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Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise falls 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 and (c) a person to whom the document can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return the document immediately.

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NATWEST MARKETS SECURED FUNDING DESIGNATED ACTIVITY COMPANY

(incorporated with limited liability in Ireland with registration number 462007)

GBP 245,436,196 Series 2018-1 Notes due 2021

issued pursuant to the

€15,000,000,000 Secured Asset-Backed Medium Term Note Programme

arranged by

The Royal Bank of Scotland plc

NatWest Markets Secured Funding Designated Activity Company (the "**Issuer**") will issue GBP 245,436,196 in nominal amount Series 2018-1 Notes due 2021 on 5 April 2018 (the "**Issue Date**"). The Notes will be issued and secured pursuant to the principal trust deed dated 22 October 2008 (the "**Principal Trust Deed**") and made between the Issuer and Deutsche Trustee Company Limited, in its capacity as trustee for the Noteholders (the "**Trustee**"), as supplemented by the supplemental trust deed dated on or about the Issue Date (the "**Supplemental Trust Deed**") and made between (among others) the Issuer and the Trustee (together, the "**Trust Deed**").

This document is an issue memorandum (the "**Issue Memorandum**"). In this Issue Memorandum: (i) "**Notes**" refers to the Series 2018-1 Notes described above; (ii) "**Noteholder**" has the meaning given in the terms and conditions of the Notes; and (iii) "**Conditions**" refers to the terms and conditions of the Notes.

This Information Memorandum has been approved by the Irish Stock Exchange plc (the "**Irish Stock Exchange**") as listing particulars for the purposes of the "*Listing and Admission to Trading Rules of the Global Exchange Market*" of the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange.

See "*Risk Factors*" for a description of certain factors which should be considered by prospective investors in connection with an investment in the Notes offered hereby.

The Notes described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or any other jurisdiction. The Notes described herein will not at any time be offered, sold or delivered within the United States or to, or for the account or benefit of, any person who is (a) a U.S. person (as defined in Regulation S under the Securities Act), (b) not a Non-United States person (as defined in Rule 4.7 under the U.S. Commodity Exchange Act of 1936, but excluding for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are Non-United States persons) or (c) a U.S. person (as defined in the credit risk retention regulations issued under Section 15G of the U.S. Securities Exchange Act of 1934) (each such Person as referenced in any of clauses (a), (b) or (c), a "**U.S. Person**"). Each purchaser of the Notes described herein will be deemed to have made, or in limited circumstances be required to expressly make, certain acknowledgements, representations and agreements as set out in this Issue Memorandum confirming its status as a non-U.S. Person.

THE ROYAL BANK OF SCOTLAND PLC

Arranger

The date of this Issue Memorandum is 5 April 2018.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Issue Memorandum and, at the date of this Issue Memorandum, 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 Issue Memorandum at any time does not imply that the information herein is correct at any time subsequent to the date of this Issue Memorandum.

The information contained in this Issue Memorandum relating to the Borrower and in the section headed "*Description of the Borrower*" has been extracted from public sources. The Issuer confirms the accurate reproduction of the extracted information but accept no further or other responsibility in respect of such information. So far as the Issuer is aware or able to ascertain from such published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in such information. The Issuer has not conducted any due diligence on such information. The Issuer has only made very limited enquiries with regards to such information. Otherwise, the Issuer has not made any enquiries in relation to such information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

DISCLAIMER

None of The Royal Bank of Scotland plc as arranger (in such capacity, the "**Arranger**") or dealer for the Notes (in such capacity, the "**Dealer**"), Deutsche Trustee Company Limited in its capacity as trustee of a Series (the "**Trustee**") or any Agent (as defined in the terms and conditions of the Notes) (each a "**Disclaiming Party**") has separately verified the information contained in this Issue Memorandum and, accordingly, no Disclaiming Party makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Issue Memorandum 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. No Disclaiming Party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Issue Memorandum or to advise any investor or potential investor in the Notes of any information coming to its attention which is not included in this Issue Memorandum.

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 Issue Memorandum 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 delivery of this Issue Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

INFORMATION AS TO PLACEMENT

The distribution of this Issue Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Issue Memorandum comes are required by the Issuer, the Arranger and the Dealer to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 and are issued in bearer form that are subject to U.S. tax law requirements. Notes may not be offered, sold or delivered within the United States or to U.S. Persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Issue Memorandum, see "*Selling Restrictions*".

GENERAL NOTICES

This Issue Memorandum has been prepared by the Issuer solely for use in connection with the offering of the Notes described in this Issue Memorandum. The Issuer reserves the right to reject any offer to purchase the Notes in whole or in part for any reason, or to sell less than the stated initial principal

amount of any Notes offered hereby. This Issue Memorandum is personal to each offeree to whom it has been delivered by the Issuer or representative 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 Issue Memorandum 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.

An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

Any individual intending to invest in any investment described in this document should consult his or her professional adviser(s) and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

In connection with the issue of the Notes, no stabilisation will take place and the Dealer will be acting as stabilising manager in respect of the Notes.

Neither the Issuer nor any other party has undertaken to hold any part of the Repackaged Loan (as defined below) pursuant to any European retention requirements under Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms published in the Official Journal of the European Union on 27 June 2013 ("**CRR**"), Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") or Directive 2009/138/EC "**Solvency II**", or pursuant to any U.S. retention requirements under the joint final regulations implementing the credit risk retention requirements of section 15G of the Exchange Act, as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Please see paragraph 7.2 (*Risk retention and due diligence requirements in Europe*) and paragraph 7.1 (*U.S. Dodd Frank Act; Volcker Rule*) for further details.

The language of the Issue Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

FORWARD-LOOKING STATEMENTS

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Issue Memorandum, including with respect to assumptions on prepayment and certain other characteristics of the Repackaged Loan (as defined herein) and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in Ireland and the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Arranger has not attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither the Issuer nor the Arranger assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

BENCHMARKS

Amounts payable under the Notes may be calculated by reference to amounts payable under the Repackaged Loan (as defined herein), which may, in turn, be calculated by reference to the following reference rate: LIBOR, which is provided by ICE Benchmark Administration Limited.

As at the date of this Issue Memorandum, the above-named administrator does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). However, Article 51 (*Transitional provisions*) of the Benchmark Regulation provides that index providers already providing a benchmark on 30 June 2016 have until by 1 January 2020 to apply for authorisation or registration in accordance with Article 34 (*Authorisation and registration of an administrator*) of the Benchmark Regulation and may continue to provide such an existing benchmark until 1 January 2020 or, where the index provider submits an application for authorisation or registration, unless and until such authorisation or registration is refused.

CURRENCIES

Unless otherwise specified or the context requires, references to "**pounds sterling**", "**pounds**", "**GBP**" and "**£**" are to the lawful currency of the United Kingdom, "**Euro**", "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. See the section headed "Index of Defined Terms" for details of the pages on which capitalised terms used herein are defined.

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RISK FACTORS

The investment considerations set out below are not exhaustive. There may be other risk factors that a prospective investor should consider that are relevant to its own particular circumstances or generally. More than one investment risk may have a simultaneous effect with regard to the value of the Notes and the effect may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of the Notes. Prior to investing in the Notes, prospective purchasers should carefully consider the following factors, in addition to the matters set out elsewhere in this Issue Memorandum, and take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of any investment in the Notes. Capitalised terms not defined in this section and not otherwise defined above have the meanings set out in the Conditions for the Notes.

1. GENERAL

1.1 General

It is intended that the Issuer will apply the proceeds from the issuance of the Notes and invest such proceeds by advancing a loan to the Borrower. The Issuer will become the lender of record with respect to the Repackaged Loan under the Repackaged Loan Agreement.

There can be no assurance that the Issuer's investment will be successful and that the Noteholders 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 Issue Memorandum carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. No Disclaiming Party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Issue Memorandum or to advise any investor or potential investor in the Notes of any information coming to the attention of such Disclaiming Party which is not included in this Issue Memorandum.

In the circumstances described in Condition 16 (*Further Issues*), the Issuer may issue Further Notes. The Notes will be consolidated in order to form a single series with any Further Notes and all Noteholders will be secured parties for whose benefit the Trustee holds the benefit of security over the Charged Property.

1.2 Suitability

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers and such other advisers as they deem necessary to determine the appropriateness, effect, risks and consequences of an investment in the Notes. Any decision by prospective investors to make an investment in the Notes should be based upon their own judgement and upon any advice from such advisers, and not upon any view expressed by the Issuer or the Arranger and Dealer.

Given the highly specialised nature of these Notes, the Issuer and the Arranger and Dealer consider that they are only suitable for investors who:

- (a) are highly sophisticated and have the requisite knowledge and experience in financial and business matters to evaluate the merits and considerable risks of an investment in the Notes;
- (b) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time, which may involve a partial or complete loss of principal and interest;
- (c) are acquiring the Notes for their own account for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (d) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

Consequently, a prospective investor who does not fall within the description above should not consider purchasing these Notes without taking detailed advice from a specialised professional adviser.

Prospective investors should note that the market value of the Notes is affected by supply and demand for the Notes, and that, accordingly, it should not be assumed that there will be a significant correlation between such market value and the market value of the Charged Property.

Prospective investors should also appreciate that:

- (a) they cannot rely, and will not at any time in the future be able to rely, on the Issuer, the Counterparty, the Arranger and Dealer or any other member of the group of companies of which the Arranger and Dealer forms part (the "**Group**") to provide them with any information relating to, or to keep under review on their behalf, the business, financial condition, prospects, creditworthiness, status or affairs of the obligor of the Charged Property or to conduct any investigation or due diligence with respect to any such person;
- (b) in connection with the issue of the Notes, none of the Issuer, the Counterparty, the Arranger and Dealer nor any member of the Group has made or is making any representations whatsoever as to the obligor of the Charged Property or any information contained in any document filed by any such person with any exchange or with any regulatory authority or governmental entity;
- (c) the Issuer, the Counterparty, the Arranger and Dealer and each Group company may deal in and accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking activities or other business including any derivatives business (howsoever defined) with the obligor of the Charged Property or any of their subsidiaries or affiliates or any other person or entity having obligations relating to the obligor of the Charged Property and may act with respect to such activities or business without accountability to any investor in the Notes in the same manner as if the Notes did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, by constituting or giving rise to any breach, event of default or termination event) on the obligor of the Charged Property or any investor in the Notes; and
- (d) the Issuer, the Counterparty, the Arranger and Dealer and each Group company may, whether by virtue of the types of relationships described above or otherwise, at this date or at any time be in possession of information in relation to the Borrower or any Obligor which is or may be material in the context of the Notes and which is or may not be known to the general public or to investors in the Notes. Purchase of the Notes by any investor does not create any obligation on the part of the Counterparty, the Arranger and Dealer, the Issuer or any Group company to disclose to such investor any such relationship or information (whether or not confidential) and none of the Arranger, the Issuer, the Counterparty nor any other Group company shall be liable to such investor by reason of such non-disclosure.

Before making an investment decision, prospective investors should inform themselves about, and make a detailed evaluation of, the nature and financial position of the Obligors, the economic, social and political condition of the jurisdiction in which the Obligors are located and of the terms and conditions of the Charged Property and obligations of the Obligors, and should acquire for themselves such further information as they deem necessary in respect of the Obligors. Neither the Issuer nor any party referred to herein has had any access to the Obligors for the purposes of conducting any such investigation and no such person makes any representations as to the financial condition or creditworthiness of the Borrower or any Obligors. In addition, prospective investors should consider the nature and financial position of the Issuer as well as the terms and conditions of the Notes and the other related transaction documents described below.

2. RELATING TO THE REPACKAGED LOAN

2.1 The Repackaged Loan

Unless previously repaid, the Repackaged Loan will be required to be repaid by the Borrower to the Issuer as lender in instalment on each Repayment Date (as defined in the Repackaged Loan Agreement). The Issuer will only be required to make corresponding payments to the Noteholders if it actually receives recovers such amounts from the Borrower. If the Issuer does not receive such payments from the Borrower, it is not obliged to make any corresponding payments on the Notes.

2.2 No investigation

None of the Issuer or any Disclaiming Party has made any investigation into the Obligors or the security granted in connection with the Repackaged Loan. The value of the Repackaged Loan may fluctuate from time to time and none of the Issuer, the Trustee, the Agents, the Arranger, the Dealer or any of their affiliates is under any obligation or has the ability to maintain the value of the Repackaged Loan at any particular level. None of the Issuer or any Disclaiming Party or any Disclaiming Party's affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Repackaged Loan from time to time.

2.3 The Noteholder's investment will be based in part on valuations of collateral which are subject to assumptions and factors that may be incomplete, inherently uncertain or subject to change

A component of the Noteholder's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investments in the event of the insolvency of the Issuer or the Obligors. This residual or recovery value will be driven primarily by the value of the underlying assets constituting collateral for the Repackaged Loan.

2.4 In the event of a default under the Repackaged Loan, the amounts due under the Notes may exceed the value of recovery possible under the security in respect of the Repackaged Loan

If a default were to occur in relation to the Repackaged Loan and the Issuer and/or the Trustee exercises its rights to enforce the collateral or security arrangements that support the Repackaged Loan, the value of recoveries under those arrangements payable to the Issuer may be smaller than the amounts due under the Notes (whether due to external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise).

2.5 The value of the Repackaged Loan may be adversely influenced by a number of factors and early prepayment or default by the Borrower may affect the value of the Notes

The market value of the Repackaged Loan may vary because of a number of factors, including, but not limited to, the financial condition of the Obligors, general economic or political conditions, the value of any collateral securing the Repackaged Loan, the condition of the debt trading markets and certain other financial markets, developments or trends in any particular industry and changes in prevailing interest rates.

The Repackaged Loan may become a defaulted obligation for a variety of reasons, including non-payment of principal or interest, as well as covenant violations by the Borrower in respect of the Repackaged Loan Agreement.

The Borrower may prepay the Repackaged Loan at any time by giving 10 Business Days' prior written notice to the Issuer and the calculation agent under the Repackaged Loan. An unscheduled prepayment of the Repackaged Loan will result in a redemption of a proportionate amount of the Notes.

2.6 The Repackaged Loan may be subject to restrictions on transfer

The Repackaged Loan may be subject to contractual or other restrictions on transfer, sale, pledge or other disposition. These restrictions may adversely affect the marketability and liquidity of the Notes.

2.7 Credit risks related to the Repackaged Loan

In purchasing Notes, an investor is exposed to the credit risk of the Borrower in respect of the Repackaged Loan. The credit risk of the Borrower will be substantially correlated with performance of the Notes. A prospective purchaser of the Notes should have sufficient knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Notes including any credit risk associated with the Borrower and the risk of delays or reduced recoveries due to the financial condition of the Borrower.

2.8 Concentration risk

The concentration of the Issuer's investments in the Borrower subjects the Notes to a greater degree of risk with respect to defaults by the Borrower.

2.9 No Arranger and Dealer role post-closing

The Arranger and the Dealer take no responsibility for, and have no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Repackaged Loan or the actions of the Issuer and no authority to advise the Issuer or to direct their actions, which will be solely the responsibility of the Issuer. If the Dealer or its affiliates own Notes, they will have no responsibility to consider the interests of any other owner of Notes with respect to actions they take or refrain from taking in such capacity.

2.10 The Royal Bank of Scotland plc as Loan Calculation Agent under the Repackaged Loan

The Issuer may delegate the performance of any calculations, determinations, notices, requests or demands required under the Repackaged Loan Agreement and related finance documents to The Royal Bank of Scotland plc acting in its capacity as calculation agent (the "**Loan Calculation Agent**") under the Repackaged Loan. In particular, the Issuer will rely on the Loan Calculation Agent to calculate the exposure under the margining provisions of the Repackaged Loan Agreement and to make margin calls under the Repackaged Loan. The Loan Calculation Agent may take into account such factors as it determines to be appropriate in making any discretionary determinations under the Repackaged Loan and must exercise discretion in good faith and in a commercially reasonable manner. In making any calculations or determinations under the Repackaged Loan Agreement, the Loan Calculation Agent may not take into account the interests of the Noteholders.

2.11 Valuation information - limited information

None of the Arranger or the Dealer or any other transaction party will be required to provide periodic pricing or valuation information to investors. Investors will receive limited information with regard to the Repackaged Loan and none of the transaction parties (including the Issuer and the Trustee) will be required to provide any information other than what is required in the Trust Deed, the Agency Agreement and the Conditions or described in this Issue Memorandum. Furthermore, if any information is provided to the Noteholders (including required reports under the Trust Deed, the Agency Agreement and the Conditions), such information may not be audited.

2.12 Changes to the Calculation of Interest

In the event that Thomson Reuters no longer reports the LIBOR Rate or if Reuters Screen page LIBOR01 or LIBOR02 no longer exist, the Calculation Agent under the Repackaged Loan Agreement may specify a replacement page after consultation with the Borrower.

3. RELATING TO THE SECURITY FOR THE REPACKAGED LOAN

3.1 The Borrower is entitled to exercise rights in respect of security, subject to certain circumstances specified in the related security documents

The security granted by the Borrower in favour of the Issuer pursuant to the security agreement (the "**Security Agreement**") in connection with the Repackaged Loan Agreement comprises, among other things, an assignment of the Borrower's rights, title and interest in respect of the CRE Loans (as defined in the section "*Description of the Repackaged Loan Agreement*") and an assignment of the Borrower's rights, title and interest to the Cash Account.

The Borrower is a party to the CRE Loans in a number of capacities, including as lender, facility agent and security agent. Under the Security Agreement, any amendments or waivers to be made or given under the CRE Loans will only be made with the prior written consent of the Issuer (or the Loan Calculation Agent on its behalf). However, the Borrower is entitled to make determinations in relation to any amounts of interest or other amounts payable under the CRE Loans. The Borrower will not take into account the interests of Noteholders in making such determinations. Consequently, this may affect the value of the security granted in favour of the Issuer, which may, in turn, affect the value of the security granted by the Issuer in favour of the Trustee under the Trust Deed.

3.2 **The Borrower acts as facility agent and security agent under the CRE Loans**

The Borrower acts as facility agent and security agent under the CRE Loans. Under the Security Agreement, the Borrower undertakes to resign as facility agent, agent or security agent (or any similar role) promptly following a default under the Repackaged Loan Agreement and upon request from the Issuer (or the Loan Calculation Agent acting on its behalf). Before the Borrower resigns, it may undertake all actions and determinations permitted or required to be taken by it in its capacity as facility agent, agent or security agent (or any similar role), other than any amendments or waivers to the CRE Loans (as described in paragraph 3.1 above). It may also deal with and exercise its rights under the CRE Loans, except that it has agreed not to take any action that would or might adversely and materially affect the marketability or market value of, or adversely affect the interests of the Issuer as a secured creditor in, the security granted in favour of the Issuer. The Borrower will not take into account the interests of Noteholders when undertaking any such actions or determinations or when exercising such rights. Consequently, this may affect the value of the security granted in favour of the Issuer, which may, in turn, affect the value of the security granted by the Issuer in favour of the Trustee under the Trust Deed.

4. **RELATING TO THE BORROWER AND OTHER OBLIGORS**

4.1 **Independent investigation**

Investors should conduct their own investigation and analysis with respect to the creditworthiness of the Borrower and the likelihood of the occurrence of an event of default under the Repackaged Loan as they deem appropriate to evaluate the merits and risks of an investment in the Notes. The Issuer disclaims any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time thereafter.

4.2 **Provision of information**

None of the Issuer or any Disclaiming Party, or any officers, employees, advisers or affiliates thereof (each a "**Relevant Person**") makes any representation or warranty whatsoever or accepts any responsibility with respect to the creditworthiness of the Borrower or any borrower under the CRE Loans (each an "**Underlying Obligor**" and, together with the Borrower, the "**Obligors**") and no such person makes any representation or warranty whatsoever or accepts any responsibility with respect to the Repackaged Loan Agreement. A Noteholder who purchases Notes may, as a result of a relationship such Noteholder has with any Obligor, have access to information relating to such Obligor which is not publicly available and is not available to other Noteholders. Any Relevant Person may have acquired, or during the term of the Notes may acquire, non-public information with respect to an Obligor. Other than as set out in the Notes or as otherwise required by law or regulation, no Relevant Person shall have any obligation to disclose to any Noteholder or any prospective investor in the Notes any such information (whether or not confidential) whether such Noteholders purchase Notes upon their primary issue or in the secondary market. No Relevant Person is under any obligation to keep under review, on behalf of holders of the Notes, the business, financial conditions, prospects, creditworthiness or status of affairs of any Obligor or conduct any investigation or due diligence into any Obligor. No information will be provided with respect to any Underlying Obligors. No Relevant Person has performed any due diligence in relation to the issuance of the Notes. Investors in the Notes should perform due diligence to their full satisfaction on the Obligors and the offering of the Notes prior to any purchase.

4.3 **Risks linked to the economic environment**

The Obligors' businesses, financial situations, results, prospects and asset valuations are influenced by domestic and international economic conditions. Changes or a deterioration in economic conditions could have a significant adverse impact on an Obligor's business, financial situation and results.

5. RELATING TO THE NOTES

5.1 Notes not guaranteed

The Notes will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by, the Borrower, the Trustee, any Agent, the Arranger or the Dealer.

5.2 Subordination of Payments

Payments on the Notes will be subordinated to payment of certain operating expenses of the Issuer, and associated liabilities.

5.3 Reliance on the creditworthiness of the Obligors

The sole asset available to the Issuer to fund payments on the Notes will be the Repackaged Loan (which includes, for the avoidance of doubt, its related security). Payments received by the Issuer from the Borrower under the Repackaged Loan are used by the Issuer to pay its obligations under the Notes. Therefore, the failure of the Obligors to meet their payment obligations under the Repackaged Loan in full could result in the Noteholders receiving less than the scheduled amount of principal or interest on the relevant due date. Consequently, the Issuer and, by extension, investors in the Notes are exposed to the ability of the Obligors to perform their obligations in respect of the Repackaged Loan Agreement.

5.4 Investors may suffer a loss if there is an early redemption of the Notes

There are certain events of default and other mandatory events which may result in a liquidation of the Repackaged Loan and an early redemption of the Notes. In summary, these are:

Notes Events of Default:

- (a) default by the Issuer for seven days or more in making a payment due on the Notes;
- (b) failure by the Issuer to perform any other obligation in relation to the Notes within (if remediable) 30 days (or longer if the Trustee permits) after notice of failure is given by the Trustee to the Issuer;
- (c) certain bankruptcy and insolvency events; or
- (d) it becomes unlawful for the Issuer to perform or comply with its obligations under the Notes.

These events will only trigger an early redemption if the Trustee exercises its discretion to deliver an acceleration notice pursuant to which the Notes will become immediately due and repayable, or is instructed to do so by the Instructing Creditors.

Early Redemption Events:

- (a) the Borrower fails to pay any amount on its due date under the Repackaged Loan Agreement, after expiry of any applicable grace period; or
- (b) if the Issuer would suffer certain tax events in relation to its income or a withholding on income such that it could not satisfy in full its payment obligations in relation to the Notes.

In each of these cases, the Repackaged Loan will be realised and the proceeds of sale applied to repay the Notes. Where the Trustee or any relevant Agent incurs enforcement or liquidation expenses, those expenses and its unpaid remuneration will rank in priority to the claims of Noteholders. Since the Noteholders cannot claim against the Issuer or any of its assets (except for the assets securing the Notes) if they suffer a loss as a result – i.e., there is not enough left after prior claims have been paid out of the proceeds of realisation of the security - they will have no claim against, or recourse to, the Issuer or anyone else for that loss and any claim they might otherwise have had will be cancelled and extinguished.

If an Event of Default occurs for the purposes of the Notes, the Trustee may declare the principal of, and the accrued interest on, the Notes to be immediately due and payable. The remedies exercisable on

an Event of Default and actions taken pursuant thereto could be adverse to the interest of the holders of the Notes and the Trustee will have no obligation to consider the effect of such remedies or actions on individual holders of Notes.

5.5 Investors will assume all taxation risk in respect of the Notes

Each investor in the Notes is solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will not pay any additional amounts to reimburse any such investor for any tax, assessment or charge required to be withheld or deducted from payments in respect of its Notes. The Notes may redeem early if certain tax events occur and investors may suffer a significant loss as a result.

