

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

**IMPORTANT:** You must read the following before continuing. The following applies to the Prospectus attached to this electronic transmission (the **Prospectus**, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AN INVESTMENT IN THE NOTES IS NOT SUBJECT TO RESTRICTION UNDER THE U.S. VOLCKER RULE AS AN INVESTMENT IN AN OWNERSHIP INTEREST IN A COVERED FUND.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO.

The Retention Holder intends to rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions that meet certain requirements. Consequently, without the express written consent of the Retention Holder in the form of a U.S. Risk Retention Waiver, on the Closing Date the Notes may only be purchased by persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules (**Risk Retention U.S. Person**). Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" in Regulation S. Certain investors may be required to execute a written certification of representation letter by the

Retention Holder in respect of their status under the U.S. Risk Retention Rules. See "*Risk Factors –U.S. Risk Retention Requirements*".

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer nor the Transaction Parties or any person who controls any such person or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer and Morgan Stanley & Co. International plc.

# EUROPEAN RESIDENTIAL LOAN SECURITISATION 2017-PL1 DAC

(incorporated with limited liability in Ireland under number 596936)

| Note Class | Initial Principal Amount (EUR) | Issue Price | Interest Rate/ Reference Rate | Coupon/ Step-Up Coupon | Step-Up Date  | Additional Note Payment (accrues from and including the Step-Up Date) | Pre-enforcement Redemption Profile   | Final Maturity Date | Ratings DBRS/ /Moody's |
|------------|--------------------------------|-------------|-------------------------------|------------------------|---------------|---|--|---------------------|------------------------|
| Class A    | €300,947,000                   | 99.73 %     | 1-month EURIBOR               | 0.75/1.50              | 24 March 2019 | N/A   | Pass through amortisation  | November 2057       | AAA (sf)/Aaa (sf)      |
| Class B    | €85,268,000                    | 98.77 %     | 1-month EURIBOR               | 1.00/2.00              | 24 March 2019 | N/A   | Pass through amortisation  | November 2057       | AA (sf)/Aa1 (sf)       |
| Class C    | €33,439,000                    | 99.01 %     | 1-month EURIBOR               | 1.50/1.50              | 24 March 2019 | 1.00%   | Pass through amortisation  | November 2057       | A (sf)/Aa3 (sf)        |
| Class D    | €50,158,000                    | 96.68 %     | 1-month EURIBOR               | 1.50/1.50              | 24 March 2019 | 2.00%   | Pass through amortisation  | November 2057       | BBB (sf)/A3 (sf)       |
| Class E    | €51,830,000                    | 94.59 %     | 1-month EURIBOR               | 1.50/1.50              | 24 March 2019 | 3.00%   | Pass through amortisation  | November 2057       | BB (sf)/Ba1 (sf)       |
| Class F    | €33,439,000                    | 92.56 %     | 1-month EURIBOR               | 1.50/1.50              | 24 March 2019 | 4.00%   | Pass through amortisation  | November 2057       | B (sf)/B2 (sf)         |
| Class Z    | €113,691,000                   | N/A         | 5.00                          | N/A                    | N/A           | N/A   | Pass through amortisation  | November 2057       | Unrated                |
| Class X    | €100,000                       | 100%        | N/A                           | N/A                    | N/A           | N/A   | Pass through amortisation – see Condition 5.5 (Priority of Principal Payments) | November 2057       | Unrated                |

\*The coupon on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will increase to the Step-Up Coupon on and from the Step-Up Date.

\*\*The Class Z Notes will be delivered to the Paris Seller on the Closing Date as part of the Consideration for the Initial Portfolio.

\*\*\* Additional Note Payments can be paid in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on and from the Interest Payment Date immediately following the Step-Up Date.

Payments of Additional Note Payments are subordinated to payments of interest on the Notes. Payments of Additional Note Payments are not rated and may be deferred and non-payment thereof shall not be an Event of Default in any circumstances.

**Closing Date:** The Issuer will issue the €300,947,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class A Notes**), €85,268,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class B Notes**), €33,439,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class C Notes**), €50,158,000 Class D Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class D Notes**), €51,830,000 Class E Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class E Notes**), €33,439,000 Class F Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class F Notes**), €113,691,000 Class Z Residential Mortgage Backed 5% Notes due November 2057 (the **Class Z Notes**), €100,000 Class X Residential Mortgage Backed Notes due November 2057 (the **Class X Notes**, and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes, the **Notes**) on or about 30 March 2017 (the **Closing Date**).

**Stand-alone/  
programme  
issuance:** Stand-alone issuance.

**Underlying  
Assets:** The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue on a portfolio comprising mortgage loans originated by Bank of Scotland (Ireland) Limited, Start Mortgages DAC and Nua Mortgages Limited (each an **Originator** and together the **Originators**) and secured over residential properties located in Ireland. The Initial Portfolio will be purchased by the Issuer from the Sellers on the Closing Date and a Further Portfolio may be purchased by the Issuer from either or both of the Sellers on a Further Portfolio Sale Date. Please refer to the section entitled "*The Mortgage Portfolio*" for further information.

**Credit  
Enhancement:** Subordination of junior ranking Notes and availability of General Reserve Fund. Please refer to sections entitled "*Key Structural Features*" and "*Cashflows and Cash Management*" for further information.

**Liquidity  
Support:** Liquidity Support Features: Liquidity Reserve Fund and (in respect of the Additional Note Payments only) the Additional Note Payment Reserve Fund. Please refer to the section entitled "*Key Structural Features*" for further information.

**Redemption  
Provisions:** Information on any optional and mandatory redemption of the Notes is summarised on page 19 (*Transaction Overview – Overview Of The Terms And Conditions Of The Notes*) and is set out in full in Condition 9 (*Final Redemption, Mandatory Redemption in part and Cancellation*).

**Credit Rating  
Agencies:** DBRS Ratings Limited (**DBRS**) and Moody's Investors Services Ltd. (**Moody's**, together with DBRS, the **Rating Agencies**). As of the date hereof, each of DBRS and Moody's is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended, of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**).

As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulations. Please refer to the section entitled "*Certain Regulatory Disclosures – Credit Rating Agency Regulation*" for further information.

**Credit  
Ratings:**

Ratings are expected to be assigned to the Rated Notes as set out above on or before the Closing Date. The ratings reflect the views of the Rating Agencies and are based on the Mortgage Assets, the freehold or leasehold properties which are subject to a Mortgage (the **Properties**) and the structural features of the transaction.

The ratings assigned by the Rating Agencies in respect of the Class A Notes address the likelihood of timely payment of interest and ultimate payment of principal due to Noteholders by a date that is not later than the Interest Payment Date falling in November 2057 (the **Final Maturity Date**). The ratings assigned by the Rating Agencies in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes address the likelihood of ultimate payment of interest and ultimate payment of principal due to Noteholders by a date that is not later than the Final Maturity Date (but excluding any Additional Note Payments).

Payments of Additional Note Payments in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are not rated and the ratings assigned by the Rating Agencies in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes do not address the likelihood of receipt of any amounts in respect of the Additional Note Payments.

The Class Z Notes and the Class X Notes will not be rated.

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

**Listings:**

This document comprises a Prospectus for the purposes of Directive 2003/71/EC, as amended (to the extent that such amendments, which includes the amendments made by Directive 2010/71/EC, have been implemented in the relevant member state of the European Economic Area) (the **Prospectus Directive**) and relevant implementing measures in Ireland. This Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to The Irish Stock Exchange plc (the **Irish Stock Exchange**) for the Notes to be admitted to the official list of the Irish Stock Exchange (the **Official List**) and to trading on its regulated market (the **Main Securities Market**). This Prospectus constitutes a "prospectus" for the purposes of the Prospectus Directive. The final copy of the "prospectus" prepared pursuant to the Prospectus Directive will be available from the website of the Central Bank. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Main Securities Market. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European

Economic Area.

|                               |  |
|-------------------------------|--|
| <b>Obligations:</b>           | The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of any person who is a party to a Transaction Document (a <b>Transaction Party</b> ) other than the Issuer.  |
| <b>Retention Undertaking:</b> | Lone Star International Finance DAC (the <b>Retention Holder</b> ) will, through its exposure to the Paris Seller in the form of a profit participating loan (the <b>Paris PPL</b> ), retain on an on-going basis from the Closing Date until the Final Maturity Date or the date on which the Notes (other than the Class X Notes) are redeemed in full a material net economic interest of at least 5 per cent. of the nominal value of the securitised exposures (representing downside risk and economic outlay) (the <b>Retained Amount</b> ) in accordance with Article 405 (1) of Regulation (EU) 575/2013, referred to as the Capital Requirements Regulation ( <b>Capital Requirements Regulation</b> or <b>CRR</b> ), Article 51 of Commission Delegated Regulation (EU) No 231/2013 ( <b>Article 51</b> ), referred to as the Alternative Investment Fund Managers Regulation ( <b>AIFMR</b> ) and Article 254 of Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance ( <b>Solvency II</b> ), (the <b>Solvency II Delegated Act</b> ) (in each case disregarding any implementation rules in any relevant jurisdiction and as each are interpreted and applied on the date hereof). As at the Closing Date, such interest will be comprised of exposure by the Retention Holder of an interest in the first loss tranche, namely the Class Z Notes, directly held by the Paris Seller, as contemplated by each of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Delegated Act. Any change to the manner in which such interest is held will be notified to the Noteholders and the Trustee. The Retention Holder will not sell, short, hedge, transfer or otherwise dispose of its interest in the Retained Amount, or otherwise enter into any transaction which would result in the Retained Amount being subject to any form of credit risk, except in each case, to the extent permitted by the CRR and AIFMR. In addition to the information set out herein and forming part of the Prospectus, the Retention Holder has undertaken to make available the information as set out in " <i>Certain Regulatory Disclosures – the Capital Requirements Regulation and Article 51 of the AIFMR and Article 254 of the Solvency II Delegated Act</i> ". Please refer to the Section entitled " <i>Certain Regulatory Disclosures – the Capital Requirements Regulation and Article 51 of the AIFMR and Article 254 of the Solvency II Delegated Act</i> " for further information. |
| <b>Significant Investor:</b>  | The Paris Seller will, on the Closing Date, purchase 100 per cent. of the Class Z Notes and 100 per cent of the Class X Notes. Please refer to the section entitled " <i>Subscription and Sale</i> " for further information.  |
| <b>Volcker Rule</b>           | The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the <b>Volcker Rule</b> ). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the <b>Investment Company Act</b> ) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determination that the Issuer would satisfy all of the elements of the   |

exemption from the definition of “investment company” under the Investment Company Act provided by Section 3(c)(5) thereunder.

**Language**

The language of the Prospectus 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.

**A "RISK FACTORS" SECTION BEGINNING ON PAGE 67 OF THIS PROSPECTUS CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.**

Arranger and Lead Manager

**Morgan Stanley**

**The date of this Prospectus is 29 March 2017**

## IMPORTANT NOTICES

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

LSF IX Java Investments DAC (the **Java Seller**) accepts responsibility for the information set out in the sections headed "*The Java Seller*", "*The Mortgage Portfolio*" and "*Statistical Information on the Provisional Mortgage Portfolio*". To the best of the knowledge and belief of the Java Seller (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Java Seller as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

LSF IX Paris Investments DAC (the **Paris Seller**), accepts responsibility for the information set out in the sections headed "*The Paris Seller*", "*Certain Regulatory Disclosures*", "*The Mortgage Portfolio*" and "*Statistical Information on the Provisional Mortgage Portfolio*" (the Paris Seller, together with the Java Seller, being the **Sellers**, and each a **Seller**). To the best of the knowledge and belief of the Paris Seller (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Paris Seller as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Start Mortgages DAC (the **Administrator**) accepts responsibility for the information set out in the sections headed "*The Administrator and the Administration Agreement - The Administrator*". To the best of the knowledge and belief of the Administrator (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Administrator as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Hudson Advisors Ireland DAC (the **Issuer Administration Consultant**) accepts responsibility for the information set out in the section headed "*The Issuer Administration Consultant and the Asset Management Consulting Agreement*". To the best of the knowledge and belief of the Issuer Administration Consultant (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer Administration Consultant as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Lone Star International Finance DAC, (the **Retention Holder**) accepts responsibility for the information set out in the section headed "*The Retention Holder*". To the best of the knowledge and belief of the Retention Holder (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such



information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Retention Holder as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Start Mortgages DAC, (the **Legal Title Holder**) accepts responsibility for the information set out in the section headed "*The Legal Title Holder*". To the best of the knowledge and belief of the Legal Title Holder (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Legal Title Holder as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

LSF IX Paris Investments DAC (the **Subordinated Loan Provider**) accepts responsibility for the information set out in the section headed "*The Subordinated Loan Provider*". To the best of the knowledge and belief of the Subordinated Loan Provider (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Subordinated Loan Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Elavon Financial Services DAC, U.K. Branch (the **Account Bank**) accepts responsibility for the information set out in the section headed "*The Account Bank and the Account Bank Agreement*". To the best of the knowledge and belief of the Account Bank (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Account Bank as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

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

The distribution of this Prospectus, or any part thereof, and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this Prospectus as a prospectus for the purposes of the Prospectus Directive by the Central Bank, no action has been or will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose

possession this Prospectus comes are required by the Issuer, the Arranger and the Lead Manager to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus (or any part hereof), see the section entitled "*Subscription and Sale*" below.

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this Prospectus since the date of this Prospectus.

None of the Arranger, the Lead Manager, the Trustee, the Principal Paying Agent, the Reference Agent, the Registrar (together with the Principal Paying Agent and the Reference Agent, the **Agents**), the Interest Rate Cap Provider or the Account Bank makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes. None of the Arranger, the Lead Manager, the Trustee, the Agents, the Interest Rate Cap Provider or the Account Bank accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Arranger, the Lead Manager, the Trustee, the Agents, the Interest Rate Cap Provider or the Account Bank undertakes or shall undertake to review the financial condition or affairs of the Issuer or to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or the Lead Manager.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES SECURITIES LAWS AND THEREFORE MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, SUCH REGISTRATION REQUIREMENTS. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER THE GLOBAL NOTES.

ON THE CLOSING DATE, THE NOTES MAY ONLY BE PURCHASED BY PERSONS THAT ARE (A) NOT RISK RETENTION U.S. PERSONS OR (B) PERSONS THAT HAVE OBTAINED A U.S. RISK RETENTION WAIVER (AS DEFINED HEREIN) FROM THE RETENTION HOLDER. PURCHASERS OF THE NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT EACH PURCHASER (1) EITHER (A) IS NOT A RISK RETENTION U.S. PERSON OR (B) HAS RECEIVED A U.S. RISK RETENTION WAIVER FROM THE RETENTION HOLDER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION \_\_.20 OF THE U.S. RISK RETENTION RULES. CERTAIN INVESTORS MAY BE REQUIRED TO EXECUTE A WRITTEN CERTIFICATION OF REPRESENTATION LETTER BY THE RETENTION HOLDER IN RESPECT OF THEIR STATUS UNDER THE U.S. RISK RETENTION RULES. SEE "RISK FACTORS – U.S. RISK RETENTION REQUIREMENTS".

THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF THE ARRANGER, THE LEAD MANAGER, THE TRUSTEE, THE SELLERS, THE ADMINISTRATOR, THE ISSUER ADMINISTRATION CONSULTANT OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (OTHER THAN, FOR THE AVOIDANCE OF DOUBT, THE ISSUER). NEITHER THE NOTES NOR THE

PURCHASED RECEIVABLES WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR BY THE ARRANGER, THE LEAD MANAGER, THE TRUSTEE, THE SELLERS, THE ADMINISTRATOR OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (OTHER THAN THE ISSUER) OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

None of the Issuer, the Arranger, the Lead Manager, the Trustee or any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the directors of the Issuer, the Arranger or the Lead Manager or any other party to the Transaction Documents.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus or any part hereof and any offering of the Notes in certain jurisdictions may be restricted by law. No action has been taken by the Issuer, the Arranger or the Lead Manager other than as set out in the paragraph headed "*Listings*" on page (3) of this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom and Ireland), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

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

The Global Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Global Notes will be issued and held under the new safekeeping structure and are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

References in this Prospectus to "euro", "€" or "EUR" are to the lawful currency of the member states of the European Union that have adopted a single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty of European Union (the **Treaty**). References in this Prospectus to Ireland mean Ireland (excluding Northern Ireland).

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. The Issuer is not regulated by the Central Bank by virtue of the issue of the Notes.

This Prospectus has been approved by the Central Bank under the Prospectus Directive. This Prospectus will be filed with the Companies Registration Office in Ireland in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

## **Forward-Looking Statements and Statistical Information**

Certain matters contained in this Prospectus are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in Ireland. This Prospectus also contains certain tables and other statistical analyses (the **Statistical Information**). Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. 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. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. Neither the Arranger, the Lead Manager nor either of the Sellers has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Arranger, the Lead Manager or either of the Sellers assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

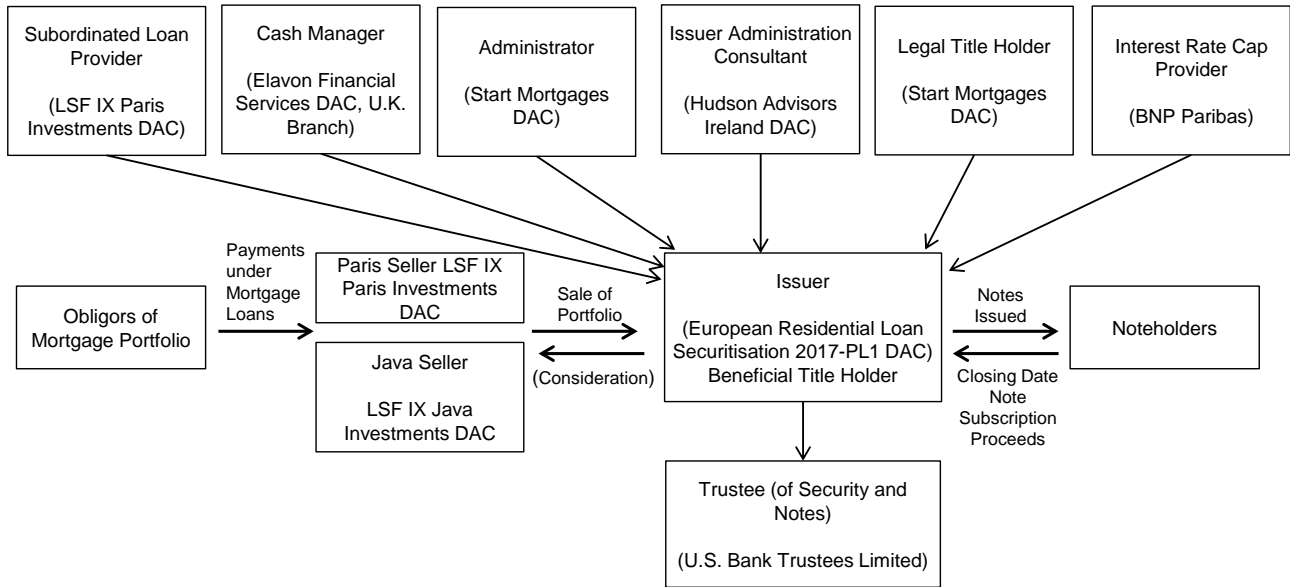
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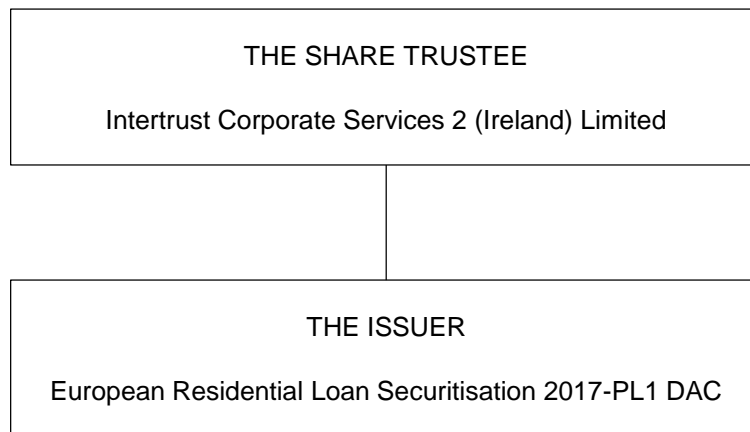
## TRANSACTION OVERVIEW

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

### DIAGRAMMATIC OVERVIEW OF TRANSACTION

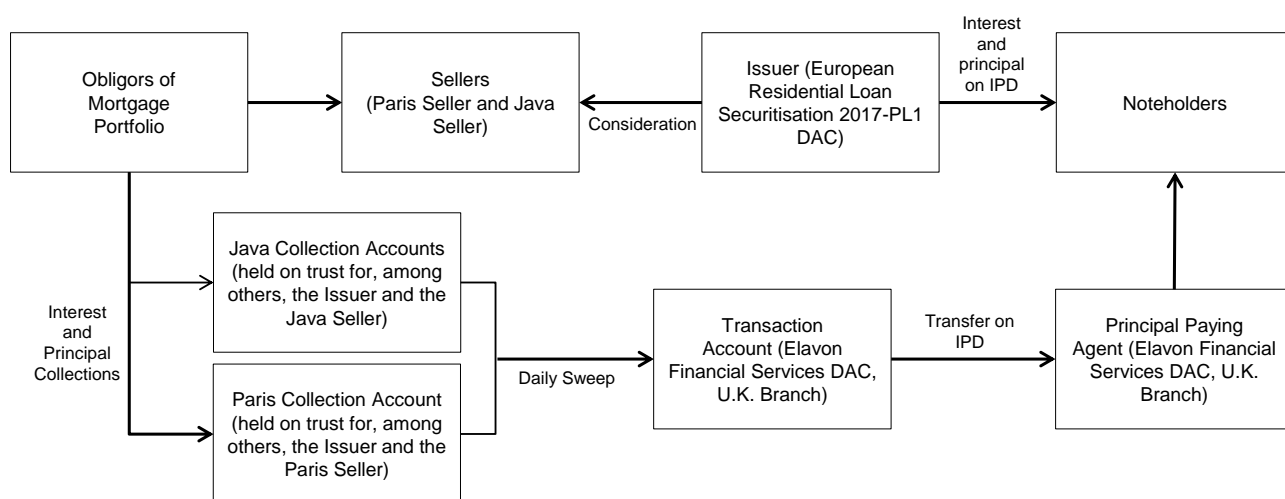


## OWNERSHIP STRUCTURE DIAGRAM



The entire issued share capital of the Issuer is legally owned by Intertrust Corporate Services 2 (Ireland) Limited (the **Share Trustee**) on discretionary trust, the benefit of which is expressed to be for charitable purposes. The Issuer has no subsidiaries.

## DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOW AS AT THE CLOSING DATE





## TRANSACTION PARTIES ON THE CLOSING DATE

| Party                                    | Name  | Address  | Document under which appointed/Further Information  |
|--|---|--|---|
| <b>Issuer</b>                            | European Residential Loan Securitisation 2017-PL1 DAC | 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland          | See section entitled " <i>The Issuer</i> " for further information  |
| <b>Java Seller</b>                       | LSF IX Java Investments DAC                           | 6 <sup>th</sup> Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland      | See section entitled " <i>Java Seller</i> " for further information.  |
| <b>Paris Seller</b>                      | LSF IX Paris Investments DAC                          | 6 <sup>th</sup> Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland      | See section entitled " <i>Paris Seller</i> " for further information.   |
| <b>Initial Option Holder</b>             | LSF IX Paris Investments DAC                          | 6 <sup>th</sup> Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland      | Deed Poll<br>See section entitled " <i>Early Redemption Of The Notes Pursuant To The Call Option Or The Risk Retention Regulatory Change Option</i> " for further information.      |
| <b>Legal Title Holder</b>                | Start Mortgages DAC                                   | Trimleston House Beech Hill Office Campus Clonskeagh, Dublin 4 D04CK80 Ireland | See sections entitled " <i>The Legal Title Holder</i> " for further information<br>"  |
| <b>Administrator</b>                     | Start Mortgages DAC                                   | Trimleston House Beech Hill Office Campus Clonskeagh, Dublin 4 D04CK80 Ireland | Administration Agreement<br>See section entitled " <i>The Administrator and the Administration Agreement</i> " for further information  |
| <b>Back-Up Administrator Facilitator</b> | Hudson Advisors Ireland DAC                           | 6th Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland                  | Administration Agreement<br>See section entitled " <i>The Administrator and the Administration Agreement</i> " for further information  |
| <b>Issuer Administration Consultant</b>  | Hudson Advisors Ireland DAC                           | 6th Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland                  | Asset Management Consulting Agreement<br>See section entitled " <i>The Issuer Administration Consultant and the Asset Management Consulting Agreement</i> " for further information |

| <b>Party</b>                      | <b>Name</b>                                | <b>Address</b>  | <b>Document under which appointed/Further Information</b>   |
|-----------------------------------|--|---|---|
| <b>Subordinated Loan Provider</b> | LSF IX Paris Investments DAC               | 6 <sup>th</sup> Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland | Subordinated Loan Agreement<br><br>See section entitled " <i>The Subordinated Loan Agreement</i> " for more information.  |
| <b>Cash Manager</b>               | Elavon Financial Services DAC, U.K. Branch | 125 Old Broad Street, London EC2N 1AR                                     | Cash Management Agreement<br><br>See section entitled " <i>Cashflows and Cash Management</i> " for further information  |
| <b>Trustee</b>                    | U.S. Bank Trustees Limited                 | 125 Old Broad Street, London EC2N 1AR                                     | Trust Deed, Irish Deed of Charge and English Deed of Charge<br><br>See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information  |
| <b>Principal Paying Agent</b>     | Elavon Financial Services DAC, U.K. Branch | 125 Old Broad Street, London EC2N 1AR                                     | Agency Agreement<br><br>See the sections entitled " <i>Terms and Conditions of the Notes</i> " for further information  |
| <b>Reference Agent</b>            | Elavon Financial Services DAC, U.K. Branch | 125 Old Broad Street, London EC2N 1AR                                     | See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information   |
| <b>Registrar</b>                  | Elavon Financial Services DAC, U.K. Branch | 125 Old Broad Street, London EC2N 1AR                                     | Agency Agreement<br><br>See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information   |
| <b>Account Bank</b>               | Elavon Financial Services DAC, U.K. Branch | 125 Old Broad Street, London EC2N 1AR                                     | Account Bank Agreement<br><br>See the section entitled " <i>Cashflows and Cash Management</i> " for further information   |
| <b>Collection Account Bank</b>    | Allied Irish Bank                          | 40-41 Westmoreland Street, Dublin 2, Ireland                              | Amended and Restated Paris Declaration of Trust<br><br>Amended and Restated Java Declaration of Trust<br><br>See section entitled " <i>The Administrator and the Administration Agreement</i> " for further information |

| <b>Party</b>                       | <b>Name</b>                                       | <b>Address</b>  | <b>Document under which appointed/Further Information</b>   |
|------------------------------------|---|---|---|
| <b>Corporate Services Provider</b> | Intertrust Finance Management (Ireland) Limited   | 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland | Corporate Services Agreement<br>See the section entitled " <i>The Issuer</i> " for further information  |
| <b>Share Trustee</b>               | Intertrust Corporate Services 2 (Ireland) Limited | 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland | Corporate Services Agreement<br>See the section entitled " <i>The Issuer</i> " for further information  |
| <b>Arranger</b>                    | Morgan Stanley & Co. International plc            | 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom         | N/A   |
| <b>Lead Manager</b>                | Morgan Stanley & Co. International plc            | 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom         | N/A   |
| <b>Interest Rate Cap Provider</b>  | BNP Paribas                                       | 16 boulevard des Italiens, 75009 Paris, France                        | Interest Rate Cap Agreement<br>See the section entitled " <i>The Interest Rate Cap Provider and the Interest Rate Cap Agreement</i> " for further information |

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

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

### FULL CAPITAL STRUCTURE OF THE NOTES

|                                 | <b>Class A Notes</b>   | <b>Class B Notes</b>  | <b>Class C Notes</b>  | <b>Class D Notes</b>  | <b>Class E Notes</b>   | <b>Class F Notes</b>  | <b>Class Z Notes</b>  | <b>Class X Notes</b> |
|---------------------------------|--|---|---|---|--|---|---|----------------------|
| <i>Currency</i>                 | EUR  | EUR   | EUR   | EUR   | EUR  | EUR   | EUR   | EUR                  |
| <i>Initial Principal Amount</i> | €300,947,000   | €85,268,000   | €33,439,000   | €50,158,000   | €51,830,000  | €33,439,000   | €113,691,000  | €100,000             |
| <i>Note Credit Enhancement</i>  | Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and availability of the General Reserve Fund | Subordination of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and availability of the General Reserve Fund | Subordination of the Class D Notes, the Class E Notes, the Class F Notes., the Class Z Notes and availability of the General Reserve Fund | Subordination of the Class E Notes, the Class F Notes, the Class Z Notes and availability of the General Reserve Fund | Subordination of the Class F Notes, the Class Z Notes and availability of the General Reserve Fund | Subordination of the Class Z Notes and availability of the General Reserve Fund       | N/A   | N/A                  |
| <i>Liquidity Support</i>        | Principal Receipts and Liquidity Reserve Fund applied to make up Revenue Shortfall   | Principal Receipts applied to make up Revenue Shortfall (so long as Class B Notes are   | Principal Receipts applied to make up Revenue Shortfall (so long as Class C Notes are   | Principal Receipts applied to make up Revenue Shortfall (so long as Class D Notes are                                 | Principal Receipts applied to make up Revenue Shortfall (so long as Class E Notes are              | Principal Receipts applied to make up Revenue Shortfall (so long as Class F Notes are | Principal Receipts applied to make up Revenue Shortfall (so long as Class Z Notes are | N/A                  |

|   | <b>Class A Notes</b>   | <b>Class B Notes</b>   | <b>Class C Notes</b>   | <b>Class D Notes</b>   | <b>Class E Notes</b>   | <b>Class F Notes</b>   | <b>Class Z Notes</b>   | <b>Class X Notes</b> |
|---|--|--|--|--|--|--|--|----------------------|
|   |  | the Most Senior Class)   | the Most Senior Class) and Additional Note Payment Reserve Fund applied to make up any Additional Note Payment Shortfall | the Most Senior Class) and Additional Note Payment Reserve Fund applied to make up any Additional Note Payment Shortfall | the Most Senior Class) and Additional Note Payment Reserve Fund applied to make up any Additional Note Payment Shortfall | the Most Senior Class) and Additional Note Payment Reserve Fund applied to make up any Additional Note Payment Shortfall | the Most Senior Class)   |                      |
|   | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support") | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support") | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support")               | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support")               | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support")               | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support")               | (subject to conditions as set out in "Key Structural Features – Credit Enhancement and Liquidity Support") |                      |
| <i>Issue Price</i> <sup>1</sup>         | 99.73%   | 98.77%   | 99.01%   | 96.68%   | 94.59%   | 92.56%   | N/A  | 100%                 |
| <i>Interest Rate</i>                    | 1 month EURIBOR  | 1 month EURIBOR  | 1 month EURIBOR  | 1 month EURIBOR  | 1 month EURIBOR  | 1 month EURIBOR  | 5.00%  | N/A                  |
| <i>Coupon</i>                           | 0.75%  | 1.00%  | 1.50%  | 1.50%  | 1.50%  | 1.50%  | N/A  | N/A                  |
| <i>Step-Up Coupon post Step-Up Date</i> | 1.50%  | 2.00%  | 1.50%  | 1.50%  | 1.50%  | 1.50%  | N/A  | N/A                  |
| <i>Additional Note Payment</i>          | N/A  | N/A  | 1.00%  | 2.00%  | 3.00%  | 4.00%  | N/A  | N/A                  |

<sup>1</sup> The Class Z Notes will be delivered to the Paris Seller on the Closing Date as part of the Consideration for the Initial Portfolio.

|   | Class A Notes   | Class B Notes   | Class C Notes                                   | Class D Notes                                   | Class E Notes                                   | Class F Notes                                   | Class Z Notes                                   | Class X Notes                                   |
|---|---|---|---|---|---|---|---|---|
| (accrues from and including the Step-Up Date) |   |   |   |   |   |   |   |   |
| Step-Up Date                                  |   | The Interest Payment Date falling in March 2019                                   |   |   |   |   | N/A   | N/A   |
| Interest Accrual Method                       |   | The actual number of days in a period divided by 360                              |   |   |   |   |   | N/A   |
| Calculation Date                              |   | The last day in the calendar month immediately preceding an Interest Payment Date |   |   |   |   |   |   |
| Interest Payment Dates                        | Interest and principal will be payable monthly in arrear on the Interest Payment Dates falling on the 24th day of each calendar month                 |   |   |   |   |   |   |   |
| Business Day Convention                       |   | Modified Following  |   |   |   |   |   |   |
| First Interest Payment Date                   |   | The Interest Payment Date falling in April 2017                                   |   |   |   |   |   |   |
| First Interest Period                         |   | The period from the Closing Date to the First Interest Payment Date               |   |   |   |   |   |   |
| Optional Redemption Date                      | The Interest Payment Date falling in March 2019   | The Interest Payment Date falling in March 2019                                   | The Interest Payment Date falling in March 2019 | The Interest Payment Date falling in March 2019 | The Interest Payment Date falling in March 2019 | The Interest Payment Date falling in March 2019 | The Interest Payment Date falling in March 2019 | The Interest Payment Date falling in March 2019 |
| -Optional Redemption Date Redemption Profile  | Pass through redemption on each Interest Payment Date. Please refer to Condition 9 (Final Redemption, Mandatory Redemption in part and Cancellation). |   |   |   |   |   |   |   |

|   | <b>Class A<br/>Notes</b>   | <b>Class B Notes</b>  | <b>Class C Notes</b>  | <b>Class D Notes</b>  | <b>Class E Notes</b>  | <b>Class F Notes</b>  | <b>Class Z Notes</b>  | <b>Class X Notes</b>                           |
|---|--|---|---|---|---|---|---|--|
| <i>Post-Optional Redemption Date Redemption Profile</i> | Pass through redemption on each Interest Payment Date. Please refer to Condition 9 ( <i>Final Redemption, Mandatory Redemption in part and Cancellation</i> ).         |   |   |   |   |   |   |  |
| <i>Other Early Redemption in Full Events</i>            | Tax/illegality/clean-up/risk retention regulatory change call. Please refer to Condition 9 ( <i>Final Redemption, Mandatory Redemption in part and Cancellation</i> ). |   |   |   |   |   |   |  |
| <i>Final Maturity Date</i>                              | Interest Payment Date falling in November 2057   | Interest Payment Date falling in November 2057              | Interest Payment Date falling in November 2057              | Interest Payment Date falling in November 2057              | Interest Payment Date falling in November 2057              | Interest Payment Date falling in November 2057              | Interest Payment Date falling in November 2057              | Interest Payment Date falling in November 2057 |
| <i>Form of the Notes</i>                                | Registered   | Registered  | Registered  | Registered  | Registered  | Registered  | Registered  | Registered                                     |
| <i>Application for Listing</i>                          | Ireland  | Ireland   | Ireland   | Ireland   | Ireland   | Ireland   | Ireland   | Ireland  |
| <i>ISIN</i>   | XS1588886025   | XS1588886611  | XS1588886884  | XS1588886967  | XS1588887346  | XS1588891025  | XS1588891454  | XS1588891538                                   |
| <i>Common Code</i>                                      | 158888602  | 158888661   | 158888688   | 158888696   | 158888734   | 158889102   | 158889145   | 158889153                                      |
| <i>Minimum Denomination</i>                             | €100,000 and integral multiples of €1,000 in excess thereof  | €100,000 and integral multiples of €1,000 in excess thereof | €100,000 and integral multiples of €1,000 in excess thereof | €100,000 and integral multiples of €1,000 in excess thereof | €100,000 and integral multiples of €1,000 in excess thereof | €100,000 and integral multiples of €1,000 in excess thereof | €100,000 and integral multiples of €1,000 in excess thereof | €100,000                                       |
| <i>Expected</i>   | AAA (sf)/Aaa   | AA (sf)/Aa1   | A (sf)/Aa3 (sf)   | BBB (sf)/A3   | BB (sf)/Ba1   | B (sf)/B2 (sf)  | Not Rated   | Not Rated                                      |

|                            | <b>Class A<br/>Notes</b> | <b>Class B Notes</b> | <b>Class C Notes</b> | <b>Class D Notes</b> | <b>Class E Notes</b> | <b>Class F Notes</b> | <b>Class Z Notes</b> | <b>Class X Notes</b> |
|----------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>Ratings</i>             | (sf)                     | (sf)                 |                      | (sf)                 | (sf)                 |                      |                      |                      |
| <i>(Rating<br/>Agency)</i> | DBRS/<br>Moody's         | DBRS/<br>Moody's     | DBRS/<br>Moody's     | DBRS/<br>Moody's     | DBRS/<br>Moody's     | DBRS/<br>Moody's     | N/A                  | N/A                  |

Additional Note Payments can be paid in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on and from the Interest Payment Date immediately following the Step-Up Date.

Payments of Additional Note Payments are subordinated to payments of interest on the Notes. Payments of Additional Note Payments are not rated and may be deferred and non-payment thereof shall not be an Event of Default in any circumstances.



## OVERVIEW OF TERMS AND CONDITIONS OF THE NOTES

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

**Issuance of Notes:** The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes (together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the **Rated Notes**), the Class Z Notes and the Class X Notes will be offered pursuant to Regulation S and the Global Notes will be cleared through Euroclear and/or Clearstream, Luxembourg as set out in "Description of the Notes in Global Form" below.

**Distributions on the Notes** On the Closing Date, the Notes may only be purchased by persons that (a) are not Risk Retention U.S. Persons or (b) that have obtained a U.S. Risk Retention Waiver from the Retention Holder. See "Risk Factors –U.S. Risk Retention Requirements".

**Ranking of Payments of interest:** Payment of interest on the Notes will be paid in sequential order in accordance with the relevant Priority of Payments. For a more detailed summary, please refer to the Priority of Payments in the section entitled "Cashflows and Cash Management".

The Notes within each individual Class of Notes will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of interest to be made to such individual Class as the case may be, or to the respective holders thereof, as provided in the terms and conditions of the Notes (the **Conditions**).

**Interest Payment Date** means the 24th day of each calendar month in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day.

**Interest Period** means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date and, in relation to an Interest Determination Date, the "related Interest Period" means the Interest Period in which such Interest Determination Date falls.

**Interest Determination Date** means the date falling two Business Days before each Interest Payment Date or, in the case of the first Interest Period, the Closing Date.

Any reference to a "Class" of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes, as the case may be, or to the respective holders thereof (the **Class A Noteholders**, the **Class B Noteholders**, the **Class C Noteholders**, the **Class D Noteholders**, the **Class E Noteholders**, the **Class F Noteholders**, the

**Class Z Noteholders** and the **Class X Noteholders** and together the **Noteholders**).

**Ranking of Payments of  
Additional Note Payments:**

On and from the Interest Payment Date immediately following the Step-Up Date, the holders of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be entitled to receive Additional Note Payments in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes respectively.

Payment of Additional Note Payments on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be paid in sequential order in accordance with the relevant Priority of Payments. The Additional Note Payment Reserve Fund will, to the extent Available Revenue Receipts are insufficient, be available on each Interest Payment Date following the Step-Up Date to make payments of Additional Note Payments until the amount standing to the credit of the Additional Note Payment Reserve Fund has been reduced to zero.

Any Additional Note Payments not paid on an Interest Payment Date will be deferred until the immediately following Interest Payment Date and will accrue interest at the Relevant Additional Note Payment Margin. Any failure by the Issuer to pay any Additional Note Payment on an Interest Payment Date will not constitute an Event of Default.

The Notes within each individual Class of the Class C Notes, Class D Notes, Class E Notes and Class F Notes will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of Additional Note Payments to be made to such individual Class as the case may be, or to the respective holders thereof, as provided in the Conditions.

**The Ratings on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes do not address the likelihood of receipt of any Additional Note Payments.**

For a more detailed summary of the Priority of Payments, please refer to the section entitled "*Cashflows and Cash Management*".

**Ranking of Payments of  
Principal:**

Prior to the delivery of a notice by the Trustee to the Issuer which declares the Notes to be immediately due and payable (an **Enforcement Notice**), Available Principal Receipts will be applied in accordance with the Pre-Enforcement Principal Priority of Payments and after having applied amounts to replenish the Liquidity Reserve Fund, first, to redeem the Class A Notes, second, to redeem the Class B Notes, third, to redeem the Class C Notes, fourth to redeem the Class D Notes, fifth to redeem the Class E Notes, sixth to redeem the Class F Notes, seventh to redeem the Class Z Notes, and any remainder will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. The Class X Notes will not be repaid from Available Principal Receipts applied in accordance with the Pre-Enforcement Principal Priority of Payments.

Following the delivery of an Enforcement Notice, Available Revenue Receipts and Available Principal Receipts will be applied in accordance with the Post-Enforcement Priority of Payments and after having applied amounts to pay higher ranking expenses and other amounts due to prior ranking

Secured Creditors, first, to redeem the Class A Notes, second, to redeem the Class B Notes, third, to redeem the Class C Notes, fourth, to redeem the Class D Notes, fifth, to redeem the Class E Notes, sixth, to redeem the Class F Notes, seventh, to redeem the Class Z Notes and thereafter to redeem the Class X Notes.

