value of a security property that is subject to a lease or tenancy is likely to be lower than its value with vacant possession even in cases where vacant possession may be available within a relatively short period of time.) The LTV criteria will be applied to whichever is the lower of the value of the security property subject to the tenancy or lease and its vacant possession value.

1.11 PROPERTY SUBJECT TO THIRD PARTY OCCUPATION

Advances will be subject to obtaining the appropriate occupancy consents and disclaimers and any over the age of 17 will be required to obtain independent legal advice.

The PS will require sight of any tenancy/lease agreements in place for evaluation by the valuer and solicitor as appropriate.

1.12 BUSINESS APPRAISAL

Loan applications will usually be supported by the following information:

1. full names and address of applicant, and ownership of the land/property;
2. outstanding finance i.e. mortgages, overdraft, etc;
3. banking information to include recent bank statements;
4. list of trade creditors and debtors;
5. last 3 years trading accounts – if available and applicable;
6. trading projections to illustrate forecast business performance;
7. funding requirement;
8. proposed exit route.

Where appropriate and if any of the above information is not available a member of the PS's management team will visit the applicant to assess the suitability of their proposals and the loan security as part of the application/underwriting process.

1.13 LIFE INSURANCE REQUIREMENTS

It is a condition of lending that the principal borrower has current life insurance with a sum assured equivalent to or in excess of the gross loan amount for the term of the loan. Where required, the cost of putting suitable life insurance cover in place can be met by the borrower as a deduction from the gross loan amounts. In addition, Keyman insurance cover should be considered for all applicants and at the discretion of the Credit Committee may be a condition of lending.

2 THE APPLICANT

2.1 Maximum Number Of Applicants

The number of loan applicants is limited to the number of people that are named on the title deeds. The maximum number of applicants per loan is 4.

2.2 Sole Applications

Normally married applicants or partners would be expected to submit a joint application, however, exceptions will be considered, subject to a reasonable explanation which is acceptable to the PS (e.g. where it is clear that a marriage/partnership has ended).

2.3 Joint Applications

Joint applications from a number of different parties are acceptable in circumstances where those parties have a genuine business or personal association.

2.4 Limited Company Applications

Applications made in the name of limited companies are acceptable subject to the usual underwriting criteria, the provision by the directors of personal guarantees, sight of the Memorandum & Articles of Association and company searches.

2.5 Guarantors

With the exception of loans to Limited Companies (see 2.4 above), guarantors are only accepted in exceptional circumstances, and subject to Credit Committee approval.

2.6 Foreign Nationals/EU Citizens

Non-UK citizens resident for less than 12 months are not eligible for loans. We will not consider applications from individuals who do not have Indefinite Leave to Remain. Applicants with diplomatic immunity are not acceptable.

2.7 Minimum and Maximum Age

The minimum age is 18 at the time of application. There is no maximum age.

2.8 General Exclusions Including Convictions

AF is unable to lend to:

- Applicants who are under the age of 18;
- Non-UK residents;
- Applicants suspected of damaging a previous mortgage security;
- Applicants who have been found guilty of fraud;
- Applicants currently serving any prison sentence or awaiting trial for any criminal act;
- Applicants who cannot meet Credit Committee requirements

2.9 Address History

Applicants must have a minimum of 3 years address history.

2.10 Bank Details

Full bank details will be obtained and verified in every case. All monthly payments will be collected by standing order from a UK bank account.

2.11 Proof of Identity & Residency

Proof of Identity and Residency are required under Money Laundering Regulations. An Individual's / Guarantor's Identity Verification Certificate will be required for all parties to the loan.

3. AFFORDABILITY ASSESSMENT

Applicants will be required to demonstrate to the satisfaction of the Credit Committee that they are able to service monthly interest or lease payments where applicable.

4. CREDIT SEARCHES AND HISTORY

4.1 Credit Searches

A full credit search will be conducted and it must cover at least the applicant's last 3 years address history including all maiden names and aliases.

4.2 Voters' Roll

If applicants do not appear on the voters' roll at their current address full Proof of ID and Residency must be provided covering the last 36 months.

4.3 County Court Judgements/Defaults

The credit search will identify whether the applicant has had any county court judgements or defaults including mortgage arrears. The Credit Committee will assess all enquiries on a case by case basis and may vary proposed lending terms or decline a loan application at its discretion.