5.6 As long as a Noteholders' holding is held in the Clearing Systems, a holder of a stub amount is unable to transfer the stub amount

In relation to any issue of Notes which have a denomination consisting of the minimum Authorised Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Authorised Denomination that are not integral multiples of the minimum Authorised Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Authorised Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to an Authorised Denomination.

5.7 Limited liquidity and restrictions on transfer

There is currently no market for the Notes. The Dealer may make a market for the Notes, but is not obliged to do so, and any such market-making may be discontinued at any time without notice. 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 that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. 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. Such restrictions on the transfer of the Notes may further limit their liquidity.

5.8 Market volatility

The market value of the Repackaged Loan may fluctuate, with, among other things, changes in prevailing interest rates, foreign exchange rates, general economic conditions, the conditions of financial markets, European and international political events, events in the home country of the Borrower or any Obligor or the countries in which their assets and operations are based, developments or trends in any particular industry and the financial condition of the Borrower or any Obligor. A decrease in the market value of the security for the Repackaged Loan (which includes any cash deposited into a secured cash account pursuant to the Repackaged Loan Agreement) would adversely affect the amount of proceeds which could be realised upon an enforcement of such security and ultimately the ability of the Issuer to redeem the Notes.

5.9 Limitations on enforcement

Only the Trustee may pursue remedies against the Issuer in respect of the Notes. The Trustee will require indemnification and/or security and/or pre-funding to its satisfaction as a condition to any such action. Investors (and the Trustee) must rely on the Issuer (as lender) for enforcement of rights under the Repackaged Loan. The Issuer will act only on the instructions of the Instructing Creditors and Noteholders will have no right to take such actions directly. There can be no guarantee that the Issuer's actions (or the Instructing Creditors' instructions) will be in the best interest of any particular holder of the Notes or any group of such holders.

5.10 Limited recourse obligations

Only the Trustee may pursue the remedies available under the Trust Deed and the Conditions to enforce the rights of the Noteholders. No Noteholder is entitled to proceed directly against the Issuer, or any other assets of the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. After realisation of the security in respect of the Notes which has become enforceable and distribution of the net proceeds thereof, and save for lodging a claim in the liquidation of the Issuer initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer, neither the Trustee nor any Noteholder may take any further steps against the Issuer or any of its assets to recover any sum still unpaid in respect of the Notes and all claims against the Issuer in respect of each of such sums unpaid shall be extinguished. In particular (but without limitation), none of the Trustee or Noteholder any shall be entitled to institute, or join with any other person in bringing, instituting or joining, insolvency or examinership proceedings (whether court based or otherwise) in relation to the Issuer in relation to such sums or otherwise, nor shall any of them have any claim in respect of any such sums or on any other account whatsoever over or in respect of any other assets of the Issuer.

Such net proceeds may be insufficient to pay all amounts equal to the outstanding principal amount and the interest which would otherwise accrue to the date of redemption. In such event, any shortfall will be borne by the Noteholders and any other persons entitled to the benefit of the security pursuant to the Supplemental Trust Deed according to the order of priority specified in the Supplemental Trust Deed. None of the Trustee, the Agents, the Arranger, the Dealer or any other person has any obligation to any Noteholders for payment of any amount payable by the Issuer in respect of the Notes.

5.11 No Gross-Up

In the event that any withholding tax or deduction for tax is imposed 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.

Payments of annual interest, which would include payments of interest on the Notes will be subject to Irish withholding tax at 20 per cent in the absence of an exemption applying under domestic law. In this regard the Irish tax position is discussed in more detail under the heading "*Tax Considerations – Irish Taxation*". To the extent the Notes will not be listed prospective Noteholders will have to provide the Issuer with a noteholder representation letter in the prescribed format evidencing entitlement to payment of interest on the Notes without deduction of tax.

5.12 Security

The law in England and Wales relating to the characterisation of fixed charges is not settled. Although certain of the security constituted by the Trust Deed over the Charged Property will be expressed to take effect as a fixed charge under English law, such a fixed charge purported to be granted may take effect under English law as a floating charge if, for example, it is determined that the secured party does not exert sufficient control over the charged property for the security to be said to "fix" over those assets. For example, in order to establish a fixed charge under English law over a bank account, the secured party must not only have the right under the terms of the charge to control withdrawals from the account but must also actually exercise this control in practice on an ongoing basis and have sole signing rights on the account.

If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the secured party in respect of the floating charge assets. In particular, the expenses of any administration or liquidation, the claims of any preferential creditors and the claims of unsecured creditors (up to a maximum amount prescribed by law, currently £600,000) would rank ahead of the claims of the secured party in this regard. Preferential claims comprise, broadly, certain employee claims in respect of wages and pension contributions, but are subject to a cap. Tax claims are not preferential. In addition, a floating charge will rank after a subsequently created fixed charge and may be subject to avoidance or to the imposition of a moratorium on enforcement in certain circumstances. There is no assurance that the financial collateral regime contemplated by the Directive 2002/47/EC of 6 June 2002 on Financial Collateral (as amended)

or the Financial Collateral Arrangements (No. 2) regulations 2003 (SI 2003/3226) (as amended) will be applicable to any security granted by the Issuer.

5.13 Voting

The Issuer will exercise (or abstain from exercising) the voting rights representing the Issuer's holding of the Repackaged Loan conferred on the Issuer as a lender under the Repackaged Loan in accordance with the directions of the Instructing Creditor.

Where The Royal Bank of Scotland plc is the economic owner of 100 per cent. of the outstanding aggregate principal amount of the Notes (including where it holds such interest under a repurchase agreement), the Instructing Creditor will be The Royal Bank of Scotland plc.

If The Royal Bank of Scotland plc is not the economic owner of 100 per cent. of the outstanding aggregate principal amount of the Notes, a majority of Noteholders will constitute the Instructing Creditor.

5.14 Enforcement

Noteholders may instruct the Trustee and/or the Issuer (as applicable) to enforce the Issuer's rights with respect to any segregated collateral account established for the purpose of collateralising the Repackaged Loan, in accordance with the terms of such account and any related agreements and/or security.

The Issuer may exercise its right to instruct the Borrower to take any action or exercise any remedy under the CRE Loans subject to certain conditions and limitations as further set out in the Repackaged Loan Agreement.

5.15 Forced transfer

If the Issuer determines at any time that any holder of an interest in a Note is a US Holder that is not an Eligible Investor, the Issuer may direct such holder to sell or transfer its Notes to an Eligible Investor within 10 Business Days of such notice. If such Holder fails to sell or transfer its Notes within such 10 Business Day period, the Notes held by such Holder will be redeemed by the Issuer as soon as is practicable at the lower of (i) the price which the Issuer determines in its absolute discretion represents the economic value of the Notes at such time, and (ii) the proceeds of realisation by the Issuer of a proportionate amount of the Underlying Assets (equal to the proportion which the Notes to be redeemed represent all the Notes), in each case, less all costs and expenses incurred in connection with such sale.

6. RELATING TO THE ISSUER

6.1 Preferred Creditors under Irish Law

Under Irish law, if a liquidator or a receiver is appointed to an Irish company such as the Issuer, the claims of a limited category of preferential creditors will take priority over the claims of unsecured creditors and holders of floating security. These preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of VAT, together with accrued interest thereon and claims of employees. For the circumstances in which fixed security granted by the Issuer may take effect as floating security see "Fixed Charges may take effect as Floating Charges" below.

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company which have been approved by the Irish courts. See "Examinership" below.

The holder of a fixed security over the book debts of an Irish incorporated company (which would include the Issuer) may be required by the Irish tax authorities "), by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in

payment of debts due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company (or any person who is liable to pay, remit or account for tax to the Irish Revenue Commissioners) by another person in order to discharge any liabilities of the company in respect of outstanding tax (whether Irish, EU, or pursuant to a treaty or mutual assistance agreement) whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable out of the proceeds of such disposal for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

In relation to the disposal of assets of an Irish tax resident individual which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the individual on a disposal of those assets on exercise of the security. Capital gains tax will arise on the gain at a rate which is currently 33 per cent. Tax is calculated by reference to the excess of the net disposal proceeds over the allowable acquisition costs. There is an exemption from Irish capital gains tax on gains arising on the disposal by an individual of his principal private residence, which broadly covers gains arising on the disposal of the dwelling house which has been occupied by the individual as his only or main residence since he acquired the property.

However, this shortfall risk will only occur where, as part of enforcement proceedings, a capital gain is realised on the disposal of a Charged Property.

6.2 Examinership

Examinership is a court procedure available under the Companies Act 2014 (as amended) (the "Companies Act") to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors whose interests or claims would be impaired by implementation of the proposals has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unduly prejudicial to the interests of any interested party.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and

inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders or resulted in Noteholders receiving less than they would have if the Issuer was wound up. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

- (a) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the amounts secured by the charges held for the benefit of the Noteholders.

6.3 Fixed Charges may take effect as Floating Charges

It is the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security. Dealing with the assets includes disposing of such assets or expending or appropriating the moneys or claims constituting such assets. Accordingly, if and to the extent that such liberty is given to the Issuer, any such fixed charge may instead operate as a floating charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following:

- (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

7. LEGAL AND REGULATORY REQUIREMENTS

7.1 U.S. Dodd Frank Act; Volcker Rule

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was signed into law on 21 July 2010. The Dodd-Frank Act represents a comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd-Frank Act has resulted in the adoption of numerous regulations applicable to the Arranger and the Issuer, including with respect to securitisations, proprietary trading, investing, creation and management of investment funds, OTC derivatives, posting and receiving initial and variation margin and other activities. In many cases, there is only limited guidance as to such regulations implementing various provisions of the Dodd-Frank Act while other implementing regulations have been finalised but have not yet come into effect, or exist only in draft form or have not yet been proposed. It is therefore difficult to predict whether and to what extent the businesses of the Arranger and the Issuer will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect.

Risk retention and due diligence requirements in the United States of America

On 24 December 2016, the joint final regulations implementing the credit risk retention requirements of section 15G of the Exchange Act, as added by the Dodd-Frank Act ("**U.S. Risk Retention Regulations**") became effective with respect to "securities transactions" such as the transaction described in this Information Memorandum. The U.S. Risk Retention Regulations generally require securitisers of asset-backed securities to retain not less than 5 per cent. of the credit risk of the assets collateralising such asset-backed securities unless an exemption applies.

The Issuer and the Arranger believe that the issuance of the Notes as contemplated by this Issue Memorandum will be subject to the U.S. Risk Retention Requirements, absent the availability of an exemption. The U.S. Risk Retention Requirements do include a "safe harbor" provision for certain securitisation transactions with limited connections to the U.S. and U.S. investors. Generally, such safe harbor requires that (1) the securitisation transaction is not required to be and is not registered under the Securities Act, (2) no more than 10 per cent. of the dollar value (or equivalent if denominated in a foreign currency) of all classes of interests in the securitisation transaction are sold or transferred to U.S. persons or for the account or benefit of U.S. persons, (3) neither the Issuer nor the Arranger is, or is a branch of an entity which is, chartered, incorporated or organised under the laws of the United States or any state or territory thereof, or is a branch or office of a non-U.S. entity that is located in the United States, and (4) no more than 25 per cent. of the assets collateralising the securitisation transaction have certain connections with the United States.

As (1) the Notes are not required to be or will be registered under the Securities Act, (2) both the Issuer and the Arranger satisfy the non-U.S. person provisions of the U.S. Risk Retention Requirements, (3) none of the assets underlying this securitisation have any restricted relations with the U.S., and (4) this issuance of the Notes is otherwise being structured so as to comply with the provisions of the safe harbor, the U.S. Risk Retention Requirements should not apply to the current issuance of the Notes as contemplated by this Issue Memorandum.

Notwithstanding the foregoing, the U.S. Risk Retention Regulations may have adverse effects on the Issuer and/or the holders of the Notes. It is possible that the uncertainty as to the applicability of the U.S. Risk Retention Regulations may reduce the market value or liquidity of the Notes or limit the ability of the Issuer to issue additional Notes.

Prospective investors in the Notes should carefully consider the foregoing in connection with their investment decision whether or not to invest in the Notes.

Volcker Rule

Section 619 of the Dodd-Frank Act (the "**Volcker Rule**") prevents "banking entities" as defined under the Volcker Rule (which would include U.S. banking entities, their branches, subsidiaries and affiliates wheresoever located, and non-U.S. banking entities with U.S. branches, subsidiaries or affiliates) from (i) conducting proprietary trading activities in a wide variety of financial instruments unless the transaction is excluded from the scope of the rule (e.g. if conducted for hedging purposes), and (ii) acquiring or retaining any equity, partnership, or other ownership interest in, or in sponsoring, any "hedge fund" or "private equity fund", together "covered funds", each as defined in the rule.

An "ownership interest" is broadly defined and may arise through a holder's exposure to the profit and losses of the covered fund, as well as through any right of the holder to participate in the selection of an investment advisor, manager, or board of directors of the covered fund.

A "hedge fund" and a "private equity fund" are broadly defined, and include any issuer which would be an investment company under the Investment Company Act 1940, as amended (the "**Investment Company Act**") but is exempt from registration under section 3(c)(1) or 3(c)(7) of the Investment Company Act, as well as certain commodity pools. Therefore, absent an exemption, the Issuer would be a covered fund. The Issuer expects to qualify for the "loan securitization exemption" under the Volcker Rule, which applies to an asset-backed security issuer the assets of which, in general, consist only of loans, assets or rights (including certain types of securities) designed to assure the servicing or timely distribution of proceeds to holders or that are related or incidental to purchasing or otherwise acquiring and holding the loans. While the Issuer believes that its investment in the Repackaged Loan

should satisfy the requirements of the loan securitization exemption, no assurances can be offered in this regard.

If the Issuer were determined not to qualify for the loan securitization exemption, or were otherwise determined to be a covered fund, then in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory provisions would apply and would severely limit the ability of "banking entities" to hold an ownership interest in such Issuer or enter financial transactions with the Issuer. In such event, the Issuer would be able to rely on the provisions of the Volcker Rule permitting "banking entities" to hold an ownership interest in, and act as a sponsor to, a covered fund that is an issuing entity of asset-backed securities in connection with organising the Issuer and offering the Notes. Although the Issuer would be able to rely on the exemptions from registration under the Investment Company Act provided by section 3(c)(1) or 3(c)(7) thereof, the Issuer would constitute a covered fund and the limitations on investments in the Notes by banking entities would generally apply. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in ownership interests of the Issuer should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by banking entities in the Notes is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of the Notes.

Each prospective investor in the Notes is required to independently consider the potential impact of the Volcker Rule in respect of any investment in the Notes.

Any losses in the Issuer will be borne solely by investors in the Issuer and not by the Arranger or any of its affiliates; therefore, the Arranger's losses in the Issuer will be limited to losses attributable to the Notes of the Issuer held by the Arranger and any affiliate in its capacity as investor in the Issuer or as beneficiary of a restricted profit interest held by the Arranger. Notes of the Issuer are not insured by the Federal Deposit Insurance Corporation, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.

7.2 Risk retention and due diligence requirements in Europe

Investors should be aware of the risk retention and due diligence requirements in Europe which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Such requirements may arise under Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms published in the Official Journal of the European Union on 27 June 2013 ("**CRR**"), Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") and Directive 2009/138/EC ("**Solvency II**"), and delegated legislation made thereunder. Among other things, such requirements restrict an investor who is subject to such requirements from investing in securitisations unless: (i) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than five per cent. in respect of certain specified credit risk tranches or securitised exposures; and (ii) the investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including but not limited to its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. Though many aspects of the detail and effect of all of these requirements remain unclear, these requirements and any other changes to the regulation or regulatory treatment of securitisations or of the Notes for investors may negatively impact the regulatory position of individual holders. In addition, such regulations could have a negative impact on the price and liquidity of the Notes in the secondary market.

The Notes being offered do not in themselves represent tranching of credit risk as contemplated in the above regulations to the extent they relate to securitisations. Accordingly, no person gives any undertaking that it will make a retention of economic interests as referred to above to permit compliance by investors in the Notes with the relevant regulatory requirements or for any other purpose

and it is not expected that any such retention will be made, whether on issue of the Notes or at any time during the term of the Notes. However, no assurance is given that such requirements do not or will not apply; if a regulator determines that the transaction represented by the Notes did not comply or is no longer in compliance with the relevant requirements, then investors may be required by their regulator to set aside additional capital against their investment in the Notes or take other remedial measures in respect of their investment in the Notes. In addition, such regulations could have a negative impact on the price and liquidity of the Notes in the secondary market.

Investors should therefore make themselves aware of the relevant requirements (and any corresponding implementing rules of their regulator), where applicable to them, with respect to their investment in the Notes.

7.3 **Alternative Investment Fund Managers Directive**

EU Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD) regulates alternative investment fund managers (AIFMs) and provides that an alternative investment fund (AIF) within the scope of AIFMD must have a designated AIFM responsible for ensuring compliance with AIFMD.

AIFMD provides that it shall not apply to "securitisation special purpose entities" (the "**SSPE Exemption**"), which are defined by reference to securitisation within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 (the "**FVC Regulation**"). The European Securities and Markets Authority ("**ESMA**") has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it.

Separately, the Central Bank of Ireland ("**CBI**"), which is the relevant competent authority in Ireland for authorising and regulating AIFMs, provided guidance in November 2013 which confirmed that, as a transitional arrangement (and subject to further guidance from ESMA), an entity which is either: (i) registered as a financial vehicle corporation ("**FVC**") in accordance with the FVC Regulation; or (ii) a financial vehicle engaged solely in activities where economic participation is by way of debt or other corresponding instruments which do not provide ownership rights in the financial vehicle as are provided by the sale of units or shares, does not need to seek authorisation as an AIF or appoint an AIFM. The original FVC Regulation was repealed and replaced on 1 January 2015 by Regulation (EU) No 1075/2013 of the European Central Bank, but it appears that the relevant CBI guidance above would nonetheless continue to apply.

The Issuer has been registered as an FVC with the CBI and, accordingly, is of the view that as a matter of Irish law it is not subject to AIFMD or required to appoint an AIFM. However, if the Issuer were to constitute an AIF (because, for example, of a change in the guidance from the CBI or ESMA) and did not fall within the SSPE Exemption then it would be necessary for the Issuer to appoint an AIFM which would be subject to AIFMD and would need to be appropriately regulated. The AIFM would be subject to certain duties and responsibilities in respect of the management of the Issuer's investments, which could result in significant additional costs and expenses being incurred which may be reimbursable by the Issuer and which may materially adversely affect the Issuer's ability to carry on its business, which may in turn negatively affect the amounts payable to Noteholders.

7.4 **Regulation and reform of "benchmarks", including LIBOR, EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks**

The Repackaged Loan bears interest determined by reference to the London Interbank Offered Rate ("**LIBOR**"). LIBOR, the Euro Inter-Bank Offered Rate ("**EURIBOR**"), and other interest rate, equity, commodity, foreign exchange rate and other types of indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Key international proposals for reform of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU Regulation on

indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. A review published by IOSCO in February 2015 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, with widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmark Regulation. The Benchmark Regulation entered into force on the day following its publication in the Official Journal of the EU on 29 June 2016. It will apply 18 months after it enters into force (subject to certain transitional provisions).

The Benchmark Regulation will apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to have satisfied certain "equivalence" conditions in its local jurisdiction, to be "recognised" by the authorities of a Member State pending an equivalence decision or to be "endorsed" for such purpose by an EU competent authority) and to comply with requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators.

The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, will apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or "**systematic internaliser**"), certain financial contracts and investment funds. Different types of "benchmark" are subject to more or less stringent requirements, and in particular a lighter touch regime will apply where a "benchmark" is not based on interest rates or commodities and the total average value of financial instruments, financial contracts or investment funds referring to a benchmark over the past six months is less than €50bn, subject to further conditions.

The Benchmark Regulation could have a material impact on Notes linked to a "benchmark" rate or index, including in any of the following circumstances:

- (a) a rate or index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the "equivalence" conditions, is not "recognised" pending such a decision and is not "endorsed" for such purpose. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and
- (b) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level in its discretion.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals and initiatives which may impact "benchmarks". For example, the European Money Markets Institute, the administrator of EURIBOR, is currently consulting on proposed changes to the calculation methodology for various EURIBOR rates, with an expected implementation date of July 2016.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors

may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequence in relation to Notes linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Notes.

7.5 FATCA

FATCA may impose a 30 per cent withholding tax on payments of U.S. source income and gross proceeds from the sale of property that produces certain types of U.S. source income to non-U.S. persons that are "foreign financial institutions," such as the Issuer, unless certain conditions are satisfied. Generally, the withholding tax is phased in over several years and applies currently to payments of U.S. source income, to certain gross proceeds paid on or after 1 January 2019, and to "foreign passthru payments" (described below) no earlier than 1 January 2019. FATCA withholding tax will not be imposed if (i) the payment is made with respect to an obligation that is treated as debt for U.S. federal income tax purposes and, if U.S. source, the obligation was outstanding on or prior to 30 June 2014 or, if non-U.S. source, the obligation is outstanding on or prior to the date that is six months after the date on which U.S. Treasury regulations addressing foreign passthru payments are published (provided that, in each case, the obligation has not been materially modified after the relevant date and treated as reissued for U.S. federal income tax purposes) (a "**Grandfathered Obligation**"), or (ii) the Issuer (and each non-U.S. withholding agent (if any) in the chain of custody of payments made to the Issuer) either complies with Irish regulations implementing the intergovernmental agreement between the Republic of Ireland and the United States (the "**Irish IGA**") (or other applicable intergovernmental agreement entered into in connection with FATCA) or enters into an agreement (an "**FFI Agreement**") with the IRS that requires the Issuer to satisfy certain withholding tax and information reporting requirements regarding its U.S. holders. The Irish IGA requires, among other things, that the Issuer collect and provide to the Irish Revenue Commissioners substantial information regarding direct and indirect holders of the Notes unless the Issuer is entitled to an exemption under FATCA. The Issuer anticipates that withholding will not be imposed (x) on payments made to the Issuer, unless the IRS has specifically listed the Issuer as a non-participating financial institution and (y) except as described below, on payments made by the Issuer. Although the Issuer intends to comply with its obligations under the Irish IGA and FATCA, in some cases, the ability to comply could depend on factors outside of the Issuer's control. For example, if an FFI affiliate of the Issuer is not FATCA compliant (i.e., it fails to comply with, and is not exempted from complying with, FATCA), the Issuer itself may be prohibited from complying with FATCA. For this purpose, an "FFI affiliate" generally is a "foreign financial institution," as defined in FATCA (an "**FFI**"), that is deemed to be part of an affiliated group that includes the Issuer (where, in general, such affiliates and the Issuer is deemed related through more than 50 per cent ownership). For example, if an FFI owns (for U.S. federal income tax purposes) more than 50 per cent of such Issuer's equity and such FFI equity owner is not FATCA compliant, the Issuer may not be eligible to comply with FATCA. Furthermore, in certain cases, if an entity is deemed (for U.S. federal income tax purposes) to own more than 50 per cent of the equity of both (i) the Issuer and (ii) another FFI, such other FFI may be treated as an FFI affiliate of the Issuer for this purpose and, thus, if such other FFI is not FATCA compliant, the Issuer may be prohibited from complying with FATCA. For these purposes, ownership of a majority of the Notes of the Issuer will constitute the requisite ownership by that person of the Issuer.

The rules under FATCA or the Irish IGA may also change. In particular, future guidance may subject payments on Notes (including principal or proceeds) made on or after 1 January 2019 to a withholding tax if each FFI that holds any such Notes, or through which any such Notes is held, is not FATCA compliant or a Noteholder is not FATCA compliant. In addition, Noteholders that do not supply information requested by the Issuer or its agents in connection with FATCA and the Irish IGA, or whose ownership of Notes may otherwise prevent the Issuer from complying with FATCA (for example by causing the Issuer to be affiliated with a non-compliant foreign financial institution), may be subjected to adverse consequences, including withholding on payments in respect of the Notes and the forced disposition of the relevant Notes. There can be no assurance that payments to the Issuer in respect of its assets, including on the Repackaged Loan, or that payments on the Notes to holders of the Notes will not be subject to withholding taxes under FATCA. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments and the costs of compliance with FATCA and the Irish IGA may be significant. Accordingly, a holder

should consult its own tax advisors as to the potential implication of FATCA withholding taxes on the Notes before investing.