Prior to the delivery of an Enforcement Notice by the Trustee to the Issuer, payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Priority of Payments: (i) while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are outstanding, until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000; and (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, until the Class X Notes are redeemed to €1. Following the delivery of an Enforcement Notice by the Trustee to the Issuer, the Class X Notes will be redeemed in accordance with the Post-Enforcement Priority of Payments after the redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes.

For a more detailed summary of the Priority of Payments, please refer to the section entitled "*Cashflows and Cash Management*".

**Most Senior Class:**

The Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class B Notes then outstanding, the Class C Notes or, if there are no Class C Notes then outstanding, the Class D Notes or, if there are no Class D Notes then outstanding, the Class E Notes or, if there are no Class E Notes then outstanding, the Class F Notes or if there are no Class F Notes then outstanding, the Class Z Notes or, if there are no Class Z Notes then outstanding, the Class X Notes.

**Security:**

The Issuer's obligations in respect of the Notes are secured in favour of the Trustee for itself and the other Secured Creditors and will share the same Security together with the other secured obligations of the Issuer in accordance with the **Irish Deed of Charge** and the **English Deed of Charge**. The Irish Security and the English Security (the **Security**) granted by the Issuer includes:

- (a) a first fixed charge over the benefit of the Issuer's interest in the Mortgage Loans and the Related Security (which, until notice is served on the Borrowers and, in respect of mortgages of property comprising of registered land, until registration is effected, will take effect as an assignment of beneficial ownership);

**Mortgage Loans** means loans made to Borrowers secured over residential properties located in Ireland.

**Related Security** means, in respect of an underlying Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Mortgage Portfolio sold to the Issuer pursuant to the relevant Mortgage Sale Agreement including (without

limitation):

- i. the benefit of all affidavits, declarations, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, deeds of consent relating to the relevant Property) from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- ii. all estate and interest in the Property secured by such Mortgage Loans vested in the relevant Seller (subject to the Borrower's right of redemption or cesser) (including all proceeds from any sale or utilisation of the Property) and all estate and interest in the Property secured by such Mortgage Loans which is held by, or for the benefit of, any Receiver appointed in respect the relevant Property;
- iii. each right of action of the relevant Seller against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of any Mortgage Loan and its Related Security or affecting the decision of the relevant Seller to make or offer to make all or part of the Mortgage Loan;
- iv. the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies, including the lender interest only policies, contingency policies and the lender in possession policy (the **Insurance Policies**) deposited, charged, obtained, or held in connection with the Mortgage Loan, Mortgage and/or Property and relevant Mortgage Loan files; and
- v. any other document in existence from time to time which secures or is intended to secure the repayment of such Mortgage Loan (including the benefit of any contract relating to such Mortgage Loan, the terms of which set out the method by which such Mortgage Loan is to be repaid),

together with all right, title, benefit and interest ancillary or supplemental to, and all powers and remedies for enforcing the above;

- (b) a first fixed charge over the benefit of each Authorised Investment;
- (c) first fixed charges over the benefit of each Issuer Account and any bank or other accounts in which the Issuer may at any time have or acquire any benefit (other than the Issuer Profit Account) in accordance with the Account Bank Agreement, the English Deed of

Charge or the other Transaction Documents;

- (d) an assignment by way of security of the Issuer's interests in the Insurance Policies;
- (e) an assignment by way of security of the benefit under each relevant Transaction Document (other than the Corporate Services Agreement, the English Deed of Charge, the Irish Deed of Charge, the Trust Deed); and
- (f) a first floating charge over the whole of its undertaking and all its property, assets and rights (other than the Excluded Assets (as defined below)) whatsoever and wheresoever present and future including its uncalled capital (including assets expected to be subject to a fixed charge or assignment by way of security or absolute assignment as described above) and extending over all of its property, assets, rights or revenues as are situated in Ireland or governed by Irish law (whether or not the subject of the fixed charges or assignments described above).

The Issuer Profit Account and the Issuer's interest in the Corporate Services Agreement (the **Excluded Assets**) will not form part of the Security.

**Certificate of Title** means a solicitor's or licensed conveyancer's report or certificate of title obtained by or on behalf of the relevant Seller in respect of each Property substantially in the form of the pro-forma set out in the Standard Documentation.

**Issuer Profit Account** means the bank account in the name of the Issuer held with Elavon Financial Services DAC, U.K. Branch (or such other bank as the Issuer may determine) which holds the Issuer Profit Amount.

**Mortgage Asset** means the Related Security (together with the benefit of the underlying Mortgage Loan).

**Property** means a freehold or leasehold property which is subject to a Mortgage Loan.

**Valuation Report** means the valuation report or reports for mortgage purposes, obtained by the Originator from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the relevant Seller.

Certain other secured amounts owing to Secured Creditors rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

**Interest payable on the Notes:**

The interest rates applicable to each Class of Notes are described in the sections "*Full Capital Structure of the Notes*" and "*Terms and Conditions of the Notes*".

**Interest Deferral:**

Interest due and payable on the Notes (other than the Class A Notes) may

be deferred in accordance with Condition 8.11 (*Deferral of Interest and Additional Note Payments*).

**Additional Note Payments payable on the Notes:** The rates of Additional Note Payments applicable to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are described in the sections "*Full Capital Structure of the Notes*" and "*Terms and Conditions of the Notes*".

**Deferral of Additional Note Payments** Additional Note Payments due and payable on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes may be deferred in accordance with Condition 8.11 (*Deferral of Interest and Additional Note Payments*).

**Gross-up:** None of the Issuer, the Trustee or any other person will be obliged to pay any additional amounts to the Noteholders if there is any withholding or deduction for or on account of taxes from a payment made under the Notes.

**Redemption:** The Notes are subject to the following mandatory redemption events:

- (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 9.1 (*Final Redemption*);
- (b) mandatory redemption in part on any Interest Payment Date prior to the delivery of an Enforcement Notice subject to availability of (other than in respect of the Class X Notes) Available Principal Receipts or, in respect of the Class X Notes only, Available Revenue Receipts, as fully set out in Condition 9.2 (*Mandatory Redemption in part prior to the service of an Enforcement Notice*);
- (c) mandatory redemption in full following the exercise by the Issuer of its early redemption options, as fully set out in Condition 9.3 (*Mandatory Redemption in full*) and Condition 9.5 (*Mandatory Redemption for Taxation or Other Reasons*); and
- (d) mandatory redemption in full pursuant to a Risk Retention Regulatory Change Option, as fully set out in Condition 9.4 (*Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option*).

Subject to the Issuer having sufficient funds available for this purpose, each Note redeemed will be redeemed in an amount equal to the Principal Amount Outstanding of the relevant Note together with any accrued (and unpaid) interest and any Deferred Interest on the Principal Amount Outstanding of the relevant Note and any Additional Note Payments accrued (and unpaid) up to (but excluding) the date of redemption.

**Events of Default:** As fully set out in Condition 13 (*Events of Default*), which broadly includes:

- (a) subject to Condition 8.11 (*Deferral of Interest and Additional Note Payments*) non-payment by the Issuer of principal in respect of the Notes within 7 days following the due date or non-payment by the Issuer of interest on the Notes within 14 days following the due date;
- (b) the Issuer defaults in the performance or observance of any of its

other obligations under or in respect of the Notes, the Issuer Covenants, the Trust Deed, the Irish Deed of Charge, the English Deed of Charge or any of the other Transaction Documents and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) is, in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 days after the Trustee has given written notice of such default to the Issuer;

- (c) Insolvency Event in respect of the Issuer; or
- (d) it is illegal for the Issuer to perform or comply with its obligations under the Notes, the Trust Documents or the other Transaction Documents.

## **Hedging**

Hedging arrangements are described in the section "*The Interest Rate Cap Provider and the Interest Rate Cap Agreement*". On or before the Closing Date, the Issuer will enter into an Interest Rate Cap Agreement with the Interest Rate Cap Provider. The Interest Rate Cap Agreement is effective from and including the Closing Date up to and including 24 March 2024 (or, if earlier, the Relevant Redemption Date). Pursuant to the Interest Rate Cap Agreement, the Interest Rate Cap Provider, against payment of the Interest Rate Cap Fees by the Issuer on each Interest Payment Date, shall make payments to the Issuer on each Interest Payment Date if and to the extent the one month Euro Interbank Offered Rate (**EURIBOR**) for the relevant Interest Period exceeds the Cap Strike Rate.

## **Limited Recourse:**

The Notes are limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts due in respect of the Notes in full, following the distribution of all available funds, any amounts outstanding under the Notes will cease to be due and payable as described in more detail in Condition 10 (*Limited Recourse*).

## **Transaction Documents**

**Transaction Documents** means the Account Bank Agreement, the Administration Agreement, the Agency Agreement, the Asset Management Consulting Agreement, the Cash Management Agreement, the Amended and Restated Paris Declaration of Trust, the Amended and Restated Java Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the English Deed of Charge, the Incorporated Terms Memorandum, the Interest Rate Cap Agreement, the Irish Deed of Charge, each Mortgage Sale Agreement, the Risk Retention Letter, each Seller Security Power of Attorney, the Legal Title Holder Power of Attorney, the Administrator Power of Attorney, the Trust Deed, the Subordinated Loan Agreement and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and any other document designated as such.

**Administrator Power of Attorney** means the power of attorney granted by each of the Issuer and the Legal Title Holder in favour of the Administrator on the Closing Date substantially in the form set out in the Administration Agreement.

## **Governing Law:**

The Account Bank Agreement, the Agency Agreement, the Cash Management Agreement, the Deed Poll, the English Deed of Charge, the Incorporated Terms Memorandum, the Interest Rate Cap Agreement, the

Notes, the Risk Retention Letter, the Subscription Agreement and the Trust Deed will be governed by English law.

The Administration Agreement, the Asset Management Consulting Agreement, the Amended and Restated Paris Declaration of Trust, the Amended and Restated Java Declaration of Trust, the Subordinated Loan Agreement, the Corporate Services Agreement, the Irish Deed of Charge, each Mortgage Sale Agreement, each Seller Security Power of Attorney, the Administrator Power of Attorney and the Legal Title Holder Power of Attorney will be governed by Irish law.



## OVERVIEW OF RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

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

**Prior to an Event of Default:** Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding of the relevant Class are entitled to request in writing that the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) convenes a meeting of Noteholders of any Class or Classes (a **Meeting**), and all Noteholders of each Class are entitled to participate in a Noteholders' meeting convened by the Issuer or the Trustee to consider any matter affecting their interests.

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

**Following an Event of Default:** Following the occurrence of an Event of Default, the holders of the Most Senior Class of Notes may, (i) if they hold in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or (ii) if they pass a resolution at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast (an **Extraordinary Resolution**), direct the Trustee in writing to give an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with any accrued interest and any Deferred Interest and subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction.

### **Noteholders Meeting provisions:**

|                       |   |  |
|-----------------------|---|--|
| <b>Notice period:</b> | 21 clear days for an initial meeting  | 14 clear days for an adjourned meeting   |
| <b>Quorum:</b>        | One or more persons holding or representing in aggregate a majority of the Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting (other than in respect of a Reserved Matter (which must be proposed separately to each Class of | At an adjourned meeting one or more persons being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by them (other than in respect of a Reserved Matter (which must be |

|  |   |
|--|---|
| Noteholders at separate meetings), which requires one or more persons holding or representing in the aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding). | proposed separately to each Class of Noteholders at separate meetings), which requires one or more persons holding or representing not less than in aggregate 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding). |
|--|---|

|  |  |  |
|--|--|--|
| <b>Required majority for Extraordinary Resolution:</b> | Not less than 75 per cent. of votes cast | Not less than 75 per cent. of votes cast |
|--|--|--|

**Written Resolution:** 100 per cent. of the Principal Amount Outstanding of the relevant Class of Notes then outstanding. A resolution in writing signed by or on behalf of all holders of Notes of the relevant class for the time being outstanding, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes (a **Written Resolution**) has the same effect as an Extraordinary Resolution.

**Reserved Matters:**

A Reserved Matter (a **Reserved Matter**) means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any Class (including the Final Maturity Date), to modify the amount of principal or interest due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of, or date fixed for, any payment in respect of the Notes of any Class;
- (b) except in accordance with Condition 21 (*Substitution of Issuer*) and Clause 14 (Substitution) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes;
- (e) to change the quorum required at any Meeting or the majority required to pass (i) an Extraordinary Resolution of holders of the

Most Senior Class then outstanding or (ii) an Extraordinary Resolution in relation to a Reserved Matter; or

(f) to amend this definition.

**Relationship between  
Classes of Noteholders**

In the event of a conflict of interests of holders of different Classes of Notes the Trustee shall have regard only to the interests of the holders of the Most Senior Class and will not have regard to any lower ranking Class of Notes. Subject to the provision in respect of a Reserved Matter, an Extraordinary Resolution of holders of the Most Senior Class shall be binding on all other Classes of Notes and would override any resolutions to the contrary of the Classes ranking behind such Class of Notes. A Reserved Matter requires an Extraordinary Resolution of each Class of Notes then outstanding.

No Extraordinary Resolution to approve any matter which concerns the Administrator or the Issuer Administration Consultant including, without limitation, the termination of the appointment thereof or the appointment of a successor administrator or successor issuer administration consultant shall be effective unless it is sanctioned by an Extraordinary Resolution of the Class Z Noteholders, provided that such condition shall not apply for so long as there is any debit balance on the Class A Principal Deficiency Sub-Ledger and there has been a debit balance on the Class A Principal Deficiency Sub-Ledger for the immediately preceding 12 consecutive Calculation Periods and the Trustee shall be entitled to rely on a certificate of the Issuer, without enquiry and without incurring liability to any person, confirming whether or not the circumstances as described above apply.

**Paris Seller as Noteholder:**

The Paris Seller will purchase 100 per cent. of the Class Z Notes and 100 per cent of the Class X Notes on the Closing Date.

**Relationship between  
Noteholders and other  
Secured Creditors**

The trust deed entered into on or about the Closing Date between the Issuer and the Trustee (the **Trust Deed**), provides that the Trustee shall, except where expressly provided otherwise and prior to the redemption in full of the Notes, have regard solely to the interests of the Noteholders and shall have regard to the interests of the other Secured Creditors only to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice is in accordance with the Post-Enforcement Priority of Payments.

**Provision of Information to  
the Noteholders**

The Cash Manager will publish an investor report (each, an **Investor Report**) on a monthly basis on each Reporting Date containing information in relation to the Notes including, but not limited to, ratings of the Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments in respect of the relevant Calculation Period, required counterparty information and the Paris Seller's holding of the Notes and the compliance of the Retention Holder with Article 405 of the CRR and Article 51 of the AIFMR, to be provided in respect of the Mortgage Portfolio and the Notes. The Investor Reports will be published on the website of the Cash Manager at [www.usbank.com/abs](http://www.usbank.com/abs). This website and the contents thereof do not form part of this Prospectus.

**outstanding**

means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to, or to the order of, the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 22 (*Notices*)) and remain available for payment in accordance with the Conditions;
- (c) those which have been redeemed or surrendered for cancellation as provided in Condition 9 (*Final Redemption, Mandatory Redemption in part and Cancellation*) and notice of the cancellation of which has been given to the Trustee;
- (d) those which have become void under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and
- (f) any Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the removal or replacement of the Trustee;
- (iii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 12 (Waiver), Clause 13 (Modifications), Clause 16 (Proceedings and Actions by the Trustee), Clause 25 (Appointment of Trustees) and Clause 26 (Notice of New Trustee) of the Trust Deed and Condition 13 (Events of Default), Condition 14 (Enforcement), Condition 16 (Meetings of Noteholders) and Condition 17 (Modification and Waiver) and the Provisions for Meetings of Noteholders;
- (iv) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and
- (v) any determination by the Trustee as to whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or

Classes thereof,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, either of the Sellers, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, (i) in the case of each of the Sellers, any holding company of the relevant Seller or any other subsidiary of such holding company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding and (ii) in the case of each of the Sellers, in respect of any meeting for Noteholders to consider the removal or replacement of the Trustee, where one or more Relevant Person holds, in aggregate, more than 50 per cent. of the principal amount outstanding on the Notes in which case such Class of Notes shall be deemed to remain outstanding.

**Principal Amount Outstanding** means, on any day:

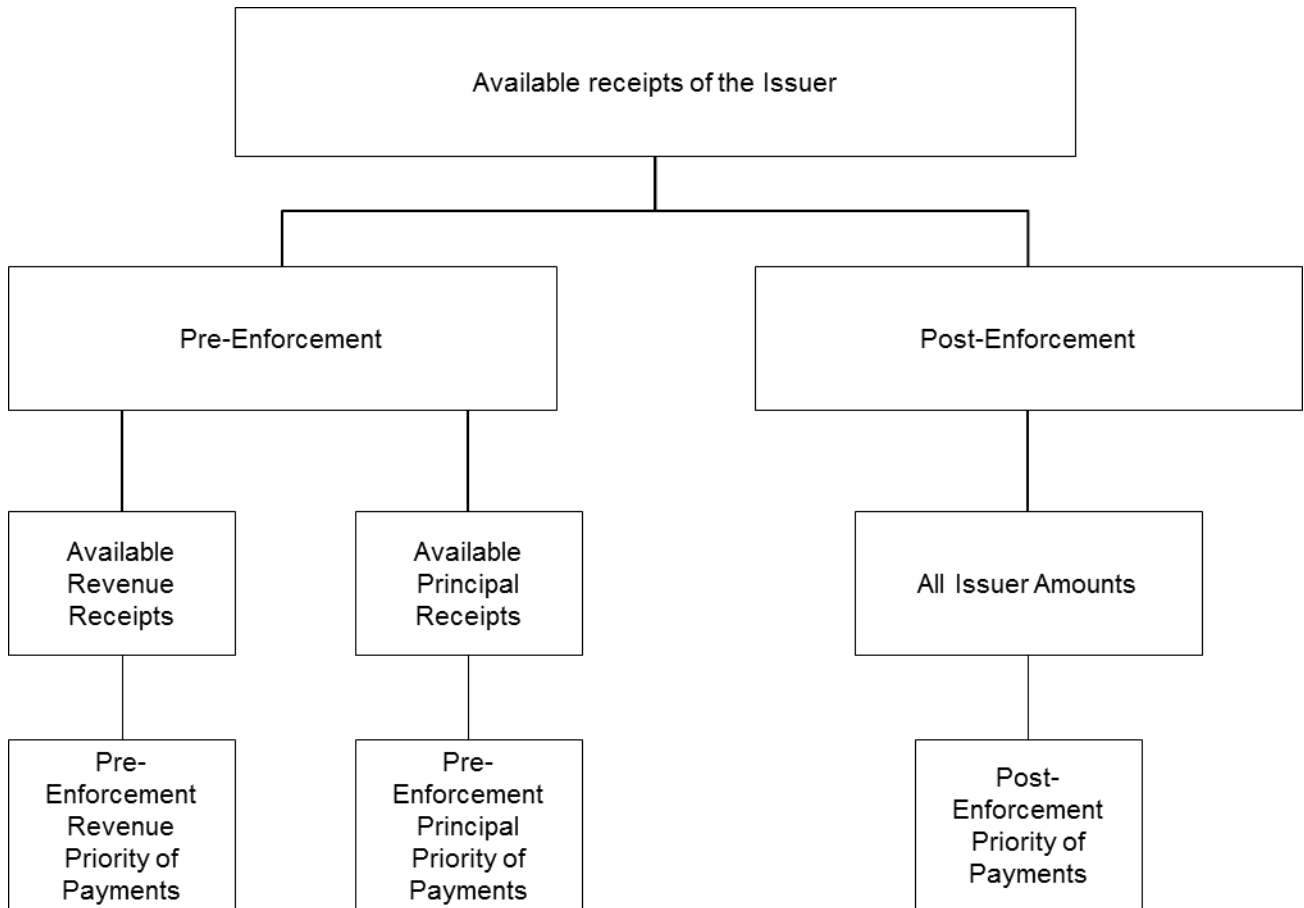
- (a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and been paid) on or prior to that day;
- (b) in relation to a Class of Notes, the aggregate of the amount in paragraph (a) above in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in paragraph (a) above in respect of all Notes outstanding, regardless of Class.

**Secured Creditors**

means the Trustee in its own capacity, any Receiver or any Appointee appointed by the Trustee, each in its own capacity, the Reference Agent, the Registrar, the Paying Agents, the Corporate Services Provider, the Administrator (and any replacement of the Administrator), the Issuer Administration Consultant, the Cash Manager, the Subordinated Loan Provider, the Account Bank, the Interest Rate Cap Provider, the Legal Title Holder, the Noteholders and any party named as a Secured Creditor in a Transaction Document.

## OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW

*Please refer to the sections entitled "Key Structural Features" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.*



## OVERVIEW OF CREDIT STRUCTURE AND CASHFLOWS

*Please refer to the sections entitled "Key Structural Features – Credit Enhancement and Liquidity Support" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.*

### **Available Revenue Receipts and Available Principal Receipts of the Issuer:**

The Cash Manager will apply Available Revenue Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, as set out below.

**Available Revenue Receipts** will, for each Interest Payment Date (without double counting), broadly, include the following:

- (a) the Revenue Receipts on the Mortgage Loans received by the Issuer during the immediately preceding Calculation Period;
- (b) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Calculation Period;
- (c) amounts standing to the credit of the General Reserve Fund Ledger;
- (d) any amounts standing to the credit of the Liquidity Reserve Fund Ledger in excess of the Liquidity Reserve Fund Required Amount following the application of any Liquidity Reserve Release Amount;
- (e) any Principal Receipts applied as Principal Deficiency Excess Revenue Amounts;
- (f) other net income of the Issuer received during the immediately preceding Calculation Period (other than any Principal Receipts);
- (g) Available Principal Receipts applied as Available Revenue Receipts in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments;
- (h) amounts received or to be received by the Issuer under or in connection with the Interest Rate Cap Agreement (other than (i) any early termination amount received by the Issuer under the Interest Rate Cap Agreement, (ii) IRC Collateral, (iii) any Replacement IRC Amount paid to the Issuer, and (iv) amounts in respect of IRC Tax Credits on such Interest Payment Date other than, in each case, any IRC Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the IRC Collateral Account Priority of Payments); and
- (i) on the Relevant Redemption Date, the Additional Note Payment Reserve Fund Ledger Residual Amount.

**Available Principal Receipts** will, for each Interest Payment Date

(without double counting), broadly, include the following:

- (a) all Principal Receipts on the Mortgage Loans received by the Issuer during the immediately preceding Calculation Period;
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (f), (h), (j), (l) (n), (p) and/or (s) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;
- (c) on the Final Rated Note Distribution Date, the General Reserve Fund Ledger Residual Amount and the Liquidity Reserve Fund Ledger Residual Amount;
- (d) on the third Interest Payment Date only, the amounts standing to the credit of the Prefunding Reserve Ledger to the extent such funds have not been or will not be utilised to acquire any Further Portfolios; and
- (e) on and from the Step-Up Date, any Available Revenue Receipts applied as Available Principal Receipts in accordance with item (y) of the Pre-Enforcement Revenue Priority of Payments,

less:

- (i) the amount of Principal Receipts received by the Issuer during the immediately preceding Calculation Period which are to be applied to cure any Revenue Shortfall on such Interest Payment Date; and
- (ii) the amount of Principal Receipts applied as Principal Deficiency Excess Revenue Amounts pursuant to item (e) of the definition of Available Revenue Receipts.

#### Overview of Priorities of Payments:

Below is a summary of the Priorities of Payments. Please refer to the section entitled "*Cashflows and Cash Management*" for further information. In addition, please refer to "*Limited recourse*" in the section entitled "*Overview Of The Terms And Conditions Of The Notes*".

| Pre-Enforcement Revenue Priority of Payments |   | Pre-Enforcement Principal Priority of Payments |  | Post-Enforcement Priority of Payments |   |
|--|---|--|--|---------------------------------------|---|
| (a)  | Fees, costs and expenses of the Trustee and any Appointee;                                  | (a)  | (Other than on the Final Rated Note Distribution Date and any Interest Payment Date thereafter and following any amount credited pursuant to item (q) of the Pre-Enforcement Revenue | (a)                                   | Fees, costs and expenses of the Trustee, any Appointee and any Receiver appointed by the Trustee; |
| (b)  | Any costs and fees of the Agents, Account Bank, Corporate Services Provider, Administrator, |  |  | (b)                                   | Any costs and fees of the Agents, Account Bank,   |



| Pre-Enforcement Revenue<br>Priority of Payments  | Pre-Enforcement Principal<br>Priority of Payments   | Post-Enforcement Priority of<br>Payments   |
|--|---|--|
| Cash Manager, Legal Title Holder, custodian or any replacement or additional account bank and any Insurance Policy premium payments (or to reimburse the Issuer Administration Consultant to the extent it has made such payments on behalf of the Issuer);  | Priority of Payments) an amount to be credited to the Liquidity Reserve Fund such that the Liquidity Reserve Fund is equal to the Liquidity Reserve Fund Required Amount; | Corporate Services Provider, Administrator, Cash Manager, Legal Title Holder, custodian or any replacement or additional account bank and any Insurance Policy premium payments (or to reimburse the Issuer Administration Consultant to the extent it has made such payments on behalf of the Issuer);  |
| (c) (i) Any amounts payable by the Issuer to third parties and any corporation tax payable by the Issuer; (ii) any amounts due and payable to the Interest Rate Cap Provider, including the Interest Rate Cap Fees and any termination payment due and payable by the Issuer to the Interest Rate Cap Provider but excluding: (x) any IRC Excluded Termination Amount; and (y) amounts to be satisfied pursuant to the IRC Collateral Account Priority of Payments on the same Interest Payment Date; (iii) any Replacement IRC Amount payable to a replacement interest rate cap provider to the extent that the available amounts standing to the credit of the IRC Collateral Account are insufficient to cover such Replacement IRC Amount in accordance with the IRC Collateral Account Priority of Payments; | (b) To redeem the Class A Notes in full;  |  |
|  | (c) To redeem the Class B Notes in full;  | (c) (i) any third parties and any corporation tax payable by the Issuer; and (ii) any amounts due and payable to the Interest Rate Cap Provider, including the Interest Rate Cap Fees and any termination payment due and payable by the Issuer to the Interest Rate Cap Provider but excluding: (x) any IRC Excluded Termination Amount; and (y) amounts to be satisfied pursuant to the IRC Collateral Account Priority of Payments on the same day; |
|  | (d) To redeem the Class C Notes in full;  |  |
|  | (e) To redeem the Class D Notes in full;  |  |
|  | (f) To redeem the Class E Notes in full;  |  |
|  | (g) To redeem the Class F Notes in full;  |  |
|  | (h) To redeem the Class Z Notes in full;  |  |
|  | (i) Any remaining amounts to constitute Available Revenue Receipts and to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.                 | (d) interest due and payable on the Class A Notes;   |
|  |   | (e) to redeem the Class A Notes in full;   |
|  |   | (f) interest due and payable on the Class B Notes;   |
|  |   | (g) to redeem the Class B Notes in full;   |
|  |   | (h) interest due and payable on the Class C Notes;   |
| (d) On each Interest Payment Date falling in March,  |   | (i) to redeem the Class C  |

| <b>Pre-Enforcement Revenue<br/>Priority of Payments</b>   | <b>Pre-Enforcement Principal<br/>Priority of Payments</b> | <b>Post-Enforcement Priority of<br/>Payments</b>  |
|---|---|---|
|   |   | Notes in full;  |
| (e) Interest due and payable on the Class A Notes;  |   | (j) interest due and payable on the Class D Notes;  |
| (f) An amount sufficient to eliminate any debit on the Class A Principal Deficiency Sub-Ledger; |   | (k) to redeem the Class D Notes in full;  |
| (g) Interest due and payable on the Class B Notes;  |   | (l) interest due and payable on the Class E Notes;  |
| (h) An amount sufficient to eliminate any debit on the Class B Principal Deficiency Sub-Ledger; |   | (m) to redeem the Class E Notes in full;  |
| (i) Interest due and payable on the Class C Notes;  |   | (n) interest due and payable on the Class F Notes;  |
| (j) An amount sufficient to eliminate any debit on the Class C Principal Deficiency Sub-Ledger; |   | (o) to redeem the Class F Notes in full;  |
| (k) Interest due and payable on the Class D Notes;  |   | (p) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class C Additional Note Payment; |
| (l) An amount sufficient to eliminate any debit on the Class D Principal Deficiency Sub-Ledger; |   | (q) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class D Additional Note Payment; |
| (m) Interest due and payable on the Class E Notes;  |   | (r) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class E Additional Note Payment; |
| (n) An amount sufficient to eliminate any debit on the Class E Principal Deficiency Sub-Ledger; |   | (s) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class F Additional Note Payment; |
| (o) Interest due and payable on the Class F Notes;  |   | (t) any costs and fees of the Issuer Administration Consultant (to the extent   |
| (p) An amount sufficient to eliminate any debit on the Class F Principal Deficiency Sub-Ledger; |   |   |

| Pre-Enforcement Revenue<br>Priority of Payments   | Pre-Enforcement Principal<br>Priority of Payments | Post-Enforcement Priority of<br>Payments  |
|---|---|---|
| (q) (so long as the Class A Notes will remain outstanding following such Interest Payment Date) an amount to be credited to the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount; |   | not already paid in accordance with item (b) above);  |
| (r) An amount to be credited to the General Reserve Fund Ledger up to the General Reserve Fund Required Amount;   |   | (u) Payment of interest to the Subordinated Loan Provider;  |
| (s) An amount sufficient to eliminate any debit on the Class Z Principal Deficiency Sub-Ledger;   |   | (v) Payment of principal to the Subordinated Loan Provider;   |
| (t) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class C Additional Note Payment;   |   | (w) interest due and payable on the Class Z Notes;  |
| (u) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class D Additional Note Payment;   |   | (x) To redeem the Class Z Notes in full;  |
| (v) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class E Additional Note Payment;   |   | (y) While any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are outstanding, to pay principal amounts due on the Class X Notes until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000, and following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, to redeem the Class X Notes to €1; |
| (w) On and from the Interest Payment Date immediately following the Step-Up Date, amounts due as Class F Additional Note Payment;   |   | (z) Payment of any IRC Excluded Termination Amount to the Interest Rate Cap Provider (to the extent not satisfied pursuant to the IRC   |
| (x) Any costs and fees of the   |   |   |

| <b>Pre-Enforcement Revenue<br/>Priority of Payments</b>   | <b>Pre-Enforcement Principal<br/>Priority of Payments</b> | <b>Post-Enforcement Priority of<br/>Payments</b>                    |
|---|---|---|
| Issuer Administration<br>Consultant (to the extent<br>not already paid in<br>accordance with item (b)<br>above);  |   | Collateral Account Priority<br>of Payments on the same<br>day); and |
| (y) On and from the Step-Up<br>Date, until the Notes<br>(other than the Class X<br>Notes) have been repaid<br>in full, the remainder, if<br>any, to constitute<br>Available Principal<br>Receipts and to be<br>applied in accordance<br>with the Pre-Enforcement<br>Principal Priority of<br>Payments;  |   | (aa) Interest due and payable<br>on the Class X Notes.              |
| (z) To credit the Additional<br>Note Payment Reserve<br>Fund Ledger up to the<br>Additional Note Payment<br>Reserve Fund Payment<br>Amount;   |   |   |
| (aa) Interest payments to the<br>Subordinated Loan<br>Provider;   |   |   |
| (bb) Payment of principal to<br>the Subordinated Loan<br>Provider;  |   |   |
| (cc) Interest due and payable<br>on the Class Z Notes;  |   |   |
| (dd) While any of the Class A<br>Notes, the Class B Notes,<br>the Class C Notes, the<br>Class D Notes, the Class<br>E Notes, the Class F<br>Notes, the Class Z Notes<br>or the Subordinated Loan<br>are outstanding, to pay<br>principal amounts due on<br>the Class X Notes until<br>the Principal Amount<br>Outstanding of the Class<br>X Notes is reduced down |   |   |

| Pre-Enforcement Revenue<br>Priority of Payments   | Pre-Enforcement Principal<br>Priority of Payments | Post-Enforcement Priority of<br>Payments |
|---|---|--|
| <p>to €20,000, and following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, until the Class X Notes are redeemed to €1;</p> <p>(ee) Payment of any IRC Excluded Termination Amount to the Interest Rate Cap Provider (to the extent not satisfied pursuant to the IRC Collateral Account Priority of Payments on the same Interest Payment Date); and</p> <p>(ff) Interest on the Class X Notes.</p> |   |  |

## Key Structural Features

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

- availability of the General Reserve Fund;
- availability of the Liquidity Reserve Fund;
- availability of the Additional Note Payment Reserve Fund;
- the General Reserve Fund is funded by way of an advance under the Subordinated Loan on the Closing Date in an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Notes (other than the Class X Notes) on the Closing Date minus the Liquidity Reserve Fund Required Amount (the **Initial General Reserve Fund Required Amount**) and replenished on each Interest Payment Date up to an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of

the Notes (other than the Class X Notes) on the Closing Date minus the Liquidity Reserve Fund Required Amount (the **General Reserve Fund Required Amount**) from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. Such amounts shall be credited to the General Reserve Fund Ledger of the Transaction Account (the **General Reserve Fund**). On each Interest Payment Date, amounts standing to the credit of the General Reserve Fund Ledger will be applied as Available Revenue Receipts in accordance with the relevant Priority of Payments;

- the Liquidity Reserve Fund will be established by way of an advance under the Subordinated Loan in an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date (the **Initial Liquidity Reserve Fund Required Amount**) and replenished on each Interest Payment Date up to an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the immediately preceding Interest Payment Date (the **Liquidity Reserve Fund Required Amount**) from (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (ii) if Available Revenue Receipts are insufficient, from Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments. Such amounts shall be credited to the Liquidity Reserve Fund Ledger of the Transaction Account (the **Liquidity Reserve Fund**);
- any Revenue Shortfall will be cured by applying, first, Principal Receipts, and second, the Liquidity Reserve Release Amount from the Liquidity Reserve Fund Ledger;
- on the Final Rated Note Distribution Date, availability of the General Reserve Fund Ledger Residual Amount and the Liquidity Reserve Fund Ledger Residual Amount to be applied as Available Principal Receipts to redeem the Notes on such Interest Payment

Date;

- on each Interest Payment Date, the Additional Note Payment Reserve Fund will be credited by an amount up to the Additional Note Payment Reserve Fund Payment Amount in accordance with the Pre-Enforcement Revenue Priority of Payments;
- amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger will be used to cure any Additional Note Payment Shortfall; and
- on the Relevant Redemption Date, the Additional Note Payment Reserve Fund Ledger Residual Amount will be applied as Available Revenue Receipts.

See the section entitled "*Key Structural Features*" and "*Cashflows and Cash Management*" for further information on this.

## Revenue Shortfall

On each Determination Date, the Cash Manager shall determine the amount of Revenue Shortfall, if any. To the extent that there is a Revenue Shortfall, the Cash Manager on behalf of the Issuer shall, on the relevant Interest Payment Date, pay or provide for such Revenue Shortfall by applying, *first*, Principal Receipts and *second*, the Liquidity Reserve Release Amount from the Liquidity Reserve Fund Ledger.

**Revenue Shortfall** means the amount calculated by the Cash Manager on each Determination Date being the amount by which Available Revenue Receipts (excluding limb (d) of the definition of Available Revenue Receipts) are insufficient to pay or provide for payment of items (a) to (d) of the Pre-Enforcement Revenue Priority of Payments and:

- (a) for as long as the Class A Notes are the Most Senior Class of Notes then outstanding, item (e) of the Pre-Enforcement Revenue Priority of Payments;
- (b) for as long as the Class B Notes are the Most Senior Class of Notes then outstanding, item (g) of the Pre-Enforcement Revenue Priority of Payments;
- (c) for as long as the Class C Notes are the Most Senior Class of Notes then

outstanding, item (i) of the Pre-Enforcement Revenue Priority of Payments;

- (d) for as long as the Class D Notes are the Most Senior Class of Notes then outstanding, item (k) of the Pre-Enforcement Revenue Priority of Payments;
- (e) for as long as the Class E Notes are the Most Senior Class of Notes then outstanding, item (m) of the Pre-Enforcement Revenue Priority of Payments;
- (f) for as long as the Class F Notes are the Most Senior Class of Notes then outstanding, item (o) of the Pre-Enforcement Revenue Priority of Payments; and
- (g) for as long as the Class Z Notes are the Most Senior Class of Notes then outstanding, item (cc) of the Pre-Enforcement Revenue Priority of Payments.

#### **Additional Note Payment Shortfall**

On each Determination Date, the Cash Manager shall determine the amount of Additional Note Payment Shortfall, if any. To the extent that there is an Additional Note Payment Shortfall, the Cash Manager on behalf of the Issuer shall, on the relevant Interest Payment Date, pay or provide for such Additional Note Payment Shortfall by applying amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger in the order in which they appear in the Pre-Enforcement Revenue Priority of Payments.

**Additional Note Payment Shortfall** means the amount calculated by the Cash Manager on each Determination Date being the amount by which Available Revenue Receipts are insufficient to pay or provide for payment of items (t) to (w) (inclusive) of the Pre-Enforcement Revenue Priority of Payments.

#### **Principal Deficiency Ledger**

The Principal Deficiency Ledger of the Issuer will record as a debit to the ledger the following items:

- (i) any Losses on the Mortgage Loans in the Mortgage Portfolio;
- (ii) in the case of any Split Mortgage Loans, an amount equal to the then current principal balance of the related Warehoused Mortgage Account provided that if an amount is moved from the Warehoused Mortgage Account to the Main Mortgage



Account, the Principal Deficiency Ledger shall be credited by such amount;

- (iii) in the case of any Mortgage Loans in arrears by 180 days or more and in respect of which amounts have not been recorded in (i) or (ii) above, an amount equal to the Current Balance of such Mortgage Loan multiplied by the then current Arrears Percentage provided that, for the avoidance of doubt, if: (a) the number of days by which such Mortgage Loan is in arrears increases such that the corresponding Arrears Percentage increases, the debit entry on the Principal Deficiency Ledger shall be increased to an amount equal to the Current Balance of such Mortgage Loan multiplied by the then current Arrears Percentage; (b) the number of days by which such Mortgage Loan is in arrears decreases such that the corresponding Arrears Percentage decreases, the difference between the previous debit entry on the Principal Deficiency Ledger and the amount equal to the Current Balance of such Mortgage Loan multiplied by the then current Arrears Percentage shall be credited to the Principal Deficiency Ledger; and (c) if such Mortgage Loan no longer falls under items (a), (b) or (c) of the definition of Arrears Percentage, the amount previously debited to the Principal Deficiency Ledger is instead credited to the Principal Deficiency Ledger;
- (iv) the application of any Principal Receipts to meet any Revenue Shortfall;
- (v) the application of Principal Receipts to replenish the Liquidity Reserve Fund pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments; and
- (vi) the application of any Principal Deficiency Excess Revenue Amount.

On each Determination Date, the Cash Manager will calculate the then current balance of the Principal Deficiency Ledger and will, on the subsequent Interest Payment Date, apply Available Revenue Receipts to cure any debit entries in the order set out in the Pre-Enforcement Revenue Priority of Payments. In the event that it is subsequently determined that the debit balance of the Principal Deficiency Ledger was erroneously calculated as

being higher than was subsequently found to be the case (as a result of Mortgage Loans in arrears being subsequently found to have been fully or partially cured), it may be the case that, on any Interest Payment Date, the Available Revenue Receipts that were applied to cure a debit entry on the Principal Deficiency Ledger were excessive for such purpose. In such circumstances, following the application of Available Revenue Receipts the Principal Deficiency Ledger will have a negative debit balance (any such amount, the **Principal Deficiency Excess**). Any amounts equal to the balance of such Principal Deficiency Excess shall form part of the Available Revenue Receipts on the next following Interest Payment Date, such amounts being **Principal Deficiency Excess Revenue Amounts**.

The Principal Deficiency Ledger will be divided into seven sub-ledgers which will correspond to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes. The sub-ledger for each class of Notes will show separate entries for each class of Notes.

Any amounts recorded as debit entries to the Principal Deficiency Ledger shall be debited in the following order:

- (i) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes;
- (ii) *second*, to the Class F Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class F Notes;
- (iii) *third*, to the Class E Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class E Notes; and
- (iv) *fourth*, to the Class D Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class D Notes;
- (v) *fifth*, to the Class C Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class C Notes;
- (vi) *sixth*, to the Class B Principal Deficiency

Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and

- (vii) *seventh*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

On each Interest Payment Date, the Issuer shall apply any Available Revenue Receipts available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments to extinguish or reduce any debit balance on the Principal Deficiency Ledger. Such Available Revenue Receipts will be applied on an Interest Payment Date as follows:

- (i) *first*, to the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (ii) *second*, to the Class B Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (iii) *third*, to the Class C Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (iv) *fourth*, to the Class D Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (v) *fifth*, to the Class E Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (vi) *sixth*, to the Class F Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and
- (vii) *seventh*, to the Class Z Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

Please refer to the section entitled "*Key Structural Features*" for further information.

## Collection Account

On or about the Closing Date, the Issuer, the Legal Title Holder and the Paris Seller, among others, will enter into a declaration of trust (the **Amended and Restated Paris Declaration of Trust**) over the Paris Collection Account in favour of the Issuer and other beneficiaries supplemental to the declaration of trust dated 19 February 2015 entered into in

connection with the acquisition by the Paris Seller of loans from Bank of Scotland (Ireland) Limited. The Issuer's share of the trust so supplemented will be an amount equal to the collections received in the Paris Collection Account in respect of the Mortgage Loans beneficially owned by it.