4.4 Bankrupts/IVAs

Applications from discharged bankrupts and applicants subject to IVA or CVA (or equivalent procedures in Scotland) will be considered provided that adequate explanations are provided as to the reasons for bankruptcy or IVA/CVA and that the Credit Committee is satisfied that the underlying conditions which led to the bankruptcy or IVA/CVA no longer apply.

5. CREDIT COMMITTEE

The responsibility for sanctioning all loans or Sale and Leaseback facilities lies solely with the Credit Committee of the PS.

Prior to submission to Credit Committee no commitments can be given by any director, officer or representative of the PS that a facility will be agreed.

Upon completing the underwriting process a submission will be provided to Credit Committee using the Credit Committee Checklist & Decision Record (see Appendix 1).

The Credit Committee Terms of Reference (Appendix 2) sets out various levels of sanctioning depending on loan or facility amount. These are reviewed from time to time as part of the PS's risk management process.

6 COMPLETION

6.1 Offer of Loan Facilities

Once Credit Committee approval has been received, an Offer of Loan must be signed by the applicant(s) prior to completion and then forwarded to AF's solicitor.

6.2 Release of Retention

Where a loan has been agreed subject to staged drawdown (possibly for development purposes), each tranche will only be released upon receipt of a re-inspection report and updated valuation carried out by the original firm of valuers. Funds are released up to the agreed LTV. These stage payments continue until the full loan has been drawn or the property has been sold or re-mortgaged.

6.3 Further Advances

Further advances will be considered subject to an additional signed Offer of Loan, an updated valuation, Borrowing and Repayment Plan and searches. Total advances must remain within Credit Policy criteria.

6.4 Post Completion

The borrowers or FBT tenants will be monitored on a regular basis until the loan is redeemed.

7 INTEREST/RENT PAYMENTS

7.1 Payments

Where applicable, interest payments will fall due one month following the loan advance and on the same date monthly thereafter.

Payments are due from the customer until the capital is due for repayment on the due date, in the event of overdue loans, until such time as loans have been repaid in full.

Rent payments for Sale and Leaseback facilities will be due quarterly in arrears following the completion of the facility until such time as the option to re-purchase has been exercised or terminated as a result of a default.

7.2 Redemption

Upon receipt of the agreed redemption monies AF's solicitor will be informed. A DS1 form (or Scottish equivalent) will be prepared for signature by the PS and the Security Trustee to remove the charges from the Title Register.

8 ARREARS & REPOSSESSIONS

8.1 Non-payment of rent/Arrears of interest

8.1.1 If no payment is received from the borrower or tenant by the due date, they will be contacted within 7 days through an initial letter;

- 8.1.2 The case manager appointed by the PS will make contact with the borrower or tenant and arrange a visit if deemed necessary;
- 8.1.3 7 days thereafter, if no response has been received, a further letter is sent which informs the borrower or tenant that the matter may be passed on to solicitors without further notification if there is no contact within a further 7 day period, or if payment is not forthcoming;
- 8.1.4 If the arrears position is not rectified, solicitors will be instructed to deal with the matter through the Courts until such time as either the arrears are brought up to date or possession is granted and the property is sold and/or a receiver will be appointed to realise the security property;
- 8.1.5 AF may appoint a Law of Property Act (LPA) receiver at any time once one payment is missed where it and PS considers it reasonably necessary to do so.
- 8.1.6 Non-payment/arrears of interest will trigger the release of any interest reserve held in the deposit account to be applied to the loan to reduce the outstanding capital balance.

8.2 Failure to Repay Loan upon agreed Repayment Date

- 8.2.1 Two months prior to the agreed repayment date the case manager will establish whether the borrower expects the loan to be redeemed on time. If there is any likelihood of an 'over run' being requested by the borrower, the file will be represented to Credit Committee by a member of the underwriting team to discuss options, i.e. extension, renewal or recovery action.
- 8.2.2 Renewal of loans will be considered in certain circumstances and subject to all Eligibility Criteria being met – see Appendix 3.
- 8.2.3 Where recovery action is necessary, formal demand will be made and if contact is not forthcoming at the end of 14 days then solicitors and/or a LPA receiver will be instructed to commence recovery action.

8.3 Repossession and Sale of Security Property

- 8.3.1 If, following issue of formal demand, contact has not been made within 14 days, solicitors may be instructed to obtain possession and/or a LPA receiver will be appointed.
- 8.3.2 Once recovery action has been taken the security property will be sold as soon as reasonably possible after possession has been obtained in accordance with advice given by the appointed selling agents.
- 8.3.3 Any fees including in-house administration costs will be added to the borrower's account and deducted from the sale proceeds.