7.6 Ring-fencing

The Banking Reform Act 2013 inserted provisions in the Financial Services and Markets Act 2000 that establish a ring-fencing regime for the largest banks in the United Kingdom (including The Royal Bank of Scotland plc) from 1 January 2019. The legislation aims (among other things) to separate retail banking activities of the largest banks in the United Kingdom into an operationally and economically separate and independent legal entity. The core objective of the legislation is to reduce the likelihood of disruption of key retail services by insulating ring-fenced bodies from risks arising elsewhere in their own groups or in the wider financial system. Following the application of the ring-fencing regime to The Royal Bank of Scotland plc, it will be renamed NatWest Markets Plc and each reference herein to "The Royal Bank of Scotland plc" shall, thereafter, refer to "Natwest Market Plc".

8. CERTAIN CONFLICTS OF INTEREST

8.1 General

The Arranger, the Dealer and each of their affiliates (together, "**RBS**") are acting in a number of capacities in connection with the transaction described herein, which may give rise to certain conflicts of interest. In addition other parties to the transaction may have conflicts of interest. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

8.2 RBS's business activities may create conflicts of interest between it and investors

RBS may, at present or in the future, engage in business with the Borrower or any other Obligor in respect of the Repackaged Loan, including acting as Loan Calculation Agent under the Repackaged Loan and the provision of interest rate hedging. These activities may present a conflict between its, or its affiliates', obligations and an investor's interests as a Noteholder. Moreover, RBS may have published, and may in the future publish, research reports on the Borrower or any other Obligor in respect of the Repackaged Loan. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the price of the Notes in the secondary market and, therefore, the value of an investor's Notes.

CONDITIONS OF THE NOTES

NatWest Markets Secured Funding Designated Activity Company

GBP 245,436,196 Series 2018-1 Notes due 2021

The terms and conditions applicable to the Notes are the Conditions of the Notes in the form attached hereto (the "**General Note Conditions**"), as completed, amended, supplemented, modified or varied by the following provisions (including the schedule). References in the General Note Conditions to the "Conditions" of the Notes are to the General Note Conditions as so completed, amended, supplemented, modified or varied.

A PRINCIPAL CHARACTERISTICS OF THE ISSUE

- | | | |
|-----|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Issuer | NatWest Markets Secured Funding Designated Activity Company |
| 2. | Relevant Dealer/Lead Manager | The Royal Bank of Scotland plc |
| 3. | Series No | 2018-1 |
| 4. | Tranche | Not Applicable. |
| 5. | Relevant Currency (or Currencies in the case of Dual Currency Notes) | Pounds sterling (" GBP ") |
| 6. | Type of Notes | Pass-through Instalment Notes. |
| 7. | Principal Amount | GBP 245,436,196 |
| 8. | Issue Date | 5 April 2018 |
| 9. | Issue Price | 100 per cent. |
| 10. | Interest Commencement Date (if different from Issue Date) | Drawdown Date. |
| 11. | Maturity Date | <p>The earlier of:</p> <p>(i) the day on which the outstanding principal amount of the Notes is reduced to zero; and</p> <p>(ii) 9 April 2021 (being the date scheduled to fall three Business Days following the Facility Repayment Date (as defined in the schedule hereto)).</p> |
| 12. | Calculation Agent | <p>Dealer.</p> <p>Clause 2.4(a) (<i>Alternative Calculation Agent</i>) of the Agency Agreement dated 22 October 2008 between among others, the Issuer, the Trustee and the Agent shall apply.</p> <p>The determination by the Calculation Agent of any amount or of any state of affairs, circumstances, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent shall (in the absence of manifest error) be final</p> |

and binding on the Issuer, the Trustee, the Counterparty, the Agent, the Noteholders and the Coupon-holders. In performing its duties pursuant to this Issue Memorandum and the Conditions, the Calculation Agent shall act in good faith and a commercially reasonable manner. The Calculation Agent is not acting as a fiduciary for, or as an adviser to, the Noteholders in respect of its duties as Calculation Agent.

13.	Custodian	None.
14.	Sub-Custodian (if any) (Clause 3.4 of Custody Agreement)	None.
15.	Loan Information Agent	The Royal Bank of Scotland plc appointed pursuant to the Agency Agreement dated 22 October 2008 between, amongst others, the Loan Information Agent, the Issuer and the Trustee.
16.	Related Agreement	None.
	Counterparty	None.
	Related Agreement Guarantor	None.
17.	Repurchase Agreement	None.
	Repurchase Counterparty	None.
18.	Credit Support Document	None.
	Credit Support Provider	None.

B DEFINITIONS

19.	Additional jurisdictions for the purposes of the definition of Business Day (as used in the definition of Interest Determination Date, Condition 5(a)(j), 7(g), 8(f) and 8(o)(i) and in this Issue Memorandum)	None.
20.	Business Day Jurisdictions for the purposes of the definition of Presentation Business Day	London, Dublin, Hamburg and Kiel.
21.	Principal Financial Centre (euro-denominated Notes)	Not Applicable.
22.	Additional defined terms	As set out in the schedule hereto.

C FORM, DENOMINATION AND TITLE

23.	Form of the Notes	Bearer Notes.
24.	Authorised Denomination(s)	GBP 100,000 and integral multiples of GBP 1 thereafter

D STATUS OF THE NOTES

- | | | |
|-----|----------------------------------------------------------------------------|--------------------------------------------------------|
| 25. | Provisions relating to Prioritised Tranches of Notes | Not Applicable. |
| 26. | Pre-enforcement Waterfall

(Clause 6.19 of the Principal Trust Deed) | As set out in clause 6.19 of the Principal Trust Deed. |

E SECURITY

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27. | Underlying Assets | <p>All of the Issuer's rights, title and interest in respect of:</p> <p>(a) the loan agreement dated 16 February 2018 (the "Repackaged Loan Agreement") between HSH Nordbank AG as borrower, the Issuer as original lender and The Royal Bank of Scotland plc as calculation agent; and</p> <p>(b) any Finance Documents (as defined in the Repackaged Loan Agreement, including as designated as such from time to time).</p> <p>The portion of the Loan (as defined in the Repackaged Loan Agreement) advanced by the Issuer to the Borrower and in respect of which the Issuer is lender of record under the Repackaged Loan Agreement shall be the "Repackaged Loan".</p> |
| 28. | Additional Security | None. |
| 29. | Security Documents | No additional Security Documents. |
| 30. | Additional Secured Parties | None. |
| 31. | Underlying Assets not held by the Custodian | The Underlying Assets are held by the Issuer. |
| 32. | Circumstances in which Issuer is required to appoint replacement Custodian | Not Applicable. |
| 33. | Order of Priority | The order of priority in which the net proceeds of enforcement of the security over the Charged Property, or of a realisation of the Charged Property upon redemption of the Notes (the " Enforcement Proceeds ") are to be applied is set out in the schedule hereto. |
| 34. | Principal Terms of Related Agreement/Repurchase Agreement/Credit Support Documents | Not Applicable. |
| 35. | Additional Transaction Creditors and Transaction Documents | Not Applicable. |
| 36. | Substitution of Underlying Assets | Not Applicable. |
| 37. | Person (if any) who may direct the Issuer as to exercise of rights in respect of Underlying Assets (Clause 6.6 of the Principal Trust | If The Royal Bank of Scotland plc is the economic owner of 100 per cent. of the outstanding aggregate principal amount of the Notes (including where it holds such interest under a repurchase agreement), The Royal |

Deed) Bank of Scotland plc.

If The Royal Bank of Scotland plc is not the economic owner of 100 per cent. of the outstanding aggregate principal amount of the Notes, the Noteholders acting by way of an Extraordinary Resolution.

38. Instructing Creditors

If The Royal Bank of Scotland plc is the economic owner of 100 per cent. of the outstanding aggregate principal amount of the Notes (including where it holds such interest under a repurchase agreement), The Royal Bank of Scotland plc will be the Instructing Creditor.

If The Royal Bank of Scotland plc is not the economic owner of 100 per cent. of the outstanding aggregate principal amount of the Notes, the Noteholders acting by way of an Extraordinary Resolution may constitute an Instructing Creditor.

Condition	Instructing Creditor
Condition 1(a) (<i>Definitions</i>) - Definition of Account Bank	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 5(a) (<i>Security</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 5(f) (<i>Substitution of Underlying Assets</i>)	Not Applicable.
Condition 5(g) (<i>Exercise of Rights in respect of Charged Property</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Paragraph (vii) of Condition 6(a) (<i>Covenants of the Issuer</i>)	Not Applicable.
Condition 6(b) (<i>Restrictions on the Issuer</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 7(g) (<i>Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts</i>)	Not Applicable.
Condition 8(c) (<i>Mandatory Redemption Events</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 8(m) (<i>Purchases</i>)	Not Applicable.
Condition 10 (<i>Taxation</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 12(a) (<i>Events of Default</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Paragraph (ii) (<i>Breach of Other Obligations</i>) of Condition 12(a) (<i>Events of Default</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Paragraph (iv) (<i>Insolvency Proceedings</i>) of Condition 12(a) (<i>Events of Default</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 13 (<i>Enforcement</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.
Condition 14(b) (<i>Modification</i>)	As set out in paragraph 38 (<i>Instructing Creditor</i>) above.

and Waiver)

Condition 14(c) (*Substitution*) As set out in paragraph 38 (*Instructing Creditor*) above.

For the purposes of the Custody Agreement the Issuer may not consent to a change in the identity of the Custodian without the approval of Not Applicable.

39. Account Bank Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB or any successor in title or replacement entity to whom the rights and obligations of Deutsche Bank AG, London Branch (or any previous successor or transferee of such rights and obligations) are transferred pursuant to the terms of the Agency Agreement.

40. Account Deutsche Bank AG, London Branch, in the name of NatWest Markets Secured Funding Designated Activity Company.

Payments in and out of the Account will be made in accordance with paragraph 41 below.

Identification Deutsche Bank AG, London Branch, in the name of NatWest Markets Secured Funding Designated Activity Company,

Identification: NatWest Markets Secured Funding DAC - Series 2018-1, denominated in GBP

Account number: 29663204 (Reference: ISIN XS1783950766)

Sort code: 40-50-81

With: DEUTGB2LXXX

Deutsche Bank AG London

IBAN: GB59DEUT40508129663204,

or such other account as may replace such account from time to time and be notified to the Trustee.

41. Regulation of Payment Flows in and out of the Accounts

Account – Credits

Other than any amounts receivable by the Issuer that are required to be deposited into the Cash Account (as defined in the Repackaged Loan Agreement), all amounts received by the Issuer in respect of the Underlying Assets shall be paid into the Account.

Any interest on amounts credited to the Account will be applied by the Issuer as set out below.

Account – Debits

Prior to the delivery of a notice by the Trustee to the Issuer pursuant to Condition 12 (*Events of Default*), the Agent will apply all amounts standing to the credit of the Account in accordance with the Pre-enforcement Waterfall.

42. Loan Servicing Account Not Applicable.

F COVENANTS AND RESTRICTIONS

43. Additional Covenants Not Applicable.

44. Additional Restrictions Not Applicable.

G INTEREST AND OTHER CALCULATIONS

45. Fixed Rate Note Provisions Not Applicable.

46. Floating Rate Note Provisions Not Applicable.

47. Zero Coupon Note Provisions Not Applicable.

48. Variable Coupon Amount Note Provisions Applicable.

(a) Index/formula See Condition 7 (*Interest and Other Calculations*) as amended by the schedule hereto.

(b) Calculation Agent responsible for calculation of interest due The Royal Bank of Scotland plc.

(c) Provisions for determining Interest Rate including where calculation by reference to index and/or formula is impossible or impracticable Not Applicable.

49. Calculation of Interest

(a) Day Count Fraction Not Applicable.

(b) Business Day Convention Not Applicable.

H REDEMPTION, PURCHASE AND OPTIONS

50. (a) Final Redemption Amount 100 per cent. of the Principal Amount *less* any Instalment Amount(s) paid on the Notes prior to the Maturity Date.

(b) Maximum /Minimum Redemption Amount (if applicable) Not Applicable.

51. Redemption by Instalments Applicable.

(a) Instalment Date(s) Instalment Amount(s)

Each day falling three (3) Business Days after receipt by the Issuer of any Principal Receipts. In respect of each Note, each Note's *pro rata* share of all Principal Receipts in respect of the relevant Instalment Date.

"Principal Receipt" means, in respect of each Instalment Date, all payments and repayments of principal actually received or recovered by or on behalf of the Issuer in connection with the Repackaged Loan Agreement, including, without limitation, all amounts

received or recovered by or on behalf of the Issuer in respect of:

- (i) all scheduled amortisation payments received by or on behalf of the Issuer in respect of the Repackaged Loan; and
- (ii) amounts recovered in respect of the Repackaged Loan which are applied towards the reduction of outstanding principal as a result of any action taken to enforce the Repackaged Loan and any related security;
- (iii) any mandatory and voluntary repayments or prepayments (scheduled and unscheduled) in respect of the principal outstanding under the Repackaged Loan; and
- (iv) any repayments or prepayments made by or on behalf of the Borrower in connection with a restructuring of the Repackaged Loan Agreement,

but excluding any amounts receivable by the Issuer that are required to be deposited into the Cash Account (as defined in the Repackaged Loan Agreement).

- | | | |
|-----|-----------------------------------------------------|-----------------|
| (b) | Maximum /Minimum Instalment Amounts (if applicable) | Not Applicable. |
|-----|-----------------------------------------------------|-----------------|

52. Mandatory Redemption Events

Mandatory Redemption Events to apply:

- | | | | |
|-----|----------------------------------------|-----------|-------------------------------------------------------------------------|
| (a) | Underlying Payment Default | Asset | Applicable. |
| (b) | Underlying Acceleration | Asset | Not Applicable. |
| (c) | Related Termination | Agreement | Not Applicable. |
| (d) | Repurchase Termination | Agreement | Not Applicable. |
| (e) | Credit Event | | Not Applicable. |
| (f) | Tax Event | | Applicable. |
| (g) | Additional Mandatory Redemption Events | | As set out in the schedule hereto. |
| (h) | Notes to be redeemed in part | | Applicable. |
| (i) | Early Redemption Date | | In accordance with Condition 8(c) (<i>Mandatory Redemption Event</i>) |

53. Redemption for Taxation Reasons

	(a) Redemption for Taxation Reasons	Applicable.
	(b) Redemption for Taxation Reasons permitted on days other than Interest Payment Dates	Yes.
54.	Liquidation of Assets upon Redemption of Notes	
	(a) Arrangements for liquidation of assets in addition to the provisions of Condition 8(e) (if any)	Not Applicable.
	(b) Person responsible for liquidation of assets if other than Trustee	<p>Loan Information Agent.</p> <p>The Loan Information Agent, acting on behalf of the Issuer, is hereby authorised by the Issuer to arrange for, and shall arrange for, the liquidation of the Underlying Assets in accordance with the provisions of and in the circumstances contemplated in Condition 8(e) (<i>Realisation of Charged Property upon Redemption</i>).</p> <p>The Issuer shall give such instructions and execute and do (or so procure) all deeds, documents, acts and things as the Loan Information Agent may from time to time reasonably require in order to enable the Loan Information Agent to effect a sale or other liquidation of Underlying Assets hereunder.</p> <p>In acting under this paragraph and Condition 8(e) (<i>Realisation of Charged Property upon Redemption</i>), the Loan Information Agent shall not be liable to account for anything except actual receipts from the sale or other liquidation of the Underlying Assets nor shall it be liable for any loss or damage arising from the sale or other liquidation of the Underlying Assets or any part thereof nor shall the Loan Information Agent have any liability in respect of the price at which the sale or other liquidation is effected nor if the such entity is unable, for any reason, to effect such sale or other liquidation.</p>
55.	Early Redemption Amount (if other than as set out in the Conditions):	In respect of each Note, each Note's <i>pro rata</i> share of the amount (subject to a minimum of zero) equal to (i) the Liquidation Proceeds <i>minus</i> (ii) the aggregate amount due and owing by the Issuer in respect of all claims ranking prior to any claims of the Noteholders in accordance with the Order of Priority.
56.	Options in respect of the Notes	Not Applicable.
	Exercise of Noteholders' Option	Not Applicable.
	Exercise of Issuer's Option	Not Applicable.
57.	Purchases	Not Applicable.
58.	Exchange	Applicable, subject to the following conditions:

- (a) all consents (if any) required under the terms of the Underlying Assets in order to effect the exchange have been obtained; and
- (b) the Noteholder exercising any rights of exchange must be the holder of 100 per cent. of the then outstanding principal amount of the Notes.

I PAYMENT AND TALONS

- 59. Pre-Payment Date The date on which the relevant payment is due.
- 60. Unmatured Coupons to become void upon early redemption Not Applicable.
- 61. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (Bearer Notes) No.

J EVENTS OF DEFAULT AND ENFORCEMENT

- 62. Amendment to grace period in paragraph (a)(i) of Condition 12 (*Events of Default*) None.
- 63. Additional Events of Default None.
- 64. Additional Provisions relating to enforcement of Prioritised Tranches Not Applicable.
- 65. Circumstances in which security will become enforceable under paragraph (b) of Condition 13 (*Enforcement*) None.
- 66. Other circumstances in which security to become enforceable As set out in the Conditions.

K MEETINGS OF NOTEHOLDERS

- 67. Steps requiring approval by an Extraordinary Resolution of Noteholders to which the special quorum provisions apply As set out in the Trust Deed.

L CONFLICTS OF INTEREST AND PRIORITISED TRANCHES

- 68. Trustee to have regard to interests of a Secured Party in preference to the Noteholders in the event of any conflict Not Applicable.
- 69. Additional provisions for Prioritised Tranches Not Applicable.

M FORM OF NOTES

- 70. Exchange

- | | | |
|-----|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| (a) | Notes to be represented on issue by | Temporary Global Note exchangeable for Permanent Global Note in accordance with its terms. |
| (b) | Details of how Global Certificates to be held | Global Notes to be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. |
| (c) | Applicable TEFRA exemption | D Rules. |
| (d) | Temporary Global Notes exchangeable for Definitive Bearer Notes | Yes, in accordance with the provisions of the Temporary Global Note. |
| (e) | Permanent Global Note exchangeable for Definitive Bearer Notes | Yes, in accordance with the provisions of the Permanent Global Note. |

N OTHER CONDITIONS

- | | | |
|-----|----------------------------------------------------------------|------------------------------------------------------|
| 71. | Details of any other additions or variations to the Conditions | The provisions set out in the schedule hereto apply. |
|-----|----------------------------------------------------------------|------------------------------------------------------|

O PURCHASE AND SALE AND TRANSFER RESTRICTIONS

- | | | |
|-----|--------------------------------------------|-------------------------------------|
| 72. | Details of additional selling restrictions | As set out in the Agency Agreement. |
|-----|--------------------------------------------|-------------------------------------|

P CLEARING AND SETTLEMENT

- | | | |
|-----|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 73. | Method of Issue | Individual Dealer. |
| 74. | Dealer's commission (if applicable) | Not Applicable. |
| 75. | Net price payable to Issuer | An amount in GBP equal to 100 per cent. of the initial aggregate principal amount of the Notes. |
| 76. | Settlement | Delivery versus payment |
| 77. | Applicable Clearing System(s) | Euroclear and Clearstream, Luxembourg |
| 78. | Common Code | 178395076 |
| 79. | ISIN | XS1783950766 |
| 80. | CUSIP Number | Not Applicable. |
| 81. | CINS Number | Not Applicable. |
| 82. | PORTAL symbol (if any) | Not Applicable. |
| 83. | Intended to be held in a manner which would allow Eurosystem eligibility | Not Applicable. |

SCHEDULE

Additional Provisions

The following provisions shall apply to the Notes:

1. Condition 1(a) (*Definitions*) is amended by inserting the following definitions in the correct alphabetical order, and where the same definition already appears in Condition 1(a), such definition is replaced with the following:

"Account Bank" means Deutsche Bank AG, London Branch appointed pursuant to the Agency Agreement or such other bank or financial institution as may be substituted for any such Account bank at any time with the consent of the Trustee and each Instructing Creditor.

"Borrower" means HSH Nordbank AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany, registered in the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of (i) Hamburg under HRB 87366 with its registered office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Federal Republic of Germany, and (ii) Kiel under HRB 6127 KI with its registered office at Martensdamm 6, 24103 Kiel, Federal Republic of Germany, or any successors thereto as borrower under the Repackaged Loan Agreement.

"CRS" means the Common Reporting Standard more fully described as the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development and any treaty, law or regulation of any other jurisdiction which facilitates the implementation of the Common Reporting Standard including Council Directive 2014/107/EU on the Administrative Cooperation in the Field of Taxation.

"Drawdown Date" means 6 April 2018.

"Facility Repayment Date" means 6 April 2021 (being the date scheduled to be the date falling three years following the Drawdown Date) or, if earlier, the date on which the Repackaged Loan has been repaid in full.

"FATCA" means Section 1471 through 1474 of the Internal Revenue Code of 1986 (as amended) (the Code), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules, guidance notes or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the Code or analogous provisions of non-U.S. law.

"Interest Payment Date" means each day falling three Business Days after receipt by the Issuer of any Interest Receipts.

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Loan Interest Payment Date and each successive period beginning on and including a Loan Interest Payment Date and ending on but excluding the next succeeding Loan Interest Payment Date.

"Interest Receipt" means any amounts other than Principal Receipts or Extraordinary Interest Amounts that are actually received or recovered by or on behalf of the Issuer in respect of the payments made pursuant to the Repackaged Loan Agreement on a Loan Interest Payment Date, but excluding any amounts receivable by the Issuer that are required to be deposited into the Cash Account (as defined in the Repackaged Loan Agreement).

"Loan Interest Payment Date" means 15 February, 15 May, 15 August and 15 November in each calendar year and the Facility Repayment Date, with the first Loan Interest Payment Date being 15 May 2018, subject to adjustment in accordance with the Repackaged Loan Agreement.

"Loan Level Information" means all information provided by the Borrower pursuant to the borrower undertakings contained in the Repackaged Loan Agreement.

2. Condition 5(a)(i) (*Security*) is deleted in its entirety and replaced with the following:

- "(i) an assignment by way of security in favour of the Trustee of the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of the Underlying Assets from time to time (where such rights are contractual rights and where such contractual rights arise other than under securities), 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;
- (ii) a first fixed charge in favour of the Trustee of the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of the Underlying Assets from time to time (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above and which are capable of being the subject of a first fixed charge), 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;"

and existing Conditions 5(a)(ii) to 5(a)(x) (both inclusive) will be renumbered accordingly as Conditions 5(a)(iii) to 5(a)(xi).

3. Condition 5(a)(xi) (*Security*) (as renumbered pursuant to paragraph 2 above) is deleted in its entirety and replaced with the following:

- "(xi) an assignment by way of security in favour of the Trustee of the Issuer's rights under all other contracts deeds and documents, insofar as such rights relate to the Notes, to which the Issuer is or may become a party."

4. Condition 7(a) is deleted in its entirety and replaced with the following:

"(a) **Interest Rate and Accrual**

- (i) Each Note bears interest from, and including, the Interest Commencement Date.
- (ii) Notwithstanding anything to the contrary in the Conditions, no interest shall be deemed to accrue on the Notes for the purposes of determining and making any payments under Condition 8(c) (*Mandatory Redemption Events*), Condition 8(d) (*Optional Redemption for Taxation Reasons*), Condition 8(h) (*Options in Respect of the Notes*), Condition 8(i) (*Exercise of Noteholders' Option*), Condition 9(e) (*Unmatured Coupons and Receipts and Unexchanged Talons*) and Condition 12(a) (*Events of Default*).
- (iii) Interest is payable in arrear on each Interest Payment Date.
- (iv) The amount of interest payable in respect of each Note on each Interest Payment Date shall be determined in accordance with Condition 7(f) (*Calculation of Interest*)."

5. Condition 7(f) (*Calculation of Interest*) is deleted in its entirety and replaced with the following:

"In respect of an Interest Payment Date, the Issuer shall pay an amount per Note (the **"Interest Amount"**) equal to each Note's *pro rata* share of the related Interest Receipts actually received by or on behalf of the Issuer in respect of such Interest Payment Date, subject to a minimum of zero."