On or about the Closing Date, the Issuer, the Legal Title Holder and the Java Seller, among others, will enter into a declaration of trust (the **Amended and Restated Java Declaration of Trust**) over the Java Collection Accounts in favour of the Issuer and other beneficiaries supplemental to the declaration of trust dated 4 December 2014 entered into in connection with the acquisition by the Java Seller of loans from Start Mortgages DAC and Nua Mortgages Limited. The Issuer's share of the trust so supplemented will be an amount equal to the collections received in the Java Collection Accounts in respect of the Mortgage Loans beneficially owned by it.

Amounts credited to the Paris Collection Account and the Java Collection Accounts from (and including) the Closing Date that relate to the Issuer's Collection Portion will be identified on a daily basis (each such aggregate daily amount, a **Daily Euro Mortgage Loan Amount**) and the Issuer Administration Consultant shall transfer or procure to be transferred an amount equal to the Daily Euro Mortgage Loan Amount from the Paris Collection Account and the Java Collection Accounts into the Transaction Account on the next Business Day after that Daily Euro Mortgage Loan Amount is identified as received in the Paris Collection Account and the Java Collection Accounts, subject to the retention of the Minimum Retained Balance.

On each Interest Payment Date amounts standing to the credit of the Transaction Account will be applied by the Cash Manager on behalf of the Issuer in accordance with the relevant Priority of Payments.

**Business Day** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, Dublin and Luxembourg and which is a TARGET2 Settlement Day.

**Issuer's Collection Portion** means at any time an amount equal to the aggregate of the Issuer's share of the collections credited to the Paris Collection Account and the Java Collection Accounts in relation to the Mortgage Loans in the Initial Portfolio since the Closing Date and any Further Portfolio since the

relevant Further Portfolio Sale Date, as applicable, minus the aggregate amount transferred from the Paris Collection Account and the Java Collection Accounts to the Transaction Account since the Closing Date.

**Java Collection Accounts** means accounts in the name of the Legal Title Holder or its affiliates held with the Collection Account Bank into which all payments due by Borrowers under the Mortgage Loans beneficially owned by the Java Seller are made.

**Minimum Retained Balance** means €20,000 for each of the Java Collection Accounts and the Paris Collection Account.

**Paris Collection Account** means an account in the name of the Legal Title Holder held with the Collection Account Bank into which all payments due by Borrowers under the Mortgage Loans beneficially owned by the Paris Seller are made.

## OVERVIEW OF THE MORTGAGE PORTFOLIO AND ADMINISTRATION

Please refer to the section entitled "*The Mortgage Portfolio – Statistical Information on the Provisional Mortgage Portfolio*" and "*The Administrator and the Administration Agreement*" for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

**Sale of Mortgage Portfolio** The **Mortgage Portfolio** will consist of the Initial Portfolio (which will be sold by the Sellers to the Issuer on the Closing Date) and (if applicable) any Further Portfolios (comprising Mortgage Assets which may be sold by either or both of the Sellers to the Issuer on a Further Portfolio Sale Date).

The Mortgage Portfolio consists of mortgage loans which are secured over residential properties located in Ireland (the **Mortgage Loans**).

The Initial Portfolio consists of two sub-portfolios - the portfolio sold to the Issuer by the Paris Seller (the **Paris Portfolio**) and the portfolio sold to the Issuer by the Java Seller (the **Java Portfolio**). A Further Portfolio may consist of Mortgage Loans sold by the Java Seller or the Paris Seller, as applicable.

The Mortgage Assets are governed by the laws of Ireland.

Please refer to the section entitled "*Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*" for further information.

**Features of Mortgage Loans** Certain features of the Mortgage Loans comprising the Provisional Mortgage Portfolio as at 31 December 2016 (the **Provisional Cut Off Date**) are set out in the table below and investors should refer to, and carefully consider, further details in respect of the Mortgage Loans set out in "*The Mortgage Portfolio – Statistical Information on the Provisional Mortgage Portfolio*". The composition of the Initial Mortgage Portfolio may change from that of the Provisional Portfolio on account of: (i) the exclusion of any Mortgage Loans which have been redeemed in full in the period between the Provisional Cut-off Date and the Cut-Off Date; (ii) the exclusion of Mortgage Loans which became ineligible for inclusion between the Provisional Cut-Off Date and the Cut-Off Date having been in arrears for more than three months; and (iii) the inclusion of Mortgage Loans which having been ineligible for inclusion on the Provisional Cut-Off Date became eligible for inclusion on the Cut-Off Date being in arrears for less than three months. The Mortgage Loans described below are secured by first priority charges over freehold and leasehold properties in Ireland.

|                                 |                             |
|---------------------------------|-----------------------------|
| <b>Type of mortgage</b>         | Repayment and interest only |
| <b>Number of Mortgage Loans</b> | 2,591                       |

|                          | <b>Weighted average</b> | <b>Minimum</b> | <b>Maximum</b> |
|--------------------------|-------------------------|----------------|----------------|
| <b>Current Balance</b>   | €243,397                | €486           | €2,563,973     |
| <b>Seasoning (years)</b> | 10.35                   | 5.83           | 17.17          |

The Mortgage Portfolio will also include any Mortgage Loans (if applicable) acquired from either or both of the Sellers on a Further Portfolio Sale Date. The acquisition of any Further Portfolios may result in the characteristics of the Mortgage Loans included in the Mortgage Portfolio (comprising the Initial Portfolio and any Further Portfolios) being different from those characteristics set out above.

The acquisition of any Further Portfolio by the Issuer will be subject to the satisfaction of the Further Purchase Conditions on the relevant Further Portfolio Sale Date. This includes, among others, that the Mortgage Loans in the relevant Further Portfolio shall be selected from the Conditional Portfolio.

The Conditional Portfolio will have the following characteristics:

| <b>Mortgage Characteristic</b> | Number of Mortgage Loans | Current Balance | Aggregate Current LTV (Indexed) | Weighted Average Coupon |
|--------------------------------|--------------------------|-----------------|---------------------------------|-------------------------|
|                                | 82                       | €17,329,648     | 95.71%                          | 3.87%                   |

| <b>Mortgage Characteristic</b> | % of Interest Only Mortgage Loans | % of Mortgage Loans in arrears (for more than 3 months) | Restructured Mortgage Loans | Maximum maturity date |
|--------------------------------|-----------------------------------|---|-----------------------------|-----------------------|
|                                | 35.03%                            | 100%  | 86.34%                      | 29 October 2048       |

## Consideration

The consideration from the Issuer to the Sellers in respect of the sale of the Initial Portfolio shall be the proceeds of the Notes (other than the Class Z Notes) and delivery to the Paris Seller of the Class Z Notes.

The consideration from the Issuer to the relevant Seller or Sellers in respect of the sale of any Further Portfolios shall be an amount equal to the Current Balance of the Mortgage Loans in each such Further Portfolio on the first day of the calendar month in which Further Portfolio is sold to the Issuer (in relation to such Further Portfolio, the **Further Portfolio Sale Cut-Off Date**), which is due and payable on the relevant Further Portfolio Sale Date.

The **Initial Portfolio** means the portfolio of Mortgage Assets as at 28 February 2017 (the **Cut-off Date**) which form the mortgage portfolio that is sold by the Sellers to the Issuer on the Closing Date. The composition of the Initial Mortgage Portfolio may change from that of the Provisional Portfolio due to: (i) the exclusion of any Mortgage Loans which have been redeemed in full in the period between the Provisional Cut-off Date and the Cut-Off Date; (ii) the exclusion of Mortgage Loans which became ineligible for inclusion between the Provisional Cut-Off Date and the Cut-Off Date on account of being in arrears for more than three months; and (iii) the inclusion of Mortgage Loans which having been ineligible for inclusion on the Provisional Cut-Off Date became eligible for inclusion on the Cut-Off Date being in arrears for less than three months.

A **Further Portfolio** means the portfolio of Mortgage Assets that is sold by the relevant Seller or Sellers to the Issuer on a Further Portfolio Sale Date.

A **Further Portfolio Sale Date** means any Business Day from but excluding the Closing Date to and including the third Interest Payment Date, which the relevant Seller or Sellers notify the Issuer to be a further portfolio sale date.

Any reference to the **Current Balance** of any Mortgage Loan means, on any date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Mortgage Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the Borrower (including any fees and expenses added to such principal amount); plus
- (b) any advance of further moneys to the Borrower thereof prior to the Closing Date on the security of or securable on the relevant Mortgage Loan and any amount added to the principal balance of the relevant Mortgage Loan prior to the Closing Date on the terms of the relevant mortgage deed after the date of completion of such Mortgage Loan which remains outstanding as at such date (including fees and expenses, Accrued Interest, any Arrears of Interest and any unpaid expenses, including, without limitation, insurance premiums); plus
- (c) all Accrued Interest not yet due and Arrears of Interest which in each case has not been added to the principal amount,

as at the end of the Business Day immediately preceding that given date, minus any repayment or payment (including, if permitted, by way of set-off, withholding or counterclaim) of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released.

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

## **Representations and Warranties**

Each Seller will make certain representations and warranties to the Issuer and the Trustee in relation to the Mortgage Assets comprised in the Initial Portfolio on the Closing Date and the relevant Seller or Sellers will make



certain representations and warranties to the Issuer and the Trustee in relation to the Mortgage Assets comprised in a Further Portfolio on the relevant Further Portfolio Sale Date.

In addition to warranties in respect of the legal status of the Mortgage Assets, there are also warranties in relation to the assets which include (but are not limited to) the following:

- so far as the relevant Seller is aware, each Mortgage Loan is secured by a first ranking mortgage;
- the relevant Seller has not received any notice or claim in writing by any Borrower of any threat to take steps to assert any right of set-off;
- so far as the relevant Seller is aware, in relation to each Mortgage Asset the Property is registerable and it has been registered;
- each Mortgage Loan is made on the terms, or on substantially similar terms, of the Standard Documentation;
- each Mortgage Loans is denominated in euro; and
- so far as the relevant Seller is aware, the Mortgage Loans have been originated in accordance with all applicable laws.

The Issuer and the Trustee will have the benefit of all or certain of the loan warranties contained in each Mortgage Sale Agreement and given by the relevant Seller as at the Closing Date or the relevant Further Portfolio Sale Date (the **Mortgage Loan Warranties**), as applicable, in relation to the Mortgage Assets contained in the Mortgage Portfolio.

See the section entitled "*The Mortgage Portfolio – Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*" for further information.

## **Breach of Warranty**

In the case of a material breach of any of the representations or warranties given by the relevant Seller on the Closing Date or the relevant Further Portfolio Sale Date, as applicable, which is not capable of remedy or is not remedied within 30 Business Days of being notified by the Issuer, the Issuer's only remedy in respect of a breach of any Mortgage Loan Warranty will be to claim damages for breach of that Mortgage Loan Warranty.

If the Issuer wishes to make a claim in respect of that breach of any Mortgage Loan Warranty, the Issuer must at any time on or before the date falling two years after the Closing Date or the relevant Further Portfolio Sale Date, as applicable, give notice of such breach to the relevant Seller.

The liability of a Seller in respect of any breach of any Mortgage Loan Warranty (a **Warranty Claim**) shall be limited to not greater than five per cent of the Current Balance of the relevant Mortgage Loan. Notwithstanding such limit, the Seller will have no liability to the Issuer unless the amount of damages to which the Issuer would be entitled but for such limit as a result of that Warranty Claim is greater than €5,000 per Mortgage Loan that is the subject of that Warranty Claim (unless there are Warranty Claims relating

to breaches of the same Mortgage Loan Warranty arising from similar facts where the amount of such claim to which the Issuer would but for such limit be entitled as a result of those Warranty Claims exceeds €20,000 in aggregate).

Any amount payable by the relevant Seller to the Issuer in respect of such claim shall be paid within 60 Business Days of receipt by the relevant Seller of written notice of such breach from the Issuer or, if later, the date on which the amount of damages are determined.

See the section entitled "*The Mortgage Portfolio – Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*" for further information.

#### **Perfection Trigger Events**

See "*Perfection Trigger Events*" in the section entitled "*Transaction Overview – Triggers Tables – Non-Ratings Triggers Table*".

Prior to the completion of the transfer of legal title of the Mortgage Loans, the Issuer will hold only an equitable and/or beneficial interest in those Mortgage Loans and will, therefore, be subject to certain risks as set out in the risk factor entitled "*Title of the Issuer*" in the section entitled "*Risk Factors*".

#### **Administration of the Mortgage Portfolio**

In accordance with the terms of the Administration Agreement, the Administrator agrees to service on behalf of the Issuer the Mortgage Assets.

The Administrator shall, apart from in the case of certain specified circumstances as set out in the Administration Agreement, liaise with the Issuer Administration Consultant when providing the services to the Issuer. The appointment of the Administrator may be terminated by the Issuer, the Issuer Administration Consultant and/or the Trustee (subject to the terms of the Administration Agreement) upon the occurrence of an Administrator Termination Event (see "*Administrator Termination Events*" in the "*Non-Ratings Triggers Table*") and the section of this Prospectus headed "*The Administrator and the Administration Agreement*".

For details as to how the appointment of the Administrator may be terminated by either the Issuer, the Issuer Administration Consultant or the Administrator, please see the section headed "*The Administrator and the Administration Agreement*".

#### **Issuer Administration Consultant**

The Issuer Administration Consultant will be appointed on the Closing Date pursuant to the Asset Management Consulting Agreement to provide certain asset management consulting services to the Issuer in relation to the Mortgage Portfolio.

The Issuer Administration Consultant has authority in accordance with the provisions of the Asset Management Consulting Agreement to provide the Consulting Services. The Issuer Administration Consultant will provide the Consulting Services on the terms, and subject to the conditions, of the Asset Management Consulting Agreement and in accordance with the Consulting Standard.

The Issuer Administration Consultant shall consult with the Administrator

generally in relation to the services provided by the Administrator and in relation to the specific matters set out in the Administration Agreement in relation to which the Administrator is required to consult with the Issuer Administration Consultant.

For details as to how the appointment of the Issuer Administration Consultant may be terminated by either the Issuer or the Issuer Administration Consultant, please see the section headed "*The Issuer Administration Consultant and the Asset Management Consulting Agreement*".

**Purchase of the Mortgage Portfolio pursuant to the Call Option:**

Pursuant to the Call Option, the Option Holder may, pursuant to and subject to the terms of the Deed Poll, require (or, where the Option Holder is the Paris Seller, request) the Issuer to:

- (a) sell and transfer to a Beneficial Title Transferee the beneficial title to all (but not some) of the Mortgage Assets comprising the Mortgage Portfolio in consideration for the Optional Purchase Price; and
- (b) transfer the legal title to all (but not some) of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio, or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require (or, where the Option Holder is the Paris Seller, request) the Issuer to procure that the Legal Title Holder transfers legal title, to a Legal Title Transferee,

on any Business Day falling on or after (i) the Calculation Date immediately preceding the Optional Redemption Date, (ii) any day on which the aggregate Current Balance of the Mortgage Loans was equal to or less than 10 per cent. of the aggregate Current Balance of the Mortgage Loans on the Closing Date or (iii) following a Redemption Event.

**Optional Redemption Date** means the Interest Payment Date falling in March 2019.

See the section entitled "*Early Redemption of the Notes*" below.

**Purchase of Mortgage Portfolio pursuant to Risk Retention Regulatory Change Option**

Pursuant to the agreement dated on or about the Closing Date between the Issuer, the Retention Holder, the Sellers, the Legal Title Holder, the Arranger, the Lead Manager and the Trustee (the **Risk Retention Letter**), on any Business Day following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention Holder certifying in writing to the Trustee that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Trustee shall be entitled to rely absolutely without liability and without further enquiry to any person for so doing), the Retention Holder has the benefit of the Risk Retention Regulatory Change Option to require the Issuer to:

- (a) sell and transfer to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) the beneficial title to the Mortgage Assets comprising the Mortgage Portfolio;

- (b) transfer to the Retention Holder the right to have legal title to the Mortgage Assets comprising the Mortgage Portfolio and their Related Security; and
- (c) direct that the Legal Title Holder transfer legal title to the Mortgage Assets comprising the Mortgage Portfolio to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) in accordance with and subject to the terms of the Administration Agreement on the Risk Retention Regulatory Change Completion Date,

in each case subject to the terms of the Risk Retention Letter.

See the section entitled "*Early Redemption of the Notes – Risk Retention Regulatory Change Option*" for further details.

## TRIGGERS TABLES

### Rating Triggers Table

| Transaction Party       | Required Ratings on the Closing Date  | Possible effects of Ratings Trigger being breached include the following  |
|-------------------------|---|---|
| Account Bank            | <p>(a) long-term unsecured, unsubordinated and unguaranteed debt obligations must be rated at least A2 by Moody's; and</p> <p>(b) long-term senior unsecured debt rating of at least A from DBRS), or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes,</p> <p>or (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Notes.</p> | <p>The consequences of breach may include the transfer of amounts standing to the credit of the Transaction Account to a bank account of the Issuer held with a replacement account bank which has the required rating within 30 calendar days from the date of such breach. See the section entitled "<i>The Account Bank and the Account Bank Agreement</i>".</p> |
| Collection Account Bank | <p>(c) long-term deposit rating of at least Baa2 by Moody's; and</p> <p>(d) long-term senior unsecured debt rating of BBB (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS), or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that</p>  | <p>The consequences of breach may include the transfer of amounts standing to the credit of the Paris Collection Account and the Java Collection Accounts to a bank account held with a replacement account bank which has the required rating within 30 calendar days from the date of such breach.</p>  |

| Transaction Party          | Required Ratings on the Closing Date  | Possible effects of Ratings Trigger being breached include the following  |
|----------------------------|---|---|
|                            | <p>are required to support the then rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes,</p> <p>or (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Notes.</p>  |   |
| Interest Rate Cap Provider | <p>Loss of the DBRS required ratings or the Moody's required ratings.</p> <p>For so long as the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes are rated by DBRS, the <b>DBRS required ratings</b> set out below apply.</p> <p>For so long as the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes are rated by Moody's, the <b>Moody's required ratings</b> set out below apply.</p> <p><b>Moody's initial required ratings</b></p> <p>The Interest Rate Cap Provider, or any additional guarantor, must satisfy the following requirements to have the Moody's initial required ratings: the long-term counterparty risk assessment by Moody's must be at least Baa1(cr).</p> | <p>The relevant remedial actions and relevant timing for such actions set out below are dependent on the trigger that has been breached.</p> <p>The Interest Rate Cap Provider must provide collateral within 30 business days (to the extent required depending on the value of the Interest Rate Cap to each of the parties at such time).</p> <p>The Issuer may terminate the Interest Rate Cap Agreement if the Interest Rate Cap Provider fails to provide collateral in respect of the Interest Rate Cap Agreement in the relevant time period (to the extent that the Interest Rate Cap Provider is required to do so) and such failure is not remedied on or before the</p> |

| Transaction Party | Required Ratings on the Closing Date   | Possible effects of Ratings Trigger being breached include the following  |
|-------------------|--|---|
|                   | <p><b>Moody's subsequent required ratings</b></p> <p>The Interest Rate Cap Provider, or any additional guarantor, must satisfy the following requirements to have the Moody's initial required ratings: the long-term counterparty risk assessment by Moody's must be at least Baa2(cr).</p> | <p>third business day after notice of such failure is given to the Interest Rate Cap Provider.</p> <p>The Interest Rate Cap Provider must use its commercially reasonable efforts either, as soon as reasonably practicable, to transfer its obligations in respect of the Interest Rate Cap to an entity that is eligible to be an interest rate cap provider under the Moody's criteria or obtain a guarantee of its obligations in respect of the Interest Rate Cap from an entity with at least the relevant Moody's subsequent required ratings.</p> <p>The Issuer may terminate the Interest Rate Cap Agreement if the Interest Rate Cap Provider either (a) fails to use its commercially reasonable efforts to take the relevant actions described above or (b) at least thirty business days have elapsed since the Interest Rate Cap Provider last had the relevant Moody's subsequent required ratings and, <i>inter alia</i>, an offer has been made by a third party that is able to assume the obligations in respect of the Interest Rate Cap Agreement of the Interest Rate Cap Provider.</p> |
|                   | <p><b>DBRS initial required ratings</b></p> <p>Long term rating of at least A (or its equivalent rating by another rating agency in accordance in with the terms of the Interest Rate Cap Agreement).</p>  | <p>Subject to the terms of the Interest Rate Cap Agreement, the consequence of a breach is that the Interest Rate Cap Provider will be obliged (a) to post collateral or (b) to procure a transfer to an eligible replacement of its obligations under the Interest Rate Cap Agreement or (c) to procure a guarantee from an eligible</p>   |

| Transaction Party | Required Ratings on the Closing Date  | Possible effects of Ratings Trigger being breached include the following   |
|-------------------|---|--|
|                   | <p data-bbox="604 710 994 775"><b>DBRS subsequent required ratings</b></p> <p data-bbox="604 810 994 1014">Long term rating of at least BBB (or its equivalent rating by another rating agency in accordance in with the terms of the Interest Rate Cap Agreement).</p> | <p data-bbox="1031 331 1447 674">guarantor in respect of its obligations under the Interest Rate Cap Agreement or (d) to take such other action as may be agreed with DBRS to maintain, or restore, the rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (as applicable) by DBRS.</p> <p data-bbox="1031 710 1447 1426">Subject to the terms of the Interest Rate Cap Agreement, the consequence of a breach is that the Interest Rate Cap Provider will be obliged (a) to post collateral and (b) to use commercially reasonable efforts (i) to procure a transfer to an eligible replacement of its obligations under the Interest Rate Cap Agreement or (ii) to procure a guarantee from an eligible guarantor in respect of its obligations under the Interest Rate Cap Agreement or (iii) to take such other action as may be agreed with DBRS to maintain, or restore, the rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (as applicable) by DBRS.</p> |



## Non-Ratings Triggers Table

| Nature of Trigger  | Description of Trigger   | Consequence of Trigger                                      |
|--|--|---|
| <b>Administrator Termination Events</b><br><br>See the section entitled " <i>The Administrator and the Administration Agreement</i> " for further information on this. | Administrator payment default;<br><br>Failure to comply with any of its other material covenants or obligations;<br><br>Insolvency Event in relation to the Administrator;<br><br>Administrator ceases to carry on business of administering mortgage loans;<br><br>loss by the Administrator of any regulatory licence or authorisation necessary to perform its obligations;<br><br>any restriction applied by a regulator that would prevent the Administrator complying with any of its material obligations under the Administration Agreement;<br><br>fraud, wilful misconduct or gross negligence by the Administrator, or the Administrator is found guilty of a criminal offence;<br><br>Administrator fails to deliver a Monthly Report on three or more consecutive occasions; or<br><br>Administrator Material Adverse Effect. | Successor Administrator to be appointed.                    |
| <b>Issuer Administration Consultant Termination Events</b>   | failure to comply with material covenants or obligations;<br><br>breach of representation or warranty;<br><br>Issuer Administration Consultant ceases or threatens to cease to carry on present business   | Successor Issuer Administration Consultant to be appointed. |

| Nature of Trigger   | Description of Trigger   | Consequence of Trigger  |
|---|--|---|
|   | <p>operations;</p> <p>Insolvency Event in relation to the Issuer Administration Consultant; or</p> <p>fraud, wilful misconduct or gross negligence by the Issuer Administration Consultant, or the Issuer Administration Consultant is found guilty of a criminal offence.</p>   |   |
| <p><b>Perfection Trigger Events</b></p> <p>See the section entitled "<i>Sale of the Mortgage Portfolio under each Mortgage Sale Agreement</i>" for further information on this.</p> | <p>A requirement of law, court order or a mandatory requirement of any regulatory authority;</p> <p>Insolvency Event in relation to the relevant Seller or the Legal Title Holder or any other entity in which legal title to any Mortgage Loan is vested; or</p> <p>An Enforcement Notice has been delivered.</p>   | <p>The legal transfer by the Legal Title Holder to the Issuer of all the Mortgage Assets as soon as reasonably practicable.</p> |
| <p><b>Cash Manager Termination Event</b></p>  | <p>Cash Manager payment default (unremedied for a period of three Business Days of the earlier of the Cash Manager becoming aware of such default or receiving written notice from the Issuer or the Trustee);</p> <p>Failure to comply with any other of its covenants or obligations (unremedied for a period of 30 Business Days of the earlier of the Cash Manager becoming aware of such default or receiving written notice from the Issuer or the Trustee);</p> <p>It will become unlawful for the Cash Manager to comply with its obligations; or</p> <p>Insolvency Event in relation to the Cash Manager.</p> | <p>Successor Cash Manager to be appointed.</p>  |

## FEES

The following table sets out the estimated on-going annual fees to be paid by the Issuer to the specified Transaction Parties.

| Type of Fee                                     | Amount of Fee  | Priority in Cashflow   | Frequency  |
|---|--|--|--|
| <b>Administration Fees</b>                      | <p>0.30 per cent. per annum (exclusive of VAT) of the aggregate Current Balance of the Mortgage Loans as at the start of the immediately preceding Calculation Period (the <b>Base Fee</b>).</p> <p>The Base Fee will, from the third anniversary of the Closing Date and on an annual basis thereafter, be subject to an increase in an amount equal to the amount by which the CPI has increased since the previous anniversary of the Closing Date subject to a cap of 2 per cent. per annum (such increased amount, the <b>Administrator Indexed Fee</b>, and together with the Base Fee, the <b>Administration Fee</b>)</p> | Ahead of all outstanding Notes   | Monthly in arrear on each Interest Payment Date. |
| <b>Issuer Administration Consultant Fees</b>    | €120,000 per annum (exclusive of VAT)  | Subordinated to interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes but ahead of interest on the Subordinated Loan. | Monthly in arrear on each Interest Payment Date. |
| Other fees and expenses of the Issuer           | Estimated at €86,000 each year (exclusive of VAT)  | Ahead of all outstanding Notes   | Monthly in arrear on each Interest Payment Date. |
| Expenses related to the admission to trading of | Estimated at €10,000 (exclusive of any   | Ahead of all outstanding Notes   | Monthly in arrear on each Interest Payment       |

| Type of Fee | Amount of Fee   | Priority in Cashflow | Frequency |
|-------------|-----------------|----------------------|-----------|
| the Notes   | applicable VAT) |                      | Date.     |

**Adjusted Current Balance** means the Current Balance of any Mortgage Loan as at any given date less any Portfolio Expenses incurred in relation to that Mortgage Loan and charged to the relevant Borrower's account as at that date.

**Assets** means the Mortgage Assets.

**Portfolio Expenses** means all amounts paid or to be paid and costs incurred or to be incurred by the Administrator in the name of or on behalf of the Issuer or the Legal Title Holder pursuant to the Administration Agreement or by the Issuer or the Legal Title Holder directly, and all reasonable and documented third party costs associated with the management and administration of the Portfolio, whether incurred directly by the Issuer, the Legal Title Holder or the Administrator in the name of or on behalf of the Issuer or the Legal Title Holder; including, but not limited to, such costs and expenses of or related to any Third Party Provider and/or any receiver, solicitor, insurance premiums, broker fees, valuer, surveyor, accountant, estate agent, insolvency practitioner, auctioneer, bailiff, sheriff officer, debt counsellor, collection agents, tracing agent, property management agent, licenced conveyancer, qualified conveyancer or other professional adviser acting as such (all as set out in fee rates agreed between the Issuer Administration Consultant and the Administrator from time to time) and any refunds or amounts payable to Borrowers under or pursuant to the Mortgage Loans.

## **RISK FACTORS**

*The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and in the Issuer. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.*

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

*The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this Prospectus and reach their own views, together with their own professional advisers, prior to making any investment decision. Prospective Noteholders should read the sections of this Prospectus entitled "Transaction Overview" to "Triggers Tables" (inclusive) before reading and considering the risks described below.*

### **Credit Structure**

#### **Notes obligations of Issuer only**

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer). In particular, the Notes will not be obligations of, and will not be guaranteed by, the Arranger, the Lead Manager or the Trustee. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### **Limited source of funds**

The ability of the Issuer to meet its obligations to pay principal and interest and Additional Note Payments on the Notes and its operating and administrative expenses will be dependent solely on Revenue Receipts and Principal Receipts in respect of the Mortgage Loans in the Mortgage Portfolio and from any enforcement of Mortgage Loans or any sale of Mortgage Loans, interest earned on the Issuer Accounts, income from any Authorised Investments and amounts standing to the credit of the General Reserve Fund, the Liquidity Reserve Fund and the Additional Note Payment Reserve Fund. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. The Issuer will have no recourse to either of the Sellers, save as provided in the relevant Mortgage Sale Agreement (see further the section entitled "Sale of the Mortgage Portfolio under each Mortgage Sale Agreement").

#### **Limited recourse**

The Notes will be limited recourse obligations of the Issuer. Other than the receipts from the Mortgage Loans in the Mortgage Portfolio, interest earned on the Transaction Account and amounts standing to the credit of the General Reserve Fund, the Liquidity Reserve Fund and the Additional Note Payment Reserve Fund, the

Issuer is not expected to have any other funds available to it to meet its obligations under the Notes. If at any time following:

- (a)
  - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class become due and payable; or
  - (ii) the service of an Enforcement Notice; and
- (b) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any Class of Notes, then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer. The Issuer will not be obliged to pay any amounts representing a shortfall and any claims in respect of such shortfall shall be extinguished. "Realisation" is defined in Condition 10 (*Limited Recourse*).

None of the Secured Creditors shall be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examination, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation relating to the Notes or the other Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by any other party.

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

**Charged Property** means all the property of the Issuer which is subject to the Security.

#### **Deferral of interest payments on the Notes and Additional Note Payments**

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Notes (other than the Class A Notes), after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then that amount shall not be due and payable and the Issuer will be entitled to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of such Class of Notes becomes immediately due and repayable in accordance with the Conditions and it shall not constitute an Event of Default. To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of such Class of Notes is scheduled to be paid in accordance with the Conditions, the deferral of interest shall continue until the Final Maturity Date.

If, on any Interest Payment Date after the Step-Up Date, the Issuer has insufficient funds to make payment in full of all amounts in respect of Additional Note Payment Amounts (including interest (if any) accrued but unpaid and/or deferred and accrued interest thereon) payable in respect of the Class C Notes, the Class D

Notes, the Class E Notes and the Class F Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall defer payment of the relevant Additional Note Payment Amount until the next Interest Payment Date. Such failure to pay Additional Note Payment Amounts shall not constitute an Event of Default. To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of such Class of Notes is scheduled to be paid in accordance with the Conditions, the deferral of interest shall continue until the Final Maturity Date.

### **Credit risk**

The Issuer is subject to the continued risk of default in payment by the Borrowers and upon such default in payment, the failure by the Administrator, on behalf of the Issuer, to realise or recover sufficient funds from the Borrowers under the arrears and default procedures in respect of the Mortgage Loans and their Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Mortgage Loans. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Key Structural Features - Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such credit enhancement features or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

### **Liquidity risk**

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers after the end of the relevant Calculation Period to which the Interest Payment Date relates. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled "*Key Structural Features – Credit Enhancement And Liquidity Support*". However, no assurance can be made as to the effectiveness of such alternative sources of liquidity, or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

### **Payment of principal, interest and Additional Note Payments in respect of the Classes of Notes is sequential.**

Payments of principal on the Class A Notes will be made in priority to payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes. Payments of principal on the Class B Notes will be made in priority to payments of principal on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes. Payments of principal on the Class C Notes will be made in priority to payments of principal on the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes. Payments of principal on the Class D Notes will be made in priority to payments of principal on the Class E Notes, the Class F Notes and the Class Z Notes. Payments of principal on the Class E Notes will be made in priority to payments of principal on the Class F Notes and the Class Z Notes. Payments of principal on the Class F Notes will be made in priority to payments of principal on the Class Z Notes.

Prior to the service of an Enforcement Notice by the Trustee on the Issuer, payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Priority of Payments: (i) while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are outstanding, until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000; and (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, until the Class X Notes are redeemed to €1. Following the service of an Enforcement Notice by the Trustee on the Issuer, the Class X Notes will be redeemed in accordance with the Post-Enforcement Priority of Payments after the redemption

of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes.

Payments of interest on the Class A Notes will be made in priority to payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes. Payments of interest on the Class B Notes will be made in priority to payments interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes. Payments of interest on the Class C Notes will be made in priority to payments interest on the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes. Payments of interest on the Class D Notes will be made in priority to payments interest on the Class E Notes, the Class F Notes, the Class Z Notes and the Class X Notes. Payments of interest on the Class E Notes will be made in priority to payments interest on the Class F Notes, the Class Z Notes and the Class X Notes. Payments of interest on the Class F Notes will be made in priority to payments interest on the Class Z Notes and the Class X Notes. Payments of interest on the Class Z Notes will be made in priority to payments interest on the Class X Notes

Payment of Additional Note Payments in respect of the Class C Notes will be made in priority to payments of Additional Note Payments on the Class D Notes, the Class E Notes and the Class F Notes. Payment of Additional Note Payments in respect of the Class D Notes will be made in priority to payments of Additional Note Payments on the Class E Notes and the Class F Notes. Payment of Additional Note Payments in respect of the Class E Notes will be made in priority to payment of Additional Note Payments on the Class F Notes.

There can be no assurance that these subordination provisions will protect the then current Most Senior Class of Noteholders from all risks of loss.

### **Basis risk**

The Issuer is subject to:

- (a) the risk of a mismatch between interest on the Variable Rate Mortgage Loans and the Tracker Mortgage Loans being determined on different bases than that on which the interest rate payable on the Notes is determined; and
- (b) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes, which risk is mitigated by the ability of the Issuer (or the Cash Manager on its behalf and on its direction) to invest sums standing to the credit of the Transaction Account in Authorised Investments and the availability of excess Available Principal Receipts, each of which are available to meet payments of interest due under the Notes and the other expenses of the Issuer.

An increase in the level of one month EURIBOR could adversely impact the ability of the Issuer to make payments on the Notes. To mitigate the effect of such interest rate mismatch, however, the Issuer is entering into the Interest Rate Cap Agreement with the Interest Rate Cap Provider, whereby the Interest Rate Cap Provider is obliged to make payments to the Issuer on each Interest Payment Date if one month EURIBOR exceeds the Cap Strike Rate. Entry by the Issuer into the Interest Rate Cap Agreement does not completely eliminate the interest rate risk related to the Notes.

### **Yield and prepayment considerations**

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Mortgage Asset) on the Mortgage Loans, the sale of any enforced Property and the price paid by the holders



of the Notes of each Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayment on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility and local housing markets.

Following enforcement of the Security, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

The Paris Seller (the **Initial Option Holder**) or any assignee granted rights of the Call Option from time to time (the **Option Holder**) has the right pursuant to the Deed Poll to purchase the Mortgage Portfolio from the Issuer and thereby effect redemption of the Notes at any time on or after the Optional Purchase Commencement Date. See Condition 9.3 (*Mandatory Redemption in full*) for further information.

Pursuant to the Risk Retention Letter, on any Interest Payment Date following a Risk Retention Regulatory Change Event, the Retention Holder has the right to purchase the Mortgage Portfolio from the Issuer and thereby effect redemption of the Notes. See Condition 9.4 (*Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option*) for further information.

On any Interest Payment Date from and including the Optional Purchase Commencement Date, the Issuer may, subject to certain conditions, redeem all of the Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer being required to make a Tax Deduction in respect of any payment in respect of the Notes, or the Issuer would be subject to Irish corporation tax in an accounting period on an amount which materially exceeds the Issuer Profit Amount retained during that accounting period. See Condition 9.5 (*Mandatory Redemption for Taxation or Other Reasons*) for further information.

In addition any money standing to the credit of the Prefunding Reserve Ledger on the third Interest Payment Date which has not been used to acquire any Further Portfolios from the relevant Seller on a Further Portfolio Sale Date will be applied on the third Interest Payment Date as Available Principal Receipts towards the redemption of the Notes, subject to having provided for any items ranking in priority in the Pre-Enforcement Principal Priority of Payments. As a result of these and other relevant factors not being within the control of the Issuer, no assurance can be given as to the timing or level of redemptions of the Notes.

Early redemption of the Notes may adversely affect the yield on the Notes.

## **Ratings of the Notes**

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any one or more of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be lowered or withdrawn. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes. The ratings of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes do not address the likelihood of receipt of any amount in respect of Additional Note Payments.

The Class Z Notes and the Class X Notes will not be rated by the Rating Agencies.

Agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context

otherwise requires, any reference to "ratings" or "rating" in this Prospectus is to the ratings assigned by the specified Rating Agencies only.

### **Ratings confirmation in relation to the Notes in respect of certain actions**

The terms of certain Transaction Documents require the Rating Agencies to be notified in relation to certain actions proposed to be taken by the Issuer and the Trustee and such actions will only be effective to the extent there has been no reduction, qualification or withdrawal by the Rating Agencies of the then current rating of the Rated Notes (a **Ratings Confirmation**). For the avoidance of doubt, no Ratings Confirmation will be required as a condition to the sale of a Further Portfolio to the Issuer by either of the Sellers.

A Ratings Confirmation that any action proposed to be taken by the Issuer or the Trustee will not have an adverse effect on the then current rating of the Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or prejudicial to, Noteholders. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the relevant Class of Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders), the Issuer, the Arranger, the Lead Manager, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders), the Issuer, the Arranger, the Lead Manager, the Trustee or any other person whether by way of contract or otherwise.

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

Certain Rating Agencies have indicated that they will no longer provide Ratings Confirmations as a matter of policy. To the extent that a Ratings Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions.

In respect of each Rating Agency, if a Ratings Confirmation is a condition to any action, step or matter under any Transaction Document and a written request for such Ratings Confirmation is delivered to that Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:

- (a) (A) that Rating Agency indicates that it does not consider a Ratings Confirmation necessary in the circumstances or otherwise declines to review the matter for which the Ratings Confirmation is sought (including as a result of the policy or practice of that Rating Agency) or (B) within 30 days of delivery of such request, that Rating Agency has not responded to the request for the Ratings Confirmation; and
- (b) the Issuer has otherwise received no indication from that Rating Agency that its then current ratings of the Rated Notes would be reduced, qualified, withdrawn or put on negative watch as a result of such action, step or matter,

then (i) there shall be no requirement for the Ratings Confirmation from the Rating Agency if the Issuer certifies to the Trustee that one of the events in paragraph (a) has occurred and the condition in paragraph

(b) is fulfilled; and (ii) neither the Issuer nor the Trustee shall be liable for any loss that Noteholders may suffer as a result.

### **Eurosystem Eligibility**

The Global Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Global Notes will be issued and held under the new safekeeping structure and are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.

### **Absence of secondary market for the Notes**

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

The secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity during such severe disruptions. If limited liquidity were to occur in the secondary market it could have a material adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such market conditions will recur.

Whilst central bank schemes such as the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, such as mortgage-backed securities, the eligibility criteria have become and may continue to become more restrictive, which is likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities for the purpose of such facilities.

In addition, potential investors should be aware that global markets have recently been negatively impacted by the then prevailing global credit market conditions and reduced growth expectations for the Organisation for Economic Co-operation and Development economies, which could affect any secondary market for instruments similar to the Notes. In particular, at the date of this Prospectus, as well as the current challenges facing the Irish macro-economic environment, certain European governments are in discussions with other countries in the Eurozone, the International Monetary Fund and other creditors and are in the process of establishing or have already established and are implementing an austerity programme. It is unclear what the effect of these discussions will be on the Eurozone or the Irish economy. This uncertainty may have implications for the liquidity of the Notes in the secondary market.

### **Economic conditions in the Eurozone**

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions

further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more Member States or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Sellers, the Legal Title Holder, the Administrator and the Issuer Administrator Consultant) and/or any Borrower in respect of the Mortgage Loans.

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Issuer or one or more of the other parties to the Transaction Documents. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

## **Rights of Noteholders and Secured Creditors**

### **Conflict between Noteholders**

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class Z Noteholders and the Class X Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the opinion of the Trustee, there is a conflict between the interests of holders of different Classes of Notes, the Trustee will have regard only to the interests of the holders of the Most Senior Class of Notes.

No Extraordinary Resolution to approve any matter which concerns the Administrator or the Issuer Administration Consultant including, without limitation, the termination of the appointment thereof or the appointment of a successor administrator or successor issuer administrator consultant shall be effective unless it is sanctioned by an Extraordinary Resolution of the Class Z Noteholders, provided that such condition shall not apply for so long as there is any debit balance on the Class A Principal Deficiency Sub-Ledger and there has been a debit balance on the Class A Principal Deficiency Sub-Ledger for the immediately preceding 12 consecutive Calculation Periods.

### **Conflict between Noteholders and other Secured Creditors**

The Trust Deed provides that the Trustee shall, except where expressly provided otherwise and prior to the redemption in full of the Notes, have regard solely to the interests of the Noteholders and shall have regard to the interests of the other Secured Creditors only to ensure the application of the proceeds of enforcement after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

The Paris Seller will purchase 100 per cent. of the Class Z Notes and 100 per cent of the Class X Notes on the Closing Date (see "*Subscription and Sale*" below). The Paris Seller is under no obligation to consider the interests of other Noteholders when exercising its rights under the Notes.