8.4 Forfeiture of Tenancy Agreements

- 8.4.1 In the event of non-payment of rent or other events of default by an FBT tenant in a Sale and Leaseback arrangement, the tenant will be given 14 days' notice of intention to commence legal proceedings to forfeit the tenancy and void the option to re-purchase. If the tenant fails to provide satisfactory proposals to remedy the default within a reasonable period of time, solicitors will be instructed to commence legal proceedings and, when vacant possession has been obtained, the property will be sold.

APPENDIX 1

Credit Committee Checklist and Decision Record

Credit Committee: Chairman's Checklist and Decision Record

Credit Committee Lending Approval / Pre-Credit Committee Review

DETAILS OF PROPOSITION				
Applicant :	£ £ £	Security values	LTV % % %	Requested Term £
Location:	Applicants stated objective is as follows:			
Customer visited (date and who by) N/A	State all the lenders to be repaid and amount including any debt forgiveness agreed or to be agreed			
Borrowing and Repayment Proposal completed by/date:	Business Summary (Details of Exit route to be given in Borrowing and Repayment Proposal section below):			
Client requires funds by				
CREDIT POLICY COMPLIANCE				
Fully compliant?	YES / NO		Comments on areas of non-compliance. Also comment if any impact of results of credit check on exit route	
Results of credit check?	Clear			
Any outstanding underwriting issues?	YES / NO			

Credit Committee: Chairman's Checklist and Decision Record

Credit Committee Lending Approval / Pre-Credit Committee Review

SECURITY		
<p>Is the type of security acceptable? (farmhouse; rural and country property; agricultural buildings; land).</p> <p>Issues requiring legal advice been resolved?</p> <p>All other concerns resolved?</p>	<p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p>	<p>Comments on areas of non-compliance</p>
<p>Valuation</p> <p>Date</p> <p>Valuer:</p>	<p>Fully Compliant with RISK POLICY? YES / NO</p> <p>Valuation acceptable? YES / NO</p>	<p>If NO indicate why and add comments</p> <ul style="list-style-type: none"> Older than 3 months 3 Comparables not supplied Unacceptable security More than 50 miles from property Inadequate PI cover Fewer than 3 qualified valuers Any other comments:
<p>2nd Valuation if required by CC</p>	<p>YES / NO</p>	
BORROWING AND REPAYMENT PROPOSAL		
<p>Is Applicant's stated objective as stated above achievable:</p>	<p>YES / NO</p>	<p>Add relevant comments re stated objective:</p>
<p>Is serviceability of loan verified by Borrowing and Repayment Proposal?</p> <p>Serviceability covered from existing income (ie: is not dependent on new income - either on or off farm. (If new sources are involved, state degree of confidence in them)</p>	<p>YES / NO</p> <p>YES / NO</p>	<p>Add relevant comments on serviceability:</p>

Credit Committee: Chairman's Checklist and Decision Record

Credit Committee Lending Approval / Pre-Credit Committee Review

EXIT ROUTE			Add any comments on Exit Route below
(brief details of proposed exit)	Acceptable to us and borrower (especially if by way of sale)	YES / NO	
	Viable route? (eg: consider LTV)	YES / NO	
	Realistic timescale?	YES / NO	
OTHER ISSUES			
State if: 1) any other issues or concerns raised at Credit Committee not covered above (eg: any possible reputational risk)? 2) other issues not covered which need to be resolved before lending can commence?	Comments: <div style="text-align: center;">None</div>		
Is this an appropriate use of Opportunity Finance to achieve the applicant's stated objective?	YES / NO	Any comments on suitability:	
Compliance with the Connaught check list?	YES / NO	If NO can remedial action be taken to ensure compliance?	

Credit Committee: Chairman's Checklist and Decision Record

Credit Committee Lending Approval / Pre-Credit Committee Review

DECISION					
Applicant:		Date of plan:			
Sanctioned on terms submitted					
Agreed on <div style="text-align: right;">March 12 date</div>	Chair	HCR/Proxy	Director	Director/NED	Consultant
OR					
Sanctioned subject to the following terms		State revised terms:			
Agreed on date	Chair	HCR/Proxy	Director	Director/NED	Consultant
OR					
Declined		Summary of reasons (e.g. compliance with CP/RP; serviceability; inappropriate for OF; Suitability/viability of Exit Route):			
Chair date					

APPENDIX 2

Credit Committee Terms of Reference

ACORN AGRICULTURAL FINANCE LTD

CREDIT COMMITTEE ON BEHALF OF AGRICULTURAL FINANCE PLC

TERMS OF REFERENCE

1. Constitution

- 1.1 The Credit Committee (“the Committee”) is a Board committee of Acorn Agricultural Finance Ltd.
- 1.2 The Committee may obtain such information as it considers necessary from the customer or any officer of the Company and may obtain legal or any other professional or specialist farming advice as it considers necessary.