6. A new Condition 7(j) (*Extraordinary Interest Amounts*) is inserted immediately after Condition 7(i) (*Calculation Agent and Reference Banks*):

"(j) Extraordinary Interest Amounts

The Issuer will pay the amounts set out below in the form of, and in each case such amounts will be, "**Extraordinary Interest Amounts**":

- (A) If the Issue Date occurs before the Interest Commencement Date, the Issuer will pay to Noteholders on the first Interest Payment Date, an amount of cash, in respect of each Note, equal to its *pro rata* share of the amount of interest accrued on the net proceeds of the Notes at the cash deposit rate applicable to the relevant account to which such net proceeds were deposited during the period between the Issue Date and the Interest Commencement Date.
- (B) The Issuer will, on the date falling three Business Days following the date on which it actually receives any amount by way of fees (including extension fees, prepayment or cancellation fees), make-whole amounts, broken funding costs, increased costs or default interest under the terms of the Repackaged Loan Agreement or any Finance Document (as defined therein), pay an amount in respect of each Note equal to such Note's *pro rata* share of the amount so received."

7. For purposes of Condition 8(c)(vii) (*Additional Mandatory Redemption Events*), the occurrence of the following will constitute a Mandatory Redemption Event:

"The Issuer does not advance any loan to the Borrower pursuant to the Repackaged Loan Agreement within the Availability Period (as defined in the Repackaged Loan Agreement) and for value."

8. Condition 8(c) (*Mandatory Redemption Events*) is amended by deleting the last full paragraph in its entirety and replacing it with the following:

"Promptly upon the Issuer first becoming aware of the occurrence of any Mandatory Redemption Event, it shall notify the Trustee, the Loan Information Agent, the Calculation Agent, the Custodian (if any), the Noteholders (in accordance with Condition 17 (*Notices*)) and each Counterparty and Credit Support Provider of such event. The Issuer will deal with the Underlying Assets (including, without limitation, liquidating, enforcing and/or appropriating) in accordance with the directions of the Instructing Creditor. Where the Issuer is directed to liquidate the Underlying Assets, the Underlying Assets shall be liquidated in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption*) and the Notes shall be redeemed in whole but not (unless otherwise indicated in the Issue Memorandum) in part at the applicable Early Redemption Amount together with interest accrued thereon or payable in respect thereof to the date of redemption, unless otherwise specified in the Issue Memorandum, on the date of the occurrence of such event or as soon as is practicable thereafter taking into account the timing of liquidation of the Charged Property (the "**Early Redemption Date**"). The Issuer shall notify the Noteholders (in accordance with Condition 17 (*Notices*)) as soon as is practicable following the determination of any Early Redemption Date applicable to the Notes in accordance with this Condition. Failure to make any payment due in respect of a mandatory redemption under this Condition 8(c) of part of the principal amount of the Notes or interest thereon as a result of any shortfall in the proceeds of liquidation or realisation of the Charged Property shall not constitute an Event of Default."

9. A new Condition 5(g1) (*Loan Level Information: Information and reports*) is inserted immediately after Condition 5(g) (*Exercise of Rights in Respect of certain Charged Property*):

"(g1) Loan Level Information: Information and reports

The Issuer will, to the extent that it is lawfully able to do so without breaching any duty of confidentiality or other obligation owed by it (whether by law, agreement or otherwise), acting through the Loan Information Agent, promptly make available to the Instructing Creditor (if the Instructing Creditor is The Royal Bank of Scotland plc) or

the Noteholders (if the Instructing Creditor is not The Royal Bank of Scotland plc) any information or notices delivered to it by the Borrower or any other party under or for the purposes of the Repackaged Loan (including without limitation Loan Level Information) by:

- (A) making such information available:
 - (I) at the offices of the Issuer, the Agent and the Loan Information Agent; or
 - (II) upon the request of a Noteholder, subject to satisfactory proof of holding;
or
- (B) where practicable, by access to a secured website.

The Loan Information Agent, acting on behalf of the Issuer, will deliver to the Trustee upon request, and as soon as reasonably practicable on receipt of such request, any information required by the Trustee in relation to the Repackaged Loan in respect of the proper exercise by the Trustee of its powers, duties and discretions hereunder.

Noteholders will be deemed to have acknowledged that they have made and will continue to make such independent appraisal and examination of any credit or other information relating to the Repackaged Loan, the Borrower or any other person as they think necessary or advisable without reliance upon the Issuer."

10. The first and second paragraphs of Condition 10 (*Taxation*) are numbered "(a)" and "(b)" respectively, and a new Condition 10(c) (*Provision of Information*) is inserted immediately after Condition 10(b) (*Taxation*):

"(c) Provision of Information

Each Noteholder agrees that the Issuer and any other relevant party to the Notes may:

- (1) request such forms, self-certifications, documentation and any other information from the Noteholders which the Issuer may require in order for it to comply with its automatic exchange of information obligations under, for example, FATCA and CRS;
- (2) provide any such information or documentation collected from an investor and any other information concerning any investment in the Notes to the relevant tax authorities; and
- (3) take such other steps as they deem necessary or helpful to comply with its automatic exchange obligations under any applicable law."

11. Condition 10(a) (*Taxation*) (as numbered according to paragraph 10 above) is amended by inserting the following sentence at the end of the thereof:

"For the purposes of this condition, any deduction or withholding imposed or required pursuant to FATCA shall be deemed to be required by applicable law."

12. A new Condition 17(d) (*Notices for Listed Notes*) is inserted immediately after Condition 17(c) (*Coupon-holders and holders of Receipts and Talons*):

"(d) Notices for Listed Notes

For so long as the Notes are listed on the Global Exchange Market and the rules of the Irish Stock Exchange so require, notices to Noteholders will also be valid if sent to the Companies Announcements Office of the Irish Stock Exchange."

13. Condition 19(e) (*Agent for Service of Process*) is amended by deleting the first sentence thereof and replacing it with the following:

"The Issuer has appointed Vistra (UK) Ltd. at its offices for the time being at 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB as its agent to receive for it and on its behalf, service of process in any Proceedings in England."

14. For purposes of paragraph 33 (*Order of Priority*), Enforcement Proceeds will be applied in the following Order of Priority (in each case, only if and to the extent that payments of a higher priority have been made in full and, only in respect of paragraphs (i) to (iv) below, to the extent not fully paid from funds available in the Expense Reserve Account):
- (i) *first*, in or towards satisfaction of the liabilities, expenses and remuneration and any other amounts due to the Trustee or to any receiver appointed pursuant to the Trust Deed, in each case in respect of the Notes;
 - (ii) *second*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the amounts, including but not limited to, applicable taxes, duties, stamp duty or other amounts due to governmental or regulatory authorities of the Republic of Ireland or any other jurisdiction, that is payable or assessed by or against the Issuer solely in respect of the Notes as a consequence of acts or omissions relating to the Notes of any party to any of the documents entered into in connection with the issue of the Notes;
 - (iii) *third*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the fees and other remuneration of (and amounts payable in respect of indemnity protection) and any costs, charges, liabilities and expenses incurred by any Agent;
 - (iv) *fourth*, in or towards satisfaction of the Administrative Expenses due and payable in connection with the Notes, to the extent such amounts have not otherwise been satisfied;
 - (v) *fifth*, in or towards satisfaction on a *pro rata* and *pari passu* basis of any Extraordinary Interest Amounts payable on the Notes;
 - (vi) *sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis of any other Interest Amount due or overdue on the Notes;
 - (vii) *seventh*, on a *pro rata* and *pari passu* basis, in or towards, the satisfaction of all principal due or overdue in respect of the Notes until the Notes have been repaid in full; and
 - (viii) *eighth*, the residue (if any) to the Issuer.

ATTACHMENT: GENERAL NOTE CONDITIONS

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 Memorandum relating to a particular Series or Tranche of Notes, will be applicable to the Notes of such Series or Tranche. References in the Conditions to "Notes" are to the Notes of one Series (or in the case of a Series of Notes comprising separate Tranches, one Tranche of Notes) 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 22 October 2008 between NatWest Markets Secured Funding Limited (formerly Cesium Structured Funding Limited) (the "**Issuer**") and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees for any Series under the Trust Deed (as defined below)), as trustee for the holders of the Notes and the other persons specified therein (the "**Principal Trust Deed**", which expression shall include amendments, supplements or restatements by trust deeds supplemental thereto other than any supplemental trust deed relating to a particular Tranche or Series of Notes) as supplemented by a supplemental trust deed relating to the Notes dated the Issue Date (the "**Supplemental Trust Deed**", which expression shall include each Security Document (as defined below) (if any)) made between the Issuer of the Notes and the Trustee and the other parties named therein. The Principal Trust Deed and the Supplemental Trust Deed, together with each Security Document are herein referred to together as the "**Trust Deed**". These terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the agency agreement dated 22 October 2008 between (i) the Issuer, (ii) the Trustee, (iii) Deutsche Bank AG, London Branch as issuing and paying agent (the "**Agent**") and as loan information agent (the "**Loan Information Agent**"), (iv) The Royal Bank of Scotland plc as account bank (the "**Account Bank**") and (v) the paying agent named therein (the "**Paying Agent**", which expression shall include the Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement) (the "**Agency Agreement**", which expression shall include any amendments or supplements thereto) are available for inspection during normal business hours at the principal office of the Trustee, being at the date hereof at Winchester House, 2 Great Winchester Street, London EC2N 2DB and at the specified office of the Paying Agent. In the case of a Series or Tranche of Notes for which the Issue Memorandum (as defined below) relating thereto states that (a) a calculation agent (the "**Calculation Agent**") and/or (b) a custodian (the "**Custodian**") is required and unless otherwise requested by the relevant Dealer, and provided in the Issue Memorandum, Deutsche Bank AG, London Branch shall act as Calculation Agent pursuant to the terms of the Agency Agreement, and Deutsche Bank AG, London Branch shall act as Custodian pursuant to the terms of the custody agreement dated 22 October 2008 between the Issuer, the Trustee and Deutsche Bank AG, London Branch (the "**Custody Agreement**", which expression shall include any amendments or supplements thereto). The relevant Dealer may, subject to the consent of the Arranger (as defined below), nominate an alternative party to act as Calculation Agent or Custodian in respect of the Notes whose identity shall be specified in the Issue Memorandum. Each such alternative Calculation Agent shall accede to the Agency Agreement and each such alternative Custodian shall enter into a custody agreement substantially in the form of the Custody Agreement, as further supplemented, amended and restated.

The Noteholders (as defined below), the holders (the "**Coupon-holders**", which term shall, where applicable, include holders of Receipts and holders of Talons (each as defined below)) of the interest coupons (the "**Coupons**") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") and the holders of the instalment receipts (the "**Receipts**") appertaining to the payment of principal by instalments on Instalment Notes (as defined below) are deemed to have notice of, and shall be bound by all of the provisions of, the Trust Deed, the Issue Memorandum and, to the extent applicable to them, the Agency Agreement, insofar as they relate to the Notes. In these Conditions references to the "**Appointed Agents**" shall mean the Agent, the Paying Agent, the Calculation Agent, the Account Bank and the Loan Information Agent or any of them and shall include such further or other Agent or Agents as may be appointed from time to time with the prior written approval of the Trustee under the Agency Agreement.

The terms and Conditions of the Notes set out below shall be supplemented by the Issue Memorandum relating thereto (the "**Issue Memorandum**") 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 Memorandum applicable to or attached to or endorsed on this Note.

1. **DEFINITIONS AND INTERPRETATION**

(a) **Definitions**

Save as otherwise specified herein, the following capitalised terms shall have the meanings set out below when used in these Conditions.

"**Account**" means each ledger with respect to each Series of Notes maintained by the Account Bank which is specified in the Issue Memorandum and which records amounts paid to the Account Bank by or on behalf of the Issuer in accordance with the Issue Memorandum, but excluding the Expense Reserve Account.

"**Account Bank**" means The Royal Bank of Scotland plc appointed pursuant to the Agency Agreement or such other bank or financial institution as may be substituted for any such Account Bank at any time with the consent of the Trustee and each Instructing Creditor.

"**Administrative Expenses**" means amounts due and payable to the Administrative Expenses Creditors from time to time.

"**Administrative Expenses Creditors**" means, with respect to each Series of Notes:

- (a) the Trustee;
- (b) the Appointed Agents;
- (c) the Custodian (if any);
- (d) any Dealers appointed under such Series of Notes;
- (e) the Manager in respect of the obligations of the Issuer under the Management Agreement;
- (f) the independent accountants (if any), agent for service of process, legal counsel and any other agent of the Issuer;
- (g) any other person in respect of any governmental fee or charge; and
- (h) such other entity specified as such in the Issue Memorandum for such Series of Notes.

"**Amortisation Yield**" has the meaning set out in the Issue Memorandum or, if no such meaning is specified, the meaning given thereto in Condition 8(g)(iii)(B) (*Early Redemption Amounts*).

"**Amortised Face Amount**" means, in respect of any Zero Coupon Note issued at a discount, the Early Redemption Amount payable upon redemption of such Note, as calculated in accordance with Condition 8(g) (*Early Redemption Amounts*).

"**Arranger**" means The Royal Bank of Scotland plc.

"**Bearer Notes**" means Notes in bearer form.

"**Benchmark**" means, in respect of each Floating Rate, the interest rate by reference to which such Floating Rate is determined, as specified in the Issue Memorandum.

"**Business Day**" means a day on which banks and foreign exchange markets are open for business in London and (save as regards the definition of "Interest Determination Date" below) any other location specified in the Conditions and/or the Issue Memorandum.

"**Business Day Convention**" means the convention specified in the Issue Memorandum, being one of the Floating Rate Convention, Following Business Day Convention, Modified

Following Business Day Convention and Preceding Business Day Convention, each as defined in Condition 7(c)(ii) (*Business Day Convention*).

"**Charged Property**" has the meaning set out in Condition 5(a) (*Security*).

"**Controlling Party**" means, unless otherwise specified in the applicable Issue Memorandum, the Calculation Agent or, if there is none, the Trustee or such other entity as is specified as such in the Issue Memorandum for the purposes of Condition 8(e) (*Realisation of Charged Property upon Redemption*).

"**Counterparty**" means, in respect of each Related Agreement, the entity set opposite such Related Agreement under the heading "Counterparty" in the Issue Memorandum.

"**Credit Event**" has the meaning (if any) given thereto in the Issue Memorandum.

"**Credit Support Document**" means each letter of credit and/or guarantee and/or other document (if any) specified as such in the Issue Memorandum executed or provided by one or more Credit Support Providers in connection with the Notes.

"**Credit Support Provider**" means, in respect of each Credit Support Document, the entity set opposite such Credit Support Document under the heading "Credit Support Provider" in the Issue Memorandum.

"**Custodian**" means Deutsche Bank AG, London Branch or such other entity as may be specified as such in the Issue Memorandum and shall include any additional or substitute Custodian appointed in accordance with the Conditions and the relevant Custody Agreement.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "**Calculation Period**"):

- (a) where the Interest Rate in respect of a Note is specified hereon as Floating Rate:
 - (i) if "**Actual/365**" or "**Actual/Actual**" is specified in the Issue Memorandum, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (y) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (ii) if "**Actual/365 (Fixed)**" is specified in the Issue Memorandum, the actual number of days in the Calculation Period divided by 365; and
 - (iii) if "**Actual/360**" is specified in the Issue Memorandum, the actual number of days in the Calculation Period divided by 360;
- (b) where the Interest Rate in respect of a Note is specified hereon as being a fixed rate:
 - (i) if "**Actual/Actual (ISMA)**" is specified in the Issue Memorandum, the actual number of days in the Calculation Period divided by (x) in the case of the Notes where interest is scheduled to be paid only by means of regular annual payments, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date or (y) in the case of Notes where interest is scheduled to be paid other than only by means of regular annual payments, the product of the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date and the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be calculated in respect of the whole of that year; and

- (ii) if "30/360" is specified in the Issue Memorandum, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 13 30-day months).

"Denomination" means the amount(s) specified as such in the Issue Memorandum.

"Determination Business Day" means:

- (a) in the case of one or more specified financial centres and/or a specified currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in each of the financial centres so specified and/or the Principal Financial Centre for that currency; and/or
- (b) in the case of euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system is open; and/or
- (c) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency, or, if none is specified, generally in each of the financial centres so specified.

"Dual Currency Note" means a Note denominated in one currency with a coupon and/or repayment of principal in, or calculated by reference to, another currency and specified as such in the Issue Memorandum.

"Early Redemption Amount" means the amount at which each Note will be redeemed prior to the Maturity Date, calculated in accordance with Condition 8(g) (*Early Redemption Amounts*) or as otherwise specified in the Issue Memorandum.

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the Issue Memorandum or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Eligible Investors" means persons who are QIBs, but excluding therefrom: (i) QIBs which are broker-dealers which own and invest on a discretionary basis less than U.S.\$25,000,000 in "securities", as such term is defined under Rule 144A, (ii) partnerships, common trust funds, special trusts, pension funds, retirement plans or other entities in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) entities that were formed, re-formed or recapitalised for the specific purpose of investing in the Notes, (iv) any investment company excepted from the Investment Company Act under Section 3(c)(1) or 3(c)(7) thereof and formed before 30th April, 1996, which has not received consent from its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules thereunder and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of Notes of the Issuer.

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to Article 109(4) of the Treaty.

"Expense Reserve Account" means the ledger maintained by the Account Bank on behalf of the Issuer, with a specific identification number for each Series of Notes, or such other identification number as is ascribed in the case of any Additional Issuer, which records amounts standing to the credit of the account of the Issuer with the Account Bank out of which Administrative Expenses payable to the Administrative Expenses Creditors will be paid from time to time. For the avoidance of any doubt, the Expense Reserve Account shall not form part of the Accounts.

"Final Broken Amount" means the amount (if any) specified as such in the Issue Memorandum which shall be the Interest Amount payable in respect of the last Interest Period applicable to any Fixed Rate Note.

"Final Redemption Amount" means the amount at which each Note will be redeemed on the Maturity Date as specified in the Issue Memorandum.

"Fixed Coupon Amount" means in relation to any Fixed Rate Note, the amount specified as such in the Issue Memorandum.

"Fixed Rate Note" means a Note bearing a fixed rate of interest, which is specified as such in the Issue Memorandum.

"Floating Rate" means a rate of interest calculated by reference to a Benchmark.

"Floating Rate Note" means a Note bearing interest at a Floating Rate, which is specified as such in the Issue Memorandum.

"Fungible Tranches" means Tranches of Notes of the same Series which have one or more issue dates but are on terms otherwise identical (other than in respect of the first payment of interest thereon and the date of issue and issue price thereof) and which are intended to be interchangeable with all other Notes of that Series (or, in the case of a Series of Notes comprising Prioritised Tranches, all other Notes of the same Prioritised Tranche).

"Holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon.

"Initial Broken Amount" means the amount (if any) specified as such in the Issue Memorandum which shall be the Interest Amount payable in respect of the first Interest Period applicable to any Fixed Rate Note.

"Instalment Amount" means each amount (if any) specified as such opposite each Instalment Date in the Issue Memorandum.

"Instalment Date" means each date (if any) specified as such opposite each Instalment Amount in the Issue Memorandum.

"Instalment Note" means a Note the principal of which is repayable in instalments, which is specified as such in the Issue Memorandum.

"Instructing Creditor" means, in respect of each Condition in which reference is made to "Instructing Creditor", the entity or entities specified as such for the purposes of each such Condition in the Issue Memorandum and/or Trust Deed and, where the Noteholders are specified as the Instructing Creditor, shall mean (i) the holders of at least one fifth in principal amount of the Notes outstanding acting by written request or (ii) the Noteholders acting by Extraordinary Resolution.

"Interest Accrual Period" means, save as otherwise specified in the Issue Memorandum, each Interest Period.

"Interest Amount" means the amount of interest payable in respect of any Note for any period, determined in accordance with Condition 7(f) (*Calculation of Interest*) and shall, in the case of Fixed Rate Notes, include any Initial Broken Amount or Final Broken Amount specified in the Issue Memorandum.

"Interest Commencement Date" means the Issue Date or such other date as may be specified as such in the Issue Memorandum.

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the Issue Memorandum or, if none is so specified, the first day of such Interest Accrual Period if the Relevant Currency is sterling or the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Relevant Currency is not sterling.

"Interest Payment Dates" means the interest payment dates in each year specified in the Issue Memorandum or, in the case of a Floating Rate Note, if no express Interest Payment

Date(s) is/are specified in the Issue Memorandum, each date which falls the number of months or other period specified as the Specified Period in the Issue Memorandum after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note which is either specified in, or calculated in accordance with, the Conditions.

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

"Issue Date" means, in respect of any Note, the date specified as such in the Issue Memorandum or such other date as may be agreed between the Issuer, the relevant Dealer and the Arranger, being the date of the issue and purchase of such Note pursuant to Section 2 (*Agreements to Issue and Purchase Notes*) of the Dealer Agreement.

"Issue Price" means the price (generally expressed as a percentage of the principal amount of the Notes) at which the Notes are issued, as specified in the Issue Memorandum.

"Liquidation Proceeds" means, unless otherwise specified in the Issue Memorandum, the equivalent in the currency in which the Notes are denominated of the net proceeds received or realised by or on behalf of the Trustee or the Issuer following any enforcement of the security over the Charged Property in accordance with Condition 13 (*Enforcement*) or liquidation of the Charged Property upon any redemption of the Notes in whole or in part in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption*), less any costs, expenses, taxes or other amounts incurred in connection with such enforcement or liquidation.

"Loan Information Agent" means, unless otherwise specified in the relevant Issue Memorandum, Deutsche Bank AG, London Branch.

"Management Agreement" means, in the case of the Issuer, a management agreement dated 22 October 2008 between the Issuer, the Trustee and the Manager, as may be supplemented or amended from time to time and, in the case of an Additional Issuer incorporated in a jurisdiction other than Ireland, such management agreement as agreed to between the Issuer, the Trustee and the person appointed as manager in such jurisdiction.

"Manager" means, in the case of the Issuer, Deutsche International Corporate Services (Ireland) Limited or any successor manager of the Issuer in Ireland and, in the case of an Additional Issuer incorporated in a jurisdiction other than Ireland, such manager appointed under the relevant Management Agreement.

"Margin" means the margin specified in the Issue Memorandum.

"Maturity Date" means the date specified as such in the Issue Memorandum.

"Maximum Interest Rate" means the rate (if any) specified as such in the Issue Memorandum.

"Minimum Interest Rate" means the rate (if any) specified as such in the Issue Memorandum.

"Noteholder" means the bearer of any Bearer Note and the Receipts relating to it.

"Option Notice" means a notice substantially in the form set out in the Procedures Memorandum (in the form obtainable from the office of the Paying Agent).

"Order of Priority" means the Order of Priority specified as such in the Issue Memorandum, being the order of priority in which the net proceeds of enforcement of the security over the Charged Property are to be applied pursuant to the Supplemental Trust Deed.

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service ("**Reuters**") and the Bridge Telerate Service ("**Telerate**")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Partly-Paid Notes" means Notes which are partly paid and specified as such in the Issue Memorandum.

"Pre-enforcement Waterfall" means the order or orders of payment (if any) specified as such in the Issue Memorandum.

"Pre-Payment Date" means the date specified as such in the Issue Memorandum, which shall be the latest date by which the Agent requires that it shall have received amounts payable by it (on behalf of the Issuer) in respect of the Notes, upon any interest payment date or upon redemption thereof at maturity or otherwise.

"Presentation Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Business Day Jurisdictions**" in the Issue Memorandum; and

- (a) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the Relevant Currency, on which foreign exchange transactions may be carried on in the Relevant Currency in the applicable Principal Financial Centre; or
- (b) (in the case of a payment in euro) where payment is to be made by transfer to an euro account, on which banks are open for business and carrying out transactions in euro in the jurisdiction in which the euro account specified by the payee is located.

"Primary Source" means the source by reference to which any Floating Rate is to be determined, specified as such in the Issue Memorandum.

"Principal Financial Centre" means, in respect of any Relevant Currency, the principal financial centre of the country of such Relevant Currency (which, in the case of Australian dollars, shall be Sydney and, in the case of New Zealand dollars, shall be Wellington and Auckland) or, in the case of euro, the Principal Financial Centre specified in the Issue Memorandum, in each case, as selected by the Calculation Agent.