Where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding and, in respect of any meeting for Noteholders to consider the removal or replacement of the Trustee, any Note held by a Relevant Person shall be deemed not to be outstanding for the purposes of such vote unless one or more Relevant Persons holds, in aggregate, more than 50 per cent. of the principal amount outstanding on the Notes. **Relevant Person**, for these purposes, means the Paris Seller or the Java Seller, any holding company of the Paris Seller or the Java Seller or any other subsidiary of such holding company.

## **The Mortgage Loans**

### **Title of the Issuer**

The sale of the Mortgage Assets will take effect in equity only. Save in the limited circumstances described below under "*Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*" (such as, *inter alia*, where an Enforcement Notice has been given), neither the Issuer nor the Trustee will obtain legal title to the Mortgage Assets by effecting any registration of their interests in the Mortgage Assets and by giving notice of assignment to the Borrowers.

Prior to the Issuer or the Trustee obtaining legal title to the Mortgage Assets (as described above), the rights of the Issuer and the Trustee may be or may become subject to equities (e.g. rights of set-off between the Borrowers and the Legal Title Holder (as discussed below)) and to the interests of third parties who perfect a legal interest, namely, a bona fide purchaser per value from the Legal Title Holder of any such Mortgage Asset without notice of any interest of the Issuer or the Trustee, who may obtain a good title to the Mortgage Asset free of any such interests. Such equities and third party rights may diminish or negate the value of the Issuer's or Trustee's interest in the Mortgage Assets and could acquire priority over the interests of the Issuer and the Trustee. If this occurred, then the Issuer would not have good title to the affected Mortgage Assets and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan.

Borrowers will also have the right to redeem their Mortgages by repaying the Mortgage Loan directly to the Legal Title Holder. However, each Seller and the Legal Title Holder will undertake, pursuant to the relevant Mortgage Sale Agreement, to hold any money repaid to it in respect of Mortgage Loans to the order of the Issuer. In addition the Legal Title Holder is under a contractual obligation to transfer all payment received in relation to the Mortgage Loans to the Paris Collection Account or the Java Collection Accounts, as applicable (from which there is a daily sweep of the Issuer's Collection Portion from the Paris Collection Account and the Java Collection Accounts to the Transaction Account, subject to the retention of the Minimum Retained Balance).

Also, for so long as neither the Issuer nor the Trustee has obtained legal title, it must join the relevant Seller and the Legal Title Holder as a party to any legal proceedings which it may wish to take against any Borrower to enforce its rights under the relevant Mortgage Asset. In this respect, each Seller and the Legal Title Holder will, pursuant to the relevant Mortgage Sale Agreement, undertake for the benefit of the Issuer and the Trustee that it will join in any legal proceedings to the extent necessary to protect, preserve and enforce the Issuer's title to or interest in any in respect of the Mortgage Asset.

### **Variation of terms of Mortgage Loans**

Although as between each Seller and the Issuer, each Seller has agreed under the relevant Mortgage Sale Agreement that it will not vary any of the terms of the Mortgage Assets except that the Administrator may under the Administration Agreement vary certain terms in certain circumstances as set out in the Administration Agreement. As between any Borrower and the Issuer, if a Seller were to modify the terms of

the Mortgage Assets the revised terms would apply and the Issuer would only have recourse against the relevant Seller for breach of contract or breach of trust.

### **Set off risk may adversely affect the value of the Mortgage Portfolio or any part thereof**

As described above, the sale by each Seller to the Issuer of the Mortgage Assets will be given effect by an equitable assignment. As a result, legal title to the Mortgage Assets sold by a Seller to the Issuer will remain with the Legal Title Holder until the occurrence of certain trigger events under the terms of the relevant Mortgage Sale Agreement.

Therefore, the rights of the Issuer and the Trustee may be or may become subject to the direct rights of the Borrowers against the Legal Title Holder. Such rights may include rights of set-off existing prior to notification to the Borrowers of the sale of the Mortgage Assets, which arise in relation to transactions made between certain Borrowers and the Legal Title Holder and the rights of Borrowers to redeem their mortgages by repaying the relevant Mortgage Loan directly to the Legal Title Holder. These rights may result in the Issuer receiving a lesser amount than anticipated from the Mortgage Assets. Further, there is a risk that the service of a notice of sale to a Borrower would not terminate his rights of set-off, as Section 40 of the Consumer Credit Act 1995 provides that where a creditor's or owner's rights under an agreement are assigned to a third person, the consumer is entitled to plead against the third person any defence which was available to him against the original creditor, including set-off.

### **Income and Principal Deficiency**

If, on any Interest Payment Date, there is a Revenue Shortfall, then subject to certain conditions set out in "*Key Structural Features*", the Issuer may pay or provide for such Revenue Shortfall by applying, first, Principal Receipts and second, the Liquidity Reserve Release Amount from the Liquidity Reserve Fund Ledger.

If, on any Interest Payment Date, there is an Additional Note Payment Shortfall, the Issuer may pay or provide for such Additional Note Payment Shortfall by applying amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger.

If there insufficient funds to pay interest in respect of any Class of Notes (other than the Class A Notes), the interest in respect of such Class of Notes will not then fall due but will instead be deferred until the next Interest Payment Date or such earlier date as interest in respect of such Class of Notes becomes immediately due and repayable in accordance with the Conditions and it shall not constitute an Event of Default. If there are insufficient funds to pay Additional Note Payments in respect of any Class of Notes, the Additional Note Payments in respect of such Class of Notes will not then fall due but will instead be deferred until the next Interest Payment Date or such earlier date as Additional Note Payments in respect of such Class of Notes becomes immediately due and repayable in accordance with the Conditions and it shall not constitute an Event of Default.

If there are insufficient funds available as a result of such income or principal deficiencies, then one or more of the following consequences may ensue:

- (a) the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest and Additional Note Payments due on the Notes; and
- (b) there may be insufficient funds to repay the Notes on or prior to the Final Maturity Date of the Notes.

## The Mortgage Portfolio

The information in the section headed "*Statistical Information On The Provisional Mortgage Portfolio*" has been extracted from the systems of each Seller as at the Provisional Cut-off Date (the **Provisional Mortgage Portfolio**) and comprises 2,591 Mortgage Loans with a Current Balance of €630,641,288. The characteristics and the composition of the Mortgage Portfolio as at the Cut-Off Date will vary from those set out in the tables in this Prospectus as a result: (i) Mortgage Assets from the Provisional Mortgage Portfolio being excluded from the Mortgage Portfolio as a result of repayments and redemptions of Mortgage Loans prior to the Cut-Off Date; (ii) the exclusion of Mortgage Loans which became ineligible for inclusion between the Provisional Cut-Off Date and the Cut-Off Date having been in arrears for more than three months; and (iii) the inclusion of Mortgage Loans which having been ineligible for inclusion on the Provisional Cut-Off Date became eligible for inclusion on the Cut-Off Date being in arrears for less than three months.

The Issuer may purchase a Further Portfolio from either or both of the Sellers on a Further Portfolio Sale Date (being any Business Day from but excluding the Closing Date to and including the third Interest Payment Date) using funds standing to the credit of the Prefunding Reserve Ledger. The purchase of a Further Portfolio from the Sellers on such Further Portfolio Sale Date may result in the Mortgage Loans comprised in the Mortgage Portfolio (including any Further Portfolios) having different characteristics from those Mortgage Loans comprised in the Initial Portfolio and set out in this Prospectus.

## Knowledge of matters represented in Mortgage Loan Warranties

The Sellers were not the originators of the Mortgage Loans comprised in the Mortgage Portfolio and have each acquired their interest in the Mortgage Assets from the relevant Originator or entities who acquired the relevant Mortgage Loans and Related Security from the relevant Originator or their successors in title.

No assurance can be given that the lending criteria of the relevant Originator in respect of the Mortgage Loans (the **Lending Criteria**) were applied at the time of origination of the Mortgage Loans or that different criteria were not applied. Additionally, neither of the Sellers has direct knowledge as to whether certain Mortgage Loan Warranties (including the Mortgage Loan Warranties which relate to the origination process) are correct or not. Accordingly since neither of the Sellers has direct knowledge as to matters relating to the actual origination of the Mortgage Loans, although the Sellers have conducted limited due diligence on the relevant Mortgage Loans certain warranties relating to among other things the origination process are necessarily qualified by reference to the awareness of the relevant Seller. It may be practically difficult for a Seller to detect a breach of warranty in respect of the Mortgage Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of such Seller. The Administrator will have limited obligations to monitor compliance with the Mortgage Loan Warranties following the Closing Date and those warranties given by each Seller pursuant to the relevant Mortgage Sale Agreement.

## Administration and Third Party Risk

### Issuer reliance on other third parties

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer, the Account Bank has agreed to provide the Transaction Account and the Issuer Account to the Issuer, the Administrator has agreed to service the Mortgage Portfolio, the Back-Up Administrator Facilitator has agreed to provide back-up administrator facilitation services in relation to the Mortgage Portfolio, the Issuer Administrator Consultant has agreed to provide certain consulting services to the Issuer in relation to the Mortgage Portfolio, the Cash Manager has agreed to provide cash management services to the Issuer, the Paying Agents and the Registrar have agreed to provide certain agency services to the Issuer in connection with the Notes and the Interest Rate Cap Provider has agreed to provide hedging against interest rate fluctuations to the Issuer pursuant to the Interest Rate Cap Agreement. In the event that any of the above parties were to fail to perform their

obligations under the respective agreements to which they are a party, payments on the Notes may be adversely affected.

If the Interest Rate Cap Provider is not obliged to make payments of any amounts, or if it defaults in its obligation to make payments to the Issuer in accordance with the terms of the Interest Rate Cap Agreement, the Issuer will be exposed to changes in associated interest rates, and the Issuer as a result may have insufficient funds to make payments due on the Notes.

The Interest Rate Cap Agreement will provide that upon the occurrence of certain events the Interest Rate Cap Agreement may terminate and a termination payment by either the Issuer or the Interest Rate Cap Provider will be payable. This may affect amounts available to pay interest and principal on the Notes. If the Interest Rate Cap Agreement terminates, no assurance can be given about the ability of the Issuer to enter into a Replacement IRC Agreement or about the credit rating of any replacement interest rate cap provider.

Investors should also be aware that third parties on which the Issuer relies may be adversely impacted by the general economic climate. At the date of this Prospectus, global markets have recently been negatively impacted by the then prevailing global credit market conditions as further described above in "Absence of secondary market for the Notes". If such conditions were to return, these factors affecting Transaction Parties specifically, as well as market conditions generally, could adversely affect the performance of the Notes. In addition there can be no assurance that governmental or other actions would improve market conditions in the future should conditions deteriorate.

### **The Administrator**

The Administrator will be appointed by the Issuer to administer the Mortgage Loans.

In case the appointment of the Administrator as administrator is terminated in accordance with the provisions of the Administration Agreement, a replacement administrator will be required to be appointed to perform Administration Services in respect of the Mortgage Loans. In this event, the Back-Up Administrator Facilitator shall use its reasonable endeavours (on behalf of the Issuer and each of the Sellers) to appoint a replacement administrator in its place whose appointment is approved by the Issuer and the Trustee.

If the appointment of the Administrator is terminated, the collection of payments on the Mortgage Loans and the provision of the Administration Services could be disrupted during the transitional period in which the performance of the Administration Services is transferred to a replacement administrator. Any failure or delay in collection of payments on the relevant Mortgage Loans resulting from a disruption in the administration of the Mortgage Loans could ultimately adversely affect payments of interest and principal on the Notes. A failure or delay in the performance of the services, in particular reporting obligations, could affect the payments of interest and principal on the Notes. Such risk is mitigated by the provisions of the Administration Agreement, pursuant to which, the Back-Up Administrator Facilitator, in certain circumstances, will assist the Issuer in appointing a replacement administrator.

**Administration Services or Services** means the services to be provided by the Administrator set out in the Administration Agreement including in Schedule 1 (*The Services*) thereto;

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

### **Delegation under the Administration Agreement**

As at the Closing Date, Start Mortgages DAC will be appointed as the Administrator under the Administration Agreement. It may, pursuant to the terms of the Administration Agreement, delegate the provision of certain of the Services to be provided under the Administration Agreement to one or more third parties. Such a delegation is in effect as of the Closing Date. The identity of the party or parties to which such services are



delegated by the Administrator may change while the Notes are outstanding and the current delegation arrangements may change such that one or more additional or replacement third parties provides the delegated services under the Administration Agreement. In relation to the delegation in effect as of the Closing Date, the Administrator remains responsible for the performance of all of the obligations under the Administration Agreement and it is a term of any subsequent delegation that the Administrator remains responsible for the performance of all of the obligations under the Administration Agreement. Any breach in the performance of the Administrator's obligations under the Administration Agreement caused by a delegate shall be treated as a breach of the Administration Agreement by the Administrator.

Any change in the identity of any delegate to the Administrator carries certain risks, including in relation to the compatibility of IT systems and the physical moving of loan files if such matters are required to be completed in the scope of the relevant delegation. There can therefore be no assurance that there will be no disruption in the collection of amounts from Borrowers as a result of the transfer of any change in delegation arrangements. Any disruption to the servicing of the Mortgage Loans, in particular any delay in collecting payments from Borrowers, whether by way of direct debit or otherwise, or in the receipt of any proceeds recovered as a result of any enforcement in relation to any of the Mortgage Loans, may have an adverse effect on the ability of the Issuer to make payments under the Notes. However, as stated above, notwithstanding any changes to any delegation arrangements in relation to the servicing of the Mortgage Portfolio, the Administrator remains responsible for the provision of Services under the Administration Agreement.

### **Regulation of Loan Portfolio Buyers**

The Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 (the **CSA**) was commenced by the Minister for Finance on 8 July 2015. It is intended that pursuant to the terms of the CSA certain borrowers of regulated entities are afforded the same protection to which they would have been entitled had their loans not been sold. The CSA makes certain amendments to the Central Bank Acts 1942 to 2015 and the Consumer Credit Act 1995 (as amended) (the **CCA**). The CSA expands the definition of 'regulated financial service providers' (which included retail credit firms) to encompass a new type of entity, namely credit servicing firms (as defined below). Under the CSA the exemption available to entities that are already regulated service providers in Ireland or the EEA has been limited to entities which are regulated financial service providers authorised by the Bank, or an authority that performs functions in an EEA country that are comparable to the functions performed by the bank, to provide credit in the State.

Credit service firms come within the definition of 'regulated business' under the Central Bank Act 1997, as amended by the CSA, and are therefore required under the CSA to obtain authorisation from the Central Bank in order to provide credit servicing. An important exemption applies in cases where the purchaser of a portfolio appoints an appropriately regulated entity to service the relevant loans, in such instances they will not themselves be required to be regulated. The Issuer has appointed Start Mortgages DAC to service the relevant loans. Start Mortgages DAC is a regulated financial services provider and is authorised to service the Mortgage Portfolio under the CSA.

**Credit Servicing Firm** means (a) a person who (i) undertakes credit servicing other than on behalf of a regulated financial service provider authorised, by the Bank or an authority that performs functions in an EEA country that are comparable to the functions performed by the Bank, to provide credit in the State, or (ii) holds the legal title to credit granted under a credit agreement in respect of which credit servicing is not being undertaken by a person authorised to carry on the business of a credit servicing firm, and (b) is a regulated financial services provider authorised to carry on the business of a credit servicing firm in accordance with the CBA's.

### **The Trustee is not obliged to act in certain circumstances**

The Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the

provisions of the Notes or the Trust Deed, the Irish Deed of Charge and the English Deed of Charge (the **Trust Documents**) (including the Conditions) or of the other Transaction Documents to which it is a party and at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) unless it shall have been directed to do so (i) by an Extraordinary Resolution of the holder of the Most Senior Class of Notes (the **Most Senior Class of Noteholders**) or (ii) in writing by the holders of at least 25 per cent. in Principal Amount Outstanding of the Most Senior Class of Notes then outstanding and, provided that, in each case, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

### **Change of counterparties**

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Account Bank) are required to satisfy certain criteria in order to remain a counterparty to the Issuer.

These criteria may include requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

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

### **Certain material interests and potential for conflicts**

The Arranger, the Lead Manager and other parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Sellers in the ordinary course of business. The Arranger, the Lead Manager and/or their affiliates may hold some of the Notes from time to time. Other parties to the transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may, pursuant to the Transaction Documents, be replaced by one or more new parties. It cannot be excluded that such a new party could also have a potential conflicting interest, which might ultimately have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

### **The Mortgage Portfolio**

#### **Collectability of Mortgages**

The collectability of amounts due under the Mortgage Loans is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Other factors (which may not affect real estate values, such as Borrowers' personal or financial circumstances) may have an impact on the

ability of Borrowers to repay Mortgage Loans. Loss of earnings, redundancy, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. Specifically, the level of protections afforded to Borrowers under the Arrears Code may result in a reduction in the amounts collected under the Mortgage Loans.

In addition, the ability of the Borrower or, as the case may be, the Issuer or the Trustee to dispose of a Property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under the relevant Mortgage Loan will depend upon a number of factors including the availability of buyers for the Property, the value of the Property and property values in general at the time.

If a Borrower fails to repay its Mortgage Loan and the related Property is repossessed, the likelihood of there being a net loss on disposal of the Property is increased by a higher "loan to value" ratio.

In order to enforce a power of sale in respect of a Property, the relevant mortgagee (which may be the Legal Title Holder, the Issuer or the Trustee or a Receiver) must first obtain possession of the Property unless the Property is vacant. Possession is usually obtained by way of a court order although this can be a lengthy process and the mortgagee must assume certain risks if it goes into possession of a Property. Obtaining possession of a Property could be a costly and lengthy process and the ability of the Issuer to make payments on the Notes may be reduced as a result.

The Trustee is entitled to be indemnified and/or secured and/or prefunded to its satisfaction against personal and any other liabilities which it could incur if it were to become a mortgagee in possession before seeking possession, provided that the Trustee is never obliged to enter into possession of the Property or become a Mortgagee in possession.

### **Risks Associated with Rising Mortgages Rates**

The Mortgage Portfolio will include Mortgage Loans subject to a variable rate of interest set by the Administrator (the **Variable Rate**) or set by reference to the ECB Rate (the **Tracker Rates**) from time to time. The Variable Rate and Tracker Rates are subject to fluctuation and consequently the Issuer could be subject to an increased risk of increased levels of default or greater degrees of default in payment by a Borrower under such Mortgage Loans as a result of an increase in the Variable Rate or Tracker Rates.

Borrowers with a Mortgage Loan subject to a variable rate of interest, will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward. Any increase in the Variable Rate or the Tracker Rates would have an effect by increasing levels of default (in particular if this not covered by the security for the Mortgage Loan) and would increase the likelihood of default in respect of the re-performing and performing loans in the Mortgage Portfolio.

These events, alone or in combination, may contribute to higher delinquency rates and losses on the Mortgage Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

### **Declining property values**

The value of the Related Security in respect of the Mortgage Loans may be affected by, among other things, a decline in the residential property values in Ireland. If the residential property market in Ireland should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

The Issuer cannot guarantee that the value of a Property will remain at the same level as on the date of origination of the related Mortgage Loan or as at the Cut-Off Date. The residential property market in Ireland

experienced a severe decline in property values. House prices nationally are recovering from a 49 per cent reduction between 2007 and March 2013. The fall in property prices resulting from the deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem the outstanding Mortgage Loans. If the value of the Related Security is reduced this may ultimately result in losses to Noteholders if the Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

## **Challenging Economic Environment**

Ireland has recently experienced a challenging economic environment and a period of fiscal adjustment. Following a prolonged recession from 2008 to 2010, the economy grew by 2.2 per cent. in 2011 and remained broadly flat in 2012 and 2013. As part of an EU/IMF financial aid programme negotiated in November 2010 the Irish government committed to reducing the budget deficit to below 3 per cent. of GDP by 2015 through a combination of public expenditure reductions and tax increases (Source: Department of Finance Statement, 28 November 2010). The Government exited this programme in December 2013 having met the fiscal targets set. Real GDP rose by 26.3% in 2015, compared with an initial estimate of 7.8%, and is expected to continue to grow at least 3% per annum for the period from 2016 to 2020 (Source: Department of Finance, Irish Monthly Economic Bulletin September 2016).

The residential property market has suffered a very significant downturn, as property prices fell in March 2013 by 49% from their peak in 2007. After the trough, they have increased by 12.5% from June 2013 to June 2014, 10.7% from June 2014 to June 2015 and 6.6% from June 2015 to June 2016 (Source: CSO Residential Property Price Index: July 2016).

The number of mortgage accounts for principal dwelling houses in arrears fell further in Q3 2016. This marks the thirteenth consecutive quarter of decline. 11.0% of total accounts were in arrears at end-Q3 2016, a decline of 3.1% relative to Q2 2016. Accounts in arrears over 90 days at end –September 2016 was 8.0% of total, reflecting a quarter-on-quarter decline of 2.1%. Buy-to-let mortgage accounts in arrears over 90 days decreased by 2.4% during Q3 2016 and are equivalent to 18.0% of the total outstanding balance on all buy-to-let mortgage accounts (Central Bank of Ireland Statistical Release 12 December 2016).

## **Considerations relating to Buy to Let Mortgage Loans**

In the Provisional Mortgage Portfolio approximately 4.7 % per cent. by value of the Mortgage Loans are Buy to Let Mortgage Loans, where the relevant Properties (in respect of the mortgages forming part of the collateral Security for such Buy to Let Mortgage Loans) are not owner-occupied. The Borrower's ability to service payment obligations in respect of a Mortgage Loan secured on such a property is likely to depend on the Borrower's ability to lease the Properties on appropriate terms. This dependency on leasing income increases the likelihood, during difficult market conditions, that the rate of delinquencies and losses on Mortgage Loans secured by such non-owner occupied properties will be higher than for Mortgage Loans secured on the primary residence of a Borrower.

There can be no guarantee that each Property will be tenanted throughout the life of the Mortgage Loan, that the rental income achievable from the tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Mortgage Loan during the life of such Mortgage Loan, that the tenancies will be on market terms, that a tenant will always be able to pay their rent and that a Borrower will always respect the terms of such tenancy relating to the maintenance of the relevant Property. The obligations of a Borrower to make payments under a Mortgage Loan are without regard to whether the relevant Property is let and without regard to the amount of rent received from the relevant tenant however these factors may affect the Borrower's ability to satisfy its obligations under the Mortgage Loans.

Upon enforcement of a Mortgage Loan in respect of a property which is the subject of an existing tenancy, the Administrator may not be able to obtain vacant possession of that property, in which case the

Administrator will only be able to sell the property as an investment property with one or more sitting tenants. This may affect (i) the amount that the Administrator could realise upon enforcement of the mortgage and a sale of the relevant property, and (ii) the speed at which such a sale can be achieved. However, the Administrator will have the ability to appoint a receiver of rent to collect any rents payable in respect of such property and apply them in payment of any interest and arrears accruing under that Mortgage Loan.

### **Risk of losses associated with Interest Only Mortgage Loans**

Approximately 48.8% per cent. by value of the Mortgage Loans in the Provisional Mortgage Portfolio constitute Interest Only Mortgage Loans (as defined in the section entitled "*The Mortgage Portfolio*"). Interest Only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding. The ability of such a Borrower to repay an Interest Only Mortgage Loan at maturity frequently may depend on such Borrower's ability to sell the Property, refinance the Property or obtain funds from another source such as savings accounts, a pension policy, personal equity plans or an endowment policy. None of the Issuer, the Trustee, the Sellers, the Legal Title Holder, the Arranger, the Lead Manager, the Issuer Administration Consultant or the Administrator has verified that the Borrower has any such other source of funds and none of them has obtained security over the Borrower's right in respect of any such other source of funds. The ability of a Borrower to sell or refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the financial condition of the Borrower, tax laws and general economic conditions at the time. Because of the greater risk relating to refinancing of Interest Only Mortgage Loans, a significant downturn in the property markets or the economy could lead to a greater increase in defaults. Moreover, the Mortgage Conditions in respect of Interest Only Mortgage Loans do not require a Borrower to put in place alternative funding arrangements to provide for the repayment of the relevant Mortgage Loan at maturity.

Borrowers may have insufficient equity to refinance their Mortgage Loans with lenders other than the Legal Title Holder and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

### **Self-Certified Loans**

Some of the Mortgage Loans whose Current Balance is approximately 15.2% of the Current Balance of the Mortgage Portfolio as at the Provisional Cut-Off Date are loans in respect of which income and employment details of the relevant Borrower are not substantiated by supporting documentation (the **Self-Certified Loans**). Self-Certified Loans may suffer higher rates of delinquencies, enforcements and losses than Mortgage Loans in respect of which supporting documentation has been provided in respect of the income or employment details of the Borrower (the **Verified Loans**), which delinquencies, enforcements and losses may lead to a reduction in amounts available to the Issuer and, ultimately, affect its ability to make payments under the Notes.

### **Geographic Concentration Risks**

Mortgage Loans and related Properties in the Mortgage Portfolio may also be subject to geographic concentration risks within certain regions of Ireland. To the extent that specific geographic regions within Ireland have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in Ireland, a concentration of the Mortgage Loans in such a region may be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within Ireland rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural

disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon sale of the Property. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Loans as at the Provisional Cut-Off Date, see "*Statistical Information on the Provisional Portfolio – Geographical Distribution of Properties*"

## **Buildings insurance**

The Mortgage Loans contain requirements for the relevant Property to be insured. No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to redeem the Notes.

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

None of the Trustee, the Retention Holder, the Issuer Administration Consultant, the Arranger, the Lead Manager or the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Mortgage Asset in the Mortgage Portfolio and each of the parties to each Mortgage Sale Agreement rely instead on the warranties given therein by the relevant Seller in respect of the Mortgage Assets (see "*The Mortgage Portfolio - Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*" below for a summary of these). Mortgage Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Mortgage Loan had such matters been revealed. Although each Seller undertook certain due diligence in respect of the Mortgage Loans at the time of acquisition and will give certain representations and warranties in respect of the Mortgage Loans sold by it, neither Seller was the originator of any of the Mortgage Loans comprised in the Mortgage Portfolio.

Neither Seller has direct knowledge as to whether certain Mortgage Loan Warranties (including the Mortgage Loan Warranties which relate to the origination process) are correct or not. Accordingly, since neither Seller has direct knowledge as to matters relating to the actual origination of the Mortgage Loans, the relevant Seller may not have actual knowledge of any relevant matters which give rise to a breach of warranty. Therefore, certain warranties relating to, amongst other things, the origination process are necessarily qualified by reference to the awareness of the relevant Seller. It may be practically difficult for the relevant Seller to detect a breach of warranty in respect of the Mortgage Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of such Seller, as there is no ongoing active involvement of the relevant Originator to monitor or notify any defect in relation to the circumstances of the Mortgage Loans. The Administrator will have limited obligations to monitor compliance with the Mortgage Loan Warranties following the Closing Date or the relevant Further Portfolio Sale Date, as applicable. To the extent that the Administrator detects any breach of the Mortgage Loan Warranties, the Administrator shall inform the Issuer and the Trustee in writing of such breach, however none of the Administrator, the Sellers, the Legal Title Holder, the Arranger, the Lead Manager, the Trustee or the Issuer will monitor compliance with the Mortgage Loan Warranties.

In the case of a material breach of any of the representations or warranties given by the Sellers on the Closing Date or the relevant Further Portfolio Sale Date, as applicable, which is not capable of remedy or is not remedied within 30 Business Days of being notified by the Issuer, the Issuer's only remedy in respect of a breach of any Mortgage Loan Warranty will be to claim damages for breach of that Mortgage Loan Warranty. The relevant Seller will not be required to repurchase or procure the repurchase of any Mortgage Loan which is the subject of any such breach. There can be no assurance that the relevant Seller will have the financial resources to honour its obligations to pay any payment of damages in respect of a breach of warranty. This may affect the quality of the Mortgage Assets and accordingly the ability of the Issuer to make payments due on the Notes.

Further, if the Issuer wishes to make a claim in respect of that breach of any Mortgage Loan Warranty, the Issuer must at any time on or before the date falling two years after the Closing Date or the relevant Further Portfolio Sale Date, as applicable, give notice of such breach to the relevant Seller.

The liability of a Seller in respect of any breach of any Mortgage Loan Warranty shall be limited to not greater than five per cent of the Current Balance of the relevant Mortgage Loan. Notwithstanding such limit, the Seller will have no liability to the Issuer unless the amount of damages to which the Issuer would be entitled but for such limit as a result of that Warranty Claim is greater than €5,000 per Mortgage Loan that is the subject of that Warranty Claim (unless there are Warranty Claims relating to breaches of the same Mortgage Loan Warranty arising from similar facts where the amount of such claim to which the Issuer would but for such limit be entitled as a result of those Warranty Claims exceeds €20,000 in aggregate).

Any amount payable by the relevant Seller to the Issuer in respect of such claim shall be paid within 60 Business Days of receipt by the relevant Seller of written notice of such breach from the Issuer or, if later, the date on which the amount of damages are determined.

In each case, none of the Issuer, the Trustee, the Arranger, the Lead Manager, the Noteholders or any other secured party will have recourse to any other person in the event that the relevant Seller, for whatever reason, fails to meet such obligations.

Neither Seller originated the Mortgage Loans and therefore no assurance can be given that the Lending Criteria were applied at the time of origination of the Mortgage Loans or whether different criteria were applied at the time.

#### **No additional sources of funds after the Optional Redemption Date**

From the Step-Up Date, the Step-Up Coupon will be payable in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and Additional Note Payments will be payable in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. There will, however, be no additional receipts or other sources of funds available to the Issuer at such time, nor is it expected that any of the sources of income available to the Issuer prior to the Step-Up Date will be increased. In such circumstances the Issuer may not have sufficient funds to pay all amounts of interest, principal and/or Additional Note Payments (as applicable) under the Notes (including any Step-Up Coupon on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes).

#### **Limited Resources of the Sellers**

A Seller may be required, pursuant to the relevant Mortgage Sale Agreement, to make indemnity payments or payments of damages to the Issuer as a result of a breach of a Mortgage Loan Warranty in certain circumstances (as more particularly set out in "*The Mortgage Portfolio – Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*" below). This obligation will be subject to a time limitation and will not extend beyond two years and be subject to certain aggregate caps and de minimis amounts.

In addition, as a practical matter, the ability of the relevant Seller to make any indemnity payments or otherwise discharge its liabilities under each Mortgage Sale Agreement or any other Transaction Document will be limited.

Each of the Sellers is a special purpose vehicle with limited assets and funds and as such will, after having satisfied its obligations to pay its secured creditors, have limited resources available to it to make any indemnity payments under each Mortgage Sale Agreement or any other Transaction Document. The obligations of the Sellers are not guaranteed nor will they be the responsibility of any person other than the relevant Seller, and, as such neither the Issuer nor the Trustee will have recourse to any other person in the event that the relevant Seller, for whatever reason, fails to meet its obligations to make indemnity payments

or payments of damages to the Issuer under the relevant Mortgage Sale Agreement or otherwise fails to discharge its obligations to make any indemnity payments or payments of damages under the relevant Mortgage Sale Agreement or any other Transaction Document.

The Issuer has also agreed that it will not take any action to wind up either Seller or initiate similar proceedings. This may affect the ability of the Issuer to exercise effectively certain rights under the relevant Mortgage Sale Agreement. The Retention Holder is under no obligation to put either Seller in funds for the purposes of funding an indemnity or payment of damages for breach of representation or warranty or otherwise. Therefore if any Mortgage Loan is found to be in breach of the Mortgage Loan Warranties, the relevant Seller may have limited funds available to it to make an indemnity payment or payment of damages to the Issuer, which may have an adverse effect on the Issuer's ability to make payments on the Notes.

## **Risks relating to the Issuer**

### **Preferred Creditors under Irish Law**

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 Revenue Commissioners, 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, such as the disposal of a property on which the Borrower has secured a Mortgage Loan, 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 (including enhancement expenditure) and is calculated without reference to the amounts outstanding on a Mortgage Loan. 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 Property. In addition, this shortfall risk is most likely to arise in circumstances where (i) a Borrower originally acquired a Property with finance provided by a third party and subsequently refinanced such acquisition with a Mortgage Loan, or (ii) the Legal Title Holder has provided a further advance to an existing Mortgage Loan, in each case in circumstances where the value of the Property has increased from the date of its original acquisition.

## **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 as secured pursuant to the Irish Deed of Charge and the English Deed of Charge;
- (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 and the other Secured Creditors under the Irish Deed of Charge and the English Deed of Charge.

### **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.

### **Risks relating to the Administrator**

#### **Risk inherent in the Administrator's business**

The Administrator's business depends on the ability of the Administrator to process a large number of transactions efficiently and accurately. Losses can result from inadequate or failed internal control processes, and systems, human error, fraud or from external events that interrupt normal business operations. In the event that the Administrator fails to perform or observe all or any of its material obligations under the Administration Agreement to the extent which, taken in the aggregate with all other such failures, is materially prejudicial in the context of the transaction contemplated by the Transaction Documents, the Issuer may be required to appoint a replacement administrator. Depending on market circumstances, it may be difficult to appoint a replacement administrator in such circumstances and the fees charged by any replacement administrator will be payable in priority to all other parties, with the exception of the Trustee and certain administrative costs of the Issuer.

### **Certain Regulatory Considerations**

#### **Certain Regulatory Considerations Legal considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor of the Notes should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used

as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## **EU financial transaction tax**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's Proposal**), for a financial transaction tax (**FTT**) to be adopted in certain participating EU Member States (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT would apply to persons both within and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State, or (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Under the Commission's Proposal, primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially extend to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available and further changes could be made prior to adoption. The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. A publication by the Luxembourg Presidency of the Council of the European Union (the **Luxembourg Presidency**) on 3 December 2015 set out the 'state of play' in relation to the FTT. In that publication, the Luxembourg Presidency concluded that further work was required on a number of open questions that constitute the 'building blocks' of the design of the FTT. A meeting of the European Finance Ministers on 8 December 2015 took note of a statement made by 10 of the Participating Member States (excluding Estonia) relating to the scope and timetable for introduction of the FTT. In that statement, the Participating Member States (excluding Estonia) announced agreement on a number of features of the FTT which had been considered in the publication by the Luxembourg Presidency on 3 December 2015, but indicated that a decision on the remaining open issues would only be made at some point before the end of June 2016. The outcome of the 3475th council meeting on Economic and Financial Affairs held on 17 June 2016, indicated that work will continue on a proposal aimed at introducing an FTT during the second half of 2016. On the 10 October a meeting on the margins of a Eurogroup session in Luxembourg amongst 10 of the participating Member States (excluding Estonia) agreed to push ahead with the FTT, The European Commission has finally been instructed to draft an EU

directive authorising an EU FTT which would apply to the 10 participating Member States. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Enforcement in respect of the Mortgage Assets**

Even assuming that the Properties provide adequate security for the Mortgage Loans, delays could be encountered in connection with enforcement and recovery of the Mortgage Assets, resulting in corresponding delays in the receipt of related proceeds by the Issuer.

In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner, the Administrator, the Issuer as beneficial owner or the Trustee or its Appointee (if the Trustee has taken enforcement action against the Issuer)) will need to obtain possession of such Property. There are two means of obtaining possession under Irish law: (i) by taking physical possession (seldom done in practice) and (ii) by applying for, obtaining and enforcing a court order for possession.

Under section 97 of the Land and Conveyancing Law Reform Act 2009 (as amended) (the **2009 Act**) (which applies to mortgages created after 1 December 2009) a mortgagee (the lender) is required to either obtain a court order for possession or obtain the written consent of the mortgagor (in the case of each Mortgage Loan, the Borrower) to the taking of possession.

In considering an application for a possession order, an Irish court has a very wide discretion, and may adopt a sympathetic attitude towards a borrower at risk of eviction. For example, an Irish court has certain powers to adjourn possession proceedings, to stay any possession order and to postpone the date for delivery of possession. In general, an Irish court would be likely to exercise such powers in favour of a Borrower where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under his Mortgage Loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of such Mortgage Loan.

It should also be noted that a practice direction issued by the Irish Circuit Court pursuant to the Circuit Court Rules entitled '*Actions for Possession*' provides that no order for possession shall be made on the return date (i.e. the first hearing date) but rather the proceedings shall be adjourned to such later date as the County Registrar considers just in the circumstances. This has the effect of an automatic delay on possession proceedings. In practice, County Registrars are often more amenable to giving possession orders on vacant properties the subject of a buy to let mortgage than they are to giving possession orders in respect to Mortgages relating to a principal private residence.

Where an order for possession is granted by a court, a sheriff will arrange for such orders to be effected. This can result in a delay of a number of months between the granting of the order and its execution. Once possession of a property has been obtained, the mortgagee has a duty to the mortgagor to take reasonable care to obtain a proper price for such property. Any failure to do so will put such mortgagee at risk of an action for breach of duty by the mortgagor, although it is for the mortgagor to prove breach of duty. There is also a risk that a mortgagor may take court action to force the mortgagee to sell the relevant property within a reasonable time. Under the 2009 Act, a mortgagee in possession is obliged by law to sell the relevant property, at the best price reasonably obtainable, within a reasonable time, or if it would be inappropriate to sell such property, to lease it within a reasonable time.

If a mortgagee takes possession of a property it will, as mortgagee in possession, have an obligation to account to the mortgagor for the income obtained from such property, be liable for any damage to such property, have a limited liability to repair such property, and, in certain circumstances, may be obliged to make improvements or may incur certain financial liabilities in respect of such property.

On 24 July 2013 the Land and Conveyancing Law Reform Act 2013 was signed into law (the **2013 Act**).

The 2013 Act also proposes the adjournment of possession actions in certain cases relating to the principal private residence (**PPR**) of the borrower where it is considered by the court that the matter could be resolved by recourse to a personal insolvency arrangement under the Personal Insolvency Act. The 2013 Act provides that the court, where it considers it appropriate or on application by the borrower, in proceedings for possession of a PPR, may in certain circumstances adjourn the proceedings to enable the parties to consider whether a personal insolvency arrangement under the Personal Insolvency Act would be a more appropriate course of action than the seeking by the lender of an order for possession (see "*Personal Insolvency Act*" below). In the event that a lender does not implement a proposal put forward by a personal insolvency practitioner, a court could use its discretionary powers to delay granting an order for possession.

### **Code of Conduct on Mortgage Arrears and Consumer Protection Code**

The Code of Conduct on Mortgage Arrears (the **Arrears Code**), came in to force on 1 July 2013 replacing the previous code (which came into force in January 2011) (the **Previous Arrears Code**) and which applies to arrears cases existing both as at 1 July 2013 and those that arise thereafter. The Arrears Code is a legally binding code published by the Central Bank on the handling of mortgage arrears and pre-arrears. A pre-arrears case arises where a borrower contacts the relevant lender to inform them that he/she is in danger of going into financial difficulties and/or is concerned about going into mortgage arrears or when the relevant lender itself identifies that this is likely to occur.

The Arrears Code applies to the mortgage lending activities of lenders to borrowers in respect of their primary residence or in respect of the only residential property in this State owned by the borrower. Neither of the Sellers, as unregulated entities, are obliged to comply with the Arrears Code. However, the Administrator as an authorised retail credit firm will be required by law to administer the Mortgage Loans in accordance with the Arrears Code. The Arrears Code sets out what the lender must do when managing mortgage arrears and pre-arrears cases and provides for, amongst other things, the actions a lender is required to take to address mortgage arrears before resorting to repossession of the relevant property. In particular, the Arrears Code provides that a lender:

- (a) must put in place a mortgage arrears resolution process (**MARP**) which complies with the Arrears Code;
- (b) must explore, and if appropriate, offer the borrower alternative repayment arrangements which may include full or partial interest only repayment for a specified period, full or partial deferral of the instalment repayment for a specified period, extension of the term, capitalising arrears and interest and any voluntary repayment scheme to which the lender has signed up under the Arrears Code;
- (c) in recognition of the serious impact of being classified as 'not cooperating', a lender must provide a warning letter giving at least 20 business days' notice to the borrower, outlining the implications of being classified as not cooperating and providing specific information on how to avoid this classification;
- (d) must have a board-approved communications policy that will protect borrowers against unnecessarily frequent contact and harassment, while ensuring that the lender can make the necessary contact to progress resolution of arrears cases. This replaces the limit of three successful, unsolicited communications per month which was set out in the Previous Arrears Code and allows for an approach to lender and borrower communication that is suited to individual needs and circumstances;
- (e) must provide the standard financial statement (**SFS**) to the borrower at the earliest opportunity, and to offer assistance to borrowers with completing it. In addition, lenders can now agree with the borrower to put a temporary arrangement in place to prevent arrears from worsening while the full SFS is being completed and assessed;

- (f) must provide cooperating borrowers with at least 8 months' notice from the date arrears first arise before legal action can commence and at the end of the MARP process, lenders will be required to provide a newly introduced 3 month notice period to allow cooperating borrowers time to consider their options such as voluntary surrender or an arrangement under the Personal Insolvency Act (before legal action can start). In effect this means that legal proceedings may commence 3 months from the date the letter is issued to borrower or 8 months from the date the arrears first arose, whichever is the later; and
- (g) must not apply to the courts to seek repossession of a borrower's primary residence until every reasonable effort has been made to agree an alternative repayment schedule with the relevant borrower in accordance with the MARP.

However, under the Arrears Code, a lender is permitted to seek repossession where it is clear that such borrower is deliberately not engaging with the lender, or where other circumstances reasonably so justify. In addition, a lender may enforce a mortgage in circumstances where application of the Arrears Code is not appropriate, such as, but not limited to, in the case of fraud or breach of contract other than the existence of arrears.