2. Appointment and Membership

The Committee is appointed by the Board of the Portfolio Servicer and comprises:

- The Chairman who shall be the Chairman of the Committee (an Executive Director of the Company)
- Head of Credit & Risk (HCR)
- The Finance Director (FD) (an Executive Director of the Company)
- The Executive Directors of the Company
- Such non-executive directors (NEDs) as may be appointed from time to time by the Board.
- Such other persons as the Chairman of the Committee considers to be appropriate
- For a quorum to be established it needs to consist of such persons as are required to sanction loan applications before the Committee as is consistent with the authorities in the Appendix to these Terms of Reference, provided that at all times at least one Executive Director of the Company is present.
- The Committee Chairman may invite the attendance of any other person.

3. Functions

The functions of the Committee are:

- 3.1 To sanction loan applications.
- 3.2 To ensure that the overall loan book is maintained within 65% loan to value and that all covenants of the Issuer are met.
- 3.3 To undertake such other functions as may be approved from time to time by the Board.

4. Meetings and Reporting

- 4.1 The Committee will meet as and when required.

- 4.2 A record of every decision (see Appendix 1) will be kept and made available to any member of the Board of the Portfolio Servicer or the Issuer.

APPENDIX TO CREDIT COMMITTEE TERMS OF REFERENCE

1. Sanctioning limits

- Loans of up to £250,000 and 65% LTV or less require sign off by at least two committee members including at least one Executive Director and Head of Credit and Risk.
- Loans of up to £250,000 and over 65% LTV and Loans between £250,001 and £1,000,000 require sign off by at least three committee members including at least one Executive Director and Head of Credit and Risk.
- Loans of £1,000,001 and above require sign off by at least four Committee members including at least one Executive Director and Head of Credit and Risk.

2. Valuations

- 2.1 Valuations are required to support every loan application in accordance with Credit Policy.
- 2.2 All valuations must be carried out by an RICS qualified valuer with appropriate professional experience and with appropriate levels of professional indemnity insurance cover.

APPENDIX 3

Eligibility Criteria

ELIGIBILITY CRITERIA

Opportunity Finance

First charge security

Minimum loan size	£30,000
Maximum loan size	£5,000,000
Maximum LTV	75%
Minimum term	3 months
Maximum term	12 months
Renewable	Renewable for a maximum of a further 12 months providing all other eligibility criteria met.
Security type	Agricultural land, buildings and other country real estate
Purpose for loan	Must be for business purposes

Second charge security

Minimum loan size	£30,000
Maximum loan size	£750,000
Maximum LTV	65%
Minimum term	3 months
Maximum term	12 months
Renewable	Not renewable
Security type	Agricultural land, buildings and other country real estate
Purpose for loan	Must be for business purposes

Medium Term Finance

First charge security

Minimum loan size	£30,000
Maximum loan size	£5,000,000
Maximum LTV	75%
Minimum term	3 years, renewable annually
Maximum term	5 years, renewable annually
Security type	Agricultural land, buildings and other country real estate
Purpose for loan	Must be for business purposes

Second charge security

Minimum loan size	£30,000
Maximum loan size	£750,000
Maximum LTV	65%
Minimum term	3 years, renewable annually
Maximum term	5 years, renewable annually
Security type	Agricultural land, buildings and other country real estate
Purpose for loan	Must be for business purposes

Revolving Credit

Minimum loan size	£30,000
Maximum loan size	£300,000
Maximum LTV	65% - (equating to a mix of farming assets and receivables 50% and subsidy and agri environmental payments 80%)
Minimum term	6 months
Maximum term	12 months
Security type	Assignment of single farm subsidy and forward contracts, bill of sale over farming assets. Where available a comfort charge will be taken over the borrower's land and buildings.
Purpose for loan	Must be for business purposes

Sale and Leaseback

Minimum purchase	£100,000
Maximum purchase	£5,000,000
Purchase price	80% of market value
Term	3 years, supported by the grant of an FBT and the option to buy back in 3 years at 80% of the then market value.
Security type	Direct ownership of the asset

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