"Prioritised Tranches" means one or more Tranches of Notes of the same Series which are issued on the same Issue Date, which provide that the claims of the holders of such Tranche of Notes (and, to the extent applicable, Coupon-holders and Receipt-holders) rank prior (subject to the approval from existing holders of Notes of the same Series), or are subordinated, to the claims of the holders (and to the extent applicable, Coupon-holders and Receipt-holders relating thereto) of another Tranche or Tranches of Notes of the same Series prior to and/or following enforcement of the security over the Charged Property pursuant to Condition 13 (*Enforcement*) and which may be issued on terms which are otherwise the same as or vary from the terms of other Tranches of Notes of the same Series.

"Procedures Memorandum" means the document dated 22 October 2008 setting out the administrative procedures and guidelines relating to the settlement of issues of Notes as amended or varied from time to time by agreement between the parties thereto with, in each case, the written approval of the Issuer, the Agent, the Arranger and the Trustee.

"Rate Multiplier" means the rate multiplier (if any) specified in the Issue Memorandum.

"Redemption Amount" means each Final Redemption Amount and Early Redemption Amount.

"Reference Banks" means the institutions specified as such in the Issue Memorandum or, if none, four major banks selected by the Calculation Agent in the inter-bank market (or, if appropriate, money market) which is most closely connected with the Benchmark.

"Related Agreement" means each interest rate and/or currency exchange and/or cap, floor, collar, forward, option or other hedging agreement(s) or derivative contract(s), entered into by the Issuer with a Counterparty in respect of the Notes, specified as such in the Issue Memorandum.

"Related Agreement Guarantee" means, in respect of each Related Agreement and Related Agreement Guarantor, the guarantee specified in the Issue Memorandum under the heading "Related Agreement Guarantor".

"Related Agreement Guarantor" means, in respect of each Related Agreement, the entity set opposite a Related Agreement under the heading "Related Agreement Guarantor" in the Issue Memorandum.

"Relevant Currency" means the currency specified as such in the Issue Memorandum or, if none is specified, the currency in which the Notes are denominated.

"Relevant Date" means, in respect of any Note, Receipt or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 17 (*Notices*) that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre specified as such in the Issue Memorandum or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Period commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Issue Memorandum or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre.

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the Issue Memorandum or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Repurchase Agreement" means the Repurchase Agreement (if any) specified in the Issue Memorandum.

"Repurchase Counterparty" means the Repurchase Counterparty (if any) specified in the Issue Memorandum.

"Secured Obligations" means, in respect of each Secured Party, the obligations owed by the Issuer to such Secured Party referred to under the definition of "Secured Party".

"Secured Party" means each of:

- (a) the Trustee, in respect of the obligations of the Issuer under the Trust Deed and the Agency Agreement insofar as they relate to the Notes;
- (b) the Noteholders, and Coupon-holders in respect of the obligations of the Issuer under the Notes and Coupons and under the Trust Deed;
- (c) the Custodian, in respect of the obligations of the Issuer under the Trust Deed and the Custody Agreement, insofar as they relate to the Notes or the Charged Property;
- (d) the Appointed Agents, in respect of the obligations of the Issuer under the Agency Agreement, insofar as they relate to the Notes or the Charged Property;
- (e) any Counterparty, in respect of the obligations of the Issuer under the Trust Deed and the Related Agreement, insofar as they relate to such Related Agreement;
- (f) any Credit Support Provider, in respect of the obligations of the Issuer arising under or in respect of any Credit Support Document and the Trust Deed, insofar as such obligations relate to such Credit Support Document;
- (g) any Repurchase Counterparty, in respect of the obligations of the Issuer arising under or in respect of any Repurchase Agreement and the Trust Deed, insofar as such obligations relate to such Repurchase Agreement; and
- (h) such other entity as is specified as such in the Issue Memorandum in respect of the obligations specified therein.

"Security Document" means each of the Principal Trust Deed, the Supplemental Trust Deed and each other document specified as such in the Issue Memorandum which is executed in connection with the taking and/or perfection of security over the Charged Property.

"Series" means each original issue of Notes (issued on the same Issue Date) which is specified as a numbered series and which may be divided into one or more Tranches and shall include further Tranches of such Series (issued after the original Issue Date thereof) which are Fungible Tranches and shall, if in bearer form, be deemed to include the Global Notes and Definitive Bearer Notes of such Series; the expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly; references to a "Series of Notes" shall, where the context admits, be deemed to include Tranches of Notes of that Series.

"Share Trustee" means, in the case of the Issuer or an Additional Issuer incorporated in Ireland, Deutsche International Finance (Ireland) Limited and, in the case of an Additional Issuer incorporated in a jurisdiction other than Ireland, such share trustee (if required) as may be appointed in such jurisdiction from time to time.

"Specified Period" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the Issue Memorandum or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 7(b)(ii) (Business Day Convention).

"sub-unit" means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

"Tranche" means a Fungible Tranche, a Prioritised Tranche or any other Tranche of Notes specified in the Conditions or the Issue Memorandum, or any of them.

"Transaction Creditors" means each of the Secured Parties and the Manager in respect of the obligations of the Issuer under the Management Agreement.

"Transaction Documents" means the Notes, the Trust Deed, each other Security Document, each Related Agreement (if any), the Repurchase Agreement (if any), each Credit Support Document (if any), the Custody Agreement (if any), the Agency Agreement, the Dealer

Agreement, the Management Agreement, the Corporate Administration Agreement (if any) and each other document specified as such in the Issue Memorandum.

"**Treaty**" means the Treaty establishing the European Community, as amended.

"**Trust Corporation**" means a corporation entitled by rules made under the Public Trustee Act 1906 or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

"**Underlying Assets**" means those bonds, notes, shares, securities, loans, contractual rights, derivative instruments and/or other assets described in the Issue Memorandum.

"**Underlying Assets Purchase Agreement**" means the agreement or agreements (if any) specified in the Issue Memorandum pursuant to which the Issuer purchased some or all of the Underlying Assets.

"**Variable Coupon Amount Note**" means a Note specified as such in the Issue Memorandum, the calculation of interest payable in respect of which is made by reference to an index and/or formula or as otherwise provided in the Issue Memorandum.

"**Variable Redemption Amount Note**" means a Note specified as such in the Issue Memorandum, the calculation of the Final Redemption Amount of which is by reference to an index and/or formula or as otherwise provided in the Issue Memorandum.

"**Zero Coupon Note**" means a Note specified as such in the Issue Memorandum which does not bear interest and may be issued at a discount.

(b) **Interpretation**

- (ix) Where no reference is made in the Issue Memorandum to any document, agreement, entity or other matter, references in these Conditions to any such document or agreement, entity or other matter shall not be applicable.
- (x) Capitalised terms not defined in these Conditions shall have the meanings given thereto in the Issue Memorandum and the Trust Deed.
- (xi) References in these Conditions to (A) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 8 (*Redemption, Purchase and Options*) or any amendment or supplement to it and (B) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 7 (*Interest and Other Calculations*) or any amendment or supplement to it.

2. **FORM, DENOMINATION AND TITLE**

(a) **Form**

The Notes may be Bearer Notes and will be serially numbered

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note, the principal amount of which is redeemed in instalments, is issued with one or more Receipts attached.

(b) **Denomination**

The Notes are issued in the Denomination(s) specified in the Issue Memorandum. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination.

(c) **Title**

Title to the Bearer Notes and the Receipts, Coupons and Talons passes by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note, Receipt, Coupon or Talon shall be deemed to be, and may be treated as, the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

3. **TRANSFER AND EXCHANGE**

Exchange and transfer of Notes will be effected without charge by or on behalf of the Issuer but upon payment of any tax or other governmental charges which may be imposed in relation to it.

4. **STATUS OF THE NOTES**

The Notes are secured, limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves, which are secured in the manner described in Condition 5 (*Security*) and recourse in respect of which is limited in the manner described in Condition 5(e) (*Limited Recourse*) and Condition 13 (*Enforcement*). If specified in the Issue Memorandum, the Notes will be issued with the benefit of one or more Credit Support Documents made by the Credit Support Provider(s) specified therein. The terms of each Credit Support Document (if any) will be summarised in the Issue Memorandum.

In the case of Prioritised Tranches of Notes, details of the Notes' relationship with other Tranches of Notes of the same Series will be set out in full in the Issue Memorandum.

If so specified in the Issue Memorandum, prior to the security granted pursuant to the Trust Deed becoming enforceable as described in Condition 13 (*Enforcement*) certain amounts received by the Issuer in connection with the Underlying Assets and/or under any Related Agreement and/or Credit Support Document or otherwise, will be applied in accordance with the Pre-enforcement Waterfall (if any) specified in the Issue Memorandum.

5. **SECURITY**

(a) **Security**

Unless otherwise specified in the Issue Memorandum and the Supplemental Trust Deed, the obligations of the Issuer to the Trustee, the Noteholders and Coupon-holders under the Trust Deed and the Notes and to the other Secured Parties in respect of the relative Secured Obligations are secured, pursuant to the Trust Deed, by:

- (i) a first fixed charge in favour of the Trustee over the Underlying Assets and all sums derived therefrom;
- (ii) an assignment by way of security in favour of the Trustee of the Issuer's rights under any Related Agreement and any Related Agreement Guarantee;
- (iii) an assignment by way of security in favour of the Trustee of the Issuer's rights under any Repurchase Agreement;
- (iv) a first fixed charge over the Accounts (excluding, for the avoidance of doubt, the Expense Reserve Account) and an assignment by way of security in favour of the Trustee of the Issuer's rights against the Account Bank in respect of such Accounts;
- (v) an assignment by way of security in favour of the Trustee of the Issuer's rights under the Custody Agreement insofar as such rights relate to the Notes and/or the Underlying Assets;

- (vi) a first fixed charge in favour of the Trustee over all sums held by the Agent to meet payments due in respect of the Notes;
- (vii) an assignment by way of security in favour of the Trustee of the Issuer's rights under the Agency Agreement insofar as such rights relate to the Notes;
- (viii) a first fixed charge in favour of the Trustee over all of the Issuer's rights as against the Custodian in respect of any sums or other assets standing to the credit of the Repurchase Accounts (as defined in Condition 5(j));
- (ix) a first fixed charge over the proceeds received or receivable by or on behalf of the Issuer upon the sale, termination, liquidation or enforcement of any of the Charged Property in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption*); and
- (x) such additional or alternative security (if any) as may be described in the Issue Memorandum and the Supplemental Trust Deed.

References in these Conditions to the "**Charged Property**" are references to the property, assets, rights and benefits described above which are subject to the security constituted by the Trust Deed. The security over the Charged Property is granted to the Trustee as trustee for the Secured Parties pursuant to the Trust Deed.

To the extent that an obligor under the Underlying Assets fails to make payments to the Issuer on the due date thereof, the Issuer may be unable to meet its obligations (a) under any Related Agreement and/or (b) in respect of the Notes, the Coupons or the Receipts (if any) as and when they fall due. In addition the Issuer may be unable to meet such obligations if a Related Agreement or a Repurchase Agreement is terminated (prior to the scheduled termination date thereof) for any reason or if a Counterparty or Repurchase Counterparty thereunder defaults.

Pursuant to the Principal Trust Deed, the Issuer's obligations to pay Administrative Expenses are secured by a first fixed charge over the Expense Reserve Account and an assignment by way of security of the Issuer's rights against the Account Bank in respect thereof. The security over the Issuer's ledger in the Expense Reserve Account shall not become enforceable until the date on which the Charged Property becomes enforceable.

Pursuant to the Principal Trust Deed, the Issuer's obligations to the Trustee under the Principal Trust Deed and each Supplemental Trust Deed are secured by a first floating charge granted by the Issuer in favour of the Trustee over all its undertaking and assets whatsoever and wheresoever, both present and future, not otherwise effectively charged by way of fixed charge pursuant to any Trust Deed relating to a Series of Notes, save for any costs, fees, expenses and Administrative Expenses paid to the Issuer. Unless otherwise specified in the Issue Memorandum, all deeds, documents, assignments or instruments, bonds, notes, negotiable instruments, papers and any other instrument comprising, evidencing, representing and/or transferring the Underlying Assets and any Purchase Price Securities (as defined in Condition 5(j)) will be deposited with or held by the Custodian subject to the security referred to above. If specified in the Issue Memorandum, the Issuer may be required to use reasonable endeavours to procure that a replacement Custodian is appointed in the circumstances and subject to the Conditions set out therein (including, without limitation, the downgrading of the Custodian's credit rating), which appointment shall be subject to the consent of the Trustee, the Arranger and any Instructing Creditor.

Under a declaration of trust dated 22 October 2008 between the Issuer and the Share Trustee, the Share Trustee beneficially holds all of the issued shares of the Issuer on trust for charitable purposes but the Share Trustee shall not dispose of or otherwise deal with any of such shares while any borrowings by The Issuer are outstanding other than to any new or additional Share Trustee appointed, or create or suffer the creation of any security interest on or over the same.

The Trustee is exempted from any liability in respect of any loss or theft of the Charged Property, from any obligation to insure the Charged Property and from any claim arising from the fact that the Charged Property is held in a clearing system or in safe custody by a bank or

other custodian. The Trust Deed also provides that the 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 Charged Property and is not bound to make any investigation into the same or into the Charged Property in any respect.

(b) **Application of Proceeds**

The Trustee shall (subject to the provisions of the Trust Deed) apply all moneys received by it under the provisions of the Trust Deed in connection with the realisation or enforcement of the security constituted thereby in accordance with the Order of Priority specified in the Issue Memorandum and the Supplemental Trust Deed.

(c) **Credit Support Documents**

The Notes shall have the benefit of each Credit Support Document (if any) specified in the Issue Memorandum, the principal terms of which shall be summarised therein.

(d) **Related Agreement(s)**

If specified in the Issue Memorandum, the Issuer has entered into one or more Related Agreements with the Counterparties (if any) specified in the Issue Memorandum. The obligations of each Counterparty under a Related Agreement are guaranteed by a Related Agreement Guarantor if and to the extent specified in the Issue Memorandum. A Related Agreement may contain provisions requiring the Issuer to make certain payments to the Counterparty thereto out of sums receivable by the Issuer in respect of the Underlying Assets and requiring such Counterparty to make payments towards or equal to the obligations of the Issuer in respect of all or part of the amounts due on the Notes. Each Related Agreement will terminate on the date specified in the Issue Memorandum, unless terminated earlier in accordance with its terms.

The principal terms of each Related Agreement (if any) are set out in the Issue Memorandum.

(e) **Limited Recourse**

If the Liquidation Proceeds realised upon enforcement of the security constituted by the Trust Deed and any other Security Document in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption*) or Condition 13 (*Enforcement*) and the provisions of the Trust Deed and any other Security Document or liquidation of the Charged Property upon any redemption or purchase of the Notes in whole or in part in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption of Notes*), Condition 8(f) (*Forced Transfer or Redemption of Notes*) or Condition 8(m) (*Purchases*) are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes after taking into account any amounts payable to other Transaction Creditors and the Administrative Expenses Creditors of the Issuer in priority thereto in accordance with the Order of Priority (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 Transaction Creditors and the Administrative Expenses Creditors in such circumstances will be limited to such Liquidation Proceeds which shall be applied in accordance with the Order of Priority. In such circumstances, the Issuer will not be obliged to pay, and the other assets (if any) of the Issuer (including, for the avoidance of doubt, the Charged Property in respect of any other Series of Notes and the Issuer's share capital) will not be available for payment of such shortfall, which shall be borne by the Transaction Creditors and the Administrative Expenses Creditors in accordance with the Order of Priority (applied in reverse order) and the rights of the Transaction Creditors and the Administrative Expenses Creditors to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders, Coupon-holders, Receipt-holders or other Transaction Creditors and the Administrative Expenses Creditors may take any further action to recover such amounts. Failure to make any payment in respect of any such shortfall shall in no circumstances constitute an Event of Default under Condition 12 (*Events of Default*). At any time whilst the Notes are outstanding and in any event until the date falling two years and one day after the date on which any Note issued by the Issuer under the Programme is scheduled to mature, none of the Noteholders,

Coupon-holders, Trustee or other Transaction Creditors and the Administrative Expenses Creditors (nor any other person acting on behalf of any of them) shall be entitled to institute against the Issuer or the directors, officers or agents thereof, or join in any institution against the Issuer or the directors, officers or agents thereof of, any bankruptcy, *désastre*, reorganisation, arrangement, examination, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes, the Coupons, the Receipts, the Trust Deed or the other Transaction Documents, 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 or the directors, officers or agents thereof nor shall any of them have any claim arising in respect of the share capital of the Issuer or the Charged Property for any other Series of Notes (other than pursuant to the terms and Conditions of such Notes or any agreement entered into in respect thereof).

(f) **Substitution of Underlying Assets**

The Issue Memorandum shall specify whether, and the terms on and circumstances in which, the Underlying Assets may or shall be sold and (if required) replaced with substitute assets subject to the Issuer having obtained prior written consent of the Trustee and any Instructing Creditor specified in the Issue Memorandum. Upon substitution thereof, any such substitute assets shall become the Underlying Assets on which the Notes are secured and shall become subject to the security interests granted in favour of the Trustee which are contemplated by the Security Documents executed in respect of the Notes. The Issuer shall ensure the publication of a supplement describing the substituted security, such supplement to be available at its registered office and at the specified offices of the Paying Agents.

(g) **Exercise of Rights in Respect of certain Charged Property**

Subject to Condition 8(e), if any right of the Issuer in its capacity as a holder of, or person beneficially entitled to, a loan or loans comprised in the Underlying Assets falls to be exercised in accordance with the terms of such loan or loans, the Loan Information Agent, acting on behalf of the Issuer, shall upon becoming aware of the same promptly notify any applicable Instructing Creditor specified in the relevant Issue Memorandum thereof and request its direction for the exercise of such right, and, provided such direction is given, the Issuer and the Loan Information Agent, acting on its behalf, shall act only in accordance with such direction. If the Loan Information Agent receives no such direction, neither the Issuer nor the Loan Information Agent shall exercise any such right. In particular, neither the Issuer nor the Loan Information Agent shall (i) attend or 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 Underlying Assets, (ii) give any consent, waiver, indulgence, time or notification nor make any declaration in relation to the Underlying Assets (iii) give any indemnity to any person in relation to the Underlying Assets or assume obligations not otherwise assumed by them under the Underlying Assets or (iv) agree any composition, compounding or other similar arrangement with respect to the Underlying Assets (or any part thereof), unless, in each case, such action (a) relates solely to a loan or loans comprised in the Underlying Assets and (b) shall have been so requested and approved by the applicable Instructing Creditor and the Loan Information Agent shall have been indemnified and/or secured to its satisfaction.

(h) **Instructing Creditor**

The Issue Memorandum may specify certain provisions of the Conditions in respect of which the consent or instructions of the Instructing Creditor so specified therein may be required.

(i) **Accounts**

The Issue Memorandum shall specify the Accounts established with the Account Bank. Save to the extent otherwise specified in the Issue Memorandum, all amounts receivable by the Issuer in respect of the Underlying Assets or under any Related Agreement shall be paid into such Accounts.

(j) **Repurchase Agreement**

If the Issue Memorandum specifies that the Issuer has entered into a Repurchase Agreement, the Repurchase Counterparty may, subject to the provisions thereof, at any time and from time to time prior to the Maturity Date (and provided that the Notes have not fallen due and repayable prior to the Maturity Date) in its absolute discretion at its option (the "**Purchase Option**"), by giving not less than one Business Day's prior notice to the Issuer, the Trustee and the Custodian (a "**Purchase Notice**"), require the transfer to it of any amount of the Underlying Assets (the "**Purchased Collateral**") (unless it is specified in the Issue Memorandum that the Purchase Option may be exercised on the Issue Date, in which case the Purchase Option may in addition be exercised on the Issue Date subject to the delivery on that date of the Purchase Notice to the Issuer, the Trustee and the Custodian) on terms that full legal and beneficial ownership of such Purchased Collateral shall vest in the Repurchase Counterparty free and clear of all charges, liens and encumbrances created by the Supplemental Trust Deed with respect thereto or otherwise by the Issuer and together with the benefit of all the Issuer's rights and entitlements thereto and therein subsisting at the time the Purchase Option is exercised against payment to the Issuer of the purchase price (the "**Purchase Price**") (if any) specified in, or determined in accordance with the provisions of, the Issue Memorandum and on terms that the Repurchase Counterparty shall be obliged to deliver (subject to the proviso below) the Purchased Collateral or Fungible Collateral to the Issuer on the date specified in the relevant Purchase Notice or, if no date is so specified, on the date specified at any time prior to the Maturity Date in the absolute discretion of the Repurchase Counterparty (each, a "**Redelivery Date**") against payment of the repurchase price (the "**Repurchase Price**") (if any) specified in, or determined in accordance with the provisions of, the Issue Memorandum and that until the Purchased Collateral or Fungible Collateral is so delivered (unless otherwise specified in the Issue Memorandum), all payments of principal, interest or other sums in respect of the Purchased Collateral will be made to the Repurchase Counterparty (each, a "**Purchase Transaction**"); *provided that*, on any Redelivery Date, the Repurchase Counterparty may, at its option and if so specified in the Issue Memorandum, deliver, in full and final satisfaction of its obligation to deliver the Purchased Collateral or Fungible Collateral, either (i) a cash amount equal to the then current market value of the Purchased Collateral or (ii) such other assets as are selected by the Repurchase Counterparty in its absolute discretion which have a then current market value equal to the then current market value of the Purchased Collateral, and in the case of (i) and (ii) above, the then current market value of the Purchased Collateral and, as the case may be, of any other assets which may be so delivered in place of the Purchased Collateral, shall be determined in good faith and in a reasonably commercial manner by the Repurchase Counterparty. The Repurchase Counterparty may, upon not less than one Business Day's prior notice to the Issuer, the Trustee and the Custodian, defer any Redelivery Date to any subsequent date not later than the Maturity Date.

Any obligation of the Repurchase Counterparty to make payment to the Issuer of the Purchase Price may be satisfied (in whole or part) by the delivery to the Issuer (or to the Custodian on behalf of the Issuer) of certain bonds, notes or securities (the "**Purchase Price Securities**") specified in the Issue Memorandum. Where the Purchase Price comprises (in whole or part) Purchase Price Securities, any obligation of the Issuer to pay the Repurchase Price to the Repurchase Counterparty may be satisfied (in whole or part) by the redelivery to the Repurchase Counterparty of the Purchase Price Securities or Fungible Purchase Price Securities (as defined below) together with (unless otherwise specified in the Issue Memorandum) a payment equal to the total amount of principal, interest, dividends or other distributions made by the obligor(s) of the Purchase Price Securities and received by the Custodian on behalf of the Issuer during the period from and including the date of the delivery of the Purchase Price Securities to and including the Redelivery Date.

"**Fungible Purchase Price Securities**" means an amount of debt securities equivalent to the Purchase Price Securities comprising the Purchase Price (in whole or part) (provided that, if and to the extent that such Purchase Price Securities have been redeemed, such expression shall mean a sum of money equivalent to (and in the same currency as) the proceeds of such redemption) and debt securities are "equivalent to" Purchase Price Securities if they (i) have the same issuer or obligor, (ii) are part of the same issue, series or class, (iii) are of an identical type, nominal value and description and amount as the Purchase Price Securities and (iv) have

the same terms and Conditions and rank in all respects *pari passu* and equally with the Purchase Price Securities.

Unless otherwise provided in the Issue Memorandum, the Repurchase Price may not exceed the amount for the time being standing to the credit of the Repurchase Cash Account (as defined below) together with delivery of any securities standing to the credit of the Repurchase Securities Account (as defined below).

"Fungible Collateral" means an amount of debt or equity securities equivalent to the Purchased Collateral the subject of the relevant Purchase Transaction (provided that, if and to the extent that such Purchased Collateral has been redeemed, such expression shall mean a sum of money equivalent to (and in the same currency as) the proceeds of such redemption) and debt or equity securities are "equivalent to" Purchased Collateral if they (i) have the same issuer or obligor, (ii) are part of the same issue, series or class, (iii) are of an identical type, nominal value and description and amount as the Purchased Collateral and (iv) have the same terms and Conditions and rank in all respects *pari passu* and equally with the Purchased Collateral.