It should be noted that as the Arrears Code applies to borrowers in respect of their primary residence or where it is the only residential property owned by them in Ireland the protections afforded by the Arrears Code should not apply to Buy to Let Mortgage Loans.

The revised Consumer Protection Code (the **Consumer Protection Code**) came in to force on 1 January 2012 and was subsequently amended in 2015. The Consumer Protection Code sets out how lending institutions must deal with personal customers under the Consumer Protection Code, who are defined as natural persons acting outside his/her business, trade or profession who are in arrears on their loans. The Consumer Protection Code does not apply to a mortgage loan to which the Arrears Code applies, but it could apply to a mortgage not in respect of a primary residence, including a Buy to Let Mortgage Loan. Neither of the Sellers, as unregulated entities, are obliged to comply with the Consumer Protection Code. However, the Administrator as an authorised retail credit firm will be required by law to administer the Mortgage Loans in accordance with the Consumer Protection Code.

### **Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015**

The Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015 (the **SME Regulations**) came into force on the 1 July 2016 and replaced the Code of Conduct on Lending to Small and Medium Enterprises (the "**SME Code**"). The SME Regulations apply to finance provided to micro, small and medium enterprises which can include natural persons acting within the course of a business, trade or profession. To the extent a Borrower, in respect of a Buy to Let Mortgage Loan, falls within this category, the provisions of the SME Regulations could apply. These include, provisions relating to communications with the Borrower, information to be provided to the Borrower and dealing with Borrowers in financial difficulties.

Neither of the Sellers, as unregulated entities, are obliged to comply with the SME Regulations. However, the Administrator as an authorised retail credit firm will be required by law to administer the Mortgage Loans in accordance with the SME Regulations to the extent that they are applicable to any of the Mortgage Loans.

### **Personal Insolvency Act**

The Personal Insolvency Act 2012 (as amended) (the **Personal Insolvency Act**) which was fully commenced on 3 December 2013, provides for three Court approved debt resolution options for Borrowers deemed under the provisions of the Personal Insolvency Act to have unsustainable indebtedness levels. These three debt resolution options are alternatives to bankruptcy.

In summary, the key aspects of the Personal Insolvency Act are as follows:

- (a) the establishment of three new non-judicial settlement systems:
  - (i) a Debt Relief Notice (**DRN**) which provides for the write-off of qualifying unsecured debt (including for example credit card debt and overdrafts) up to €35,000 (as provided by the Personal Insolvency (Amendment) Act 2015 which commenced 29 September 2015 (the **Personal Insolvency Amendment Act**, together with the Personal Insolvency Act the **Personal Insolvency Acts**) following a three-year moratorium period (during which the debtor's circumstances must not have improved);
  - (ii) a Debt Settlement Arrangement (**DSA**) which covers unsecured debt without a limit on the amount of debt. A debtor can go through a DSA once in their lifetime;
  - (iii) a Personal Insolvency Arrangement (**PIA**) for the agreed settlement of both secured and unsecured debt of (secured is subject to a cap of €3,000,000 unless the cap is waived by an agreement of all secured creditors), including residential mortgage debt. The Personal Insolvency Amendment Act provides that a borrower who has entered a mortgage restructure is not excluded from applying for a Personal Insolvency Arrangement, should the restructure not succeed in returning the borrower to solvency;
- (b) changes to the existing personal bankruptcy regime to provide that the period for discharge of bankrupts is to be reduced from twelve to one year (subject to limited exceptions) and that the amount which must be owing before bankruptcy proceedings can be brought is to be increased from the euro equivalent of €1,900 to €20,001; and
- (c) the establishment of a new State-funded independent body to be known as the Insolvency Service which will oversee, and give determinations on, the non-judicial settlement procedures referred to above and which will also maintain a new Personal Insolvency Register which will hold details of debtors subject to the new procedures.

Where a PIA is not approved by the creditors, the personal insolvency practitioner (**PIP**) may, where so instructed by the debtor, and where the PIP considers that there are reasonable grounds to do so, apply to the appropriate Court for an order confirming the coming into effect of the PIA. Creditors must be notified of the appeal and can lodge a notice of objection. The Court must hold a hearing promptly and may confirm the PIA where it is satisfied as to various matters. In making its determination, the Court will consider (amongst other things):

- (i) the conduct of the debtor and creditors within 2 years prior to the issuing of the protective certificate;
- (ii) submissions by the creditors;
- (iii) any alternative option available to the creditors for the recovery of the debt; and
- (iv) whether the proposed PIA is fair and reasonable to any non-approving class of creditor and is not unfairly prejudicial to any interested party.

There are certain caveats to the appeals process. The PIA can only be appealed where the debt is secured on the debtor's family home and the debtor was either (i) in arrears on 1 January 2015 or (ii) having been in arrears before 1 January 2015, had entered into an alternative repayment arrangement with the secured creditor. In addition, at least one class of creditor must have voted in favour of the PIA (by a majority of over 50 per cent of the value of the debts owed to that class) at the creditors meeting (provided there is more than one creditor).

The Personal Insolvency Acts provide a framework for personal insolvency and for the settlement and enforcement of debt, including, through the PIA, residential mortgage debt.

DRNs and DSAs both deal with unsecured debt. However, the Personal Insolvency Acts regime may result in the restructuring of the principal amount outstanding of the secured debt (which would include mortgage debt) of a borrower who completes a PIA and could also affect the enforcement of mortgages over residential property, and accordingly may have an adverse effect on the ability of the Issuer to fully recover amounts due under the Mortgages, which in turn may adversely affect the Issuer's ability to make payments under the Notes.

A PIA will not, however, involve an automatic writing down of negative equity and to be eligible, the Borrower will have to show positive engagement with his/her secured creditors in the period leading up to the application for an arrangement.

### **Consumer Credit Act and Mortgage Credit Regulations**

The making of housing loans in Ireland is regulated by the Consumer Credit Act 1995 (as amended) (the **CCA**) and the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (the **Mortgage Credit Regulations**), which impose a range of obligations and restrictions on mortgage lenders and mortgage intermediaries.

A mortgage lender is an entity the business of which consists of or includes the making of housing loans. A housing loan is a loan that is secured by a mortgage on a house and which is, *inter alia*, made to a consumer for the purchase of the house to which the mortgage relates, or otherwise made to a person for the purchase or improvement of that person's principal residence. It is not anticipated that the Issuer will be a mortgage lender for the purposes of the CCA.

A mortgage intermediary is a person (other than a mortgage lender or credit institution) who, in return for commission or some other form of consideration arranges, or offers to arrange, for a mortgage lender to provide a consumer with a housing loan, or introduces a consumer to an intermediary who arranges, or offers to arrange, for a mortgage lender to provide the consumer with such a loan. A mortgage intermediary requires an authorisation from the Central Bank in order to conduct its business. In the event that an unauthorised mortgage intermediary operates in Ireland, it is subject to penalties and sanctions that are discussed below. It is not anticipated that the Issuer will be a mortgage intermediary for the purposes of the CCA.

Relevant obligations imposed by the CCA include rules regulating advertising for housing loans; a requirement to furnish the borrower with a valuation report concerning the property; a requirement that specified warnings regarding the potential loss of the person's home be included in all key documentation relating to a housing loan and that key, prescribed information be displayed on the front page of a housing loan; and obligations to provide prescribed documents and information to a borrower. Restrictions include prohibitions on the imposition of a redemption fee in the case of many types of housing loan; compelling a borrower to pay the lender's legal costs of investigating title; and the linking of certain products.

A breach of any of these obligations or restrictions is a criminal offence by the mortgage lender or intermediary. The financial penalties may range from a maximum fine of €3,000 for most offences, to a maximum fine of €100,000 for the unlawful linking of certain services. A person (including a company) that is convicted of an offence under the CCA will normally be ordered to pay the costs of the prosecution. In respect of a regulated financial service provider (but not an entity that is a mortgage lender only), the Central Bank may, instead of a prosecution, impose a monetary penalty for breach of any of these obligations and restrictions; that penalty may be appealed to the Financial Services Appeals Tribunal. The maximum financial penalty is €10,000,000 in the case of a body corporate.



The Mortgage Credit Regulations came into force on 21 March 2016 and transpose Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property into Irish law. The Mortgage Credit Regulations apply to credit provided to a consumer under: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state on residential immovable property, or secured by a right relating to residential immovable property; and (b) credit agreements the purpose of which is to acquire or retain rights in land or in an existing or proposed residential building.

The Mortgage Credit Regulations requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the consumer on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the consumer; a right of the consumer to make early repayment of the credit agreement; notifications to consumers concerning changes in the borrowing rates; and certain obligations in respect of arrears and repossessions. The Mortgage Credit Regulations also imposes prudential and supervisory requirements including the establishment and supervision of credit intermediaries, appointed representatives and non-credit institutions.

### **Unfair Terms in Consumer Contracts Regulations**

The European Communities (Unfair Terms in Consumer Contracts) Regulations 1995, 2000 and 2013 (together, the **UTCC Regulations**) apply in relation to the Mortgage Loans. A Borrower may challenge a term in an agreement on the basis that it is "unfair" within the meaning of the UTCC Regulations and therefore not binding on the Borrower. In addition, the Competition and Consumer Protection Commission, the Central Bank or a consumer organisation (collectively defined as authorised bodies) may apply to the Circuit Court or the High Court for a declaration that a term drawn up for general use in contracts concluded by sellers or suppliers is unfair. At the discretion of the court, an order banning the use of such a term can be subsequently granted. The Director of Consumer Affairs or a consumer organisation may also seek an injunction preventing the use of specific terms that are unfair.

This will not generally affect "core terms" which set out the main subject matter of the contract, such as the Borrower's obligation to repay principal, but may affect terms deemed to be ancillary terms, which may include terms the application of which are in the Administrator's discretion (such as a term permitting the Administrator to vary the interest rate).

If a term of a Mortgage Loan is found to be unfair that term may not be enforceable. For example if a term permitting the lender to vary the interest rate is found to be unfair, the Borrower will not be liable to pay the increased rate or, to the extent that the Borrower has paid it, will be able, as against Legal Title Holder, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of the claim against the amount owing by the Borrower under the Mortgage Loan. Any such non-recovery, claim or set-off may adversely affect the realisable value of the Mortgage Loans in the Mortgage Portfolio and accordingly the ability of the Issuer to meet its obligations in respect of the Notes.

No assurance can be given that changes in the UTCC Regulations, if enacted, will not have an adverse effect on the Mortgage Loans, the Sellers, the Legal Title Holder, the Administrator or the Issuer and their respective businesses and operations. This may adversely affect the ability of the Issuer to dispose of the Mortgage Portfolio, or any part thereof, in a timely manner and/or the realisable value of the Mortgage Portfolio, or any part thereof, and accordingly affect the ability of the Issuer to meet its obligations under the Notes when due.

### **Tracker Mortgage Examination**

In October 2015 the Central Bank commenced an industry wide review of tracker mortgage related issues including the transparency of communication with borrowers and contractual rights of borrowers with tracker mortgages. The industry wide examination arose following an investigation of practices adopted by certain lenders where tracker mortgage borrowers were switched to variable rate mortgages. The principal issue

related to a failure by lenders to inform borrowers of the impact of switching mortgage products, in particular that borrowers would lose their contractual right to a tracker mortgage.

The Central Bank's examination is split in to three phases as follows:

- (i) Phase 1 - Lenders were required to put plans and frameworks in place by the end of March 2016, in line with principles prescribed by the Central Bank. This phase includes the requirement for appropriate governance and reporting structures to be put in place to deliver on the examination framework specified by the Central Bank.
- (ii) Phase 2 – Lenders are required to examine their tracker mortgages and identify borrowers who have been impacted by the lender's failure to honour a contractual commitment to the borrower or a failure to comply with the regulatory requirements regarding disclosure and transparency of information.
- (iii) Phase 3 – Lenders will provide redress (including the amendment of their mortgage agreement) and compensation to affected customers.

Bank of Scotland plc, Bank of Scotland (Ireland) Limited and Start Mortgages DAC are subject to the tracker mortgage examination and there is a risk that the Mortgage Loans that are Tracker Mortgage Loans may be impacted by the examination, although only a small number of Mortgage Loans in the Paris Portfolio are expected to be impacted by the examination. Where a lender identifies that a borrower has been denied a contractual right or that a regulatory requirement has been breached, then this may lead to a further Central Bank investigation and the imposition of sanctions (over and above the redress and compensation mentioned above) in the form of fines on lenders.

### **Automatic Capitalisation of Arrears**

In October 2016, the Financial Conduct Authority in the UK (the **FCA**) issued a consultation relating to issues arising from automatic capitalisation, in particular cases where lenders both add arrears to an account balance and keeps a separate record of the borrower's arrears and seeks separate (and additional) payment of those. In the consultation, the FCA state that they expect FCA authorised firms to ensure this practice ceases and to carry out remediation. The FCA has proposed a framework for remediation upon which they are consulting.

There is a risk that Irish lenders have also engaged in these practices and the issue may be subject to a Central Bank investigation, either targeted at specific lenders or industry wide. At the date of this prospectus, the Central Bank has individually posed certain queries to some (if not all) credit firms (including Start Mortgages DAC) on this issue but it has not publicly announced any such investigations or examinations.

### **European Directive on Unfair Commercial Practices**

On 11 May 2005, the European Council and European Parliament signed Directive 2005/29/EC (the **Unfair Commercial Practices Directive**). The Unfair Commercial Practices Directive affects all consumer contracts and thus will have some impact in relation to the residential mortgage market.

Under the Unfair Commercial Practices Directive, a commercial practice is to be regarded as unfair if it is

- (a) contrary to the requirements of professional diligence; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer whom the practice reaches or to whom it is addressed or the average member of a group where a practice is directed at a particular group of consumers. In addition to the general prohibition on unfair commercial practices, the Unfair Commercial Practices Directive contains provisions aimed at

aggressive and misleading practices (including, but not limited to; (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of contact) and a list of practices which will in all cases and in all Member States be considered unfair. The Unfair Commercial Practice Directive also contains provisions aimed at preventing the exploitation of consumers whose characteristics make them particularly vulnerable to unfair commercial practices (which may include non-status, credit impaired or sub-prime Borrowers).

The Consumer Protection Act 2007 of Ireland (as amended) (the **CPA**) came into force on 1 May 2007 which implements the Unfair Commercial Practices Directive in Ireland. Under the CPA there are four principal heads of offences; (i) Unfair Commercial Practices, (ii) Misleading Commercial Practices, (iii) Aggressive Commercial Practices and (iv) Prohibited Commercial Practices.

In respect of most offences (other than, for example, pyramid selling schemes), the CPA contains a defence of "due diligence". This defence is available where the accused proves (i), the commission of the offence was due to a mistake or the reliance on information supplied to the accused or to the act or default of another person, an accident of some other cause beyond the accused's control, and (ii), that the accused exercised due diligence and took all reasonable precautions to avoid the commission of the offence. Where due diligence means the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or the general principle of good faith in trader's field of activity.

Under the CPA both civil proceedings and criminal proceedings may be brought against a trader engaging in an unfair act or practice albeit this should not impact on the enforceability of the underlying contract itself.

Any affected person, including consumers, other traders, and the Competition and Consumer Protection Commission (**CCPC**) may bring civil proceedings under the CPA for a prohibition order against a trader engaging in an unfair act or practice. The CCPC may also serve a compliance notice on a trader whom it considers to have engaged in an unfair commercial practice. A consumer aggrieved by an Unfair Commercial Practice also has a right of action for damages.

The CCPC is also empowered to institute summary proceedings for breaches of the CPA relating to misleading, aggressive and prohibited practices. A trader found guilty of an offence on summary conviction will be liable to a fine not exceeding €3,000 and/or six months imprisonment for a first offence and a fine of €5,000 and/or twelve months imprisonment for subsequent offences. Proceedings on indictment will be taken by the Director of Public Prosecutions (the **DPP**). On a first conviction on indictment an offending trader may be fined up to €60,000 and/or eighteen months imprisonment and subsequent convictions carry a fine of up to €100,000 and/or 24 months imprisonment.

The Unfair Commercial Practices Directive is stated to be without prejudice to contract law and the rules of the validity, formation or effect of a contract. There is, as yet, no reported case law on the CPA.

## **TRS Scheme**

Tax relief at source for mortgage interest was introduced in Ireland in the tax year 2002 under section 244A of the Taxes Consolidation Act 1997 of Ireland (the TRS Scheme) and the Mortgage Interest (Relief at Source) Regulations 2001 (the Regulations). The Legal Title Holder has been operating the TRS Scheme based on the Regulations since then.

Under the TRS Scheme, mortgage borrowers are permitted to pay interest net of the relevant tax relief to the relevant mortgage lender and the relevant mortgage lender, once it constitutes a qualifying lender, claims a refund of the tax relief directly from an account of the Irish Revenue Commissioners. On the Closing Date, the Legal Title Holder will be the lender with respect to the Mortgage Loans in the Mortgage Portfolio which it sold and will, as the Legal Title Holder of such Mortgage Loans, remain registered as the qualifying lender for the purposes of the TRS Scheme.

The operation of the TRS Scheme does not have any negative impact on the cash flows as the Legal Title Holder makes claims for a payment of the tax relief granted from the Irish Revenue Commissioners funding account on a direct debiting monthly (estimated) basis. The Revenue Commissioners given a significant level of non-payment of interest by residential borrowers during Ireland's recent economic downturn, requested that financial institutions change the method by which tax relief at source under the TRS Scheme is being calculated with effect from 1 January 2014. This has resulted in a withdrawal of relief where the underlying interest is not being paid.

In the event of an Enforcement Notice being delivered or the occurrence of such other event that results in a transfer of legal title to the Mortgage Portfolio to the Issuer or the Trustee as described in "*Sale of the Mortgage Portfolio under each Mortgage Sale Agreement*", the Legal Title Holder would no longer be the lender with respect to the Mortgage Portfolio. However, the Regulations provide that the Legal Title Holder can nominate the securitisation vehicle to which the Mortgage Portfolio was transferred (the Issuer), or its agent (the Trustee or another nominee) as a qualifying lender for the purpose of the TRS Scheme. The power of attorney granted by the Legal Title Holder in favour of the Issuer and the Trustee on the Closing Date in substantially the same form as that set out in Schedule 4 (Legal Title Holder Power of Attorney) to the relevant Mortgage Sale Agreement (the **Legal Title Holder Power of Attorney**) will enable the Issuer and, following an Enforcement Notice, the Trustee to make this nomination on behalf of the Legal Title Holder as its attorney. If a new qualifying lender is required to be appointed it may be required to make certain notifications to Irish Revenue Commissioners.

In addition, under the terms of the relevant Mortgage Sale Agreement, the parties, including the Legal Title Holder, have agreed that, if requested by the Issuer, they will make any changes to any relevant documents to deal with, or alleviate the burden of, the TRS Scheme, provided that such changes are not materially prejudicial to the interests of the holders of the Most Senior Class of Notes. In determining whether to make any such change, the Trustee will act pursuant to its powers under the Transaction Documents and in determining whether such change is materially prejudicial to the interests of the holders of the Most Senior Class of Notes, the Trustee shall be entitled to seek the advice of an investment bank or other expert of recognised standing or shall act pursuant to an Extraordinary Resolution of the relevant Class or Classes of Noteholders.

### **Tax Treatment of the Issuer**

Under the Finance Act, 2016 of Ireland, new provisions were introduced to amend the tax treatment of a "qualifying company" within the meaning of Section 110 of the TCA (a **Qualifying Company**). These amendments deny a tax deduction for (1) profit dependent interest, or (2) interest to the extent it exceeds a reasonable commercial return, in each case to the extent it exceeds a reasonable commercial return (the **Affected Interest**) where such interest is attributed to the holding by a Qualifying Company of "specified mortgages". A "specified mortgage" for this purpose includes a loan which is secured on, and which derives its value, or the greater part of its value, directly or indirectly from Irish land.

Where Affected Interest arises, and an exemption is not available, it is treated as a distribution which is not deductible for tax purposes and will thus form part of the taxable profits of the Issuer and will also be subject to dividend withholding tax (subject to any available exemptions). However, an exemption from these rules is available where, inter alia, the Affected Interest is paid to a person who is within the charge to Irish corporation tax in respect of that interest.

Provided the rate of interest payable on the Rated Notes does not exceed a reasonable commercial return for the use of the principal advanced under the Rated Notes, such interest will not be Affected Interest and the Issuer's ability to take a deduction for such interest should not be affected by these new provisions. To the extent interest payable under the Class Z Notes and/or the Class X Notes is Affected Interest, provided such Notes are and remain held by the Paris Seller (or another person who is within the charge to corporation tax in Ireland in respect of interest paid under such Notes), the Affected Interest should not cease to be deductible for the Issuer and should not be subject to dividend withholding tax. The Paris Seller

has represented in the Subscription Agreement and has undertaken in the Risk Retention Letter that it is and will remain within the charge to corporation tax in Ireland for as long as it is the beneficial owner of the Class Z Notes and/or the Class X Notes or any of them, and it will only transfer an interest in any of the Class Z Notes or the Class X Notes to another person who is within the charge to corporation tax in Ireland in respect of any interest or other distributions payable under those Notes.

## **General Data Protection Regulation**

The General Data Protection Regulation (the “**GDPR**”), applicable across the EU from 25 May 2018, introduces new compliance obligations in relation to the commercial use of customer data (with significant fines of up to 4% of global turnover for certain aspects of non-compliance). The GDPR ascribes a strict timeline to breach notification with companies required to inform the relevant supervisory authority within 72 hours of any data loss. Furthermore the GDPR provides for extensive individual rights in relation to personal data, including rights of access, correction, deletion, blocking, objection, erasure and data portability. Amongst other requirements, the GDPR requires that companies implement technical and organizational data security measures to ensure a level of security appropriate to the risk involved in the data usage. It is possible that the GDPR will affect the operations of the Issuer, each Seller, the Legal Title Holder and the Administrator.

## **Withholding Tax under the Notes**

In the event that withholding taxes are imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, neither the Issuer nor any Paying Agent nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding taxes. The imposition of such withholding taxes would entitle (but not oblige) the Issuer to redeem the Notes at their Principal Amount Outstanding plus accrued interest and any Deferred Interest Please see the section entitled “*Taxation - Ireland Taxation*” in relation to Irish withholding tax.

## **U.S. Foreign Account Tax Compliance Withholding**

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the **ICSDs**), in all but the most remote circumstances, it is not expected that Sections 1471 to 1474 of the United States Internal Revenue Code of 1986 (as amended) (**FATCA**) will affect the amount of any payment received by the ICSDs (see “*Taxation – U.S. Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should, to the extent they have a discretion to do so, choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation relating to an intergovernmental agreement entered into pursuant to FATCA (an **IGA**), if applicable) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Notes or any Transaction Document, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Notes, investors may receive less interest or principal than they would otherwise receive.

For a discussion of the implementation of FATCA in Ireland see *"Ireland Taxation - Information exchange and the implementation of FATCA in Ireland"*.

### **Book-Entry Interests**

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

A nominee for the Common Safekeeper will be considered the registered holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Notes under the Trust Deed while the Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to a nominee of the Common Safekeeper for Euroclear and Clearstream, Luxembourg. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

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

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, any Paying Agent, the Registrar or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements and in accordance with the rules and regulations of any applicable clearing system. In order for a Noteholder to effect a transfer of Notes to a potential purchaser, the Noteholder and the potential purchaser will need to comply with the applicable transfer restrictions (see "*Description of the Notes in Global Form - Transfers and Transfer Restrictions*" below). To the extent such transfer restrictions cannot be complied with, a Noteholder should be prepared to hold its Notes until the Final Maturity Date or until it can effect a transfer to a potential purchaser that complies with the requirements of the applicable transfer restrictions. In order to comply with any applicable laws and regulations in respect of such transfer, potential purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered.

### **Meetings of Noteholders, modification and waiver**

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

The Trust Deed provides that, without the consent or sanction of the Noteholders or any of the other Secured Creditors (other than those Secured Creditors who are party to the relevant Transaction Documents), the Trustee may, and in the case of (a)(iii) below shall:

- (a) concur with the Issuer and/or any other person, in making any modification to the Conditions or the Transaction Documents:
  - (i) (including a Reserved Matter) which, in the opinion of the Trustee, is of a formal, minor or technical nature, or is to correct a manifest error; or
  - (ii) (other than a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding; or
  - (iii) (other than a Reserved Matter) which is required to enable the Issuer to comply with, implement or reflect: (A) FATCA and/or CRS (or any other similar regime for the reporting and automatic exchange of information), (B) any requirements which apply to it under EMIR; (C) any updated criteria of one or more Rating Agencies which may be published after the Closing Date; (D) the appointment of any additional or replacement account bank and/or the opening of any additional or replacement Issuer Account in accordance with the Transaction Documents; or (E) the appointment of any custodian and/or the opening of any custody account in accordance with the Transaction Documents;
- (b) authorise or waive, on such terms and conditions (if any) as it may decide, any proposed breach or breach of any Transaction Document, if in the Trustee's opinion, the interests of the holders of the Most Senior Class of Notes then outstanding will not be materially prejudiced thereby; and
- (c) determine that any Event of Default or Potential Event of Default shall not be treated as such, if in the Trustee's opinion, the interests of the holders of the Most Senior Class of Notes then outstanding will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (b) or (c) in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (but no such direction or request shall affect any authorisation or waiver or determination previously given or made).

The Trustee shall not be obliged to agree to any matter which, in the reasonable opinion of the Trustee, would have the effect of exposing the Trustee to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee shall not be held liable for the consequences of exerting its discretion or taking any action, step or proceeding (or not exerting its discretion or taking any action, step or proceeding as the case may be) and may do so without having regard to the effect of such action on individual Noteholders or Secured Creditors.

The Trustee may also, without the consent of any of the Noteholders or other Secured Creditors, concur with the Issuer in substituting in place of the Issuer another single purpose company incorporated in any jurisdiction that meets the SPV criteria (a **Substituted Obligor**) as the principal debtor in respect of the Transaction Documents provided that certain conditions as set out in the Trust Deed are satisfied.

The Issuer and the Trustee shall not, without the prior written consent of the Interest Rate Cap Provider (such consent not to be withheld unreasonably), agree to any amendment to, modification of, or supplement to (and shall procure that there is no amendment to, modification of or supplement to) any of the Transaction Documents, insofar as such amendment, modification or supplement relates to or affects: (a) any Priority of Payments in a manner that adversely affects the Interest Rate Cap Provider and/or the operation of the IRC Collateral Account (other than in relation to any replacement of the Account Bank, provided such replacement has the required ratings); (b) the timing or amount of any payments or deliveries due to be made by or to the Interest Rate Cap Provider under the Conditions or any Transaction Document or the Interest Rate Cap Provider's status as a Secured Creditor; or (c) Condition 17.3.

Neither the Issuer nor the Trustee shall agree to any amendment to, modification of, or supplement to any of the Transaction Documents, insofar as such amendment, modification or supplement relates to or affects the Pre-Enforcement Revenue Priority of Payments and/or the Post-Enforcement Priority of Payments, or the timing or amount of any payments due to be made pursuant to the Pre-Enforcement Revenue Priority of Payments and/or the Post-Enforcement Priority of Payments in such a way as to have the effect of putting the Administrator in a less beneficial position than it would have been had such amendment, modification or supplement not been made, without the prior written consent of the Administrator.

**Event of Default** means any one of the events specified in Condition 13 (*Events of Default*).

**Potential Event of Default** means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default.

### **Change of law**

The structure of the transaction as described in this Prospectus and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Mortgage Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

In particular, draft legislation has recently been submitted as a private member's bill to the Irish legislature which would, if enacted, further limit the ability of a lender to obtain orders for possession in respect of



defaulted mortgage loans. The proposed draft legislation (named the Keeping People in their Homes Bill 2017) aims to reform the factors taken into consideration by the Irish courts when determining applications for mortgagee possession under the Land and Conveyancing Law Reform Act 2009. It provides, among other things, that a court would have to take into account the proportionality of making an order for possession and that the court would be obliged to have regard to a number of factors listed in section 3 of the draft bill, such as (i) whether the order being sought pursues a legitimate aim, the impact which an order for repossession will have on the borrower and other household members and the estimated costs to the Irish State of providing alternative emergency accommodation for that household; and (ii) in cases where the enforcing entity is not the original lender, the amount the enforcing entity paid for the loan and the availability of tax relief in respect of the non-performing loan or its non-performing loans generally.

Furthermore, the Irish Competition and Consumer Protection Commission is currently conducting a study on the mortgage market in Ireland and, on 20 February 2017, commenced a public consultation in respect of the mortgage market. A report (which is expected to be published in May 2017) will provide options for the government in relation to the market structure, legislation and regulation to lower the cost of secured mortgage lending and improve competition and consumer protection.

It is unclear whether any legislation in respect of the foregoing (either in the current draft form or a different form) will be enacted or whether further legislative initiatives to regulate the Irish mortgage market will be introduced. If enacted, any further legislation could potentially impact the ability of the Issuer to make recoveries in respect of the Mortgage Loans and, accordingly, its ability to make payments under the Notes.

### **Impact of regulatory initiatives on certain investors**

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes. In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Lead Manager, the Legal Title Holder or the Sellers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment (or the liquidity of such investment as a result thereof) on the Closing Date or at any time in the future.

Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including the position of its note in the relevant priorities of payment, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator, and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. 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 penal capital charge on the notes acquired by the relevant investor.

Investors should be aware of Part Five (**Part Five**) of the Capital Requirements Regulation (Capital Requirements Regulation or **CRR**) which applies in general in respect of notes issued under securitisations established after 31 December 2010 and will apply to the Notes, Article 51 of AIFMR and Article 254(2) of the Solvency II Delegated Act will also apply in respect of the Notes. Part Five restricts an EU regulated credit institution (and its consolidated group entities) from investing in securitisations unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in

respect of certain specified credit risk tranches or asset exposures as contemplated by Part Five. Part Five also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, among other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an ongoing basis. Failure to comply with one or more of the requirements set out in Part Five will result in the imposition of a penal capital charge on the notes acquired by the relevant investors. Part Five applies to EU regulated credit institutions and their related entities on a consolidated basis. Investors should therefore make themselves aware of the requirements of Part Five, where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

In this regard investors in the Notes who are subject to Part Five should be aware that the Paris Seller and the Retention Holder have made undertakings with regard to Part Five as more particularly described in the section entitled "*Certain Regulatory Disclosures*". These undertakings relate first to the Retention Holder retaining a sufficient material net economic interest in the *securitisation* in accordance with Part Five and secondly to it complying with its obligations under Part Five to provide all materially relevant data on the credit quality and performance of the individual mortgage loans to investors and prospective investors in the Notes. In respect of such obligations, the Retention Holder will, pursuant to the undertaking in the Risk Retention Letter, provide access to such data as the Retention Holder shall determine is "materially relevant data" (for the purposes of Article 409 of CRR and Article 52 of AIMFR) on an objective basis taking into account applicable law and generally accepted market practice as to disclosure and reporting, guidance from or applicable to regulators to which it is subject and the requirements of Noteholders as a class. Investors in the Notes who are subject to Part Five are required to determine for themselves whether data provided prior to making their investment decision and the nature of the Retention Holder's undertakings are sufficient in these respects to enable them to invest in compliance with Part Five and none of the Issuer, the Arranger, the Lead Manager or any Transaction Party makes any representation that the information described above is sufficient in all circumstances for such purposes. Moreover there is no certainty that the Retention Holder will provide additional information requested by an investor in the Notes should the Retention Holder determine it is not required to do so under Part Five and the terms of its undertaking. Failure to receive information which an investor in the Notes considers necessary for its obligations under Part Five may result in additional capital charges should it be determined it did not receive the information by reason of its own negligence or omission and/or have a negative impact on the price or liquidity of the Notes in the secondary market.

Investors in the Notes should also be aware of Section 5 of Chapter III of the Regulation implementing the EU Alternative Investment Fund Managers Directive; Directive 2011/61/EU (**Section 5**), the provisions of which section introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under the Directive and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While the requirements under Section 5 are similar to those which apply under Part Five (including in relation to the requirement to disclose to alternative investment fund managers that the originator, sponsor or original lender will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures), they are not identical and, in particular, additional due diligence obligations apply to relevant alternative investment fund managers.

Each of Part Five, Section 5 and Article 254 of the Solvency II Delegated Act apply in respect of the Notes. Prospective noteholders should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with each of Part Five (and any corresponding implementing rules of their regulator), certain provisions of Section 5 and Article 254 of the Solvency II Delegated Act and none of the Issuer, the Sellers, the Legal Title Holder, the Issuer Administration Consultant or the Administrator), the

Arranger, the Lead Manager nor any other Transaction Party makes any representation that the information described above is sufficient in all circumstances for such purposes.

Aspects of Part Five and Section 5 and what is required to demonstrate compliance to national regulators remain unclear, although the European Banking Authority's report of 12 April 2016 under Article 410(1) of the CRR has given recommendations for enhancing the regulation of securitisation risk retention due diligence. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with Part Five or to avoid being required to take corrective action under Section 5 should seek guidance from their regulator.

In general, Part Five, Section 5, Solvency II Delegated Act and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Investors should note that the Basel Committee on Banking Supervision **BCBS** has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "Basel III"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

It should be noted that the European Commission has published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by BCBS and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the legislative proposals and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into prior to adoption, and of activities undertaken by a party (including an investor) in respect of such transactions, is uncertain.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. In general, investors should consult their own advisers as they deem necessary in relation to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## U.S. Risk Retention Requirements

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

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

The Mortgage Portfolio will be comprised of Mortgage Loans originated by the relevant Original Sellers, each of which is a company incorporated in Ireland.

The Notes provide that they may not be purchased by Risk Retention U.S. Persons unless a waiver is obtained from the Retention Holder. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "**U.S. person**" means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States<sup>2</sup>;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

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<sup>2</sup> The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act<sup>3</sup>;

The Retention Holder has advised the Issuer that it will not provide a waiver (**U.S. Risk Retention Waiver**) to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (as determined by fair value under US GAAP) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons on the Issue Date. Consequently, on the Closing Date, the Notes may only be purchased by persons that (a) are not Risk Retention U.S. or (b) have obtained a U.S. Risk Retention Waiver from the Retention Holder. Persons. Each holder of a Note or a beneficial interest therein acquired in the initial syndication of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Sellers, the Retention Holder, the Arranger and Lead Manager that it (1) either (a) is not a Risk Retention U.S. Person or (b) have obtained a U.S. Risk Retention Waiver from the Retention Holder, (2) is acquiring such Note or a beneficial interest therein for its own account, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules described herein). Non-compliance with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Notes and the ability of the each of the Sellers to perform its obligations under the Transaction Documents. Furthermore, such non-compliance could negatively affect the value and secondary market liquidity of the Notes.

Each of the Sellers, the Retention Holder, the Issuer, the Arranger and the Lead Managers have agreed that none of the Arranger or the Lead Manager or any person who controls any of them or any director, officer, employee, agent or Affiliate of the Arranger or the Lead Manager shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules, and none of the Arranger or the Lead Manager or any person who controls it or any director, officer, employee, agent or Affiliate of the Arranger or the Lead Manager accepts any liability or responsibility whatsoever for any such determination.

There can be no assurance that the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available to the Retention Holder. In particular, the Retention Holder may not be successful in limiting investment by Risk Retention U.S. Persons to no more than 10 per cent. This may result from misidentification of Risk Retention U.S. Person investors as non-Risk Retention U.S. Person investors, or may result from market movements or other matters that affect the calculation of the 10 per cent. value on the Issue Date. Failure on the part of the Retention Holder or the Sellers to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Retention Holder or the Sellers which may adversely affect the Notes and the ability of each of the Sellers to perform its obligations under the Transaction Documents. Furthermore, a failure by the Retention Holder or the Sellers to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

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

## CRA3

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, **CRA3**) which became effective on 20 June 2013. CRA3 requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument (**SFI**) to appoint at least two credit rating agencies to provide credit ratings independently of each other. Additionally, CRA3 requires certain additional disclosure to be made in respect of structured finance transactions.

The scope, extent and manner in which such disclosure should be made was detailed in the Commission Delegated Regulation 2015/3 (the **Delegated Regulation**) on disclosure requirements for SFIs that was published in the Official Journal on 6 January 2015. The Delegated Regulation applies from 1 January 2017 to SFIs issued after the entry into force of the Delegated Regulation on 26 January 2015.

The Delegated Regulation requires that, to comply with Article 8b of CRA3, the reporting entities must submit data files in accordance with the reporting system of the SFI website and the technical Instructions to be provided by ESMA on its website. ESMA was responsible for setting up a website on which information concerning SFIs would be published (**SFI website**) and to issue technical instructions for publication by 1 July 2016.

However, on 27 April 2016, ESMA published a press release in which it acknowledged that it would not be in a position to set up the SFI website or receive the information related to the SFIs.

ESMA expects that proposed securitisation regulation, which is currently being considered by the European Parliament and the Council of the EU, will provide clarity on the future obligation regarding reporting on SFIs and intends to keep interested parties informed of further developments.

## European Market Infrastructure Regulation

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**), which entered into force on 16 August 2012, establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, margin posting and other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, and reporting and record-keeping requirements.

Under EMIR, (i) financial counterparties (**FCs**) and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold (**NFC+s**) must clear via an authorised or recognised central counterparty (**CCP**) certain OTC derivatives contracts that are entered into on or after the effective date for the clearing obligation for each relevant counterparty pair and class of derivatives (the **Clearing Start Date**). Unless an exemption applies, FCs and NFC+s must clear any such OTC derivative contracts entered into between each other and with certain third country equivalent entities (i.e. those that would have been subject to the clearing obligation if they were established in the EU). The process for implementing the clearing obligation is under way and a timeframe for compliance has been established for the first class of transactions (being certain interest rate derivative contracts in USD, EUR, GBP and JPY), with the Clearing Start Date for such contracts with NFC+s being 21 December 2018. Timeframes for mandatory clearing of certain other classes of OTC derivatives transaction have also been established.

On the basis that the Issuer is currently a non-financial counterparty whose positions in OTC derivatives (after the exclusion of hedging positions) do not exceed any of the specified clearing thresholds (an **NFC-**), OTC derivatives contracts that are entered into by the Issuer would not in any event be subject to mandatory

clearing under EMIR. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to mandatory clearing under EMIR.

It should be noted that OTC derivatives contracts entered into by NFC+ and FC entities (and/or third country equivalent entities) that are not cleared by a CCP may be subject to certain margining requirements under EMIR, which began to be phased in from the beginning of 2017. In general, the requirements will apply in respect of OTC derivative contracts entered into or amended on or after the relevant application date. In any event, on the basis that the Issuer is a NFC-, OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to margining requirements.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with either of these requirements if the Issuer becomes subject to the clearing obligation or the margining requirements under EMIR, which may lead to regulatory sanctions, adversely affect the Issuer's ability to enter into any interest rate cap agreement or significantly increase the cost of such arrangements, thereby negatively affecting the Issuer's ability to hedge certain risks. As a result of such additional regulatory requirements, increased costs and/or related limitations on the ability of the Issuer to comply or hedge certain risks, the amounts available to the Issuer to make payments on the Notes may be reduced.

Further, OTC derivatives contracts that are not cleared by a central counterparty are also subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. These requirements are already in effect. In order to comply with certain of these risk mitigation requirements the Issuer includes appropriate provisions in the Interest Rate Cap Agreement, the related Transaction Documents and certain side-arrangements entered into with the Interest Rate Cap Provider.

Additionally, EMIR-related amendments may be made to the Transaction Documents and/or the Conditions by the Trustee without the consent of the Noteholders and without the consent of any other Secured Creditors. In each case, EMIR-related amendments may be made irrespective of whether such modifications are materially prejudicial to the Most Senior Class of outstanding Notes.

### **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of any termination payment due to the Interest Rate Cap Provider pursuant to the relevant Priorities of Payments in circumstances where the Interest Rate Cap Agreement has been terminated as a result of, *inter alia*, an IRC Provider Default or an IRC Provider Downgrade Event.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the US Bankruptcy Court has held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflict remain unresolved, particularly as several subsequent challenges to the US decision have been settled and certain other actions which raise similar issues are currently pending.

If a creditor of the Issuer (such as the Interest Rate Cap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the relevant Priorities of Payments which subordinates a termination payment due to the Interest Rate Cap Provider in circumstances where the Interest Rate Cap Agreement has been terminated as a result of an IRC Provider Default or an IRC Provider Downgrade Event). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Interest Rate Cap Provider given that it may have assets and/or operations in the US, notwithstanding that it is a non-US established entity (and/or with respect to certain replacement Interest Rate Cap Providers).

As the Interest Rate Cap Provider is incorporated in France, if it is subject to an insolvency proceeding governed by French law, it is not certain that a French court would give effect to the provisions of the Priorities of Payments which subordinate a termination payment due to the Interest Rate Cap Provider in circumstances where the Interest Rate Cap Agreement has been terminated as a result of an IRC Provider Default or an IRC Provider Downgrade Event as a result only of the opening of such insolvency proceedings.

In relation to any such insolvency proceeding consisting in the appointment of a *mandataire ad hoc* or a conciliation proceeding (*procédure de conciliation*), Ordinance no. 2014-326 dated 12 March 2014 (the **2014 Ordinance**) expressly introduced the principle that clauses which modify the conditions of the continuation of an ongoing contract by reducing the rights or by increasing the obligations of a debtor on the ground that a *mandataire ad hoc* has been appointed or a conciliation proceeding has been opened (or a request for such appointment or opening has been made) must be set aside.

In relation to other types of insolvency proceedings, there is no legal principle or case law directly and explicitly addressing the preservation of the rights of an insolvent company at a certain level of seniority which would be directly applicable to the assessment of the situation. Accordingly, it could be argued that the subordination provisions of the relevant Priorities of Payments are not expressly prohibited under French law and also that the French Monetary and Financial Code contains provisions supporting the efficiency of the payment terms of the termination amount of a swap agreement. However, the application of certain legal insolvency principles may raise the risk of such subordination provisions being considered as unenforceable, including (i) the principle of continuation of ongoing contracts, (ii) the general objectives of safeguard (*sauvegarde*) or reorganisation (*redressement judiciaire*) proceedings and (iii) the principle introduced by the 2014 Ordinance to the extent that it would be considered as applicable also to such other types of insolvency proceedings.

In general, if a subordination provision included in Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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



## CERTAIN REGULATORY DISCLOSURES

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

Please refer to "*Risk Factors – Impact of regulatory initiatives on certain investors*" for more information.

### **Capital Requirements Regulation and Article 51 of the AIFMR and Article 254 of the Solvency II Delegated Act**

The Retention Holder, as an originator for the purposes of the CRR, the AIFMR and the Solvency II Delegated Act, will until maturity of the Notes, retain a material net economic interest of not less than 5 per cent. in the securitisation (representing downside risk and economic outlay) in accordance with the text of each of Article 405 (1) of the CRR, Article 51 of AIFMR and Article 254 of the Solvency II Delegated Act (which, in each case, does not take into account any relevant national measures). As at the Closing Date, such interest will be comprised of the Retention Holder holding through its interest and exposure in the profit participating loan granted to the Paris Seller, an interest in the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors, represented in this case by the retention by the Paris Seller of the Class Z Notes, as required by the text of each of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and Article 254(2)(d) of the Solvency II Delegated Act. The aggregate Principal Amount Outstanding of the Class Z Notes as at the Closing Date is equal to at least 5 per cent of the nominal value of the securitised exposures. Any change to the manner in which such interest is held will be notified to Noteholders.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the monthly Investor Reports provided to the Noteholders pursuant to the Cash Management Agreement and published on the following website: [www.usbank.com/abs](http://www.usbank.com/abs) (which, for the avoidance of doubt does not form part of this Prospectus).

The Retention Holder will undertake in the Risk Retention Letter:

- (a) to retain on an on-going basis a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures (representing downside risk and economic outlay) for the purposes of Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Delegated Act (the **Minimum Required Interest**);
- (b) to retain the Minimum Required Interest by holding an indirect exposure in the first loss tranche in the securitisation in accordance with each of paragraph (d) of Article 405(1) of the CRR, paragraph (d) of Article 51(1) of the AIFMR and paragraph (d) of Article 254(2) of the Solvency II Delegated Act, represented by the Class Z Notes through its exposure to the Paris Seller under the Paris PPL and the corresponding holding by the Paris Seller of the Class Z Notes in an amount not less than the Minimum Required Interest;
- (c) not to change the manner or form in which it retains the Minimum Required Interest, except as permitted under each of the CRR, the AIFMR and the Solvency II Delegated Act;
- (d) not to dispose of, assign or transfer its rights, benefits or obligations under the Paris PPL except as permitted under each of the CRR, the AIFMR and the Solvency II Delegated Act;

- (e) not to take any action which would reduce its exposure to the economic risk of the Class Z Notes in such a way that it ceases to hold the Minimum Required Interest except as permitted under each of the CRR, the AIFMR and the Solvency II Delegated Act; and
- (f) to comply with the disclosures and obligations described in Article 409 of the CRR including by confirming the Paris Seller's risk retention as contemplated by Article 405 of the CRR, Article 254 of the Solvency II Delegated Act and Article 51 of the AIFMR through the timely provision of the information in the prospectus for the securitisation, disclosure in the Investor Reports (as prepared by the Cash Manager) and procuring provision to the Lead Manager and the Issuer access to any reasonable and relevant additional data reasonably available to the Retention Holder and information referred to Article 409 of the CRR (subject to all applicable laws), provided that the Retention Holder will not be in breach of this paragraph (f) if it fails to so comply due to events, actions or circumstances beyond its control; and
- (g) that it shall immediately notify the Issuer, the Arranger and Lead Manager, the Trustee and the Cash Manager in writing if for any reason (i) it fails to comply with the undertakings set out in (a) to (f) above in any way or (ii) it becomes aware that the Paris Seller has failed to comply with any of its undertakings set out below.

The Paris Seller will undertake in the Risk Retention Letter, at any time whilst the Rated Notes are still outstanding:

- (a) that it will continue to hold, on an ongoing basis, all of the Class Z Notes unless instructed otherwise by the Retention Holder in accordance with the CRR, the AIFMR and the Solvency II Delegated Act;
- (b) not to carry on any other trade or business or any activities or hold shares in any company or hold any other assets other than the Notes, save to the extent permitted by or provided for in the Transaction Documents or paragraph (c) below or as permitted under the Transaction Documents or the terms of the Paris PPL, such other related documents that are referred to in the Paris PPL or which relate to the entry into and performance by the Paris Seller of its obligations under the Paris PPL and activities ancillary thereto;
- (c) not to incur any indebtedness or give any guarantee in respect of any indebtedness or of any other obligation of any person other than the Paris PPL and the Paris Facility Agreement;
- (d) not to take any action which would reduce the Retention Holder's exposure to the economic risk of the Class Z Notes in such a way that the Retention Holder ceases to hold the Minimum Required Interest; and
- (e) not to issue any further shares in addition to those that are in issue as at the Closing Date.

**Paris Facility Agreement** means the facility agreement dated 18 February 2015 between, among others, the Paris Seller as the Borrower, Morgan Stanley Bank, N.A. and Morgan Stanley Principal Funding, Inc. as the Arrangers and U.S. Bank Trustees Limited as the Security Trustee.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFMR (including Article 51), Chapter VIII of Title I of the Solvency II Delegated Act (including Article 254) and any relevant national measures which may be relevant and none of the Issuer, the Retention Holder, the Sellers, the Legal Title Holder, the Cash Manager, the Administrator, the Issuer Administration Consultant, the Trustee, the Arranger or the Lead Manager (i) makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes, (ii) should have any liability to any prospective investor or any other person for any insufficiency of such information or any failure of the

transactions contemplated herein to comply with or otherwise satisfy the requirements of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFMR (including Article 51) and Chapter VIII of the Solvency II Delegated Act or any other applicable legal, regulatory or other requirements, or (iii) shall have any obligation (other than the obligations in respect of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFMR (including Article 51) and Chapter VIII of the Solvency II Delegated Act undertaken by the Retention Holder and the Paris Seller in the Risk Retention Letter) to enable compliance with the requirements of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFMR (including Article 51) and Chapter VIII of Title I of the Solvency II Delegated Act or any other applicable legal, regulatory or other requirements.

For further information please refer to the Risk Factor entitled "*Certain Regulatory Considerations – Impact of regulatory initiatives on certain investors*".

### **Credit Rating Agency Regulation**

Each of DBRS and Moody's is a credit rating agency established and operating in the European Community and registered under the CRA Regulation.

## WEIGHTED AVERAGE LIFE OF THE NOTES

The average lives of the Notes cannot be stated, as the actual rate of repayment of the Mortgage Loans and redemption of the Mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions. For example, based on the assumptions that:

- (a) the Option Holder exercises the Call Option to redeem the Notes on the Optional Redemption Date, in the first scenario, or the Option Holder does not exercise the Call Option to redeem the Notes on or after the Optional Redemption Date in the second scenario;
- (b) the Mortgage Loans are subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 15 per cent. per annum as shown on the table below;
- (c) the assets of the Issuer are not sold except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Rated Notes;
- (d) the characteristics of the Mortgage Loans in the Mortgage Portfolio will be identical to those of the Mortgage Loans in the Provisional Mortgage Portfolio and the Current Balance of the Mortgage Loans will be identical to the current balance of the Provisional Mortgage Portfolio;
- (e) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (f) no Borrowers are offered and accept different mortgage products by either of the Sellers and neither of the Sellers is required to repurchase any Mortgage Loan in accordance with the Mortgage Sale Agreement;
- (g) the Security is not enforced;
- (h) the Mortgages continue to be fully performing;
- (i) the ratio of the Principal Amount Outstanding of:
  - i. the Class A Notes to the Principal Amount Outstanding of the Notes is EUR 283,789,000.;
  - ii. the Class B Notes to the Principal Amount Outstanding of the Notes is EUR 80,407,000;
  - iii. the Class C Notes to the Principal Amount Outstanding of the Notes is EUR 31,532,000;
  - iv. the Class D Notes to the Principal Amount Outstanding of the Notes is EUR 47,298,000;
  - v. the Class E Notes to the Principal Amount Outstanding of the Notes is EUR 48,875,000;
  - vi. the Class F Notes to the Principal Amount Outstanding of the Notes is EUR 31,532,000;
- (j) each of the (i) Rate of Interest for the Notes are as set forth or described in the table on page 21; (ii) the ECB Rate remains at a rate of 0.00 per cent, and (iii) one-month EURIBOR remains at a rate of - 0.371, in each case for so long as any Notes are outstanding;
- (k) the Notes are issued on or about 20 March 2017;
- (l) the Loans are sold to the Issuer for value as at the Cut-Off Date, therefore the accrual of cash flows starts at the Cut-Off Date;

- (m) the statistical calculation date of the Loans is 31 December 2016 and the Cut-Off Date (for these purposes) is 28 February 2017;
- (n) any loans which repay on a combination repayment and interest-only basis in the Provisional Portfolio are treated as if they are Interest-only Loans;
- (o) amounts credited to the Transaction Account have a yield of 0 per cent.

Assumption (a) reflects the current intention of the Issuer but no assurance can be given that such assumption will occur as described.

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

Assumptions (b) to (j) (inclusive) relate to circumstances which are not predictable.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see *"Risk Factors – Credit Structure – Yield and prepayment considerations"*, above.

#### Redemption on Optional Redemption Date

| Constant annual rate of prepayment of the Loans | (Assuming Issuer Call on First Optional Redemption Date) |               |               |               |               |               |
|---|--|---------------|---------------|---------------|---------------|---------------|
|   | Possible Average Life (in years) of:                     |               |               |               |               |               |
|   | Class A Notes  | Class B Notes | Class C Notes | Class D Notes | Class E Notes | Class F Notes |
| 0%  | 1.88   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 0.5%  | 1.86   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 1%  | 1.84   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 2%  | 1.80   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 3%  | 1.76   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 5%  | 1.68   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 10%   | 1.48   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |
| 15%   | 1.28   | 2.01          | 2.01          | 2.01          | 2.01          | 2.01          |

**No Redemption on Optional Redemption Date**

**(Assuming No Issuer Call on First Optional Redemption Date)**

| <b>Constant annual rate of prepayment of the Loans</b> | <b>Possible Average Life (in years) of:</b> |                      |                      |                      |                      |                      |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | <b>Class A Notes</b>                        | <b>Class B Notes</b> | <b>Class C Notes</b> | <b>Class D Notes</b> | <b>Class E Notes</b> | <b>Class F Notes</b> |
| 0%   | 5.69  | 11.98                | 14.21                | 15.71                | 17.68                | 19.21                |
| 0.5%   | 5.28  | 11.35                | 13.57                | 15.13                | 17.06                | 18.59                |
| 1%   | 4.92  | 10.78                | 12.88                | 14.54                | 16.46                | 18.07                |
| 2%   | 4.30  | 9.78                 | 11.66                | 13.32                | 15.39                | 16.88                |
| 3%   | 3.79  | 8.90                 | 10.73                | 12.18                | 14.34                | 15.82                |
| 5%   | 3.03  | 7.45                 | 9.06                 | 10.38                | 12.25                | 13.84                |
| 10%  | 1.97  | 4.98                 | 6.28                 | 7.32                 | 8.78                 | 10.00                |
| 15%  | 1.43  | 3.65                 | 4.58                 | 5.43                 | 6.63                 | 7.62                 |

## **USE OF PROCEEDS**

The Issuer will use the gross proceeds of the Notes (other than the Class Z Notes) to pay the Consideration payable by the Issuer for the Initial Portfolio to be acquired from the Sellers on the Closing Date and to establish the Prefunding Reserve Ledger.

The Issuer will use the proceeds of the Subordinated Loan on the Closing Date to: (i) fund the General Reserve Fund up to the Initial General Reserve Fund Required Amount; (ii) fund the Liquidity Reserve Fund up to the Initial Liquidity Reserve Fund Required Amount; and (iii) meet the costs and expenses incurred by the Issuer in respect of the issuance of the Notes.

## RATINGS

The Rated Notes, on issue, (with respect to payments of interest and principal) (but not, for the avoidance of doubt, with respect to payments of Additional Note Payments in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) are expected to be assigned the following ratings by DBRS and Moody's. The Class Z Notes and the Class X Notes will not be rated.

A security rating given in relation to a bond, note or security by a rating agency is not a recommendation to buy, sell or hold such bond, note or security and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances so warrant.

| <b>Class of Notes</b> | <b>DBRS</b> | <b>Moody's</b> |
|-----------------------|-------------|----------------|
| Class A Notes         | AAA (sf)    | Aaa (sf)       |
| Class B Notes         | AA (sf)     | Aa1 (sf)       |
| Class C Notes         | A (sf)      | Aa3 (sf)       |
| Class D Notes         | BBB (sf)    | A3 (sf)        |
| Class E Notes         | BB (sf)     | Ba1 (sf)       |
| Class F Notes         | B (sf)      | B2 (sf)        |

The ratings assigned by the Rating Agencies in respect of the Class A Notes address the likelihood of timely payment of interest and ultimate payment of principal due to Noteholders by a date that is not later than the Final Maturity Date. The ratings assigned by the Rating Agencies in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes address the likelihood of ultimate payment of interest and ultimate payment of principal due to Noteholders by a date that is not later than the Final Maturity Date.

The ratings of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes do not address the likelihood of receipt of any amount in respect of Additional Note Payments.

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the EU and is registered under the CRA Regulation.



## THE ISSUER

### Introduction

The Issuer was incorporated and registered in Ireland (under company registration number 596936) as a designated activity company limited by shares under the Companies Act 2014 (as amended) on 20 January 2017. The registered office of the Issuer is at 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. The entire issued share capital of the Issuer (one issued share and 100 authorised shares of €1 each) is held by the Share Trustee, under the terms of a trust established under Irish law by a declaration of trust dated 20 January 2017 on discretionary trust for a number of charitable purposes. The Issuer has been established as a special purpose company for the purpose of acquiring the Mortgage Assets and issuing the Notes. The Issuer has no subsidiaries.

The telephone number of the Issuer is +353 1 697 5350.

Intertrust Finance Management (Ireland) Limited (the **Corporate Services Provider**), acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on or about the Closing Date between the Issuer and the Corporate Services Provider (the **Corporate Services Agreement**), the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days written notice to the other party. The Corporate Services Provider's principal office is at 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

The principal objects of the Issuer are set out in Clause 3 of its Constitution and amongst other things are to purchase, take transfers of, invest in and acquire by any means loans or other obligations involving the extension of credit and any security therefor and to raise or borrow money and to grant security over its assets for such purposes.

The Issuer has not commenced operations and has not engaged, since its incorporation, and will not engage in any material activities other than those incidental to its incorporation under the Irish Companies Act 2014 authorisation and issue of the Notes, the matters referred to or contemplated in this document and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing.

### Directors

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

| Name          | Address   | Principal Activities |
|---------------|---|----------------------|
| Brian Muldoon | 1st Floor, 1-2 Victoria Buildings,<br>Haddington Road, Dublin 4,<br>Ireland | Company Director     |
| Ian Garvan    | 1st Floor, 1-2 Victoria Buildings,<br>Haddington Road, Dublin 4,            | Company Director     |

| Name | Address<br>Ireland | Principal Activities |
|------|--------------------|----------------------|
|------|--------------------|----------------------|

The Secretary of the Issuer is Intertrust Finance Management (Ireland) Limited of 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

### Activities

On the Closing Date, the Issuer will acquire from the Sellers a portfolio of residential mortgages originated by Bank of Scotland plc, Bank of Scotland (Ireland) Limited, Start Mortgages DAC and Nua Mortgages Limited. On a Further Portfolio Sale Date, the Issuer may acquire a Further Portfolio from either or both of the Sellers. All Mortgage Assets acquired by the Issuer on such date will be financed by the proceeds of the issue of the Notes. The activities of the Issuer will be restricted by the Conditions, the Irish Deed of Charge and the English Deed of Charge and will be limited to the issue of the Notes, the ownership of the Mortgage Assets and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include the collection of payments of principal and interest from Borrowers in respect of Mortgage Loans and the operation of arrears procedures.

Certain of the above activities will be carried on by the Administrator on an agency basis on behalf of the Issuer and Trustee under the Administration Agreement. Additionally, the Cash Manager will provide cash management and reporting services to the Issuer and the Trustee pursuant to the Cash Management Agreement. The Issuer (with the consent of the Trustee) or the Trustee may revoke the agency of the Administrator upon the occurrence of certain events of default or insolvency or similar events in relation to the Administrator in accordance with the terms of the Administration Agreement. Following such an event as aforesaid, the Issuer may (with the consent of the Trustee) or the Trustee may, subject to certain conditions, appoint any substitute Administrator.

## THE RETENTION HOLDER

Lone Star International Finance DAC (the **Retention Holder** is a designated activity company limited by shares incorporated in Ireland on 10 August 2000 (registration number 331131 and registered address at 6th Floor, Fitzwilliam Court, Leeson Close, Dublin 2, Ireland).

The Retention Holder is exposed to the Paris Seller by virtue of the Paris PPL, pursuant to which the Retention Holder has agreed to make a loan available to the Paris Seller which the Paris Seller is permitted to use to invest in certain financial assets, subject to the terms of the Paris PPL. Pursuant to the terms of the PPL, all available amounts received by the Paris Seller in relation to the Mortgage Assets (including the proceeds of any sale of the Mortgage Assets) are, and all available amounts received by the Paris Seller in respect of the Class Z Notes and any other Notes will be, passed by the Paris Seller to the Retention Holder.

Similarly, the Retention Holder is exposed to the Java Seller by virtue of the Java PPL, pursuant to which the Retention Holder has agreed to make a loan available to the Java Seller which the Java Seller is permitted to use to invest in certain financial assets, subject to the terms of the Java PPL. Pursuant to the terms of the Java PPL, all available amounts received by the Java Seller in relation to the Mortgage Assets (including the proceeds of any sale of the Mortgage Assets) will be passed by the Java Seller to the Retention Holder.

The Retention Holder holds a number of different assets and investments. As at the date of its last audited financial accounts on 31 December 2015, the total assets of the Retention Holder were \$5,625,963,000.

## **JAVA SELLER**

LSF IX Java Investments DAC (the **Java Seller**) is a designated activity company incorporated in Ireland on 27 August 2014 (registration number 548644 and registered address at 6<sup>th</sup> Floor, Fitzwilliam Court, Leeson Close, Dublin 2, D02 YW24, Ireland). It acquired the legal and beneficial title to the Mortgage Loans from Investec Bank plc and Nua Mortgages Limited (the **Original Sellers**) pursuant to the loan sale deed dated 12 September 2014 between amongst others, the Original Sellers and the Java Seller (the **Original Mortgage Sale Agreement**).

The Java Seller entered into a profit participating loan agreement with the Retention Holder to the Java Seller on 11 September 2014 (as amended and restated on 4 December 2014 and from time to time) (the **Java PPL**), pursuant to which the Retention Holder agreed to make a loan available to the Java Seller which the Java Seller is permitted to use to invest in certain financial assets, subject to the terms of such PPL. Pursuant to the terms of the PPL, all available amounts received by the Java Seller in relation to the Mortgage Assets (including the proceeds of any sale of the Mortgage Assets) are passed by the Java Seller to the Retention Holder.

## PARIS SELLER

LSF IX Paris Investments DAC (the **Paris Seller**) is a designated activity company incorporated in Ireland on 10 September 2014 (registration number 549413 and registered address at 6<sup>th</sup> Floor, Fitzwilliam Court, Leeson Close, Dublin 2, D02 YW24, Ireland). It acquired the legal and beneficial title to the Mortgage Loans from Bank of Scotland (Ireland) Limited (the **Original Seller**) pursuant to the purchase deed dated 11 October 2014 between amongst others, the Original Seller and the Paris Seller (the **Original Mortgage Sale Agreement**).

The Paris Seller entered into a profit participating loan agreement with the Retention Holder on 10 October 2014 (as amended and restated from time to time) (the **Paris PPL**), pursuant to which the Retention Holder agreed to make a loan available to the Paris Seller which the Paris Seller is permitted to use to invest in certain financial assets, subject to the terms of such PPL. Pursuant to the terms of the PPL, all available amounts received by the Paris Seller in relation to the Mortgage Assets (including the proceeds of any sale of the Mortgage Assets) and all available amounts received by the Paris Seller in respect of the Class Z Notes and any other Notes held by it are passed by the Paris Seller to the Retention Holder.

The Paris Seller has covenanted to limit its activities to holding certain Classes of the Notes and entering into the PPL and activities ancillary thereto. It has also agreed not to issue any further shares or incur any further indebtedness other than under the PPL.

The Paris Seller has also given certain undertakings in relation to the holding of the Minimum Required Interest by the Retention Holder, which are set out in the section headed "*Certain Regulatory Disclosures – Capital Requirements Regulation and Article 51 of the AIFMR and Article 254 of the Solvency II Delegated Act*".

## **THE LEGAL TITLE HOLDER**

Start Mortgages DAC, is a designated activity company incorporated in Ireland on 24 September 2004 (registered number 391445). The registered office of Start Mortgages DAC is at Trimleston House Beech Hill Office Campus Clonskeagh, Dublin 4, D04CK80, Ireland. Start Mortgages DAC is a wholly-owned subsidiary of Start Mortgages Holding Limited.

Start Mortgages DAC is authorised as a retail credit firm by the Central Bank of Ireland under the Central Bank Act 1997 (as amended by the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015) under registration number C36267 to provide credit servicing for the Mortgage Portfolio.

Start Mortgages DAC provides mortgage management services to LSF IX Paris Investments DAC, LSF IX Java Investments DAC, Lansdowne Mortgage Securities No. 1 plc and Lansdowne Mortgage Securities No. 2 plc.

Start Mortgages DAC had net assets of €127,975 at 31 December 2015.

## THE MORTGAGE PORTFOLIO

### The Mortgage Loans

#### Introduction

The following is a description of some of the characteristics of the Mortgage Loans comprised in the Initial Portfolio, or those Mortgage Loans that will comprise a Further Portfolio, including details of loan types and selected statistical information.

Each of the Mortgage Loans in the Mortgage Portfolio was advanced by Bank of Scotland (Ireland) Limited, Start Mortgages DAC or Nua Mortgages Limited. The Provisional Mortgage Portfolio was drawn up as at 31 December 2016 and was made up of mortgages owned by each of the Sellers. The Initial Portfolio will differ from the Provisional Portfolio due to: (i) the exclusion of Mortgage Loans which have been redeemed in full in the period from the Provisional Cut-Off Date to the Cut-Off Date; (ii) the exclusion of Mortgage Loans which became ineligible for inclusion between the Provisional Cut-Off Date and the Cut-Off Date having been in arrears for more than three months; and (iii) the inclusion of Mortgage Loans which having been ineligible for inclusion on the Provisional Cut-Off Date are eligible for inclusion on the Cut-Off Date being in arrears for less than three months.

Unless otherwise indicated, the description that follows relates to types of loans that could be sold to the Issuer as part of the Initial Portfolio as at the Closing Date or as part of a Further Portfolio as at a Further Portfolio Sale Date.

#### Characteristics of the Provisional Mortgage Portfolio

##### Mortgage Product Types

The Mortgage Portfolio (as defined below) consists of Mortgage Loans originated by Bank of Scotland (Ireland) Limited, Start Mortgages DAC and Nua Mortgages Limited which are intended for borrowers who are individuals who wish to use the Mortgage Loan (i) as a means to purchase or refinance a residential property situated in Ireland to be used wholly or partly as the Borrower's own residence (**Owner Occupied Mortgage Loans**) or (ii) to purchase or refinance residential property(s) for the purposes of letting to third parties (**Buy to Let Mortgage Loans**).

**Borrower** means, in relation to a Mortgage Loan, the individual or individuals specified as such in the relevant mortgage conditions together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or part of it.

##### Interest Type

Interest on the Mortgage Loans is charged based on a floating rate of interest based on a variable rate or other discretionary rate.

##### Types of Interest Rate Terms

The interest rate terms for each Mortgage will comprise any of the following types:

- (a) Mortgage Loans which are subject to a variable rate of interest set by Start Mortgages DAC from time to time (**Variable Rate Mortgage Loans**);
- (b) Mortgage Loans which are subject to a fixed rate of interest set by reference to a pre-determined rate or series of rates for a fixed period or periods (**Fixed Rate Mortgage Loans**);

- (c) Mortgage Loans which are ECB-linked mortgages where the applicable rate of interest is calculated by reference to the European Central Bank base rate (the **ECB Rate**) plus a margin of between 0.55 per cent. per annum and 3.50 per cent. per annum (**Tracker Mortgage Loans**); and
- (d) Mortgage Loans which were but are no longer subject to a fixed rate of interest are treated as and are referred to herein as either Variable Rate Mortgage Loans or Tracker Mortgage Loans.

### **Types of Repayment Terms**

The type of repayment terms contained within each Mortgage Loan comprises any of the following types (including possible combinations thereof):

- (a) Mortgage Loans in relation to which monthly instalments normally cover both interest and principal, which are payable until the mortgage loan is fully repaid at its maturity (**Repayment Mortgage Loans**);
- (b) Mortgage Loans in relation to which monthly payments cover interest only (**Interest Only Mortgage Loans**); and
- (c) Mortgage Loans in relation to which certain monthly instalments cover interest only and other monthly instalments cover both interest and principal (**Part and Part Mortgage Loans**).

### **Term**

Each Mortgage Loan has an initial term of between 5 and 40 years (other than a Buy to Let Mortgage Loans which have an initial term of between 5 and 30 years).

### **Loan and Arrears Status**

The Mortgage Portfolio comprises of Mortgage Loans which are re-performing and performing. All Mortgage Loans in the Mortgage Portfolio are less than or equal to three months in arrears.

### **Credit Risk Mitigation**

Each of the Sellers have applied and will apply certain criteria, policies and procedures regarding the administration of the mortgage portfolio:

- (a) the Administrator on behalf of, *inter alios*, the Issuer will have in place and operate effective systems to manage the ongoing administration and monitoring of the Mortgage Portfolio, including for identifying and managing problem loans;
- (b) each of the Sellers purchased the beneficial interest in their respective contribution to the Mortgage Portfolio (each as part of a wider portfolio) from the relevant Original Sellers having regard to the diversification of such wider portfolio (of which the Mortgage Portfolio forms part) based on each of their credit strategy; and
- (c) the Administrator on behalf of, *inter alios*, the Issuer will have a written policy on credit risk mitigation techniques (as set out in the ASU Policy & Procedures) as relates to Mortgage Loans in arrears and default which describes how and when enforcement may occur.

For further information please see "*The Administrator and the Administration Agreement*".



## SALE OF THE MORTGAGE PORTFOLIO UNDER EACH MORTGAGE SALE AGREEMENT

### Mortgage Sale Agreement

The following section contains an overview of the material terms of each agreement entered into on or about the Closing Date between the respective Sellers, the Issuer and the Trustee in relation to the sale of the Mortgage Portfolio to the Issuer (each a **Mortgage Sale Agreement**). The overview does not purport to be complete and is subject to the provisions of each Mortgage Sale Agreement.

### Sale of the Mortgage Portfolio

Pursuant to the terms of each Mortgage Sale Agreement, the Paris Seller will sell its beneficial interest in the Paris Portfolio to the Issuer and the Java Seller will sell its beneficial interest in the Java Portfolio (together with the Paris Portfolio, the **Initial Portfolio**) to the Issuer, in each case on the Closing Date. The Legal Title Holder will undertake to transfer legal title when required under the terms of such Agreements, as described under "*Perfection Trigger Events*" below, and each of the Sellers and the Legal Title Holder will provide certain further assurances to the Issuer and the Trustee.

The sale by the Sellers to the Issuer of the Mortgage Portfolio (as defined below) will be given effect to by an assignment of beneficial ownership. The consideration due to the Sellers in respect of the Mortgage Portfolio will be the Consideration (as defined below).

In addition, either or both of the Sellers may offer, on any Business Day from but excluding the Closing Date to and including the third Interest Payment Date, to sell a Further Portfolio to the Issuer on a Further Portfolio Sale Date. The Issuer will pay the Consideration for a Further Portfolio (as described below) using amounts standing to the credit of the Prefunding Reserve Ledger on the relevant Further Portfolio Sale Date. The Issuer will not be entitled to use any other funds available to it to purchase a Further Portfolio from the Seller.

### Sale of Mortgage Assets

**Consideration** means:

- (a) in relation to the sale of the Initial Portfolio, the proceeds of the Notes (other than the Class Z Notes) and delivery to the Paris Seller of the Class Z Notes; and
- (b) in relation to the sale of a Further Portfolio, an amount equal to the Current Balance of the Mortgage Loans in such Further Portfolio on the first day of the calendar month in which the relevant Further Portfolio Sale Date occurs.

**Current Balance** for each Mortgage Loan means, at any date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Mortgage Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the Borrower (including any fees and expenses added to such principal amount); plus
- (b) any advance of further moneys to the Borrower thereof prior to the Closing Date or the relevant Further Portfolio Sale Date, as applicable, on the security of or securable on the relevant Mortgage Loan and any amount added to the principal balance of the relevant Mortgage Loan prior to the Closing Date or the relevant Further Portfolio Sale Date, as applicable, on the terms of the relevant mortgage deed after the date of completion of such Mortgage Loan which remains outstanding as at such date (including fees and expenses, Accrued Interest, any Arrears of Interest and any unpaid expenses, including, without limitation, insurance premiums); plus

- (c) all Accrued Interest but not yet due and Arrears of Interest which in each case has not been added to the principal amount,

as at the end of the Business Day immediately preceding that given date, minus any repayment or payment (including, if permitted, by way of set-off, withholding or counterclaim) of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released.

### **Conditions to Sale**

The sale of Mortgage Loans and their Related Security to the Issuer will be subject to various conditions being satisfied on (in the case of the sale of the Initial Portfolio) the Closing Date or (in the case of the sale of a Further Portfolio) on the relevant Further Portfolio Sale Date.

In addition, the sale of a Further Portfolio will be subject to certain additional conditions (as described below in "*Further Purchase Conditions*").

### **Perfection Trigger Events**

Under each Mortgage Sale Agreement, the Issuer and the Trustee will each be entitled (in the case of the Trustee, following delivery of an Enforcement Notice) to effect such registrations and give such notices as it considers necessary to protect and perfect its interests in the Mortgage Assets, and to require the Legal Title Holder to transfer by way of assignment of the legal title to the Mortgage Assets in favour of the Issuer, *inter alia*, where:

- (a) it is obliged to do so by law, by court order or by a mandatory requirement of any regulatory authority;
- (b) an Enforcement Notice has been given; or
- (c) any Insolvency Event has occurred in relation to the relevant Seller or the Legal Title Holder or any other entity in which legal title to any Mortgage Asset is vested.

Following such legal assignment or transfer, the Issuer (with the written consent of the Trustee) and the Trustee (following delivery of an Enforcement Notice) will each be entitled to take all necessary steps and actions to protect and perfect legal title to its interests in the Mortgage Loans and Related Security, including the carrying out of any necessary registrations and notifications.

The above rights are supported by irrevocable powers of attorney (including each Seller Security Power of Attorney and the Legal Title Holder Power of Attorney) given, *inter alia*, by the Issuer, the relevant Seller and the Legal Title Holder in favour of the Trustee.

For so long as neither the Issuer nor the Trustee have obtained legal title to the Mortgage Assets, each of the Sellers and the Legal Title Holder will undertake in the relevant Mortgage Sale Agreement for the benefit of the Issuer and the Trustee that it will join any legal proceedings to the extent necessary to protect, preserve and enforce the Issuer's title or interest in any Mortgage Asset.

The completion of the legal transfer or conveyance of the Mortgage Assets (and, where appropriate, their registration) to the Issuer is, save in the limited circumstances referred to in this section, deferred. Legal title to the Mortgage Assets therefore remains with the Legal Title Holder. Notice of the sale of the Mortgage Assets to the Issuer will not (except as stated herein) be given to any Borrower.

The title information documents and customer files relating to the Mortgage Portfolio are currently held by or to the order of the Legal Title Holder. The Sellers have undertaken that, until perfection of the assignments

contemplated by the relevant Mortgage Sale Agreement, all the title information documents and customer files relating to the Mortgage Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer or as the Issuer directs. The Administrator is required by the Administration Agreement to ensure the safe custody of the title deeds relating to the Mortgage Assets and to provide the Issuer and the Trustee with access to them at all reasonable times.

Save as described above, neither the Issuer nor the Trustee will initially effect any registration to perfect the sale of the Mortgage Assets to the Issuer or the granting of security over them by the Issuer in favour of the Trustee, nor will they initially acquire possession of the title deeds to the Properties securing the Mortgage Loans.

Notices of the sale to the Issuer and the granting of the Security in favour of the Trustee will not, save as mentioned above, be given to the Borrowers. Notice of the interest of the Issuer and the Trustee will be given in respect of the Insurance Policies (see "*The Mortgage Portfolio*" above) to the relevant insurance provider.

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

**Insolvency Event** means, in relation to the Issuer, each Seller, the Legal Title Holder, the Administrator, the Cash Manager, the Reference Agent, the Principal Paying Agent, the Registrar, the Account Bank and the Collection Account Bank (as applicable):

- (a) an order is made or an effective resolution passed for the winding up of the relevant entity, (except in the case of the Issuer, a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Most Senior Class of Notes); or
- (b) the relevant entity, otherwise than for the purposes of such amalgamation or reconstruction of the Issuer as is referred to in paragraph (a) above, ceases or through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or is deemed unable to pay its debts as and when they fall due within the meaning of Section 509(3) and/or Section 570 of the Companies Act 2014; or
- (c) the relevant entity is unable to pay its debts as they fall due or it is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts or announces an intention to suspend making payments with respect to any class of undisputed debts; or
- (d) the appointment of an insolvency official in relation to the relevant entity or in relation to the whole or any part of the undertaking or assets of such relevant entity; or
- (e) proceedings shall be initiated against the relevant entity under any applicable liquidation, insolvency, bankruptcy, composition, administration, examination, court protection, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws and such proceedings are not being disputed in good faith with a reasonable prospect of success or an order appointing an examiner shall be granted or the appointment of an examiner or administrator takes effect or an examiner, administrator or other receiver, liquidator, trustee in sequestration or other similar official shall be appointed in relation to the relevant entity or in relation to the whole or any substantial part of the undertaking or assets of the relevant entity.

## **Warranties and Consequences of Breach of Warranty**

Each Mortgage Sale Agreement will contain certain representations and warranties given by the relevant Seller(s) to the Issuer and the Trustee in relation to the Mortgage Portfolio (the Initial Portfolio and any Further Portfolios, as relevant) transferred or assigned to the Issuer pursuant to the relevant Mortgage Sale Agreement.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying entirely on the representations and warranties set out in each Mortgage Sale Agreements.

In the case of breach of any of the representations or warranties given by the Sellers on the Closing Date or a Further Portfolio Sale Date, as applicable, which has or would have a material adverse effect on the relevant Mortgage Asset and which is not capable of remedy or is not remedied within 30 Business Days of being notified by the Issuer to the relevant Seller, the Issuer's only remedy in respect of a breach of any Mortgage Loan Warranty will be to claim damages for breach of that Mortgage Loan Warranty. Neither Seller will be required to repurchase or procure the repurchase of any Mortgage Loan which is the subject of any such breach. There can be no assurance that the relevant Seller will have the financial resources to honour its obligations to pay any payment of damages in respect of a breach of warranty. This may affect the quality of the Mortgage Assets and accordingly the ability of the Issuer to make payments due on the Notes.

Further, if the Issuer wishes to make a claim in respect of that breach of any Mortgage Loan Warranty, the Issuer must at any time on or before the date falling two years after the Closing Date (in respect of a Mortgage Loan in the Initial Portfolio) or the relevant Further Portfolio Sale Date (in respect of a Mortgage Loan in a Further Portfolio) as applicable give notice of such breach to the relevant Seller.

The relevant Seller's liability in respect of any breach of any Mortgage Loan Warranty shall be limited to not greater than five per cent of the Current Balance of the relevant Mortgage Loan, provided that the Seller will have no liability to the Issuer in respect of a Mortgage Loan Warranty unless in each case the amount of damages to which the Issuer would be entitled as a result of that Warranty Claim but for such limit exceeds €5,000 per Mortgage Loan that is the subject of that Warranty Claim (unless there are Warranty Claims relating to breaches of the same Mortgage Loan Warranty arising from similar facts where the amount of such claim to which the Issuer would but for such limit be entitled as a result of those Warranty Claims exceeds €20,000 in aggregate).

Any amount payable by the relevant Seller to the Issuer in respect of such claim shall be paid within 60 Business Days of receipt by the relevant Seller of written notice of such breach from the Issuer or, if later, the date on which the amount of damages are determined.

If a Mortgage Loan has never existed, or has ceased to exist, the relevant Seller shall indemnify the Issuer and the Trustee against any loss suffered by reason of any representation or warranty relating to or otherwise affecting that Mortgage Loan being untrue or incorrect by reference to the facts subsisting as at the date on which the relevant representation or warranty was given, provided that the amount of such indemnity shall not exceed the Current Balance of the Mortgage Loan which would have been payable by the Borrower in respect of such Mortgage Loan in relation to such Mortgage Loan had the Mortgage Loan existed and complied with each of the Mortgage Loan Warranties in relation to such Mortgage Loan on the Closing Date or the relevant Further Portfolio Sale Date, as applicable. The limitations of Seller liability described above shall apply to any such indemnity payment.

## **Representations and Warranties**

The representations and warranties of the Sellers referred to above include, but are not limited to, statements to the following effect:

- (a) so far as the relevant Seller is aware, each Mortgage Loan is secured by a valid, subsisting and first ranking or economically first ranking (being a lower ranking mortgage where all prior ranking mortgages are secured in favour of the same lender) legal mortgage over the relevant Property situated in Ireland (subject only to stamping at the Revenue Commissioners, where applicable, and to any registration which may be pending at the Land Registry or Registry of Deeds and (in those cases) there is nothing to prevent that registration or recording being effected);
- (b) the relevant Seller has not received any notice or claim in writing by any Borrower of any threat to take steps to assert any right of set-off, rescission or counter-claim under or in connection with any of the Mortgage Assets.
- (c) so far as the relevant Seller is aware, in relation to each Mortgage Loan the Property is registerable in the Land Registry or Register of Deeds in Ireland and it has been registered;
- (d) in relation to each Mortgage Loan, the final repayment date will not fall beyond 3 years prior to the Final Maturity Date of the Notes;
- (e) each Mortgage Loan has been made on the terms, or on substantially similar terms, of the Standard Documentation (save to the extent as may be required to comply with any applicable law or regulation or to any changes that would have been made by a Prudent Mortgage Lender);
- (f) all Mortgage Loans are denominated in euro;
- (g) so far as the relevant Seller is aware, each Mortgage Loan has been originated in accordance with all applicable laws;
- (h) all Mortgage Loans are secured over (i) residential property and (ii) in the case of the business properties, a residential and business property, in each case located in Ireland;
- (i) so far as the relevant Seller is aware, all Mortgage Loans are made to a Borrower who is an individual and aged 18 years or older at the date of entering into the relevant Mortgage Loan and its Related Security;
- (j) in relation to the Initial Portfolio, as of the Cut-Off Date, and in relation to a Further Portfolio, as of the relevant Further Portfolio Sale Cut-Off Date, the details of the Mortgage Loans as set out in the "Loan Balance" field of the Data Tape were, to the relevant Seller's knowledge, true and accurate and the relevant Seller has not received any notice in writing from any Borrower asserting otherwise;
- (k) in relation to the Initial Portfolio, as of the Cut-Off Date, and in relation to a Further Portfolio, as of the relevant Further Portfolio Sale Cut-Off Date, the details of the Mortgage Loans as set out in the (i) "Loan Product", (ii) "Interest Rate Type", (iii) "Interest Rate" and (iv) "Original Maturity Date" fields of the Data Tape were, to the relevant Seller's knowledge, true and accurate in all material respects and the relevant Seller has not received any notice in writing from any Borrower asserting otherwise;
- (l) the relevant Seller is the beneficial owner of the Mortgage Assets and the Legal Title Holder is the legal owner of the Mortgage Assets free from Encumbrances and the relevant Seller has not received any notice in writing from any Borrower asserting otherwise. The relevant Seller has not made any prior sale, transfer, assignment, assignation, sub participation of or declared a trust over its rights and interest in the Mortgage Assets;
- (m) the relevant Seller has not waived in writing any of its rights under the Mortgage Assets against any Borrower nor entered into any arrangements with any Borrower or any other person where that has materially restricted the relevant Seller's ability to enforce the terms of any Mortgage Assets other than those prescribed by Applicable Law or Regulation;

- (n) the relevant Seller has kept or procured the keeping of full and proper accounts, books and records showing clearly all material transactions, payments, receipts, proceedings and notices relating to such Mortgage Loan and all such accounts, books and records are up to date and in the possession of such Seller or held to its order;
- (o) to the relevant Seller's knowledge, such Seller has no obligation to make any further advances to any Borrower pursuant to any of the Mortgage Loans and such Seller has not received any notice in writing from any Borrower asserting otherwise;
- (p) no fraud has been committed by the relevant Seller in respect of the Mortgage Loan and the Related Security;
- (q) so far as the relevant Seller is aware, each Mortgage Loan constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms and secures the repayment of all advances, interest, costs and expenses payable by the Borrower;
- (r) the relevant Seller may freely assign or otherwise transfer its interests therein without breaching any term or conditions applying to any of them;
- (s) the Administrator has, to the best of the Sellers' knowledge information and belief, from the date of acquisition of the Mortgage Assets, complied in all material respects with the requirements of the Consumer Protection Code, the Consumer Protection Act 2007 and the Code of Conduct on Mortgage Arrears in relation to the Mortgage Assets; and (in respect of the commercial loans) the SME code up until 1 July 2016 and the SME Regulation thereafter; and
- (t) so far as the relevant Seller is aware, none of the Mortgage Loans are loans made pursuant to Section 3(4) of the Housing (Miscellaneous) Provisions) Act 1992;
- (u) in relation to the sale of a Further Portfolio only, the Further Purchase Conditions (after taking into account the effect of the sale of the relevant Further Portfolio) have been met on the relevant Further Portfolio Sale Date.