Unless otherwise specified in the Issue Memorandum, under the Repurchase Agreement, the Repurchase Counterparty in respect of a Purchase Transaction will be required to make payments to the Issuer equal to each payment of principal, interest, dividends or other distributions made by an obligor of the relevant Purchased Collateral and received by it (each an **"Income Payment"**) on the date on which such payments under such Purchased Collateral are received by the Repurchase Counterparty.

Unless otherwise specified in the Issue Memorandum, if the Repurchase Counterparty exercises its Purchase Option under the Repurchase Agreement, the Issuer will be deemed to be authorised by the Trustee (and the Trustee shall be deemed to be authorised for the purposes of the Trust Deed) to release from the security created by or pursuant to the Supplemental Trust Deed the Underlying Assets which are the subject of the Purchase Transaction. Unless otherwise specified in the Issue Memorandum, if any Purchased Collateral or Fungible Collateral is redelivered to the Issuer pursuant to the Repurchase Agreement, the right of the Issuer to receive payments from the Repurchase Counterparty equal to the Income Payments received by the Repurchase Counterparty which are made on or in respect of such Purchased Collateral or Fungible Collateral shall terminate and, upon redelivery of such Purchased Collateral or Fungible Collateral, such Purchased Collateral or Fungible Collateral shall be subject to the security constituted by or created pursuant to the Supplemental Trust Deed.

Any amount of Purchase Price paid by the Repurchase Counterparty to the Issuer pursuant to the Repurchase Agreement shall be credited to an interest bearing account in the name of the Issuer (the **"Repurchase Cash Account"**) with the Custodian specified in the Supplemental Trust Deed on terms that the funds standing to the credit of the Repurchase Cash Account shall earn the rate or rates of interest (which may be a floating rate) specified in the Supplemental Trust Deed. Any amount of Purchase Price satisfied by the delivery of Purchase Price Securities by the Repurchase Counterparty to the Issuer shall be credited to a securities account (the **"Repurchase Securities Account"**), and together with the Repurchase Cash Account, the **"Repurchase Accounts"**) in the name of the Issuer with the Custodian. Unless otherwise specified in the Issue Memorandum, all payments of principal, interest, dividends or other distributions made by an obligor of any Purchase Price Securities and received by the Custodian on behalf of the Issuer during the period from and including the date of delivery of the Purchase Price Securities to and including the Redelivery Date shall be credited to the Repurchase Cash Account. Unless otherwise specified in the Issue Memorandum, funds credited to the Repurchase Cash Account from time to time (including capitalised interest) shall be debited from the Repurchase Cash Account on each Redelivery Date to be applied together with the delivery of any securities standing to the credit of the Repurchase Securities Account in payment of the Repurchase Price and any other amounts then due to the Repurchase Counterparty pursuant to the Repurchase Agreement or as otherwise provided in the Supplemental Trust Deed.

Upon the occurrence of an event in respect of the Purchased Collateral which constitutes (i) an Underlying Asset Payment Default (as defined in Condition 8(c)) (if so specified in the relevant Issue Memorandum), or (ii) an Underlying Asset Acceleration (as defined in Condition 8(c)) (if so specified in the relevant Issue Memorandum), then the Repurchase Agreement shall terminate, and all Purchased Collateral and/or Fungible Collateral and/or (as provided in this Condition 5(j)) cash or other assets will be redelivered or delivered, as the case may be, to the Issuer; the date of such redelivery or delivery shall be deemed to be a Redelivery Date; the Issuer will pay the Repurchase Price to the Repurchase Counterparty; and all payments of principal, interest or other sums in respect of any such redelivered Purchased Collateral or Fungible Collateral shall thereafter be made to the Issuer.

Unless otherwise specified in the Issue Memorandum, upon the occurrence of either (i) an Underlying Asset Payment Default in respect of any Purchase Price Securities, or (ii) an Underlying Asset Acceleration in respect of any Purchase Price Securities (the Purchase Price Securities so affected, in each case, the "**Affected Purchase Price Securities**"), the Repurchase Counterparty shall replace the Affected Purchase Price Securities with either a cash amount equal to the aggregate principal amount of the Affected Purchase Price Securities or certain bonds, notes or securities as specified in the Issue Memorandum (provided that such bonds, notes or securities would not constitute Affected Purchase Price Securities immediately upon such replacement), the then current market value of such bonds, notes or securities being equal to the aggregate principal amount of the Affected Purchase Price Securities.

The principal terms of the Repurchase Agreement (if any) are set out in the Issue Memorandum.

To the extent that the Repurchase Counterparty fails to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement, the Issuer will be unable to meet its obligations in respect of the Notes, the Coupons or the Receipts. In such event, the Repurchase Agreement will be terminated and, assuming that "Repurchase Agreement Termination" is specified in the Issue Memorandum as a "Mandatory Redemption Event", the Notes will become repayable in accordance with Condition 8(c).

The Repurchase Agreement will provide that if at any time all the Notes fall due and payable in full prior to their Maturity Date for any reason (including, without limitation, pursuant to Condition 8(c), Condition 8(d) or Condition (12) or if the Issuer announces an intention to purchase all of the Notes pursuant to the Conditions, all Purchased Collateral and/or Fungible Collateral and/or (as provided in Condition 5(j)) cash or other assets will be redelivered or delivered, as the case may be, to the Issuer, the date of such redelivery or delivery shall be deemed to be a Redelivery Date in respect of the relevant Purchase Transaction, the Issuer will pay the Repurchase Price to the Repurchase Counterparty, and, unless otherwise specified in the Repurchase Agreement, all payments of principal, interest or other sums in respect of any such redelivered Purchased Collateral or Fungible Collateral shall thereafter be made to the Issuer.

6. COVENANTS AND RESTRICTIONS

(a) Covenants of the Issuer

As more fully described in the Trust Deed for so long as any of the Notes remains outstanding, the Issuer will:

- (i) take such steps as are reasonable to enforce all its rights:
 - (A) under the Trust Deed;
 - (B) in respect of the Charged Property;
 - (C) under each Related Agreement;
 - (D) under each Credit Support Document; and

- (E) under each other Transaction Document;
- (ii) comply with its obligations under the Notes, the Trust Deed, each Related Agreement, each Credit Support Document and each other Transaction Document;
- (iii) keep proper books of account;
- (iv) at all times maintain its tax residence outside the United Kingdom and the United States of America and will not establish a branch, agency or place of business or register as a company in England and Wales;
- (v) pay its debts generally as they fall due;
- (vi) do all such things as are necessary to maintain its corporate existence;
- (vii) comply with such additional covenants as may be set out in the Issue Memorandum and the Supplemental Trust Deed;
- (viii) at all times use best efforts to procure that the Charged Property relating to any Series of Notes and the proceeds thereof are at all times distinguishable from the Charged Property relating to each other Series of Notes and from the other assets of the Issuer; and
- (ix) at all times use best efforts to procure that the Expense Reserve Account relating to any Series of Notes is at all times distinguishable from the Expense Reserve Account relating to each other Series of Notes.

(b) **Restrictions on the Issuer**

As more fully described in the Trust Deed for so long as any of the Notes remains outstanding, the Issuer will not without the consent of the Trustee and any Instructing Creditor:

- (i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its rights, titles or interests in or to the Charged Property or the Expense Reserve Account nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the Charged Property or the Expense Reserve Account, save as contemplated in the Trust Deed and the Conditions of the Notes;
- (ii) engage in any business other than:
 - (A) acquiring and holding the Charged Property and the Expense Reserve Account in relation to each Series of Notes (which shall include, without limitation, the entry into Related Agreements or other derivative instruments);
 - (B) issuing and performing its obligations under each Series of Notes issued by it;
 - (C) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Trust Deed, each Related Agreement, each Credit Support Document and each other Transaction Document for each Series of Notes issued by it;
 - (D) issuing further Series of Notes or borrowing monies evidenced by a loan agreement upon terms that such borrowed monies shall not be secured on the Charged Property for any outstanding Series of Notes or the Issuer's share capital, and that recourse is limited to any additional assets secured in respect of such borrowed monies on terms in substantially the form contained in Condition 5(e) (*Limited Recourse*) and, in each case, entering into related transactions in accordance with, but subject to the provisions of paragraph (c) (*Further Issues and Additional Indebtedness*);
 - (E) performing any act incidental to the above; and

- (F) conducting business solely in its own name;
- (iii) purchase any Notes, save in accordance with Condition 8(m) (*Purchases*), or repay any part of borrowed monies evidenced by a loan agreement, save in accordance with the provisions of such loan agreement;
- (iv) incur any indebtedness for borrowed money other than in respect of the Notes or as evidenced by a loan agreement as contemplated under paragraph (b)(ii)(D) above or under any Related Agreement, Credit Support Document or other Transaction Document and save to the extent permitted in accordance with paragraph (c) (*Further Issues and Additional Indebtedness*);
- (v) declare or pay any dividends or make any other distribution to its shareholders or amend its constitutional documents;
- (vi) have any subsidiaries;
- (vii) have any employees;
- (viii) enter into any reconstruction, amalgamation, merger or consolidation;
- (ix) issue any shares (other than such shares as are in issue as at the date of execution of the Principal Trust Deed) nor redeem or purchase any of its issued share capital;
- (x) release the Custodian from the Custody Agreement (if any), release the Loan Information Agent from the Agency Agreement, release any Credit Support Provider from any Credit Support Document, release any Counterparty or Related Agreement Guarantor from any Related Agreement or Related Agreement Guarantee, as the case may be (including in each case any transactions entered into thereunder) or, in each case, from any executory obligation thereunder nor agree to any amendment to or waiver of the provisions of any such agreement;
- (xi) enter into any lease in respect of, or own, real property including premises;
- (xii) contravene such other restrictions as may be set out in the Issue Memorandum and the Supplemental Trust Deed; and
- (xiii) voluntarily enter into a dissolution or liquidation except if the Issuer or its directors are so required by law.

(c) **Further Issues and Additional Indebtedness**

The Issuer may from time to time (A) (without the consent of the Noteholders but provided that the Trustee is satisfied that the restrictions of this Condition will be complied with) issue further notes (which may form a single Series with the Notes), or (B) borrow further monies evidenced by an existing loan agreement and, in each case, the Issuer may create or incur further obligations relating to such notes or borrowed monies provided that such further notes, borrowed monies or obligations:

- (i) are secured (save in the case of such further notes forming a single Series with the Notes and in the case of further borrowed monies evidenced by an existing loan agreement) on assets of the Issuer other than the Charged Property or, as the case may be, such assets that form the security in respect of such borrowed monies and, in each case, the Issuer's ordinary share capital;
- (ii) are issued or incurred on terms in substantially the form contained in Condition 5(e) (*Limited Recourse*) which provide for the limitation of all claims in respect of such further notes, borrowed monies and obligations after application of the proceeds of the assets on which such further notes, borrowed monies and obligations are secured and, in the case of further notes and further obligations relating to notes, as confirmed by legal opinions (in respect of the law relating to Ireland and England) in such form and with such content as may be satisfactory to the Trustee; and

- (iii) are, (A) in the case of such further notes forming a single Series with the Notes, secured *pari passu* with the Notes of such Series (or a Tranche thereof) upon the Charged Property and such further assets of the Issuer upon which such further notes are secured, in accordance with Condition 16 (*Further Issues*) and, if not issued or incurred on the Issue Date of such Series of Notes, are contemplated in the Conditions of such Notes or approved by the holders of all of the Notes of that Series, or (B), in the case of further borrowed monies evidenced by an existing loan agreement, secured on the assets that form the security in respect of such borrowed monies and such further assets of the Issuer upon which such further borrowed monies are secured, and are incurred on the date of such loan agreement or are otherwise contemplated in the provisions of such existing loan agreement or approved by the creditors in respect of such existing loan agreement.

7. INTEREST AND OTHER CALCULATIONS

(a) Interest Rate and Accrual

Each Note bears interest on its outstanding principal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate in the manner provided in this Condition 7 (*Interest and Other Calculations*) to the Relevant Date.

(b) Interest on Fixed Rate Notes

If the Note is specified in the Issue Memorandum as being a Fixed Rate Note (save to the extent otherwise provided in the applicable Issue Memorandum), the amount of interest payable on each Interest Payment Date in respect of the Interest Period ended on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Issue Memorandum, amount to the Initial Broken Amount or Final Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Interest Rate to each Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(c) Interest on Floating Rate Notes

(i) Interest Rate on Floating Rate Notes

If the Note is specified in the Issue Memorandum as being a Floating Rate Note, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (A) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:

- (1) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
- (2) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (B) if the Primary Source for the Floating Rate is Reference Banks or if Condition 7(c)(i)(A)(1) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if Condition 7(c)(i)(A)(2) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting (or such of them, being at least two, as are quoting) to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;
- (C) if Condition 7(c)(i)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the Principal Financial Centre of the Relevant Currency are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date equal to the Specified Period to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting, in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);

(ii) **Business Day Convention**

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Determination Business Day, then, if the Business Day Convention specified is:

- (A) the "**Floating Rate Convention**", such date shall be postponed to the next day which is a Determination Business Day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding Determination Business Day and (2) each subsequent such date shall be the last Determination Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (B) the "**Following Business Day Convention**", such date shall be postponed to the next day which is a Determination Business Day;
- (C) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day which is a Determination Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Determination Business Day;
or
- (D) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Determination Business Day.

(d) **Interest Rate on Zero Coupon Notes**

As from the Maturity Date, the Interest Rate for any overdue principal in respect of a Zero Coupon Note shall be, in the case of a Zero Coupon Note which is issued at a discount, a rate per annum (expressed as a percentage) equal to the Amortisation Yield and otherwise, the rate specified in the Issue Memorandum.

(e) **Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding**

- (i) If any Margin or Rate Multiplier is specified in the Issue Memorandum (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (A), or the Interest Rates for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 7(c)(i) (*Interest Rate on Floating Rate Notes*) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the Issue Memorandum, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) Subject to the requirements of applicable law, for the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures will be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "**unit**" means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(f) **Calculation of Interest**

The Interest Amount payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless a specific Fixed Interest Amount (or a formula for its calculation) is specified in the Issue Memorandum in respect of such period, in which case the amount of interest payable in respect of such Note for such period will equal such Fixed Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) **Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts**

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quotation or make any determination or calculation, the Calculation Agent will, in the case of Floating Rate Notes, determine the Interest Rate and calculate the Interest Amount payable in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Issuer, the Trustee, the Agent, each of the Paying Agent, the Noteholders, the relevant Dealer (if such Dealer is not the Calculation Agent), any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and any Instructing Creditor, as soon as possible after their calculation or determination but in no event later than (i) (except in the case of notices to the Noteholders) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in

the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 12 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error or error which is, in the opinion of the Trustee, proven) be final and binding upon all parties.

(h) **Determination or Calculation by Trustee**

If the Calculation Agent fails at any time for any reason in the case of Floating Rate Notes to establish the Interest Rate for an Interest Accrual Period or the Interest Amount or to make any other determination or calculation required pursuant to these Conditions, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) **Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four Reference Banks with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer shall (with the prior approval of the Trustee) appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

8. **REDEMPTION, PURCHASE AND OPTIONS**

(a) **Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below and unless its maturity is extended pursuant to the Issuer's or any Noteholders' option in accordance with Condition 8(h) (*Options in Respect of the Notes*), each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its outstanding principal amount) on the Maturity Date specified on each Note. Notes with no final maturity date will only be redeemable or repayable in accordance with the following provisions of this Condition 8 (*Redemption, Purchase and Options*) or Condition 12 (*Events of Default*).

(b) **Redemption by Instalments**

Unless previously redeemed, purchased and cancelled as provided in this Condition 8 (*Redemption, Purchase and Options*) and unless the relevant Instalment Date is extended pursuant to the Issuer's or any Noteholders' option in accordance with Condition 8(h) (*Options in Respect of the Notes*), each Instalment Note will be partially redeemed on each Instalment Date at the specified Instalment Amount, whereupon the outstanding principal amount of such Instalment Note shall be reduced for all purposes by the Instalment Amount.

(c) **Mandatory Redemption Events**

The Issue Memorandum shall specify whether the following events shall constitute a "**Mandatory Redemption Event**" for the purpose of the Notes:

(i) **Underlying Asset Payment Default**

failure by the obligor of any Underlying Asset to pay on the due date therefor any amount payable in respect of or under any Underlying Asset (after, unless otherwise specified in the Issue Memorandum, expiry of any grace period applicable to such Underlying Asset);

(ii) **Underlying Asset Acceleration**

(A) redemption of any of the Underlying Assets prior to their stated maturity, or (B) if any of the Underlying Assets becomes repayable or becomes capable of being declared due and repayable prior to its stated date of maturity for whatever reason;

(iii) **Related Agreement Termination**

termination in whole of any Related Agreement unless provision for the replacement thereof is contemplated in the Issue Memorandum;

(iv) **Repurchase Agreement Termination**

termination in whole of any Repurchase Agreement unless provision for the replacement thereof is contemplated in the Issue Memorandum;

(v) **Credit Event**

the occurrence of a Credit Event;

(vi) **Tax Event**

the Issuer would suffer tax in respect of its income in respect of the Underlying Assets or payments made to it under a Related Agreement, or would receive net of any tax any payments in respect of the Underlying Assets or payments made to it under a Related Agreement, so that it would be unable to make payment of any amount due under the Notes; and

(vii) **Additional Mandatory Redemption Events**

such other events (if any) as may be specified as such in the Issue Memorandum.

Promptly upon the Issuer first becoming aware of the occurrence of any Mandatory Redemption Event it shall notify the Trustee, the Loan Information Agent, the Calculation Agent, the Custodian (if any), the Noteholders (in accordance with Condition 17 (*Notices*)) and each Counterparty and Credit Support Provider of such event, the Underlying Assets shall be liquidated in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption*) and the Notes shall be redeemed in whole but not (unless otherwise indicated in the Issue Memorandum) in part at the applicable Early Redemption Amount together with interest accrued thereon or payable in respect thereof to the date of redemption, unless otherwise specified in the Issue Memorandum, on the date of the occurrence of such event or as soon as is practicable thereafter taking into account the timing of liquidation of the Charged Property (the "**Early Redemption Date**"). The Issuer shall notify the Noteholders (in accordance with Condition 17 (*Notices*)) as soon as is practicable following the determination of any Early Redemption Date applicable to the Notes in accordance with this Condition. Failure to make any payment due in respect of a mandatory redemption under this Condition 8(c) of part of the principal amount of the Notes or interest thereon as a result of any shortfall in the proceeds of liquidation or realisation of the Charged Property shall not constitute an Event of Default.

(d) **Mandatory Redemption for Taxation Reasons**

In the event that the Issuer is, for any reason and with respect to any Series of Notes, unable to arrange its substitution as principal obligor under the Notes or to change its residence for tax purposes if and when required pursuant to Condition 10 (*Taxation*) on the earlier of:

- (i) the Relevant Date (as defined in Condition 10); and
- (ii) the twentieth day of the relevant circumstance occurring,

then the Issuer shall promptly notify the Trustee, the Loan Information Agent, the Calculation Agent (if any), the Custodian (if any), the Noteholders (in accordance with Condition 17 (*Notices*)) and each Counterparty and Credit Support Provider of such occurrence and the Issuer shall redeem all, but not some only, of the Notes in such Series at the applicable Early Redemption Amount together with interest accrued thereon or payable in respect thereof to the date of redemption, unless otherwise specified in the applicable Issue Memorandum, on the earliest practicable date taking into account the timing of liquidation of the Charged Property with respect to such Series of Notes (the "**Early Redemption Date**").

(e) **Realisation of Charged Property upon Redemption**

Save as otherwise provided in the Issue Memorandum, in the event of any redemption of the Notes in whole or in part pursuant to Condition 8(c) (*Mandatory Redemption Events*), Condition 8(d) (*Redemption for Taxation Reasons*) or Condition 8(h) (*Options in Respect of the Notes*), the Issuer or such other entity as may be specified in the Issue Memorandum, acting on behalf of the Issuer, shall use reasonable endeavours to take such actions as are required, including, without limitation, arranging for the sale or (if applicable) enforcement of the Underlying Assets held at such time and/or the sale and/or termination of any Related Agreements, any Repurchase Agreement or any Credit Support Documents and/or liquidating any other Charged Property (in each case, to the extent not scheduled to mature or expire prior to the applicable Pre-Payment Date) or such percentage of the Underlying Assets and/or Related Agreements or other Charged Property as may be specified in the Issue Memorandum in order to procure that the Charged Property is (to the extent practical and appropriate) in immediately available funds by no later than the applicable Pre-Payment Date or, if not practicable as soon as is practicable thereafter and shall apply such Liquidation Proceeds in accordance with the Order of Priority or as otherwise specified in the Issue Memorandum. In connection with such realisation or liquidation, the Issuer may appoint such agents and advisers as it thinks fit, including, without limitation, the Arranger, subject to the prior consent of the Trustee. None of the Issuer, the Trustee or any other Controlling Party shall have any liability in respect of the price at which any sale or termination is effected or if any such person is unable, for any reason, to effect such sale or termination. No consent shall be required from the Trustee in respect of any liquidation by the Issuer, or such other entity as may be specified in the Issue Memorandum, acting on behalf of the Issuer, pursuant to this Condition 8(e), of any Charged Property the subject of the security interests constituted pursuant to the Trust Deed.

(f) **Forced Transfer or Redemption of Notes**

This paragraph shall only apply to the Notes if, and to the extent, indicated in the Issue Memorandum. The Notes originally sold within the United States or to US residents (each a "**US Holder**") for the purposes of the Investment Company Act can only be held by persons who are Eligible Investors. If the Issuer determines at any time that it is not satisfied that a US Holder of Notes is an Eligible Investor, then the Issuer may direct such US Holder to sell or transfer its Notes to a non-US Holder or to an Eligible Investor within the United States within 10 Business Days following receipt of such notice from the Issuer (the "**Forced Transfer Period**"). If such Holder fails to sell or transfer its Notes within the Forced Transfer Period, the Notes held by such Holder shall be redeemed by the Issuer as soon as is practicable at the lower of (i) the price which the Issuer determines in its absolute discretion represents the economic value of the Notes at such time and (ii) the proceeds of realisation by the Issuer of a proportionate amount of the Underlying Assets (equal to the proportion which the Notes to be so redeemed represent of all the Notes of such Series which are outstanding at such time), in each case less all costs and expenses incurred in connection with such sale including, without limitation, all taxes and duties payable in connection with such sale and all costs incurred

upon termination of any Related Agreement and/or Credit Support Document to the extent required as a result of the sale of such Underlying Assets and/or redemption of such Notes. Any realisation of the Underlying Assets by the Issuer for the purposes of (ii) above shall be subject to the prior written consent of each Controlling Party. The Issuer and the Trustee reserves the right to require any Holder of Notes or any transferee acquiring Notes from a US Holder pursuant to this Condition to submit a written certification substantiating that it is an Eligible Investor or a non-US Holder. The Issuer and the Trustee has the right to assume that the Holder of the Notes from whom such a certification is requested is neither an Eligible Investor nor a non-US Holder if such Holder fails to submit any such requested written certification on a timely basis. Failure by the Issuer to make any payment of principal or interest payable upon redemption of any Notes pursuant to this Condition as a result of any shortfall in the proceeds of liquidation or realisation of the applicable portion of Charged Property shall not constitute an Event of Default.

(g) **Early Redemption Amounts**

Save to the extent otherwise specified in the Issue Memorandum, the Early Redemption Amount payable in respect of each Note, upon redemption of such Note pursuant to Condition 8(c) (*Mandatory Redemption Events*), Condition 8(d) (*Redemption for Taxation Reasons*), or Condition 8(h) (*Option in Respect of the Notes*) or upon it becoming due and payable as provided in Condition 12 (*Events of Default*) shall be:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes, but including Variable Redemption Amount Notes, Instalment Notes and Partly-Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Relevant Currency other than that in which the Notes are denominated, the amount specified in, or determined in the manner specified in the Issue Memorandum or, if no such amount or manner is specified in the Issue Memorandum, their principal amount outstanding; and
- (iii) in the case of Zero Coupon Notes which are issued at a discount the Amortised Face Amount (calculated as follows) of such Note. The "**Amortised Face Amount**" of any such Note shall be equal to the sum of:
 - (A) the "**Reference Price**" of such Note (which, if none is shown in the Issue Memorandum, shall be the Issue Price of the Notes); and
 - (B) the product of the "**Amortisation Yield**" (which, if none is shown in the Issue Memorandum, shall be such rate as would produce an amount equal to the Reference Price of the Notes if their Final Redemption Amount was discounted back from the Maturity Date to the Issue Date) (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date upon which such Note becomes due and payable.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the Issue Memorandum.