**Data Tape** means a CD-ROM containing the particulars of the Mortgage Assets in the Initial Portfolio or a Further Portfolio, as applicable.

**Fixed Rate Mortgage Loans** are Mortgage Loans which are subject to a fixed rate of interest set by reference to a pre-determined rate or series of rates for a fixed period or periods.

**Interest Only Mortgage Loans** are Mortgage Loans in relation to which monthly payments cover interest only.

**Prudent Mortgage Lender** means the manner of a reasonably prudent mortgage lender lending to borrowers in Ireland where the Mortgage Loan is secured over residential property.

**Repayment Mortgage Loans** are Mortgage Loans in relation to which monthly instalments normally cover both interest and principal, which are payable until the Mortgage Loan is fully repaid at its maturity.

**Standard Documentation** means the standard documentation of the Original Sellers, a list of which is set out in the relevant Mortgage Sale Agreement.

**Tracker Mortgage Loans** are Mortgage Loans where the applicable rate of interest is calculated by reference to the ECB Rate plus a margin.

**Variable Rate Mortgage Loans** are Mortgage Loans which are subject to a variable rate of interest set by the Sellers from time to time.

### **Further Purchase Conditions**

On any Business Day from but excluding the Closing Date to and including the third Interest Payment Date which the relevant Seller or Sellers notify the Issuer to be a Further Portfolio Sale Date, the relevant Seller or Sellers may sell to the Issuer a Further Portfolio. The relevant Seller or Sellers will make the Mortgage Loan Warranties in respect of such Further Portfolio on the relevant Further Portfolio Sale Date. In addition, any Further Portfolio sold by the relevant Seller or Sellers to the Issuer must comply with the Further Purchase Conditions (after taking into account the effect of the sale of the relevant Further Portfolio) as at the relevant Further Portfolio Sale Date. For the avoidance of doubt, no Ratings Confirmation will be required as a condition to the sale of a Further Portfolio to the Issuer by either of the Sellers. There is no obligation on the Sellers to nominate a Further Portfolio Sale Date or to offer to sell Mortgage Loans to the Issuer on any such Further Portfolio Sale Date.

The **Further Purchase Conditions** to be satisfied in respect of a Further Portfolio on each Further Portfolio Sale Date are:

- (a) the indexed current loan to value ratio of the Mortgage Portfolio (after taking into account the effect of the sale of the relevant Further Portfolio) shall not be greater than 89.5%;
- (b) the weighted average interest rate of the Mortgage Loans in the Mortgage Portfolio (after taking into account the effect of the sale of the relevant Further Portfolio) shall not be lower than 2.05%;
- (c) the proportion of Interest Only Mortgage Loans in the Mortgage Portfolio (after taking into account the effect of the sale of the relevant Further Portfolio) shall not be greater than 50%;
- (d) the proportion of Mortgage Loans in the Mortgage Portfolio (after taking into account the effect of the sale of the relevant Further Portfolio) in 1 month arrears shall not be greater than 12.0%, in 2 month arrears shall not be greater than 4.0% and in 3 month arrears shall not be greater than 3.5%;
- (e) the proportion of restructured Mortgage Loans in the Mortgage Portfolio (after taking into account the effect of the sale of the relevant Further Portfolio) shall not be greater than 78.0%;
- (f) the maturity date of the Mortgage Loans shall not be later than 2059; and
- (g) the Mortgage Loans in the relevant Further Portfolio shall be selected from the Conditional Portfolio.

**Conditional Portfolio** means a portfolio of Mortgage Loans beneficially owned by the Paris Seller or the Java Seller identified as at 28 February 2017.

### **Governing Law**

Each Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with each Mortgage Sale Agreement, will be governed by Irish law.

## EARLY REDEMPTION OF THE NOTES PURSUANT TO THE CALL OPTION OR THE RISK RETENTION REGULATORY CHANGE OPTION

The Mortgage Portfolio may be sold by the Issuer (a) pursuant to the Call Option or (b) pursuant to the Risk Retention Regulatory Change Option. The Issuer will undertake not to dispose of the Mortgage Portfolio in any other circumstances (other than in relation to an enforcement of the Security as contemplated pursuant to the terms of the Administration Agreement and the Asset Management Consulting Agreement).

### Call Option

Pursuant to and subject to the terms of the Deed Poll, the Issuer will grant to the Option Holder the following rights (collectively, the **Call Option**):

- (a) the right to require (or, where the Option Holder is the Paris Seller, request) the Issuer to sell and transfer to the Option Holder or a Third Party Purchaser (as identified in the Exercise Notice, the **Beneficial Title Transferee**) the beneficial title to all (but not some) of the Mortgage Assets comprising the Mortgage Portfolio (the **Whole Beneficial Title**) in consideration for the Optional Purchase Price; and
- (b) the right to require (or, where the Option Holder is the Paris Seller, request) the Issuer to (if applicable) transfer the legal title to all (but not some) of the Mortgage Assets comprising the Mortgage Portfolio (the **Whole Legal Title**), or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require (or, where the Option Holder is the Paris Seller, request) the Issuer to procure that the Legal Title Holder transfers legal title, to the Option Holder, a Third Party Purchaser or any nominee of the Option Holder specified as such in the Exercise Notice (as identified in the Exercise Notice, the **Legal Title Transferee**).

The Call Option may be exercised by the Option Holder at any time on or after the Optional Purchase Commencement Date by notice from the Option Holder to the Issuer, with a copy to the Trustee, the Legal Title Holder, the Administrator, the Cash Manager and each of the Rating Agencies, (such notice, an **Exercise Notice**) that the Option Holder wishes to exercise the Call Option, for effect on any Business Day following the service of the Exercise Notice (the Business Day identified as the date on which the purchase by the Beneficial Title Transferee of the Whole Beneficial Title is expected to be completed pursuant to the terms of the Deed Poll being the **Optional Purchase Completion Date**). If the Whole Legal Title is required to be transferred to the Legal Title Transferee such transfer may occur on a date falling after the Optional Purchase Completion Date.

Where the Option Holder is the Paris Seller, the Issuer must respond to the Option Holder's request to sell and transfer (or procure the sale and transfer, as the case may be) legal and beneficial title to the Option Holder (which the Issuer may in its absolute discretion accept or reject) within three Business Days of receiving such request.

If the sale of the Mortgage Portfolio has not been completed within 30 days of the service of such Exercise Notice, that Exercise Notice shall be deemed to have been cancelled. Following such cancellation, the Call Option may be exercised at any time by the Option Holder by serving another Exercise Notice.

On the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Notes (other than the Class X Notes) will be redeemed in full as more fully described in the section entitled "*Redemption of the Notes*" below.

The sale of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title pursuant to the Call Option shall also be subject to the following conditions:



- (a) either:
  - (i) the Beneficial Title Transferee and (if applicable) the Legal Title Transferee is a person who can avail of an exemption from withholding tax in accordance with Section 246(3) of the 1997 Act; or
  - (ii) the Issuer, having received tax advice from an appropriately qualified and experienced Irish tax adviser in the form and substance satisfactory to it (acting reasonably), or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by the Irish tax authorities) (**Tax Advice**), is satisfied that sale of the Whole Beneficial Title and (if applicable) transfer of the Whole Legal Title will not create or increase any liabilities of the Issuer to Irish tax or any tax imposed by the jurisdiction of the Beneficial Title Transferee and (if applicable) the Legal Title Transferee and that any such sale will not result in any materially adverse tax consequences for the Issuer and/or the Issuer's ability to repay the Notes in full. The costs relating to such Tax Advice shall be borne by the Option Holder;
- (b) either:
  - (i) the Legal Title Transferee has all the appropriate licences, approvals, authorisations, consents, permissions and registrations required to administer residential mortgage loans such as the Mortgage Assets comprising the Mortgage Portfolio (the **Relevant Authorisations**); or
  - (ii) the Beneficial Title Transferee has appointed a servicer who has the Relevant Authorisations and that the Legal Title Holder has confirmed in writing that it will hold legal title to the Mortgage Assets comprising the Mortgage Portfolio on trust for the Beneficial Title Transferee; and
- (c) the Beneficial Title Transferee shall not be permitted to transfer the beneficial interest in any of the Mortgage Assets comprising the Mortgage Portfolio to a further purchaser until the transfer of the Whole Legal Title is perfected unless such transfer of beneficial interest is made to a person who can avail of an exemption from withholding tax in accordance with Section 246(3) of the 1997 Act.

### Optional Purchase Price

The purchase price for the Mortgage Assets comprising the Mortgage Portfolio pursuant to the Call Option (the **Optional Purchase Price**) shall be an amount equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable or that will become payable under items (a) to (e) (inclusive), items (g), (i), (k), (m) and (o) (inclusive) and (on and from Interest Payment Date immediately following the Step-Up Date) items (t) to (w) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date; plus
- (b) the amount required by the Issuer to redeem all of the Rated Notes then outstanding in full together with accrued and unpaid interest on such Rated Notes on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date; plus
- (c) the Issuer's costs and expenses associated with transferring its interests in any Mortgage Assets to the Option Holder or its nominee (if any) and an amount agreed between the Issuer and the Option Holder in respect of costs anticipated to be incurred by the Issuer after the Optional Purchase Completion Date; less

- (d) the balance standing to the credit of the General Reserve Fund, the Liquidity Reserve Fund and the Additional Note Payment Reserve Fund; less
- (e) any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date.

In connection with the exercise of the Call Option, the Beneficial Title Transferee will agree with the Issuer to (i) deposit an amount equal to the Optional Purchase Price in either an escrow account in the name of the Beneficial Title Transferee or in any other account as may be agreed between the Issuer and the Beneficial Title Transferee; or (ii) provide irrevocable payment instructions for an amount equal to the Optional Purchase Price for value on the Optional Purchase Completion Date to the Transaction Account or such other account as may be agreed between the Issuer and Beneficial Title Transferee, provided that such deposit shall be made or irrevocable payment instructions shall be given no later than (x) the Optional Purchase Completion Date or (y) such other date as the Issuer, at its sole discretion and the Beneficial Title Transferee may agree, provided further that the Optional Purchase Price or irrevocable payment instructions (as applicable) must be received by the Issuer in sufficient time to enable the Issuer to provide notice of redemption of the Notes to the Noteholders pursuant to Conditions 9.3 (*Mandatory Redemption in full*) or 9.5 (*Mandatory Redemption for Taxation or Other Reasons*) (as applicable); and/or (iii) take any other action as may be agreed by the Beneficial Title Transferee, the Issuer and the Trustee in relation to the payment of the Optional Purchase Price.

At the cost of the Option Holder, the Issuer shall serve, or if, at the time the Call Option is exercised, the Issuer does not hold the Whole Legal Title, direct the Legal Title Holder to serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to effectively vest the Whole Legal Title in the Legal Title Transferee, in each case subject to the terms and conditions set out in the Deed Poll, such notices to be given promptly after the Optional Purchase Completion Date.

### **Redemption of the Notes**

On the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, the Optional Purchase Price, together with all amounts standing to the credit of the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger and the Additional Note Payment Reserve Fund Ledger, together with any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, will be used to redeem the Notes at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued interest and Deferred Interest and any Additional Note Payments accrued (and unpaid) up to, but excluding, such Interest Payment Date.

Any Principal Receipts and Revenue Receipts received on the Mortgage Loans or interest on the Issuer Accounts received by the Issuer from and including the Calculation Date immediately prior to the Optional Purchase Completion Date together with amounts comprising the Minimum Retained Balance attributable to the Mortgage Portfolio in each of the Collection Accounts will be payable, to or for the account of the Beneficial Title Transferee and the Issuer shall transfer all such amounts to or for the account of the Beneficial Title Transferee as soon as reasonably practicable following the Optional Purchase Completion Date.

In this Prospectus:

**Deed Poll** means the deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Option Holder from time to time.

**Initial Option Holder** means the Paris Seller.

**Option Holder** means the Initial Option Holder or any assignee granted the rights of the Call Option from time to time.

**Optional Purchase Commencement Date** means the earlier of:

- (a) the Calculation Date immediately preceding the Optional Redemption Date; or
- (b) any day on which aggregate Current Balance of the Mortgage Loans is equal to or less than 10 per cent. of the aggregate Current Balance of the Mortgage Loans on the Closing Date; or
- (c) any Business Day following the occurrence of a Redemption Event.

**Third Party Purchaser** means a third party purchaser (which for the avoidance of doubt shall include any entity affiliated with or connected to either of the Sellers or the Retention Holder) of the beneficial title to the Mortgage Assets as nominated by the Option Holder in the Exercise Notice.

### **Risk Retention Regulatory Change Option**

Pursuant to the Risk Retention Letter, on any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention Holder certifying in writing to the Trustee that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Trustee shall be entitled to rely absolutely without liability and without further enquiry to any person for so doing), the Retention Holder has the benefit of the Risk Retention Regulatory Change Option to require the Issuer to:

- (a) sell and transfer to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) the beneficial title to all Mortgage Assets in the Mortgage Portfolio;
- (b) transfer to the Retention Holder the right to have legal title to the Mortgage Loans and their Related Security; and
- (c) direct that the Legal Title Holder transfers legal title to the Mortgage Loans to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) on the Risk Retention Regulatory Change Completion Date,

in each case subject to the terms of the Risk Retention Letter (the **Risk Retention Regulatory Change Option**).

On the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date, the Notes (other than the Class X Notes) will be redeemed in full as more fully described in Condition 9.4 (*Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option*).

Where the sale to the Retention Holder does not contemplate a transfer of the legal title to the Mortgage Assets, the exercise of the Risk Retention Regulatory Change Option shall be conditional on the consent of the Legal Title Holder to hold legal title on behalf of the Retention Holder or its nominee.

It will be a condition of the exercise of the Risk Retention Regulatory Change Option that (a) either (i) each of the purchasers of the legal (if applicable) and beneficial title in the Mortgage Assets confirms in writing that it is a person who can avail of an exemption from withholding tax in accordance with Section 246(3) of the 1997 Act, or (ii) the Issuer, having received Tax Advice, is satisfied that sale of legal (if applicable) and beneficial title in the relevant Mortgage Assets will not expose the Issuer to a risk of loss in consequence of Irish income tax being required to be withheld from amounts paid in respect of the Mortgage Assets and (b)

the Issuer has obtained Tax Advice and as a result is satisfied that any such sale will not result in any materially adverse tax consequences for the Issuer and/or on the Issuer's ability to repay the Notes in full.

The costs relating to such Tax Advice shall be borne by the Retention Holder.

The Risk Retention Regulatory Change Option may be exercised by the Retention Holder delivering a Risk Retention Regulatory Change Option Exercise Notice to the Issuer with a copy to the Trustee, the Sellers, the Administrator, the Legal Title Holder, the Cash Manager and each of the Rating Agencies at any time for effect on any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event. Such notice shall be given not more than 15 nor less than 5 Business Days prior to the proposed Risk Retention Regulatory Change Completion Date.

The Retention Holder or its nominee will be required to deposit the full amount of the Risk Retention Regulatory Change Option Purchase Price in the Transaction Account or such other account agreed with the Issuer and the Trustee on or prior to the proposed Risk Retention Regulatory Change Completion Date or take such other action agreed with the Issuer and the Trustee.

### **Risk Retention Regulatory Change Option Purchase Price**

The purchase price for the Mortgage Portfolio under the Risk Retention Regulatory Change Option shall be an amount (the **Risk Retention Regulatory Change Option Purchase Price**) equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable or that will become payable under items (a) to (e) inclusive and items (g), (i), (k), (m) and (o) (inclusive) and (on and from the Interest Payment Date immediately following the Step-Up Date) items (t) to (w) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date; plus
- (b) the amount required by the Issuer to redeem all of the Rated Notes then outstanding in full together with accrued and unpaid interest on such Rated Notes on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date; plus
- (c) the Issuer's costs and expenses associated with transferring its interests in any Mortgage Loan and its Related Security to the Retention Holder or its nominee (if any) and an amount agreed between the Issuer and the Retention Holder in respect of costs anticipated to be incurred by the Issuer after the Risk Retention Regulatory Change Completion Date; less
- (d) the balance standing to the credit of the General Reserve Fund, the Liquidity Reserve Fund and the Additional Note Payment Reserve Fund; less
- (e) any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date.

**Risk Retention Regulatory Change Option Exercise Notice** means a written notice to be delivered by the Retention Holder to the Issuer with a copy to the Trustee, the Sellers, the Administrator, the Legal Title Holder, the Cash Manager and the Rating Agencies to exercise the Risk Retention Regulatory Change Option specifying (a) the proposed Risk Retention Regulatory Change Completion Date, (b) specifying whether the Retention Holder itself or a nominee will be acquiring the beneficial title to the Mortgage Assets and (c) specifying whether the transfer of legal title from the Legal Title Holder to the Mortgage Assets is contemplated.

**Risk Retention Regulatory Change Completion Date** means the date on which all conditions to completion of the sale and transfer of the Mortgage Assets pursuant to the Risk Retention Regulatory Change Option have been satisfied.

**Risk Retention Regulatory Change Event** means any change in or the adoption of any new law, rule, direction, guidance or regulation which requires the manner in which the Minimum Required Interest is held by the Retention Holder and the Paris Seller to be restructured after the Closing Date or which would otherwise result in the manner in which the Minimum Required Interest is held by the Retention Holder to become non-compliant in relation to a Noteholder.

### **Redemption of the Notes**

On the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date, the full amount of the Risk Retention Regulatory Change Option Purchase Price, together with all amounts standing to the credit of the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger and the Additional Note Payment Reserve Fund Ledger, together with all Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date, will be used to redeem the Notes at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued interest and Deferred Interest and any Additional Note Payments accrued (and unpaid) up to, but excluding, such Interest Payment Date.

Any Revenue Receipts and Principal Receipts received on the Mortgage Loans or interest on the Issuer Accounts received by the Issuer from but excluding the Calculation Date immediately prior to the Risk Retention Regulatory Change Completion Date to and including Risk Retention Regulatory Change Completion Date, together with amounts comprising the Minimum Retained Balance attributable to the Mortgage Portfolio in each of the Collection Accounts will be payable to or for the account of the Beneficial Title Transferee as soon as reasonably practicable following the Risk Retention Regulatory Change Completion Date.

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Mortgage Portfolio of €630,641,288 as at 31 December 2016 (the **Provisional Cut-off Date**).

The Initial Portfolio of €651,442,277 as at the Cut-off Date was determined on or prior to such date by the Sellers in accordance with the procedures as described in "*The Mortgage Portfolio*" above.

The information contained in this section has not been updated to reflect any decrease in the size of the Mortgage Portfolio from that of the Provisional Mortgage Portfolio. The composition of the Initial Mortgage Portfolio may differ from that of the Provisional Portfolio on account of: (i) the exclusion of Mortgage Loans which have been redeemed in full in the period from the Provisional Cut-Off Date to the Cut-Off Date; (ii) the exclusion of Mortgage Loans which became ineligible for inclusion between the Provisional Cut-Off Date and the Cut-Off Date having been in arrears for more than three months; and (iii) the inclusion of Mortgage Loans which having been ineligible for inclusion on the Provisional Cut-Off Date became eligible for inclusion on the Cut-Off Date being in arrears for less than three months.

Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Provisional Cut-off Date. Columns may not add up to the total due to rounding. As of the Provisional Cut-off Date, the Provisional Mortgage Portfolio had the following characteristics:

### Overview

|                          |               |
|--------------------------|---------------|
| Total Current Balance    | € 630,641,288 |
| Total No. Mortgage Loans | 2,591         |

### Overview Loans

|  |            |
|--|------------|
| Average Mortgage Loan Balance                | € 243,397  |
| Min Loan Balance                             | €486       |
| Max Loan Balance                             | €2,563,973 |
| WA Original LTV                              | 72.29%     |
| WA Indexed CLTV                              | 89.42%     |
| WA Seasoning (in years)                      | 10.35      |
| WA Remaining Term (in years)                 | 17.85      |
| Weighted Average Coupon                      | 2.08%      |
| Interest-Only Mortgage Loans                 | 48.76%     |
| Buy to Let Mortgage Loans                    | 4.73%      |
| Defaulted Mortgage Loans (3-month + arrears) | 0.00%      |
| MIA>1  | 7.23%      |

### 1. Originators of Mortgage Loans

The following table shows the outstanding Current Balances of Mortgage Loans in the Provisional Mortgage Portfolio originated by each of the relevant Originators as at the Provisional Cut-Off Date.

| <b>Originator</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Nua               | 26,106,363                       | 4.1%                           | 126                    | 4.9%                     |
| Start             | 182,766,928                      | 29.0%                          | 939                    | 36.2%                    |
| Bank of Scotland  | 421,767,997                      | 66.9%                          | 1,526                  | 58.9%                    |
| <b>Total</b>      | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 2. Current Balances of Mortgage Loans

The following table shows the range of outstanding Current Balances of Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Cut-Off Date.

As at the Provisional Cut-Off Date, in relation to the Mortgage Loans in the Provisional Mortgage Portfolio, the minimum current mortgage loan balance was €486; the maximum current mortgage loan balance was €2,563,973 and the average current mortgage loan balance was €243,397.

| <b>Current Balance (€)</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|----------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=100,000                  | 25,759,839                       | 4.1%                           | 394                    | 15.2%                    |
| >100,000 to <=200,000      | 139,441,163                      | 22.1%                          | 928                    | 35.8%                    |
| >200,000 to <=300,000      | 173,840,653                      | 27.6%                          | 716                    | 27.6%                    |
| >300,000 to <=400,000      | 94,052,418                       | 14.9%                          | 275                    | 10.6%                    |
| >400,000 to <=500,000      | 48,423,197                       | 7.7%                           | 109                    | 4.2%                     |
| >500,000 to <=600,000      | 26,648,717                       | 4.2%                           | 49                     | 1.9%                     |
| >600,000 to <=700,000      | 21,944,557                       | 3.5%                           | 34                     | 1.3%                     |
| >700,000 to <=800,000      | 14,939,328                       | 2.4%                           | 20                     | 0.8%                     |
| >800,000 to <=900,000      | 10,163,671                       | 1.6%                           | 12                     | 0.5%                     |
| >900,000 to <=1,000,000    | 8,527,781                        | 1.4%                           | 9                      | 0.3%                     |
| >1,000,000 to <=2,000,000  | 54,699,701                       | 8.7%                           | 40                     | 1.5%                     |
| >2,000,000 to <=3,000,000  | 12,200,264                       | 1.9%                           | 5                      | 0.2%                     |
| <b>Total:</b>              | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 3. Original LTV

The following table shows the range of original LTV ratios, which are calculated by dividing the Current Balance of a Mortgage Loan as at the relevant date of origination by the original valuation of the Property relating to such Mortgage Loan as at the same date. The figures in the following table have been calculated on the basis of the number of Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Original LTV</b>   | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-----------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=20.00%              | 4,355,110                        | 0.7%                           | 43                     | 1.7%                     |
| >20.00% to <=40.00%   | 43,381,046                       | 6.9%                           | 296                    | 11.4%                    |
| >40.00% to <=60.00%   | 142,779,537                      | 22.6%                          | 658                    | 25.4%                    |
| >60.00% to <=80.00%   | 227,073,887                      | 36.0%                          | 853                    | 32.9%                    |
| >80.00% to <=100.00%  | 177,283,799                      | 28.1%                          | 652                    | 25.2%                    |
| >100.00% to <=120.00% | 18,424,811                       | 2.9%                           | 57                     | 2.2%                     |
| >120.00%              | 17,343,098                       | 2.8%                           | 32                     | 1.2%                     |
| <b>Total:</b>         | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

#### 4. Current LTV (Indexed)

The following table shows the range of indexed current LTV ratios, which are calculated by dividing the Current Balance of a Mortgage Loan as at the Provisional Cut-off Date by the indexed original valuation of the Property relating to such Mortgage Loan as at the same date. The figures in the following table have been calculated on the basis of the number of Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Current LTV (Indexed)</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|------------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=20.00%                     | 6,727,168                        | 1.1%                           | 131                    | 5.1%                     |
| >20.00% to <=40.00%          | 27,652,535                       | 4.4%                           | 237                    | 9.1%                     |
| >40.00% to <=60.00%          | 72,191,080                       | 11.4%                          | 404                    | 15.6%                    |
| >60.00% to <=80.00%          | 126,790,269                      | 20.1%                          | 464                    | 17.9%                    |
| >80.00% to <=100.00%         | 157,753,605                      | 25.0%                          | 523                    | 20.2%                    |
| >100.00% to <=120.00%        | 142,198,329                      | 22.5%                          | 510                    | 19.7%                    |
| >120.00%                     | 97,328,302                       | 15.4%                          | 322                    | 12.4%                    |
| <b>Total:</b>                | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

#### 5. Property Original Valuation - Allocated Real Estate values

The following table shows the range of original valuations of the Properties in the Provisional Mortgage Portfolio as at the date of origination of the relevant Mortgage Loan.

| <b>Original Value - Allocated RE (€)</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|--|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=100,000                                | 325,917                          | 0.1%                           | 5                      | 0.2%                     |
| >100,000 to <=200,000                    | 31,889,698                       | 5.1%                           | 310                    | 12.0%                    |
| >200,000 to <=300,000                    | 107,636,058                      | 17.1%                          | 682                    | 26.3%                    |
| >300,000 to <=400,000                    | 154,343,141                      | 24.5%                          | 746                    | 28.8%                    |
| >400,000 to <=500,000                    | 84,621,744                       | 13.4%                          | 342                    | 13.2%                    |
| >500,000 to <=600,000                    | 46,027,419                       | 7.3%                           | 141                    | 5.4%                     |
| >600,000 to <=700,000                    | 37,889,681                       | 6.0%                           | 109                    | 4.2%                     |
| >700,000 to <=800,000                    | 26,391,153                       | 4.2%                           | 63                     | 2.4%                     |
| >800,000 to <=900,000                    | 24,468,006                       | 3.9%                           | 56                     | 2.2%                     |
| >900,000 to <=1,000,000                  | 21,476,071                       | 3.4%                           | 41                     | 1.6%                     |
| >1,000,000 to <=2,000,000                | 60,645,230                       | 9.6%                           | 71                     | 2.7%                     |
| >2,000,000 to <=3,000,000                | 21,328,442                       | 3.4%                           | 17                     | 0.7%                     |
| >3,000,000 to <=4,000,000                | 9,397,535                        | 1.5%                           | 6                      | 0.2%                     |
| >4,000,000 to <=5,000,000                | -                                | 0.0%                           | -                      | 0.0%                     |
| >5,000,000                               | 4,201,192                        | 0.7%                           | 2                      | 0.1%                     |
| <b>Total:</b>                            | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

#### 6. Property Indexed Valuation - Allocated Real Estate values

The following table shows the range of indexed valuations of the Properties in the Provisional Mortgage Portfolio as at the Provisional Cut-Off Date.



| <b>Indexed Value - Allocated RE (€)</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|---|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=100,000                               | 4,024,266                        | 0.6%                           | 42                     | 1.6%                     |
| >100,000 to <=200,000                   | 102,919,369                      | 16.3%                          | 702                    | 27.1%                    |
| >200,000 to <=300,000                   | 179,587,058                      | 28.5%                          | 942                    | 36.4%                    |
| >300,000 to <=400,000                   | 98,708,273                       | 15.7%                          | 402                    | 15.5%                    |
| >400,000 to <=500,000                   | 53,613,733                       | 8.5%                           | 179                    | 6.9%                     |
| >500,000 to <=600,000                   | 39,883,115                       | 6.3%                           | 111                    | 4.3%                     |
| >600,000 to <=700,000                   | 26,584,549                       | 4.2%                           | 63                     | 2.4%                     |
| >700,000 to <=800,000                   | 23,307,560                       | 3.7%                           | 44                     | 1.7%                     |
| >800,000 to <=900,000                   | 10,473,182                       | 1.7%                           | 17                     | 0.7%                     |
| >900,000 to <=1,000,000                 | 8,384,920                        | 1.3%                           | 16                     | 0.6%                     |
| >1,000,000 to <=2,000,000               | 61,442,606                       | 9.7%                           | 61                     | 2.4%                     |
| >2,000,000 to <=3,000,000               | 12,533,816                       | 2.0%                           | 8                      | 0.3%                     |
| >3,000,000 to <=4,000,000               | 7,541,620                        | 1.2%                           | 3                      | 0.1%                     |
| >4,000,000 to <=5,000,000               | -                                | 0.0%                           | -                      | 0.0%                     |
| >5,000,000                              | 1,637,220                        | 0.3%                           | 1                      | 0.0%                     |
| <b>Total:</b>                           | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 7. Repayment Terms

The following table shows the repayment terms for the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Cut-off Date. For a description of the various repayment terms the Sellers offer, see "The Mortgage Loans – Characteristics of the Provisional Mortgage Portfolio". The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Repayment Method</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Annuity                 | 321,226,979                      | 50.9%                          | 1,682                  | 64.9%                    |
| Interest Only           | 307,480,722                      | 48.8%                          | 907                    | 35.0%                    |
| Part and Part           | 1,933,586                        | 0.3%                           | 2                      | 0.1%                     |
| <b>Total:</b>           | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 8. Interest Rate Type

The following table shows the interest rate type of Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Interest Rate Index</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|----------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Fixed Rate                 | 34,503,122                       | 5.5%                           | 165                    | 6.4%                     |
| Variable Rate              | 174,501,120                      | 27.7%                          | 901                    | 34.8%                    |
| Tracker                    | 421,637,046                      | 66.9%                          | 1,525                  | 58.9%                    |
| <b>Total:</b>              | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 9. Seasoning of Mortgage Loans

The following table shows the number of months since the date of origination of the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Seasoning (in years)</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-----------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| >5.00 to <=6.00             | 68,942                           | 0.0%                           | 1                      | 0.0%                     |
| >6.00 to <=7.00             | 441,461                          | 0.1%                           | 3                      | 0.1%                     |
| >7.00 to <=8.00             | 15,171,358                       | 2.4%                           | 72                     | 2.8%                     |
| >8.00 to <=9.00             | 104,555,611                      | 16.6%                          | 439                    | 16.9%                    |
| >9.00 to <=10.00            | 243,026,736                      | 38.5%                          | 1,058                  | 40.8%                    |
| >10.00 to <=11.00           | 95,532,896                       | 15.1%                          | 383                    | 14.8%                    |
| >11.00 to <=12.00           | 60,323,147                       | 9.6%                           | 226                    | 8.7%                     |
| >12.00 to <=13.00           | 46,002,384                       | 7.3%                           | 144                    | 5.6%                     |
| >13.00 to <=14.00           | 38,832,967                       | 6.2%                           | 120                    | 4.6%                     |
| >14.00 to <=15.00           | 14,627,109                       | 2.3%                           | 63                     | 2.4%                     |
| >15.00 to <=16.00           | 9,312,562                        | 1.5%                           | 48                     | 1.9%                     |
| >16.00 to <=17.00           | 2,250,337                        | 0.4%                           | 29                     | 1.1%                     |
| >17.00                      | 495,778                          | 0.1%                           | 5                      | 0.2%                     |
| <b>Total:</b>               | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

In relation to the Mortgage Loans in the Provisional Mortgage Portfolio, the weighted average seasoning was 10.35 years.

#### 10. Years to Maturity

The following table shows the number of years until the maturity of the Mortgage Loans in the Provisional Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Years to Maturity</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|--------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=2.00                   | 8,874,447                        | 1.4%                           | 30                     | 1.2%                     |
| >2.00 to <=4.00          | 24,619,110                       | 3.9%                           | 68                     | 2.6%                     |
| >4.00 to <=6.00          | 20,080,431                       | 3.2%                           | 99                     | 3.8%                     |
| >6.00 to <=8.00          | 34,865,467                       | 5.5%                           | 136                    | 5.2%                     |
| >8.00 to <=10.00         | 43,683,012                       | 6.9%                           | 194                    | 7.5%                     |
| >10.00 to <=12.00        | 46,318,620                       | 7.3%                           | 208                    | 8.0%                     |
| >12.00 to <=14.00        | 41,716,024                       | 6.6%                           | 177                    | 6.8%                     |
| >14.00 to <=16.00        | 52,708,924                       | 8.4%                           | 211                    | 8.1%                     |
| >16.00 to <=18.00        | 42,412,493                       | 6.7%                           | 186                    | 7.2%                     |
| >18.00 to <=20.00        | 48,316,067                       | 7.7%                           | 181                    | 7.0%                     |
| >20.00 to <=22.00        | 60,001,239                       | 9.5%                           | 242                    | 9.3%                     |
| >22.00 to <=24.00        | 32,615,519                       | 5.2%                           | 131                    | 5.1%                     |
| >24.00 to <=26.00        | 50,892,273                       | 8.1%                           | 215                    | 8.3%                     |
| >26.00 to <=28.00        | 34,696,066                       | 5.5%                           | 135                    | 5.2%                     |
| >28.00 to <=30.00        | 21,583,196                       | 3.4%                           | 88                     | 3.4%                     |
| >30.00 to <=32.00        | 65,164,131                       | 10.3%                          | 282                    | 10.9%                    |
| >32.00 to <=34.00        | 1,386,125                        | 0.2%                           | 5                      | 0.2%                     |
| >34.00 to <=36.00        | 310,932                          | 0.0%                           | 1                      | 0.0%                     |
| >36.00 to <=38.00        | 397,213                          | 0.1%                           | 2                      | 0.1%                     |
| <b>Total:</b>            | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

#### 11. Current Interest Rate

The following table shows the current interest rate in respect of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Current Interest Rate</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|------------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| 0.00%                        | 130,951                          | 0.0%                           | 1                      | 0.0%                     |
| >0.00% to <=1.00%            | 187,595,574                      | 29.7%                          | 661                    | 25.5%                    |
| >1.00% to <=1.50%            | 221,797,665                      | 35.2%                          | 815                    | 31.5%                    |
| >1.50% to <=2.00%            | 10,133,731                       | 1.6%                           | 44                     | 1.7%                     |
| >2.00% to <=2.50%            | 37,373,779                       | 5.9%                           | 176                    | 6.8%                     |
| >2.50% to <=3.00%            | 15,243,745                       | 2.4%                           | 71                     | 2.7%                     |
| >3.00% to <=3.50%            | 21,251,925                       | 3.4%                           | 98                     | 3.8%                     |
| >3.50% to <=4.00%            | 39,349,581                       | 6.2%                           | 200                    | 7.7%                     |
| >4.00% to <=4.50%            | 35,155,479                       | 5.6%                           | 190                    | 7.3%                     |
| >4.50% to <=5.00%            | 29,616,234                       | 4.7%                           | 159                    | 6.1%                     |
| >5.00% to <=5.50%            | 15,989,880                       | 2.5%                           | 81                     | 3.1%                     |
| >5.50% to <=6.00%            | 8,499,500                        | 1.3%                           | 50                     | 1.9%                     |
| >6.00%                       | 8,503,245                        | 1.3%                           | 45                     | 1.7%                     |
| <b>Total:</b>                | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 12. Arrears Status

The following table shows the number of months for which the Mortgage Loans in the Provisional Mortgage Portfolio have been in arrears as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Months in arrears</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|--------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| <=0.00                   | 511,981,690                      | 81.2%                          | 2,052                  | 79.2%                    |
| >0.00 to <=1.00          | 73,053,469                       | 11.6%                          | 340                    | 13.1%                    |
| >1.00 to <=2.00          | 24,452,935                       | 3.9%                           | 118                    | 4.6%                     |
| >2.00 to <=3.00          | 21,153,193                       | 3.4%                           | 81                     | 3.1%                     |
| <b>Total:</b>            | <b>630,641,288</b>               | <b>100.0%</b>                  | <b>2,591</b>           | <b>100%</b>              |

## 13. Occupancy Type

The following table shows the distribution of Owner Occupied Mortgage Loans and Buy to Let Mortgage Loans as at the relevant date of origination in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Occupancy Type</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-----------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Buy to Let            | 29,814,038                       | 4.7%                           | 124                    | 4.8%                     |
| Owner Occupied        | 600,827,249                      | 95.3%                          | 2,467                  | 95.2%                    |
| <b>Total:</b>         | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

## 14. Mortgage Type

The following table shows the distribution of purchase Mortgage Loans and remortgage Mortgage Loans as at the relevant date of origination in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Mortgage Type</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|----------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Purchase             | 283,484,637                      | 45.0%                          | 1,101                  | 42.5%                    |
| Remortgage           | 347,156,651                      | 55.0%                          | 1,490                  | 57.5%                    |
| <b>Total:</b>        | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

15. **First Time Buyer**

The following table shows the distribution of first time buyers as at origination among the Borrowers of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>First Time Buyer</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| N                       | 606,739,795                      | 96.2%                          | 2,467                  | 95.2%                    |
| Y                       | 23,901,493                       | 3.8%                           | 124                    | 4.8%                     |
| <b>Total:</b>           | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

16. **Employment Status**

The following table shows the employment status of the Borrowers as at origination of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Employment Status</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|--------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Employed                 | 84,320,300                       | 13.4%                          | 480                    | 18.5%                    |
| Self Employed            | 121,053,284                      | 19.2%                          | 564                    | 21.8%                    |
| Pensioner                | 134,858                          | 0.0%                           | 1                      | 0.0%                     |
| Unknown                  | 425,132,845                      | 67.4%                          | 1,546                  | 59.7%                    |
| <b>Total:</b>            | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

17. **Pay Rate (Six Month Average Pay Rate)**

The following table shows the Six Month Average Pay Rate in respect of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Six Month Average Pay Rate</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|-----------------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| 0.00%                             | 1,073,035                        | 0.2%                           | 3                      | 0.1%                     |
| >0.00% to <20.00%                 | 391,857                          | 0.1%                           | 1                      | 0.0%                     |
| >20.00% to <40.00%                | 3,863,333                        | 0.6%                           | 18                     | 0.7%                     |
| >40.00% to <60.00%                | 9,133,078                        | 1.4%                           | 39                     | 1.5%                     |
| >60.00% to <80.00%                | 32,521,508                       | 5.2%                           | 157                    | 6.1%                     |
| >80.00% to <100.00%               | 103,800,545                      | 16.5%                          | 456                    | 17.6%                    |
| >100.00% to <120.00%              | 438,080,961                      | 69.5%                          | 1,737                  | 67.0%                    |
| >120.00% to <140.00%              | 16,895,577                       | 2.7%                           | 84                     | 3.2%                     |
| >140.00% to <160.00%              | 6,754,330                        | 1.1%                           | 24                     | 0.9%                     |
| >160.00% to <180.00%              | 6,199,794                        | 1.0%                           | 20                     | 0.8%                     |
| >180.00% to <=200.00%             | 11,927,270                       | 1.9%                           | 52                     | 2.0%                     |
| <b>Total:</b>                     | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

18. **Restructure Type**

The following table shows the various restructuring actions taken in respect of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Restructure Type</b>                           | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|---|----------------------------------|--------------------------------|------------------------|--------------------------|
| Reduced Payment Permanent Interest Rate Reduction | 15,052,422                       | 2.4%                           | 86                     | 3.3%                     |
| Arrears Capitalisation                            | 26,805,843                       | 4.3%                           | 126                    | 4.9%                     |
| Term Extension                                    | 304,219,157                      | 48.2%                          | 1,126                  | 43.5%                    |
| Interest Only                                     | 47,514,106                       | 7.5%                           | 255                    | 9.8%                     |
| Other Permanent Restructures                      | 6,478,353                        | 1.0%                           | 29                     | 1.1%                     |
| Temporary Interest Rate Reduction                 | 4,755,001                        | 0.8%                           | 26                     | 1.0%                     |
| Other Temporary Restructures                      | 4,031,320                        | 0.6%                           | 17                     | 0.7%                     |
| No Restructure                                    | 65,607,783                       | 10.4%                          | 312                    | 12.0%                    |
| <b>Total:</b>                                     | <b>156,177,303</b>               | <b>24.8%</b>                   | <b>614</b>             | <b>23.7%</b>             |
| <b>Total:</b>                                     | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