(h) **Options in Respect of the Notes**

The Issue Memorandum shall specify the circumstances (if any) in which other options may be exercisable in respect of the Notes, in whole or in part, by the Issuer, the Noteholders or otherwise, including the option to redeem the Notes or to extend the maturity thereof, or other payment dates relating thereto and the terms and Conditions applicable to the exercise of each such option. In the case of a partial exercise of an option in respect of the Notes at the option of the Issuer or otherwise than at the option of individual Noteholders, the Issue Memorandum shall specify whether the Notes in respect of which such option is to be exercised will be selected individually by lot in the case of Bearer Notes only, without involving any part of a Bearer Note or whether such option is to apply to the Notes on a *pro rata* basis. If the Issue

Memorandum does not specify whether the Notes in respect of which such option is to be exercised will be selected individually by lot in the case of Bearer Notes only, without involving any part of a Bearer Note or whether such option is to apply to the Notes on a *pro rata* basis, then the Notes will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion, not more than 30 days prior to the date of redemption. In the event that the Notes in respect of which such option is to be exercised are to be selected individually by lot, they shall be selected in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate, not more than 60 days prior to the date fixed for exercise of such option and a notice setting out a list of the serial numbers of the Notes in respect of which such option is to be exercised, the date fixed for exercise of such option and, if applicable, the redemption price will be given by the Issuer not less than 30 days prior to such date in accordance with Condition 17 (*Notices*). Upon any optional redemption of the Notes, the Underlying Assets shall be liquidated in accordance with Condition 8(e) (*Realisation of Charged Property upon Redemption*) and such Notes shall be redeemed at their Early Redemption Amount together with interest accrued to the date fixed for redemption.

(i) **Exercise of Noteholders' Option**

To exercise any Noteholders' option which may be set out in the Issue Memorandum:

- (i) in the case of a Note which is represented by a Global Note or is represented by a Definitive Bearer Note held through Euroclear or Clearstream, Luxembourg, the Holder shall deliver the Option Notice (provided it is in a form acceptable to Euroclear or Clearstream, Luxembourg) in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg and, if the Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly; or
- (ii) in the case of a Note which is represented by a Definitive Bearer Note not held through Euroclear or Clearstream, Luxembourg, the Holder shall deposit such Note with the Paying Agent at its specified office, together with a duly completed Option Notice,

in each case, within the notice period specified in the Issue Memorandum, provided that such notice period shall be not less than 15 Business Days prior to the proposed due date for redemption of the relevant Note or the exercise of the relevant option. No Option Notice so delivered or no Note so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer except that such Option Notice shall not be valid and/or such Note will be returned to the relevant Noteholder by the Paying Agent with which it has been deposited if, prior to the due date for its redemption or the exercise of the option, the Note becomes immediately due and payable or if upon due presentation payment of the redemption monies is not made or exercise of the option is denied.

If a Noteholders' option is exercised in relation to any Series of Notes, Noteholders may, following such exercise, receive less than the outstanding principal amount of such Notes plus accrued interest, if any, thereon.

(j) **Exercise of Issuer's Option**

In the case of the exercise of any option in respect of all of the Notes by the Issuer, notice of such exercise will be given to the Noteholders by the Issuer in accordance with Condition 17 (*Notices*) not less than 30 nor more than 60 days before the date fixed for exercise of the relevant option. In the case of exercise of any such option in respect of part only of the Notes, notice will, unless otherwise specified in the Issue Memorandum, be so given twice, first not less than 80 nor more than 95 days, and secondly not less than 30 nor more than 60 days, before the date fixed for exercise thereof. Each notice will specify the date fixed for exercise thereof and, in the case of exercise in respect of part of the Notes only, the aggregate principal amount of the Notes in respect of which such option is to be exercised and, to the extent applicable, the serial numbers of Notes previously called (in whole or in part) for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial exercise. In addition, in the case of a partial exercise in respect of

the Notes other than on a *pro rata* basis, the first notice will specify the period during which exchanges or transfers of Notes may not be made as provided in Condition 3 (*Transfer and Exchange*) and the second notice will specify the serial numbers of the Notes (in whole or in part) in respect of which such option is to be exercised. All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option exercised in respect thereof, on the dates specified in such notice in accordance with this Condition.

If the Issuer's option is exercised in relation to any Series of Notes, Noteholders may, following such exercise, unless otherwise specified in the Issue Memorandum, receive less than the outstanding principal amount of such Notes plus accrued interest, if any, thereon.

(k) Late Payment on Zero Coupon Notes

If the Redemption Amount payable in respect of any Zero Coupon Note which is issued at a discount upon its redemption is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note, except that Condition 8(g)(iii) (*Early Redemption Amounts*) shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this paragraph (k) will continue to be made (both before and after judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 7(d) (*Interest Rate on Zero Coupon Notes*).

(l) Related Agreement and Repurchase Agreement

Unless otherwise specified in the Issue Memorandum, any Related Agreement or Repurchase Agreement relating to the Notes (or a proportionate part thereof corresponding to the amount of Notes to be redeemed or purchased) will terminate upon redemption or purchase of the Notes in whole or in part. Upon termination of a Related Agreement or Repurchase Agreement prior to the stated maturity thereof a termination amount may become payable by the Issuer to the applicable Counterparty or Repurchase Counterparty or vice versa in accordance with the terms of such Related Agreement or Repurchase Agreement.

(m) Purchases

Save as otherwise provided in the Issue Memorandum, the Issuer may, provided that no Mandatory Redemption Event or Event of Default has occurred, purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer and subject to the consent of the Trustee and each Instructing Creditor (if any), surrendered to the Paying Agent for cancellation. The consent of the Trustee in such circumstances shall be dependent upon the Issuer satisfying the Trustee that it has made arrangements for realisation of a proportionate amount of the Underlying Assets and a proportionate reduction in the notional amount of any Related Agreements and/or Credit Support Documents on the basis of the proportion that the aggregate principal amount of Notes being purchased represents of the aggregate principal amount of the Notes outstanding immediately prior to such purchase, that such transaction would leave the Issuer with no net liabilities in respect thereof and such other matters as the Trustee may require.

(n) Cancellation

All Notes which are redeemed by the Issuer will forthwith be cancelled (together with all unmatured Receipts and Coupons and all unexchanged Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and all Notes purchased by or on behalf of the Issuer and cancelled pursuant to paragraph (m) above (together with all unmatured Receipts and Coupons and all unexchanged Talons) shall be surrendered to the Agent and, when so surrendered, will be cancelled forthwith. Any Notes so surrendered for

cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(o) **Exchange**

(i) **Delivery of Underlying Assets**

If specified in the Issue Memorandum, a Noteholder may, at its option, exchange any Note held by it for a corresponding proportion of the Underlying Assets upon which such Note is secured upon redemption of such Note in whole but not part. The exercise of any such option will be subject to fulfilment of such other Conditions as may be set out in the Issue Memorandum, including, without limitation, payment by the Noteholder exercising such option of certain amounts specified therein (including all expenses, taxes and/or stamp duty payable in respect thereof) and/or termination of any Related Agreement and/or Repurchase Agreement and/or Credit Support Agreement (or part thereof). To exercise such option the relevant Noteholder shall deposit the relevant Note (and all unmatured Coupons, Receipts and all unexchanged Talons (if any) appertaining thereto) at the office of the Paying Agent, together with a duly completed Option Notice, at least fifteen Business Days prior to the date on which such option is to be exercised (which date shall be specified in the aforementioned Option Notice). The Agent will forthwith notify the Issuer, the Trustee, the Arranger, each Counterparty, each Related Agreement Guarantor, each Repurchase Counterparty and each Credit Support Provider of the exercise of any such option. The Issuer will use reasonable endeavours to procure that, subject to fulfilment of each such Condition and subject to all applicable laws, rules and regulations, the relevant Underlying Assets are delivered (at the expense of the Noteholder) to the Noteholder (or to any other place or account specified in the written notice referred to above) on the date that is at least fifteen Business Days after its receipt of the relevant Option Notice. Save as otherwise specified in the Issue Memorandum, no interest will be payable with respect to a Note deposited for exchange pursuant to this Condition in respect of the period from the Issue Date or the previous date for the payment of interest on such Note, as the case may be, to the date of such exchange.

(ii) **Exchange of Series**

If indicated in the Issue Memorandum the Notes of a Series may be exchanged for the Notes of another Series on the terms and subject to the Conditions set out in the Issue Memorandum.

9. **PAYMENTS AND TALONS**

(a) **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note) or Notes or (in the case of interest, save as specified in paragraph (vi) of Condition 9(f) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) Coupons, as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due, drawn on or, at the option of the Holder, by transfer to an account denominated in that currency with, a bank in the Principal Financial Centre of that currency; and provided that in the case of euro, the transfer may be to a euro account with a bank in Europe. In addition to the requirement referred to above that no payment on any Note or Coupon will be made at the specified office of any Paying Agent within the United States, no payment on any Note or Coupon will be made by transfer to an account maintained by the Paying Agent, or by mail to an address, in the United States.

(b) **Payments in the United States**

Notwithstanding the foregoing, if any Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) **Payments Subject to Law, etc.**

All payments and all deliveries of any Underlying Assets pursuant to Condition 8(o)(i) (*Delivery of Underlying Assets*) are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Coupon-holders in respect of such payments.

(d) **Appointment of Agents**

The Agent, the Paying Agent, the Calculation Agent and the Custodian initially appointed by the Issuer and their respective specified offices are listed below. The Agent, the Paying Agent and the Calculation Agent and the Custodian act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Agent, the Paying Agent or the Custodian and to appoint additional or other Paying Agent, provided that the Issuer will at all times maintain (i) an Agent, (ii) a Calculation Agent, where the Conditions so require one, (iii) a Paying Agent and (iv) a Custodian, where the relevant Issue Memorandum so requires one. In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in US dollars in the circumstances described in Condition 9(c) (*Payments in the United States*) above.

The Issuer has undertaken in the Agency Agreement to obtain the prior written approval of the Trustee to any appointment, or termination of the appointment, of any of the Agent, the Paying Agent the Calculation Agent or the Account Bank. Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 17 (*Notices*).

(e) **Unmatured Coupons and Receipts and Unexchanged Talons**

- (i) In the case of Fixed Rate Notes, and unless the Issue Memorandum provides that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 11 (*Prescription*)).
- (ii) In the case of Floating Rate Notes and Variable Coupon Amount Notes, unless the Issue Memorandum provides otherwise, upon the due date for redemption of any Bearer Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Notes is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it, as the case may be.

(f) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Agent or such other Paying Agent as is notified to the Noteholders in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which have become void pursuant to Condition 11 (*Prescription*)).

(g) **Non-Presentation Business Days**

If any date for payment in respect of any Note, Receipt or Coupon is not a Presentation Business Day, the holder shall not be entitled to payment until the next following Presentation Business Day nor to any interest or other sum in respect of such postponed payment.

10. **TAXATION**

All payments of principal and interest in respect of the Notes, Receipts and Coupons 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 Ireland (in the case of the Issuer or an Additional Issuer incorporated in Ireland) or any other jurisdiction in which an Additional Issuer is incorporated (in the case of an Additional Issuer not incorporated in Ireland) 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 and any such withholding or deduction shall not constitute an Event of Default under Condition 12(a) (*Event of Default*).

If the Issuer, on the date of the any payment due in respect of the Notes (the "**Relevant Date**"), would be required by Irish law (in the case of the Issuer or an Additional Issuer incorporated in Ireland) or the law of any other jurisdiction in which an Additional Issuer is incorporated (in the case of an Additional Issuer not incorporated in Ireland) to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due on such Relevant Date, then the Issuer shall so inform the Trustee and each Instructing Creditor, and shall use all reasonable endeavours in accordance with Condition 8(d) (*Mandatory Redemption for Taxation Reasons*) above to arrange the substitution of a company incorporated in another jurisdiction approved by the Trustee and each Instructing Creditor as the principal obligor or to change (to the satisfaction of the

Trustee and any Instructing Creditor) its residence for taxation purposes to another jurisdiction approved by the Trustee and each Instructing Creditor.

11. **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes, Receipts and (subject to Condition 9(f)(ii) (*Unmatured Coupons and Receipts and Unexchanged Talons*)) Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

12. **EVENTS OF DEFAULT**

(a) **Events of Default**

The Trustee at its discretion may, and if so requested in writing by any Instructing Creditor shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that such Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount, together with interest (if any) accrued thereon or payable in respect thereof as provided in the Trust Deed, in any of the following events (each an "**Event of Default**"):

(i) **Non-payment**

default is made for a period of seven days (or such other period as is specified in the Issue Memorandum) or more in the payment of any sum due in respect of the Notes or any of them; or

(ii) **Breach of Other Obligations**

the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (unless such failure is, in the opinion of the Trustee and each Instructing Creditor, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) **Enforcement Proceedings**

a distress, attachment, execution, sequestration or other legal process is levied, enforced or sued out on or put in force against the whole or any part of the Charged Property and is not discharged or stayed within 14 days or any encumbrancer (not being the Trustee or any Receiver or manager appointed by the Trustee) takes possession of the whole or part of the Charged Property; or

(iv) **Insolvency Proceedings**

proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, "**Insolvency Laws**"), or an application is made (or documents filed with a court) for the appointment of a receiver, trustee, administrator, custodian, conservator or other similar official (not being an administrative receiver or other receiver or manager appointed by the Trustee pursuant to the Trust Deed) (a "**Receiver**") in relation to the Issuer or in relation to the whole or any substantial part of the Charged Property; or a winding up petition is presented in respect of the Issuer and, in any of the foregoing cases except in relation to the appointment of a Receiver, is not discharged within 45 days; or the Issuer becomes or is, or could be deemed by law or a court to be, insolvent or bankrupt or unable to pay its debts as they fall due, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Laws, or seeks the appointment of a Receiver, or makes a conveyance or assignment 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 Trustee and any Instructing Creditors); or

(v) **Illegality**

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes; or

(vi) **Analogous Events**

any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

(vii) **Other Events of Default**

such other Events of Default as may be specified in the Issue Memorandum.

(b) **Confirmation of No Default**

The Issuer has undertaken in the Principal Trust Deed that:

- (i) on each anniversary of the date of the Principal Trust Deed and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate signed by two Directors to the effect that as at a date not more than five days prior to the date of the certificate, since the date of the Principal Trust Deed, or as the case may be, the date of the last such certificate, no Event of Default or other matter required to be brought to the Trustee's attention has existed; and
- (ii) on becoming aware of an Event of Default to procure that written notice of the same is given to the Trustee without waiting for the Trustee to take any action.

13. **ENFORCEMENT**

The security constituted under the Trust Deed over the Charged Property shall become enforceable:

- (a) following notice being given to the Issuer of an acceleration of the maturity of the Notes pursuant to Condition 12 (*Events of Default*); and
- (b) in such other circumstances as may be specified in the Issue Memorandum and the Supplemental Trust Deed,

and at any time thereafter the Trustee may, at its discretion and without further notice, take such proceedings and/or other actions as it may think fit against or in relation to the Issuer to enforce its obligations under the Notes and the Trust Deed and take action to enforce the security over the Charged Property without any liability as to the consequences of such action and without having regard to the effect of such action on individual holders of Notes, Coupons or Receipts or any other relevant Secured Party but it shall not be bound to take any such proceedings and/or action unless it is instructed to do so by the applicable Instructing Creditor and in any event shall have been indemnified 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.

The Liquidation Proceeds realised following enforcement of the security over the Charged Property shall be distributed in accordance with Condition 5(b) (*Application of Proceeds*).

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, Coupon-holders and each other Secured Party and no Noteholder, Coupon-holder or other Secured Party is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure is continuing. Having realised the security and distributed the net proceeds in accordance with Condition 5(b)

(*Application of Proceeds*), the debt owed to the Noteholders and Coupon-holders and each other Transaction Creditor and Administrative Expenses Creditors shall be discharged, the Trustee may not take any further steps against the Issuer to recover any further sum and the right to receive any such sum shall be extinguished. In particular, at any time whilst the Notes are outstanding and in any event until the date falling one year and one day, or in the case of Notes issued by the Issuer, the date falling two years and one day after the latest date on which any Note issued by the Issuer under the Programme is scheduled to mature, none of the Trustee, any Noteholder, Coupon-holder or other Transaction Creditor or Administrative Expenses Creditor shall be entitled to petition or take any steps for the winding-up, liquidation or insolvency of or other like proceeding against the Issuer (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer), nor shall any of them have any claim arising in respect of the share capital of the Issuer or the Charged Property for any other Series of Notes (other than pursuant to the terms and Conditions of such Notes or any agreement entered into in respect thereof).

14. **MEETINGS OF NOTEHOLDERS, MODIFICATIONS, WAIVER AND SUBSTITUTION**

(a) **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including these Conditions or the provisions of the Trust Deed insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Coupon-holders and holders of Receipts, except that any Extraordinary Resolution proposed, amongst other things, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereof, (ii) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown in the Issue Memorandum, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Final Redemption Amount or Early Redemption Amount, (vi) to change the currency or currencies of payment or denomination of the Notes, (vii) to take any steps which as specified in the Issue Memorandum may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (ix) to modify the provisions of the Trust Deed concerning this exception or (x) to modify the provisions of Condition 5 (*Security*), will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present. The Trust Deed contains provisions for convening a single meeting of the holders of the Notes and the holders of notes of other specified Series in certain circumstances where the Trustee so decides.

(b) **Modification and Waiver**

The Trustee may, without any consent or sanction of the Noteholders, and without prejudice to its rights in respect of any subsequent breach, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions of the Trust Deed or any of these Conditions or any other Transaction Document which is not, in the opinion of the Trustee, materially prejudicial to the interest of the Noteholders. Any such waiver, authorisation or determination shall be binding on the Noteholders and the Coupon-holders as soon as practicable thereafter and, if the Trustee shall so require, shall be notified to the Noteholders as soon as practicable thereafter, in accordance with Condition 17 (*Notices*).

The Trustee may agree, subject to the consent of each Instructing Creditor but without the consent of the Noteholders (to the extent that they are not Instructing Creditors), to any modification (subject to certain exceptions) of any of these Conditions or any of the provisions

of the Trust Deed or any other Transaction Document which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders. The Trustee may also, without the consent of the Noteholders, agree to any modification to these Conditions, or the Trust Deed which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification shall be binding on the Noteholders and the Coupon-holders as soon as practicable thereafter and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 17 (*Notices*).

(c) **Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other Conditions set out in the Trust Deed and subject to the consent of any Instructing Creditor but without the consent of the Noteholders (to the extent that they are not Instructing Creditors), to the substitution of any other company in place of the Issuer or of any previous substituted company, as principal obligor under the Trust Deed and all of the Notes then outstanding. In the case of such a substitution the Trustee may agree subject to the consent of any Instructing Creditor but without the consent of the Noteholders (to the extent that they are not Instructing Creditors), to a change of the law governing the Notes and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

(d) **Prioritised Tranches**

The Supplemental Trust Deed will contain certain provisions relating to meetings, modification, waiver and substitution for Prioritised Tranches.

15. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Agent in London or such other Paying Agent, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 17 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, amongst other things, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Receipt, Coupon or further Coupon) and otherwise as the Issuer and the appropriate Paying Agent may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16. **FURTHER ISSUES**

The Issuer may, from time to time, without the consent of the Noteholders or Coupon-holders create and issue further notes having the same terms and Conditions as the Notes and so that the same shall be consolidated and form a single Series (or Tranche) with such Notes, provided that, unless otherwise approved by an Extraordinary Resolution of Noteholders, the Issuer provides additional assets as security for such further notes of the same proportionate composition as those forming part of the Charged Property for the Notes and in the same proportion that the principal amount of such new notes bears to the Notes and the Issuer enters into, or has the benefit of, additional or supplemental credit support documents and/or related agreements and/or transaction documents extending the terms of any existing Credit Support Documents and/or Related Agreements and/or Repurchase Agreements and/or Transaction Documents to the new Notes on terms no less favourable than such existing documents and agreements. Any new notes forming a single Series or Tranche with the Notes shall be constituted and secured by a deed supplemental to the Trust Deed, such further security shall be added to the Charged Property so that the new and existing Notes shall be secured by the same Charged Property with recourse limited to such Charged Property as provided in Condition 5(e) and references in these Conditions to "**Notes**", "**Underlying Assets**",

"Charged Property", "Credit Support Documents", "Related Agreements" and/or "Repurchase Agreements" and/or "Transaction Documents" shall be construed accordingly.

17. **NOTICES**

(a) **Global Notes**

Until such time as any Definitive Bearer Notes are issued and for so long as Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, any notice given to the holders of Notes shall be deemed to be given to such holders on the third day after the day on which such notice was given to Euroclear and/or Clearstream, Luxembourg. Any such notice shall be in accordance with the rules and regulations of Euroclear and/or Clearstream, Luxembourg from time to time.

(b) **Definitive Global Notes**

In the event that any Definitive Bearer Notes held outside Euroclear and Clearstream, Luxembourg have been issued, notices will be valid if published in a leading national newspaper of general circulation in the United Kingdom approved by the Trustee (which is expected to be the *Financial Times*). If, in the opinion of the Trustee, any such publication is not practicable, notice will be validly given if published in another leading daily English newspaper of general circulation in Europe approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

(c) **Coupon-holders and holders of Receipts and Talons**

Coupon-holders and holders of Receipts and Talons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

18. **INDEMNIFICATION, REPLACEMENT AND OBLIGATIONS OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Underlying Assets and for the sufficiency, validity and enforceability (which the Trustee has not investigated) of the security over the Charged Property. The Trustee is not obliged to take any action hereunder or under the Trust Deed unless indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any issuer or guarantor (where applicable) of any of the Underlying Assets, any Credit Support Provider, any Repurchase Counterparty and any Counterparty or Related Agreement Guarantor or any of their subsidiary, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trust Deed provides that in acting as Trustee under the Trust Deed the Trustee shall not assume any duty or responsibility to any Counterparty, Credit Support Provider, Related Agreement Guarantor, Loan Information Agent or other Secured Party (other than to pay to any Counterparty, Credit Support Provider, Loan Information Agent or other Secured Party any moneys received and repayable to it held on trust for it and to act in accordance with the provisions of the Trust Deed). Unless otherwise specified in the Issue Memorandum and the Supplemental Trust Deed, the Trustee shall have regard solely to the interests of the Noteholders in acting as Trustee under the Trust Deed and unless so specified otherwise in the applicable Issue Memorandum, in the event of any conflict between the interests of the Noteholders and the interests of any other Secured Party, the interests of the Noteholders shall prevail. In the case of Notes forming part of a Prioritised Tranche, the Issue Memorandum and Supplemental Trust Deed shall specify whether the Trustee is to have regard to the interests or directions of the Holders of one Tranche of Notes in preference to another Tranche of Notes of the same Series in the event of any conflict of interest.

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the holders of the Notes or the Coupons, Receipts or Talons relating thereto as a class. The

Trust Deed provides that the Trustee may retire in respect of any Series at any time on giving not less than 60 days' prior written notice to the Issuer of such Series without assigning any reason and without being responsible for any costs occasioned by such retirement. In addition, the Noteholders of any Series may by Extraordinary Resolution remove the Trustee in respect of a Series. The Issuer has undertaken in the Trust Deed that, in the event of the only Trustee of any Series giving notice or being removed by Extraordinary Resolution of the Noteholders of such Series, it will use all reasonable endeavours to procure that another Trust Corporation is appointed as a new trustee. If the Issuer fails so to procure the appointment of such a new trustee, the Trustee which is retiring or has been removed (as the case may be) may appoint a successor trustee in relation to such Series. The retirement or removal of the Trustee shall not become effective until a Trust Corporation is appointed as successor trustee.

The Trustee shall not be obliged to monitor or supervise the functions of any other person under the Transaction Documents and the Trustee shall be entitled, in the absence of receipt of express notice to the contrary, to assume that each other such person is properly performing its obligations.

19. **GOVERNING LAW AND JURISDICTION**

(a) **Governing Law**

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

(b) **Submission to Jurisdiction**

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Secured Parties that the courts of England are to have jurisdiction to hear and determine any dispute, difference, controversy or claim which may arise out of or in connection with the Notes, the Receipts, the Coupons or the Talons and accordingly any legal action or proceedings ("**Proceedings**") in that respect may be brought in such courts, and for such purposes has irrevocably submitted to the jurisdiction of such courts.

(c) **Waiver**

The Issuer has, in the Trust Deed, irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agreed not to claim that any such court is not a convenient or appropriate forum.

(d) **Non-exclusivity**

The Issuer's submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Secured Parties to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

(e) **Agent for Service of Process**

The Issuer has appointed Deutsche Bank AG, London Branch at its offices for the time being at Winchester House, 1 Great Winchester Street, London EC2N 2DB as its agent to receive for it and on its behalf, service of process in any Proceedings in England. Any Additional Issuer shall appoint its agent for service of process in the Deed of Adherence by means of which it becomes a party hereto as Issuer. The Issuer has agreed, and any Additional Issuer shall agree, that if agent for service of process is not, or ceases to be, effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Issuer. Nothing contained herein shall affect the right of any Secured Parties to serve process in any other manner permitted by law.

20. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or Condition of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The net proceeds from the issue of the Notes, being GBP 245,436,196, will be paid to the Issuer and will be applied towards the advance of the Repackaged Loan to the Borrower under the Repackaged Loan Agreement.

DESCRIPTION OF THE ISSUER

General

NatWest Markets Secured Funding Designated Activity Company (the "**Issuer**") was incorporated in Ireland as a private limited company on 11 September 2008 under the name of Cesium Structured Funding Limited, with registration number 462007 pursuant to the Irish Companies Acts 1963 to 2006 (as amended). It was re-registered pursuant to the Companies Act 2014 of Ireland under the name of Cesium Structured Funding Designated Activity Company as a designated activity company (limited by shares) on 19 January 2018, and its name was changed to NatWest Markets Secured Funding Designated Activity Company on 23 January 2018.

The registered office of the Issuer is at Pinnacle 2, Eastpoint Business Park, Dublin 3, Ireland. The telephone number of the Issuer is +353 1680 6000. The authorised share capital of the Issuer is EUR 1,000 divided into 1,000 Ordinary Shares of EUR 1 each (the "**Issuer Shares**"), of which one thousand such Ordinary Shares have been issued and fully paid up and registered in the name of Deutsche International Finance (Ireland) Limited as the Share Trustee. The Issuer Shares are held by the Share Trustee under the terms of a declaration of trust ultimately for a specified charity or charities but, while any Notes issued by the Issuer are outstanding, the Share Trustee will not transfer or otherwise dispose of all or any of such shares except to a new or additional share trustee in accordance with the terms of such declaration of trust.

Business

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.

Deutsche International Corporate Services (Ireland) Limited (the "**Manager**"), whose registered office is at Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, D03P580, Ireland has been appointed Manager for the purposes of providing certain management services to the Issuer. Such services are provided subject to the terms of a Management Agreement dated 22 October 2008 between the Issuer, the Trustee and the Manager. The significant business activities of the Manager include the provision of management and administration services to special purpose vehicles.

The responsibilities of the Manager include the execution and/or delivery of all documents on behalf of the Issuer which the Manager considers necessary in connection with the Issuer's business, the provision from its employees of signatories where necessary to meet the obligations of the Issuer, appointing agents, keeping and maintaining the Issuer's accounts and records, providing treasury/cash management systems where considered appropriate and implementing the necessary information systems to track the assets and liabilities, bank balances and investment profiles of the Issuer.

Under the Management Agreement executed by the Issuer, the Trustee and the Manager, the Issuer may terminate the appointment of the Manager at any time (by giving not less than 30 days' prior written notice to the Manager), and shall require the retirement of the Manager upon (inter alia) the insolvency, bankruptcy or liquidation of the Manager, or its failure to make any payment under such Management Agreement or at the option of the Issuer provided that all fees due and payable to the Manager have been paid. The Manager may retire from its appointment at any time giving not less than 30 days' prior written notice to the Issuer. Any such retirement is only effective on a replacement Manager acceptable to the Issuer being appointed on similar terms to the Management Agreement.

Pursuant to an Advisory Agreement dated on or about 22 October 2008 between the Manager and The Royal Bank of Scotland plc (in this capacity, the "**Advisor**"), the Manager is advised by the Advisor in the performance of certain of its functions as Manager. The responsibilities of the Advisor include providing banking, treasury and cash management facilities, advising on management information systems, advising on the appointment of agents of the Issuer, providing signatories where necessary to meet the obligations of the Issuer, undertaking bank reconciliations and assisting in any activities that the Manager may undertake for the Issuer.

The Advisory Agreement may be terminated if either party goes into liquidation or commits a material breach of the Advisory Agreement or if the relevant Management Agreement is terminated or the

Manager ceases to act as manager under the Management Agreement and no successor manager is appointed. The Issuer may require the Manager to terminate the Advisory Agreement whereupon the Manager will give not less than 30 days' prior written notice of such termination to the Advisor. The Advisor may retire its appointment by giving not less than 30 days' prior written notice but such retirement will not be effective until a replacement Advisor acceptable to both the Issuer and the Manager is appointed.

Board of Management

The Directors of the Issuer, all of whom are employees of Deutsche International Corporate Services (Ireland) Limited are as follows as at the date of this Issue Memorandum:

Bianca Schwarze; and

Emir McGrath

The business address of each of the Directors is Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, D03P580, Ireland.

Financial Statements

The Issuer has published financial statements dated 31 December 2016 for the period 1 January 2016 to 31 December 2016 (31 December 2016 being the Financial Year End of the Issuer). These and any future financial statements prepared for the Issuer will be available from the specified office of the Paying Agent in London.

Auditors

The auditors of the Issuer are Deloitte Touche Tohmatsu Limited of 29 Earlsfort Terrace, Dublin 2, Ireland, D02 AY28, a member of the Association of Chartered Certified Accountants in Ireland.

DESCRIPTION OF THE BORROWER

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 information.

HSH Nordbank AG is the Borrower under the Repackaged Loan Agreement (the "**Borrower**"). The Borrower is incorporated under the laws of the Federal Republic of Germany, registered in the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of (i) Hamburg under HRB 87366 with its registered office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Federal Republic of Germany, and (ii) Kiel under HRB 6127 KI with its registered office at Martensdamm 6, 24103 Kiel, Federal Republic of Germany. The Borrower is a commercial bank which provides financial services, including asset finance, derivatives and other financial products, to financial institutions, asset managers, insurance companies and other institutional investors. The Borrower has securities admitted to trading on the Luxembourg Stock Exchange's EU-regulated market Bourse de Luxembourg.

DESCRIPTION OF THE REPACKAGED LOAN AGREEMENT

The following is a summary of certain provisions of the Repackaged Loan Agreement and is qualified in its entirety by the detailed provisions of the Repackaged Loan Agreement itself.

Parties	<p>HSH Nordbank AG (the "Borrower")</p> <p>NatWest Markets Secured Funding Designated Activity Company (the "Lender")</p> <p>The Royal Bank of Scotland plc (the "Calculation Agent")</p>
Loan Purpose	The Borrower has agreed to apply all amounts borrowed by it under the Loan towards the general corporate and working capital purposes of the Borrower.
Principal Amount	£ 245,436,196
Termination Date	30 March 2021
Repayment	<p>(a) The Borrower will repay the Loan in instalments.</p> <p>(b) The Borrower has the option to give 10 Business Days' notice to prepay the Loan in whole or in part early.</p> <p>(c) If the principal amount of any of the CRE Loans is reduced by way of an unscheduled prepayment, unscheduled repayment, cancellation, transfer or sale in accordance with the Security Agreement (see "<i>Security</i>" below), the Borrower must:</p> <p style="padding-left: 40px;">(i) give prior written notice to the Lender and Calculation Agent; and</p> <p style="padding-left: 40px;">(ii) if the amount of reduction together with any preceding reduction in respect of which the Borrower has not made a prepayment is equal to or greater than GBP 250,000, prepay a proportion of the Loan equal to the proportion by which the aggregate of the principal amount of the CRE Loans in respect of which the Borrower is lender of record was reduced, together with any unpaid amounts in respect of any preceding reduction.</p> <p>(d) Upon the occurrence of an illegality or a tax event, the Borrower may be requested to repay the Loan in full within five Business Days.</p>
Interest Rate	<p>For each interest period, the percentage rate per annum equal to the aggregate of the applicable (a) Margin; and (b) GBP-LIBOR.</p> <p>"Margin" means plus 1.26 per cent. per annum.</p>
Interest Payment Date	<p>Each 15 February, 15 May, 15 August and 15 November of each calendar year, commencing on 15 May 2018 and ending on and including the Termination Date.</p> <p>If any such day is not a Business Day, the next Business Day in that calendar month (if there is one), or the preceding Business Day.</p>
Make-whole Payment	If any portion of the principal amount of the Loan is repaid or prepaid in accordance with paragraphs (b), (c) or (d) under " <i>Repayment</i> " above, or the Loan has been accelerated following an Event of Default under the Loan, the Borrower will, except in certain limited circumstances, pay to the

	Lender the Make-whole Amount, which is an amount determined by the Calculation Agent in a commercially reasonable manner equal to the net present value of a series of assumed quarterly cash-flows paid on each Loan Interest Payment Date calculated on certain assumptions <i>plus</i> LIBOR breakage costs, <i>minus</i> any administrative costs and risk costs.
Events of Default	Failure to pay or deliver; insolvency; breach of obligations; misrepresentation; cross-default; litigation; material adverse change; failure to satisfy margin provisions (see " <i>Margining</i> " below); cessation of business; invalidity of security (see " <i>Security</i> " below).
Margining	<p>If the Lender has Exposure to the Borrower and such Exposure is greater than the Minimum Transfer Amount, then the Lender may by no later than the date falling one Business Day after such day send a margin call notice to the Borrower; and, by no later than the margin call payment time in respect of such margin call notice date, the Borrower shall transfer into the Cash Account such amount of cash in GBP as is necessary to ensure that the Lender would not have any Exposure to the Borrower.</p> <p>The Borrower may deliver a release request to the Lender by no later than 4 p.m. (London time) on any Business Day, requesting that the specified amount of the Cash Margin Balance be withdrawn from the Cash Account and released from the security granted to the Lender pursuant to the terms of the Security Agreement, to or to the order of the Borrower, provided that on the date that such release request becomes effective, (a) no Event of Default has occurred and is continuing; (b) the Borrower's Exposure to the Lender is greater than the Minimum Transfer Amount on such release request date and for each of the immediately preceding four Business Days; (c) neither party would have any Exposure to the other, determined as at the release request date, as if the return or release had already taken place in the amount specified in the request; and (d) the balance of the Cash Account is greater than zero.</p> <p>The Lender shall release the amount of the Cash Margin Balance specified in the relevant release request from the security granted to the Lender and instruct the Account Bank to release to the Borrower such amount of the Cash Margin Balance.</p> <p>"Cash Account" means an account in the name of the Borrower held with HSBC Bank plc and subject to security granted in favour of the Lender.</p> <p>"Cash Margin Balance" means at any time, an amount in GBP equal to the aggregate of all Cash Margin standing to the credit of the Cash Account at such time and charged by the Borrower in favour of the Lender pursuant to the terms of the Security Agreement excluding any such amounts which are subject to a release request pursuant to which the Cash Margin Balance in such release request has not been released.</p> <p>"CRE Loan" means certain term loan facilities advanced by the Borrower and secured on real estate assets located in the United Kingdom.</p> <p>"Exposure", in summary, means an amount determined by the Calculation Agent to be:</p> <ul style="list-style-type: none"> (a) the outstanding principal amount of the Loan plus all accrued but unpaid interest on the Loan, <i>multiplied</i> by 133 per cent.; <i>plus</i> (b) any payment of principal or other distributions to be received by the Borrower under the CRE Loans, <i>plus</i> an amount subject to a maximum of 5% reflecting the additional risk, if any, arising in connection with an increased concentration of CRE Loans and/or

	<p>decrease in quality of the pool of CRE Loans as a result of any payment of principal or any other distributions, <i>plus</i> an amount taking into account the set off risk arising in connection with any interest rate or other swap entered into by the Borrower in respect of any CRE Loan; <i>minus</i></p> <p>(c) the sum of (i) the value of the CRE Loans at such time (excluding the amount of any partial repayment or prepayment under such loans) and (ii) the Cash Margin Balance at such time.</p> <p>"Minimum Transfer Amount" means GBP 500,000.</p>
Governing law	English law.
Security	<p>Any security granted in favour of the Lender under the security agreement dated on or about the Issue Date between NatWest Markets Secured Funding Designated Activity Company as secured party, HSH Nordbank AG as security provider and The Royal Bank of Scotland plc as calculation agent (the "Security Agreement"). Such security comprises:</p> <p>(a) an assignment of:</p> <ul style="list-style-type: none"> (i) the Borrower's rights to payment under the CRE Loans; (ii) the Borrower's rights, title and interest in respect of the CRE Loans under the finance documents relating to the CRE Loans; (iii) the Borrower's rights, title and interest under the Net Swap Claim in respect of one of the CRE Loans; and (iv) the Borrower's rights, title and interest to the Cash Account and all related rights; and <p>(b) a first fixed charge over all of the collateral cash standing to the credit of the Cash Account.</p> <p>"Net Swap Claim" means any amounts payable by the obligors in respect of a CRE Loan to the Borrower under a related interest rate swap agreement on the termination of that swap agreement as determined in accordance with Section 6(e) of that swap agreement.</p>

TAX CONSIDERATIONS

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. 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

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997" for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange)."

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
 - (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (e.g. Euroclear, Clearstream Banking SA and Clearstream Banking AG); or
 - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in a recognised clearing system such as Euroclear, Clearstream Banking SA or Clearstream Banking AG (or, if not so held, payments on the Notes are made through a paying agent not in Ireland), interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a qualifying company within the meaning of Section 110 of the 1997 Act" and provided the interest is paid to a person resident in either (i) a member state of the European Union (other than Ireland) or (ii) a country with which Ireland has signed a comprehensive double taxation agreement (such a country mentioned in either (i) or (ii) being a Relevant Territory For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain limited circumstances a payment of interest by the Issuer which is considered dependent on the results of the Issuer's business or which represents more than a reasonable commercial return can be re-characterised as a distribution subject to dividend withholding tax.

A payment of profit dependent or excessive interest on the Notes will not be re-characterised as a distribution to which dividend withholding tax could apply where, broadly, the Noteholder is either:

- (i) an Irish tax resident person;

- (ii) a person who in respect of the interest, is subject under the laws of a Relevant Territory to tax which generally applies to profits, income or gains received from sources outside that territory, without any reduction computed by reference to the amount of the interest payment;
- (iii) for so long as the Notes remain quoted Eurobonds, neither a person which is a company which directly or indirectly controls the Issuer or which is controlled by a third company which directly or indirectly controls the Issuer nor is a person (including any connected person) (a) from whom the Issuer has acquired assets, (b) to whom the Issuer has made loans or advances, or (c) with whom the Issuer has entered into a return agreement (as defined in section 110(1) of the 1997 Act) where the aggregate value of such assets, loans, advances or agreements represents 75% or more of the assets of the Issuer (such a person falling within this category of person being a Specified Person); or
- (iv) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder.

Encashment Tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax, PRSI and the universal social charge. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a Relevant Territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above and the recipient is not a resident of Ireland (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a Qualifying Company, or (iii) if the Issuer has ceased to be a Qualifying Company, the recipient of the interest is a company and the jurisdiction concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a relevant territory or a stock exchange approved by the Irish Minister for Finance.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within any of the above exemptions may be liable to Irish income tax and the universal social charge on such interest.

Capital Gains Tax

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland.

Bearer Notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

Stamp Duty

Provided the Issuer remains a Qualifying Company no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes provided the money raised on the issue of the Notes is used in the course of the Issuer's business.

Automatic exchange of information

Irish reporting financial institutions, which may include the Issuer have reporting obligations in respect of a Noteholder under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

Information exchange and the implementation of FATCA in Ireland

The Issuer may be obliged to report certain information in respect of certain U.S. investors (Noteholders) in the Issuer to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

FATCA, may impose a 30 per cent. US withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the IRS to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012 Ireland signed an Intergovernmental Agreement the ("**IGA**") with the United States to Improve International Tax Compliance and to Implement FATCA. Under this agreement Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 as amended (which came into operation on 1 July 2014) (the "**Irish Regulations**") implementing the information disclosure obligations Irish reporting financial institutions are required to report certain information with respect to U.S. account holders to the Irish Revenue Commissioners. The Irish Revenue Commissioners will automatically provide that information annually to the IRS. To the extent the Issuer is an Irish reporting financial institution it will need to obtain the necessary information from Noteholders required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information may be sought from each Noteholder and beneficial owner of the Notes. It should be noted that the Irish Regulations require the collection of information and filing of returns with the Irish

Revenue Commissioners regardless as to whether the Issuer holds any U.S. assets or has any U.S. investors.

Noteholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

Common Reporting Standard (CRS)

The CRS framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") was published, involving the use of two main elements, the Competent Authority Agreement (the "CAA") and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions ("**FI**s") relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, which was entered into by Ireland in its capacity as a signatory to the Convention on Mutual Administrative Assistance in Tax Matters and which relates to the automatic exchange of financial account information in respect of CRS, while sections 891F and 891G of the 1997 Act and regulations made thereunder contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "**CRS Regulations**"), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year. The Irish Finance Act 2015 contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "**Regulations**"), giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015.

Under the Regulations, reporting financial institutions are required to collect certain information on accountholders and on certain Controlling Persons (as defined in the Regulations) in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information webpage on www.revenue.ie.

SELLING RESTRICTIONS

General

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 Issue Memorandum 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 Issue Memorandum 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.

The Issuer has represented and agreed that it has not, directly or indirectly, offered, sold, transferred or delivered and will not, directly or indirectly, offer, sell, transfer or deliver any Notes in denominations (or, in the case of Notes issued at a discount, issue prices) less than EUR 100,000 (or the equivalent thereof in other currencies) to anyone anywhere in the world.

Each Noteholder will be deemed to have represented and agreed that (a) it is not, and is not acting on behalf of, a Benefit Plan Investor; and (b) if it is a governmental, church, non-U.S. or other plan that that is subject to any Other Plan Law, (i) it is not, and for so long as it holds such Notes or interest therein will not be, subject to any Similar Law and (ii) its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law. Any purported transfer of the Notes in violation of the requirements set forth in this paragraph shall be null and void *ab initio* and the Issuer will have the right to cause the sale of such Notes to another acquirer that complies with the requirements of this paragraph in accordance with the terms of the Supplemental Trust Deed.

United States of America

The Notes have not been and will not be registered under the Securities Act, and may not at any time be offered, sold or delivered within the United States or to, or for the account or benefit of, any person who is (a) a U.S. person (as defined in Regulation S), (b) not a Non-United States person (as defined in Rule 4.7 under the U.S. Commodity Exchange Act of 1936 (the "**CEA**"), but excluding for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are non Non-United States persons ("**Rule 4.7**") or (c) a U.S. person (as defined in the credit risk retention regulations issued under Section 15G of the U.S. Securities Exchange Act of 1934) (each such Person as referenced in any of clauses (a), (b) or (c), a "**U.S. Person**"). Each purchaser of the Notes described herein will be deemed to have made, or in limited circumstances be required to expressly make, certain acknowledgements, representations and agreements as set out in this Issue Memorandum confirming its status as a non-U.S. Person.

The Notes are subject to U.S. tax law requirements and may not at any time be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations (but excluding for purposes of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules that are applicable for purposes of Section 4701 of the Code)), transactions that would permit resale of the Notes after the expiration of the restricted period to a person who is within the United States or its possessions or to a United States person). Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations thereunder.

Each Dealer has represented and agreed that it has not offered, sold or delivered and will not at any time offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution or (ii) otherwise within the United States or to, or for the account or benefit of, any person who is a U.S. Person, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), any offeror of the Notes and the Issuer will represent and agree 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 which are the subject of the offering contemplated by this Issue Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons per Member State (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes will require the Issuer to publish a Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the Prospectus Directive.

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

This Issue Memorandum has been prepared on the basis that any offer of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a Prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Issue Memorandum may only do so in circumstances in which no obligation arises for the Issuer to publish a Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Issuer has not authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a Prospectus for such offer.

Article 34 Warning:

Your attention is drawn to the fact that, for the purposes of this issuance, no prospectus is required in accordance with Directive 2003/71/EC and the European Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the "**regulation**").

This warning is in accordance with article 34 of the regulation.

Ireland

The Arranger and Dealers represented, warranted and agreed that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (a) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any Central Bank of Ireland ("**Central Bank**") rules issued and / or in force pursuant to Section 1363 of the Companies Act 2014, as amended;
- (b) the Companies Act 2014, as amended;

- (c) the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No 375 of 2017) (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank;
- (d) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the European Union (Market Abuse) Regulations 2016 and any Central Bank rules issued and / or in force pursuant to Section 1370 of the Companies Act 2014, as amended; and
- (e) the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.

United Kingdom

The Arranger and the Dealers have represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 ("**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 any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

1. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the Common Code 178395076 and International Securities Identification Number XS1783950766.

2. Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market. It is anticipated that listing and admission to trading of the Notes will take place on or about the Issue Date. There can be no assurance that any such listing will be maintained.

3. Consents and Authorisations

The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer on or around the Issue Date.

The Issuer has obtained all other consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes.

4. Accounts

For so long as any of the Notes remains outstanding, copies of the most recent annual audited financial statements of the Issuer, when filed with the Registrar of Companies, can be obtained at the specified offices of the Agent and the Issuer during normal business hours. The Issuer will not prepare interim financial statements. The auditors of the Issuer are Deloitte Touche Tohmatsu Limited of 29 Earlsfort Terrace, Dublin 2, Ireland, D02 AY28, a member of the Association of Chartered Certified Accountants in Ireland.

5. Material Adverse Change and Significant Change

Save as disclosed herein, there has been no material adverse change or significant change in the financial or trading position or prospects of the Issuer since 31 December 2016, the date of its last audited financial statement.

6. No Litigation

There are no 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 during the 12 months prior to the date of this Issue Memorandum, a significant effect on the financial position or profitability of the Issuer.

7. Documents Available For Inspection

For so long as any of the Notes remains outstanding, copies of the following documents in physical or electronic format may be inspected at the registered office of the Issuer and the specified office of the Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) this Issue Memorandum;
- (c) the Trust Deed relating to the Notes;
- (d) the Agency Agreement;
- (e) the Dealer Agreement;
- (f) the Administration Agreement or Corporate Administration Agreement (as applicable) and the Management Agreement;
- (g) the Repackaged Loan Agreement and any Finance Document (as defined in the Repackaged Loan Agreement); and
- (h) any other document supplemental to any of the documents referred to in (b)-(g) (inclusive) above.

8. **Expenses**

The total expenses relating to the admission to trading on the Global Exchange Market of the Irish Stock Exchange will be approximately EUR 5,000.

9. **Post-Issuance Reporting**

The Issuer intends to provide post-issuance information to Noteholders in relation to the Notes and the performance of the Charged Property as described in the Conditions.

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REGISTERED OFFICE OF THE ISSUER

NatWest Markets Secured Funding Designated Activity Company

Pinnacle 2
Eastpoint Business Park
Dublin 3
Ireland

TRUSTEE

Deutsche Trustee Company Limited

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

ISSUING AND PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

ARRANGER AND DEALER

The Royal Bank of Scotland plc

250 Bishopsgate
London EC2M 3AA
United Kingdom

LEGAL ADVISERS

to the Issuer as to Irish law

A&L Goodbody

International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

to the Arranger as to English law

Ashurst LLP

5 Appold Street
London EC2A 2AG
United Kingdom

to the Trustee as to English law

Allen & Overy LLP

One Bishops Square
London E1 6 AD
United Kingdom

LISTING AGENT

A&L Goodbody

International Financial Services Centre
North Wall Quay
Dublin 1
Ireland