19. **Latest Restructure Year**

The following table shows the latest year in which a restructuring action has been taken in respect of the Mortgage Loans in the Provisional Mortgage Portfolio as of the Provisional Cut-off Date. The figures in this table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Latest Restructure Year</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|--------------------------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| 2007 to 2009                   | 4,839,725                        | 0.8%                           | 25                     | 1.0%                     |
| 2010 to 2012                   | 19,711,391                       | 3.1%                           | 97                     | 3.7%                     |
| 2013 to 2015                   | 248,306,893                      | 39.4%                          | 984                    | 38.0%                    |
| 2016 to 2017                   | 203,034,942                      | 32.2%                          | 873                    | 33.7%                    |
| No Restructure                 | 154,748,336                      | 24.5%                          | 612                    | 23.6%                    |
| <b>Total:</b>                  | <b>630,641,288</b>               | <b>100%</b>                    | <b>2,591</b>           | <b>100%</b>              |

20. **Geographical Distribution of Properties**

The following table shows the distribution of Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Region</b> | <b>Total Current Balance (€)</b> | <b>% Total Current Balance</b> | <b>Number of Loans</b> | <b>% Number of Loans</b> |
|---------------|----------------------------------|--------------------------------|------------------------|--------------------------|
| Carlow        | 6,992,653                        | 1.1%                           | 43                     | 1.7%                     |
| Cavan         | 7,878,888                        | 1.2%                           | 41                     | 1.6%                     |
| Clare         | 11,192,294                       | 1.8%                           | 57                     | 2.2%                     |
| Cork          | 39,326,885                       | 6.2%                           | 186                    | 7.2%                     |
| Donegal       | 7,886,921                        | 1.3%                           | 52                     | 2.0%                     |
| Dublin        | 252,394,196                      | 40.0%                          | 799                    | 30.8%                    |
| Galway        | 30,911,955                       | 4.9%                           | 133                    | 5.1%                     |
| Kerry         | 6,354,007                        | 1.0%                           | 29                     | 1.1%                     |
| Kildare       | 43,274,529                       | 6.9%                           | 168                    | 6.5%                     |
| Kilkenny      | 13,225,810                       | 2.1%                           | 60                     | 2.3%                     |
| Laois         | 10,759,992                       | 1.7%                           | 54                     | 2.1%                     |
| Leitrim       | 2,484,362                        | 0.4%                           | 12                     | 0.5%                     |
| Limerick      | 14,380,638                       | 2.3%                           | 89                     | 3.4%                     |
| Longford      | 3,080,002                        | 0.5%                           | 21                     | 0.8%                     |
| Louth         | 12,877,006                       | 2.0%                           | 66                     | 2.5%                     |

|               |                    |             |              |             |
|---------------|--------------------|-------------|--------------|-------------|
| Mayo          | 8,204,825          | 1.3%        | 51           | 2.0%        |
| Meath         | 40,374,838         | 6.4%        | 158          | 6.1%        |
| Monaghan      | 5,422,106          | 0.9%        | 26           | 1.0%        |
| Offaly        | 12,666,078         | 2.0%        | 66           | 2.5%        |
| Roscommon     | 5,566,296          | 0.9%        | 31           | 1.2%        |
| Sligo         | 3,677,146          | 0.6%        | 20           | 0.8%        |
| Tipperary     | 16,121,675         | 2.6%        | 94           | 3.6%        |
| Waterford     | 10,462,439         | 1.7%        | 53           | 2.0%        |
| Westmeath     | 9,380,626          | 1.5%        | 52           | 2.0%        |
| Wexford       | 28,378,670         | 4.5%        | 138          | 5.3%        |
| Wicklow       | 27,366,451         | 4.3%        | 92           | 3.6%        |
| <b>Total:</b> | <b>630,641,288</b> | <b>100%</b> | <b>2,591</b> | <b>100%</b> |

## 21. Type of Properties

The following table show information in relation to the type of Properties securing the Mortgage Loans in the Provisional Mortgage Portfolio as at the Provisional Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| Type of Property | Total Current Balance (€) | % Total Current Balance | Number of Loans | % Number of Loans |
|------------------|---------------------------|-------------------------|-----------------|-------------------|
| Detached         | 281,704,433               | 44.67%                  | 948             | 36.6%             |
| Semi Detached    | 171,482,110               | 27.19%                  | 787             | 30.4%             |
| Terrace          | 100,295,967               | 15.90%                  | 481             | 18.6%             |
| Bungalow         | 49,416,289                | 7.84%                   | 268             | 10.3%             |
| Flat             | 24,571,758                | 3.90%                   | 94              | 3.6%              |
| Commercial       | 2,328,534                 | 0.37%                   | 8               | 0.3%              |
| Other            | 842,197                   | 0.13%                   | 5               | 0.2%              |
| <b>Total:</b>    | <b>630,641,288</b>        | <b>100%</b>             | <b>2,591</b>    | <b>100%</b>       |

## 22. Months Current

The following table shows the number of months since the Mortgage Loans in the Provisional Mortgage Portfolio have fallen in arrears as at the Provisional Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| Months Current                        | Total Current Balance (€) | % Total Current Balance | Number of Loans | % Number of Loans |
|---------------------------------------|---------------------------|-------------------------|-----------------|-------------------|
| <=0.00                                | 50,194,975                | 8.0%                    | 222             | 8.6%              |
| >0.00 to <=3.00                       | 69,092,433                | 11.0%                   | 311             | 12.0%             |
| >3.00 to <=6.00                       | 57,645,266                | 9.1%                    | 239             | 9.2%              |
| >6.00 to <=12.00                      | 131,800,396               | 20.9%                   | 512             | 19.8%             |
| >12.00 to <24.00                      | 115,056,166               | 18.2%                   | 432             | 16.7%             |
| >24.00                                | 148,862,099               | 23.6%                   | 584             | 22.5%             |
| Never in arrears since September 2011 | 57,989,952                | 9.2%                    | 291             | 11.2%             |
| <b>Total:</b>                         | <b>630,641,288</b>        | <b>100.0%</b>           | <b>2,591</b>    | <b>100.0%</b>     |

## 23. Income Verification

The following table shows the number Self-Certified Loans and Verified Loans as at origination in the Provisional Mortgage Portfolio as at the Provisional Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Provisional Mortgage Portfolio.

| <b>Income Verification for<br/>Primary Income</b> | <b>Total Current<br/>Balance (€)</b> | <b>% Total<br/>Current<br/>Balance</b> | <b>Number of<br/>Loans</b> | <b>% Number of<br/>Loans</b> |
|---|--------------------------------------|--|----------------------------|------------------------------|
| Verified  | 534,510,586                          | 84.8%                                  | 2,148                      | 82.9%                        |
| Self-Certified                                    | 96,130,702                           | 15.2%                                  | 443                        | 17.1%                        |
| <b>Total:</b>                                     | <b>630,641,288</b>                   | <b>100%</b>                            | <b>2,591</b>               | <b>100%</b>                  |

## THE ADMINISTRATOR AND THE ADMINISTRATION AGREEMENT

### THE ADMINISTRATOR

Start Mortgages DAC, is a designated activity company incorporated in Ireland on 24 September 2004 (registered number 391445). Among other services, Start Mortgages DAC provides third party residential mortgage administration services to its clients on mortgage loans secured by residential real estate located in Ireland. Start Mortgages DAC is a wholly-owned subsidiary of Start Mortgages Holding Limited.

Start Mortgages DAC is authorised as a retail credit firm by the Central Bank of Ireland under the Central Bank Act 1997 (as amended by the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015) under registration number C36267 to provide credit servicing for the Mortgage Portfolio.

The registered office of Start Mortgages DAC is at Trimleston House, Beech Hill Office Campus Clonskeagh, Dublin 4, D04CK80, Ireland.

Start Mortgages DAC provides mortgage management services to LSF IX Paris Investments DAC, LSF IX Java Investments DAC, Lansdowne Mortgage Securities No. 1 plc and Lansdowne Mortgage Securities No. 2 plc.

Start Mortgages DAC had net assets of €127,975 at 31 December 2015.

### THE ADMINISTRATION AGREEMENT

#### Introduction

The Issuer, the Legal Title Holder, the Trustee, the Administrator, the Back-Up Administrator Facilitator and the Issuer Administration Consultant will enter into the administration agreement on or about the Closing Date (the **Administration Agreement**).

#### Appointment of the Administrator

On the Closing Date, Start Mortgages DAC (in such capacity, the **Administrator**) will be appointed by the Issuer and the Legal Title Holder under the Administration Agreement as its agent to administer the Mortgage Assets. Pursuant to the Administration Agreement, the Administrator will undertake to manage, administrate, collect and recover, in the name and on behalf of the Issuer, the Mortgage Assets in accordance with:

- (a) the standards of a Prudent Mortgage Administrator;
- (b) the terms and conditions of the Administration Agreement (including the Schedules);
- (c) the relevant Service Specification;
- (d) Applicable Law or Regulation;
- (e) the CoB Requirements;
- (f) Good Industry Practice;
- (g) any Alternative Resolution strategies taken in relation to any particular Mortgage Assets; and
- (h) subject to the Administration Agreement, the outcome of any consultation with the Issuer Administration Consultant.



Following the service of an Enforcement Notice by the Trustee, the Administrator will, instead of complying with the instructions of the Issuer, will comply with the instructions given by the Trustee.

**Alternative Resolution** means a resolution, following consultation with the Issuer Administration Consultant, in respect of an Asset or a Property (as the case may be) pursuant to:

- (a) a Mortgage-to-Rent Arrangement;
- (b) an Assisted Voluntary Sale;
- (c) a Voluntary Surrender;
- (d) the identification and execution of any other approved asset resolution strategy in consultation with the Issuer Administration Consultant (which for the avoidance of doubt may include a partial write-off or suspension of amounts payable under the relevant Mortgage Loan);

**Assisted Voluntary Sale** means the sale of a Property by a Borrower with the assistance of the Administrator, acting following consultation with the Issuer Administration Consultant, whereby after such sale, the Borrower may remain liable to the Issuer for any amounts outstanding pursuant to their Mortgage Loan(s);

**Mortgage-to-Rent Arrangement** means an arrangement whereby a Borrower voluntarily surrenders possession of a Property to the Legal Title Holder and the Property is sold by the Administrator (in consultation with the Issuer Administration Consultant) to a third party, following which the Borrower will become a tenant of the third party, with any shortfall in respect of the Borrower's Mortgage Loan(s) after that sale either being written off or remaining outstanding on new terms following consultation between the Administrator and the Issuer Administration Consultant;

**Voluntary Surrender** means where a Borrower voluntarily surrenders its Property to the Legal Title Holder (which may be assisted by the Administrator, following consultation with the Issuer Administration Consultant);

### **Interaction of the Administrator with the Issuer Administration Consultant**

The Issuer has appointed the Issuer Administration Consultant to provide consulting services in respect of the Mortgage Portfolio pursuant to the Asset Management Consulting Agreement and the Issuer Administration Consultant, acting as consultant to the Issuer, shall be the primary contact for the Administrator. Until receipt by the Administrator of written notice from the Issuer to the contrary and other than as to the specified circumstances set out in the Administration Agreement, the Administrator shall in respect of certain actions under the Administration Agreement be required to consult with the Issuer Administration Consultant prior to taking such action.

Further information on the Asset Management Consulting Agreement and the Issuer Administration Consultant are set out in the section headed "*The Issuer Administration Consultant and the Asset Management Consulting Agreement*" below.

### **Services to be performed in respect of Mortgage Assets**

#### *Management, administration and enforcement of mortgages*

- (a) The Administrator will provide to and for the Issuer, in respect of the Mortgage Portfolio, Services subject to and in accordance with the provisions of the Administration Agreement.

- (b) In performing its obligations under the Administration Agreement and in managing or administering the Mortgage Portfolio, the Administrator will observe and meet the requirements of Applicable Law or Regulation, the CoB Requirements, Good Industry Practice and the standards of a Prudent Mortgage Administrator.
- (c) The Administrator will, from time to time, at its own cost make such modifications to the Services necessary to comply with mandatory legislative or regulatory requirements. The Administrator will effect the necessary modifications to the Services and will consult with the Issuer Administration Consultant as soon as reasonably practicable but in any event in time to:
  - (i) consult with the Issuer Administration Consultant in relation to the necessary changes; and
  - (ii) comply with any statutory or regulatory timings.
- (d) Subject to the Administration Agreement, the Administrator will, in relation to any default by a relevant Borrower under or in connection with a Mortgage Asset, comply with the Service Specifications.
- (e) The Issuer will acknowledge and agree that, subject to the terms of the Administration Agreement, the Administrator shall only comply with or take action under the Service Specifications, in each case in respect of activities comprised with or forming part of Special Management Servicing, after it has become aware of a default by a Borrower under or in connection with a Mortgage Asset.
- (f) The Administrator, the Legal Title Holder and the Issuer have agreed in the Administration Agreement that:
  - (i) the Administrator will service the Mortgage Loans in accordance with the Service Specifications, provided that if an Alternative Resolution is being taken in relation to any Mortgage Loan, the Administrator will following consultation with the Issuer Administration Consultant propose, negotiate and, where possible, execute such Alternative Resolution with the relevant Borrower; and
  - (ii) the Administrator shall act in accordance with the standards of a Prudent Mortgage Administrator.
- (g) The Administrator shall not take any Consulting Action without having first consulted with the Issuer Administration Consultant. The Administrator shall give the Issuer Administration Consultant seven (7) days' prior notice (in writing or by e-mail) of all anticipated Consulting Actions for the week commencing seven (7) days after receipt of such notice (the **Weekly Consulting Notice**). Each Weekly Consulting Notice shall include:
  - (i) sufficient information to provide the Issuer Administration Consultant with sufficient factual background to such Consulting Action; and
  - (ii) a recommendation from the Administrator in relation to such action.

Following a consultation with the Issuer Administration Consultant, the Administrator will not be required to take any action which would require the Administrator to act other than in accordance with Good Industry Practice or the standards of a Prudent Mortgage Administrator.

#### *Setting of Discretionary Rates on Mortgage Loans*

Under the Administration Agreement the Administrator has been granted full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions and on behalf of the Legal Title Holder

and following consultation with the Issuer Administration Consultant, to determine and set, in relation to the Mortgage Loans, the variable rates and any other discretionary rates or margins applicable in relation to the Mortgage Loans, provided that, subject to the relevant Mortgage Conditions, Applicable Law or Regulation and any agreement or compromise between the Administrator and a relevant Borrower as further described in the paragraph below, such variable rate will be set at a rate at least equal to the one month EURIBOR rate at that interest determination date plus 2.50 per cent (**Variable Rate Floor**).

The Administrator shall not change the relevant variable rate nor any other discretionary rate or otherwise introduce a new additional variable rate in relation to any Mortgage Loans in the Mortgage Portfolio save in accordance with the Mortgage Conditions and Applicable Law or Regulation and further shall not reduce the variable rates or any other discretionary rates or margins applicable in relation to the Mortgage Loans without first consulting with the Issuer Administration Consultant and the Legal Title Holder. Any introduction of a new variable rate or any variation in the variable rate or any other discretionary rate or margin from time to time, shall not limit or affect any agreement or compromise that has been agreed between the Administrator and a relevant Borrower in relation to the management of arrears or enforcement in relation to a Mortgage Loan (including but not limited to any restructuring in relation to such Mortgage Loan) and shall not affect any agreement with a Borrower in relation to the amount to be paid in respect of past or future interest.

The Administrator will take the steps rendered necessary by the relevant Mortgage Conditions and Applicable Law or Regulation to bring any change in the variable rate or other discretionary rate or rates of interest to the attention of the relevant Borrowers, whether such change results from a change in the variable rate or relevant discretionary rate in relation to a Mortgage Loan, the introduction of any new variable rate or other discretionary rate or any other provisions of the Mortgage Conditions. Any change in the variable rate or other discretionary rate or the introduction of any new discretionary rate in relation to a Mortgage Loan shall be notified by the Administrator in writing to the Issuer as soon as reasonably practicable and the Administrator shall, as soon as reasonably practicable thereafter, notify the relevant Borrowers of any changes in the Monthly Payments in relation to the relevant Mortgage Loans. The Administrator shall bear and be responsible for all costs arising in relation to such a notification of a change in such rate or rates of interest or in such margin or Monthly Payments in relation to the relevant Mortgage Loans.

**ASU Policy & Procedures** means the Arrears Support Unit Procedures of Start Mortgages DAC, a copy of which as of the Closing Date is set out in Schedule 1 of the Administration Agreement (as updated from time to time).

**Cash Management Report** means a report prepared by the Administrator substantially in the form scheduled to the Administration Agreement.

**CoB Requirements** means:

- (a) the Code of Conduct on Mortgage Arrears 2013, the Consumer Protection Code 2012 and the Central Bank (Supervision and Enforcement Act 2015) (Section 118) and the Lending to Small and Medium-Sized Enterprises Regulations 2015;
- (b) the Consumer Credit Act 1995 (as amended) of Ireland;
- (c) the Central Bank Act 1997 (as amended); and
- (d) any other statutes, statutory instruments, orders, rules, regulations, common law or law of equity, court orders, judgments or decrees, codes of practice, regulatory policies and guidelines (whether or not having the force of law) of general application, and in force from time to time, in Ireland,

as the same may be amended, replaced or supplemented from time to time, to the extent, in each case, as would apply in relation to the Mortgage Loans or, in accordance with market practice, typically be observed

in relation to the Mortgage Loans by a Prudent Mortgage Administrator if the Legal Title Holder or the Issuer, as applicable, was a regulated financial services provider or otherwise subject to regulation under, and the terms of, such requirements, regardless of whether or not the Legal Title Holder and/or the Issuer, as applicable, is in fact so subject, but for the avoidance of doubt, in the case of any such potential observation in respect of the Issuer, only as to such requirements that could or can be applied to or in respect of an entity that is not a regulated financial services provider or otherwise so subject to regulation;

**Consulting Action** means any action to be taken by the Administrator, or any obligation to be incurred by the Administrator, on the Issuer's and/or the Legal Title Holder's behalf (including but not limited to additional costs and expenses), which:

- (a) requires the Administrator to consult with the Issuer Administration Consultant prior to taking such action pursuant to the Administration Agreement or the Service Specification; or
- (b) is not set out in the Service Specification.

**Mortgage Conditions** means the mortgage and lending conditions forming part of the Standard Documentation, applicable from time to time.

**Mortgage Documents** means the applicable loan agreements, mortgage deeds and other agreements and documents evidencing each of the Mortgage Assets.

**Monthly Report** means a report prepared by the Administrator substantially in the form scheduled to the Administration Agreement.

**Services** means the management servicing services provided pursuant to the Service Specification.

**Service Specification** means the specifications of services set out in the ASU Policy & Procedures.

#### *Records*

The Administrator shall keep and maintain Records, on a Mortgage Loan by Mortgage Loan basis, on a computer system (where electronically available), for the purposes of identifying amounts paid by each Borrower, any amount due by a Borrower, and the balance from time to time outstanding on a Borrower's account, and such other records as are required by the Service Specification, provided that, at all times the Administrator shall keep and identify separately all Records and amounts, including:

- (a) all monies received or paid by the Administrator in respect of the Assets or otherwise on behalf of the Issuer into the relevant Collection Accounts;
- (b) all Title Deeds;
- (c) all Mortgage Documents; and
- (d) any other Records whatever, including information stored electronically, in respect of the Mortgage Assets.

**Legal Title Holder Account Bank** means Allied Irish Bank (in relation to the Paris Collection Account and the Java Collection Accounts) or such other bank account provider as may be agreed between the Legal Title Holder and the Administrator.

**Records** means books of account, statements, transaction slips and vouchers, file notes, commentaries, financial and management reports and files related to the Mortgage Loans or relating to the Services to be

kept by the Administrator whether electronically (and in such case in machine-readable form and format) or otherwise.

**Title Deeds** means the deeds of title and ancillary documents relating to the Mortgage Loans.

#### *Operation of Accounts*

The Administrator shall procure that all amounts recovered under or in connection with the Mortgage Assets (other than amounts paid directly into the Paris Collection Account or the Java Collection Accounts by direct debit) shall promptly upon receipt be paid into the Paris Collection Account or the Java Collection Accounts, as applicable.

The Issuer Administration Consultant (on behalf of the Legal Title Holder) shall procure that the Issuer's Collection Portion represented by an aggregate daily amount equal to the Daily Euro Mortgage Loan Amount is credited to the Transaction Account on the Business Day following the Business Day on which such amounts are received in the Paris Collection Account or the Java Collection Accounts.

#### **Sub-contracting and Delegation**

Subject to certain conditions, the Administrator may, with the prior written consent of the Legal Title Holder and the Issuer Administration Consultant, sub-contract or delegate the performance of all or any of its powers and obligations under the Administration Agreement. The acts and omissions of any such sub-contractor shall be treated as the acts and omission of the Administrator for the purposes of the Administration Agreement and the Administrator shall remain liable for the acts and omissions of such sub-contractor. An obligation on the Administrator to do, or to refrain from doing, any act or thing shall include an obligation upon the Administrator to procure that its employees, staff, agents and any such sub-contractor's employees, staff and agents also do, or refrain from doing, such act or thing. None of the Legal Title Holder, the Issuer or the Trustee shall have any obligation in respect of any fees or expenses payable to such sub-contractor or arising from the entering into, the amendment or the termination of any arrangement with such sub-contractor. Notwithstanding any sub-contract or delegation the Administrator shall not be released or discharged from any duty, obligation, or liability under the Administration Agreement and shall remain responsible for the performance of the Services. Subject to satisfying the requirements set out in this paragraph, any sub-contract or delegation entered into by the Administrator and any appointment of Third Party Providers by the Legal Title Holder on or before the Closing Date is expressly permitted.

#### **Remuneration of the Administrator**

The Issuer shall pay to the Administrator for the Services a fee, which shall be calculated in relation to each Calculation Period, equal to 0.30 per cent. per annum (exclusive of VAT) of the aggregate Current Balance of the Mortgage Loans as at the start of the immediately preceding Calculation Period (the **Base Fee**).

The Base Fee will, immediately following the third anniversary of the Closing Date and on an annual basis thereafter, be subject to an increase in an amount equal to the amount by which the CPI has increased since the previous anniversary of the Closing Date subject to a cap of 2% per annum (such increased amount, the **Administrator Indexed Fee**, and together with the Base Fee, the **Administration Fee**).

The Administration Fee shall be calculated, in relation to each relevant Calculation Period, on the basis of the number of days elapsed in that Calculation Period and a three hundred and sixty-five (365) day year.

In addition to the Administration Fee, if, following a sale of the Mortgage Loans in the Mortgage Portfolio as a result of the exercise of the Call Option or the Risk Retention Regulatory Change Option the Administrator will cease to provide the Services with respect to such Mortgage Loans, the Exit Fee shall be payable to the Administrator on the Optional Purchase Completion Date or the Risk Retention Regulatory Change Completion Date, as applicable.

**Exit Fee** means an amount equal to 0.1% of the Current Balance of the Mortgage Loans (as at the Calculation Date immediately prior to the Optional Purchase Completion Date or the Risk Retention Regulatory Change Completion Date, as applicable) in respect of which the Administrator will cease to provide the Services following the Optional Purchase Completion Date or the Risk Retention Regulatory Change Completion Date, as applicable.

### **Limit on Liability of the Administrator**

Subject to the terms of the Administration Agreement and except in respect of:

- (a) the Administrator's fraud, Gross Negligence, or wilful misconduct in the performance of its obligations under the Administration Agreement; or
- (b) as to any sum for which the Administrator fails to account to the Issuer or the Legal Title Holder for which it holds or should hold on trust for the Issuer or the Legal Title Holder,

the liability of the Administrator arising out of or in connection with the Administration Agreement and/or any other Transaction Document, whether arising in contract, tort (including negligence) or otherwise shall be limited to the Administration Fee payable in respect of the Calculation Period in which the first claim giving rise to any such liability of the Administrator arose multiplied by 24 in aggregate.

**Applicable Law or Regulation** means all applicable statutes, statutory instruments, orders, rules, regulations, common law or law of equity, court orders, judgments or decrees, codes of practice, regulatory policies and guidelines (whether or not having the force of law) in force from time to time but, for the avoidance of doubt, in reference to the obligations of the Administrator under the Administration Agreement, shall not include any such items of or arising from any jurisdictions other than Ireland which may apply by virtue of the nature or structure of the Issuer, its direct or indirect equity holders or controllers, its holdings, management structure or similar items;

**Good Industry Practice** means generally accepted good practices in the residential mortgage administration industry (as applicable), using that degree of skill, care, diligence, prudence, foresight, efficiency and practice which would be expected from a leading service provider within that industry (as applicable).

**Gross Negligence** means any act, omission or other conduct of a party (the **Defaulting Party**) which falls below the level of care and skill that could reasonably be expected of a Prudent Mortgage Administrator, in circumstances where that act, conduct or omission (as applicable) also shows a voluntary, deliberate and / or manifestly careless or reckless disregard by the Defaulting Party of the interests of another Party (the **Non-Defaulting Party**) and could reasonably be expected to cause significant prejudice to the interests of the Non-Defaulting Party.

**Prudent Mortgage Administrator** means a prudent mortgage administration servicer that manages, administers and services mortgage loans in Ireland, in accordance with Applicable Law or Regulation, the CoB Requirements and Good Industry Practice;

**Third Party Provider** means any person (other than the Administrator and any sub-contractor of the Administrator) appointed by or on behalf of the Issuer and/or the Legal Title Holder, as applicable, from time to time at its sole discretion to perform services or undertake other activities in relation to the Administration Agreement or the Assets.

### **Split Mortgage Loans**

Start Mortgages DAC does not offer Split Mortgage Loans except when required to do so under arrears management procedures.

One of the arrears management procedures that Start Mortgages DAC has established is a facility whereby, if directed by a Personal Insolvency Arrangement, a Borrower in arrears may be entitled to split their Mortgage Loan (any such Mortgage Loan, a **Split Mortgage Loan**). A Split Mortgage Loan is divided into two accounts with a view to reducing the relevant Borrower's monthly repayments. The relevant Mortgage Loan is split into (i) a portion of the principal balance on which interest continues to accrue and be charged to the relevant Borrower (the **Main Mortgage Account**) and (ii) a portion of the principal balance which is warehoused until the scheduled final repayment date of the relevant Mortgage Loan (the **Warehoused Mortgage Account**). Under a Split Mortgage Loan, the relevant Borrower is not required to repay the balance of the Warehoused Mortgage Account until the end of the mortgage term. This means that, with effect from the date that a Mortgage Loan becomes a Split Mortgage Loan, the relevant Borrower's monthly payments will be lower than they were prior to the split (and in line with what the Borrower can afford to pay over time). At the end of the mortgage term, the Borrower will owe the full outstanding balance of the Split Mortgage Loan (including the relevant Warehoused Mortgage Account).

The arrears management procedures permit discretion to be exercised by the appropriate officers of the Administrator in many circumstances. These same procedures (and if different, any arrears management procedures which may be required by a relevant mortgage indemnity insurer), as from time to time varied in accordance with the policies of a Prudent Mortgage Administrator, are required to be used by the Administrator in respect of arrears arising on the Mortgage Loans.

## **Termination of the appointment of the Administrator**

### *Termination by Issuer, the Trustee or the Issuer Administration Consultant*

- (a) Either the Issuer or the Issuer Administration Consultant may at any time at its sole option and discretion terminate the whole of the Administration Agreement by serving not less than six months' notice in writing on the Administrator (with a copy to the other parties and subject to the termination fees outlined in the Administration Agreement).
- (b) Either the Issuer or the Issuer Administration Consultant (prior to the delivery of an Enforcement Notice) or the Trustee (after the delivery of an Enforcement Notice) may at once or at any time thereafter while any breach or event referred to below is continuing (each an **Administrator Termination Event**), by notice in writing to the Administrator, terminate the Administration Agreement with effect from the date (no earlier than the date of that notice) specified in that notice in the following circumstances:
  - (i) if the Administrator breaches an obligation under the Administration Agreement to pay any amount due to the Issuer and such breach continues unremedied for a period of twenty one Business Days after the date of receipt by the Administrator of written notice from the Issuer requiring the same to be remedied;
  - (ii) if the Administrator breaches any other material covenant, obligation, representation or warranty under the Administration Agreement and the Administrator does not remedy that breach, if capable of remedy, within twenty Business Days after the date of receipt by the Administrator of written notice from the Issuer requiring the Administrator's non-compliance to be remedied;
  - (iii) on the occurrence of an Insolvency Event in relation to the Administrator;
  - (iv) if the Administrator ceases to carry on, or resolves to cease to carry on, the business of administering mortgage loans or ceases a substantial portion of such business;

- (v) subject to the terms of the Administration Agreement, in the event of a loss by the Administrator of any regulatory licence or authorisation necessary for it to perform all or a material part of the Services in accordance with the Administration Agreement;
- (vi) subject to the terms of the Administration Agreement, any restriction is applied by a Regulator which would prevent the Administrator from complying with any of its material obligations under the Administration Agreement;
- (vii) if the Administrator commits any act or omission in the performance of the Services that constitutes fraud, wilful misconduct or Gross Negligence or the Administrator is found guilty of a criminal offence;
- (viii) if the Administrator fails to deliver a Monthly Report on three or more consecutive occasions; or
- (ix) in the event of an Administrator Material Adverse Effect.

The Administrator shall promptly notify the Legal Title Holder, the Issuer, the Issuer Administration Consultant and Trustee in writing of the occurrence of an Insolvency Event in respect of the Administrator or any event which had or could reasonably be expected to have an Administrator Material Adverse Effect.

#### *Termination by the Administrator*

Subject to the terms of the Administration Agreement, the Administration Agreement may be terminated by the Administrator upon the written notice of termination given by the Administrator to the Issuer and the Back-Up Administrator Facilitator (with a copy to the Trustee) upon the occurrence of the following (each an **Administrator Resignation Event**) at once or at any time thereafter:

- (a) a default is made by the Issuer in the payment of fees or any amounts owing to the Administrator under the Administration Agreement and such default continues unremedied by the Issuer for one month;
- (b) if the Issuer breaches any other material covenant or obligation under the Administration Agreement and either the Issuer does not remedy that breach, if capable of remedy, within twenty Business Days after the date of receipt by the Issuer of written notice from the Administrator requiring the Issuer's non-compliance to be remedied; or
- (c) the occurrence of an Insolvency Event in respect of the Issuer,

with effect from a date which shall be the later of (i) the date specified in the termination notice and (ii) the earlier of (x) the expiry of 120 days from the date on notice of termination has been given to the Issuer and the Trustee by the Administrator and (y) the appointment by the Issuer of a Successor Administrator.

#### *Mutual termination*

#### **Illegality, licences and authorisation**

The Administration Agreement may be terminated by any of the parties thereto upon giving 120 days' written notice to the other parties if reasonably practicable in the circumstances given the effective or occurrence date of the event, and otherwise on such shorter notice period that is reasonably practicable under the circumstances, without further liability arising between the parties if a change of Applicable Law or Regulation or any CoB Requirements or other event outside the control of the parties has occurred which:



- (a) renders the performance of Administration Agreement or the Services (or any part thereof but only provided that such part of the Services is material to providing the Services) illegal;
- (b) causes the loss of all or any necessary regulatory authorisations, approvals, licences, consents and permissions necessary for the provision of the Services; or
- (c) requires the obtaining by any party to the Administration Agreement of new or additional regulatory authorisations, approvals, licences, consents and permissions or necessitates material alterations to the Services or the loan administration system of the Administrator, which requirement or necessity imposes a material financial and/or administrative burden on any such party,

and, as to any such items, the parties to the Administration Agreement, using reasonable commercial efforts, are unable to agree mutually acceptable terms in light of any such illegality or loss of licences or authorisations or any mutually acceptable resolution, accommodation, modification or work-around, in any case to avoid or address any such illegality or loss of licences or authorisations.

*Requirement to appoint a successor administrator following termination*

No termination of the appointment of the Administrator by the Issuer or the Issuer Administration Consultant under the Administration Agreement will be effective until a successor administrator has been appointed in accordance with the terms of the Administration Agreement.

**Administrator Group** means the Administrator and its affiliates.

**Administrator Material Adverse Effect** means any event or circumstance (or series of events or circumstances) which arises or occurs and gives rise to a material adverse effect on:

- (a) the ability of the Administrator to perform and comply with its material obligations under the Administration Agreement (including, without limitation, payment obligations);
- (b) the business, operations or condition (financial or otherwise) of the Administrator;
- (c) the validity or enforceability of the material obligations of the Administrator under the Administration Agreement or the rights or remedies of the Issuer under the Administration Agreement; or
- (d) the ability of the Administrator to maintain the Dedicated Team and the staffing of it with sufficient personnel with the appropriate qualifications, skills and ability to deal with and perform the Services and proper training to conduct all activities in connection with the Services in compliance with the Administration Agreement, Applicable Law or Regulation, the CoB Requirements and Good Industry Practice.

**Affiliate** means in relation to any entity, any other entity directly or indirectly Controlling, Controlled by or under common Control with such entity.

**Control** means the ability to direct the affairs of a company and/or control the composition of the board of directors or equivalent body of that company and "**Controlling**" and "**Controlled**" shall be interpreted accordingly.

**Dedicated Team** means those employees of the Administrator assigned by it from time to time on a substantially full-time basis to provide the Services (including, for the avoidance of doubt, the team manager and any managers of, or comprised among, those employees).

## **Delegation to a Third Party Purchaser**

In the event of a transfer of legal title in the Mortgage Loans to a third party purchaser (whether on the occurrence of a Perfection Trigger Event (other than a Perfection Trigger Event caused by the occurrence of an Insolvency Event in relation to the Legal Title Holder), the exercise of the Call Option or the Risk Retention Regulatory Change Option or otherwise) the Administrator shall, in relation to any Mortgage Loan under which the relevant Mortgage Conditions require the continued involvement of Start Mortgages DAC as an administrator of such Mortgage Loan:

- (a) enter into such documentation as is necessary to delegate the exercise of all its powers, duties and discretions as administrator under the relevant Mortgage Loan (including, without limitation, those relating to the setting of interest rates and the handling of arrears in respect of such Mortgage Loans) to such third party purchaser;
- (b) procure in such documentation that such third party purchaser acknowledges the policies of Start Mortgages DAC in relation to arrears handling and interest rate setting; and
- (c) grant a power of attorney to such third party purchaser enabling such third party purchaser to exercise the powers which have been delegated to it.

The obligation of the Administrator to act as above will survive the termination of the Administration Agreement.

## **Back-Up Administrator Facilitator**

The Issuer will appoint the Back-Up Administrator Facilitator in accordance with the Administration Agreement. If the Administrator's appointment is terminated, the Back-Up Administrator Facilitator shall use reasonable endeavours to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable replacement administrator in accordance with the Administration Agreement.

## **Governing law**

The Administration Agreement and any non-contractual obligations arising out of or in connection with the Administration Agreement are governed by, and construed in accordance with Irish law.

## **The Issuer Administration Consultant and the Asset Management Consulting Agreement**

### **THE ISSUER ADMINISTRATION CONSULTANT**

Hudson Advisors Ireland DAC (the **Issuer Administration Consultant**) is a wholly owned subsidiary of Hudson Advisors Europe DAC which is in turn a wholly owned subsidiary of Hudson Advisors L.P. Hudson Advisors L.P. and its global subsidiaries (collectively, **Hudson**) is a globally integrated asset management company that performs due diligence and analysis, asset management, and other support services for Lone Star Funds, a leading private equity firm that invests globally in real estate, equity, credit and other financial assets. Formed in 1995, Hudson Advisors L.P. (formerly known as Brazos Advisors, LLC) is headquartered in Dallas, Texas and has subsidiary offices in New York, Montreal, San Juan, London, Frankfurt, Luxembourg, Dublin, Madrid, Paris, Amsterdam and Tokyo. Hudson collectively employs over 850 professionals. The Issuer Administration Consultant was established as a loan servicing and asset management team which currently employs approximately 37 commercial and residential mortgage professionals in Dublin. The Issuer Administration Consultant is authorised by the Central Bank of Ireland as a credit servicing firm pursuant to section 34F of the Central Bank Act 1997.

## THE ASSET MANAGEMENT CONSULTING AGREEMENT

The Issuer, the Legal Title Holder, the Trustee and the Issuer Administration Consultant will enter into the Asset Management Consulting Agreement on or about the Closing Date (the **Asset Management Consulting Agreement**).

### Appointment of the Issuer Administration Consultant

On the Closing Date, Hudson Advisors Ireland DAC (in such capacity, the **Issuer Administration Consultant**) will be appointed by the Issuer under the Asset Management Consulting Agreement as its agent to provide certain consulting services in relation to the Mortgage Assets.

The Issuer Administration Consultant has authority in accordance with the provisions of the Asset Management Consulting Agreement to provide asset management consulting services (to include consulting with the Administrator) with respect to the Mortgage Assets (the **Consulting Services**). The Issuer Administration Consultant will provide the Consulting Services on the terms, and subject to the conditions, of the Asset Management Consulting Agreement and in accordance with the Consulting Standard.

The Issuer Administration Consultant shall consult with the Administrator generally in relation to the services provided by the Administrator and in relation to the specific matters set out in the Administration Agreement in relation to which the Administrator is required to consult with the Issuer Administration Consultant.

**Consulting Standard** means the commercially reasonable care, skill and diligence with which prudent institutional commercial providers perform consulting services for assets comparable to the Mortgage Assets within a scope of services comparable to the Consulting Services.

### Services of the Issuer Administration Consultant

The services to be provided by the Issuer Administration Consultant will include, without limitation:

- (a) acting as the primary contact for the Administrator under the Administration Agreement;
- (b) consulting with the Administrator generally in relation to the servicing of the portfolio and more specifically in relation to the Consulting Actions;
- (c) meeting the Administrator weekly (or at such other frequency as the Issuer Administration Consultant or any Sub-Consultant appointed pursuant to the Asset Management Consulting Agreement may reasonably request of the Administrator from time to time) to review the Administrator's delivery of the Services under the Administration Agreement;
- (d) at the sole discretion of the Issuer Administration Consultant, requesting that the Administrator provides the Issuer, the Issuer Administration Consultant and any Sub-Consultant appointed pursuant to the Asset Management Consulting Agreement with further information regarding the Administrator and its operations reasonably required to confirm the ability of the Administrator to perform its obligations under the Administration Agreement;
- (e) to provide the Cash Manager with all information that it may reasonably require in order to apply amounts standing to the credit of the IRC Collateral Account in accordance with the IRC Collateral Account Priority of Payments and the Cash Management Agreement; and
- (f) in consultation with the Issuer, assist in making any determinations required to be made by the Issuer under the Interest Rate Cap Agreement and if required by the Cash Manager to notify the Cash Manager of such determination,

- (g) should the Collection Account Bank cease to have the required Collection Account Bank Rating, use reasonable endeavours to assist the Issuer to:
- (i) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement collection account bank or replacement sterling collection account bank (as applicable) within 30 calendar days from the date of such breach;
  - (ii) procure that all amounts held on trust for the Issuer standing to the credit of the Collection Account (as applicable) are transferred to the relevant replacement account at such replacement institution within 30 calendar days from the date of such breach; and
  - (iii) procure that a declaration of trust is declared over any such replacement account and that such trust is acknowledged by the replacement collection account bank,

provided that, in the case of (e), (f) and (g) above, in no circumstance shall the Issuer Administration Consultant incur any liability in connection with assisting or failing to assist the Issuer in relation to the making of any such determination.

The Issuer Administration Consultant shall on or promptly after the date of any Asset Management Sub-Consulting Agreement inform the Administrator that it has, pursuant to such Asset Management Sub-Consulting Agreement, engaged, and duly authorised, a Sub-Monitor to act for it and on its behalf in respect of the Services (including, for the avoidance of doubt and without limitation, in respect of each of the actions referred to in paragraphs (a) to (d) above).

**Asset Management Sub-Consulting Agreement** means any asset management sub-consulting agreement (as amended and modified from time to time) entered into between the Issuer Administration Consultant and a Sub-Consultant.

**Collection Account Bank Rating means:**

- (a) long-term deposit rating of at least Baa2 by Moody's;
- (b) long-term senior unsecured debt rating of BBB (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS), or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes,

or (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Notes.

**Sub-Consultant** means any sub-consultant appointed by the Issuer Administration Consultant pursuant to any Asset Management Sub-Consulting Agreement.

**Remuneration of the Issuer Administration Consultant**

The Issuer shall pay the Issuer Administration Consultant fees in respect of the performance of the Consulting Services in an amount of €120,000 per annum (exclusive of VAT) payable monthly in arrear on each Interest Payment Date.

## Termination of the Asset Management Consulting Agreement

### *Termination by the Issuer*

The Issuer may terminate the Asset Management Consulting Agreement effective immediately if an Issuer Administration Consultant Termination Event has occurred and is continuing and the Issuer has delivered a written notice to the Issuer Administration Consultant specifically identifying the nature of the Issuer Administration Consultant Termination Event and setting forth the proposed date of termination (the **Issuer Termination Effective Date**). The Issuer Administration Consultant shall notify the Issuer promptly upon becoming aware of the occurrence of an Issuer Administration Consultant Termination Event.

### *Termination by the Issuer Administration Consultant*

The Issuer Administration Consultant may terminate its appointment under the Asset Management Consulting Agreement by giving not less than 30 days' written notice to the Legal Title Holder, the Issuer and the Trustee.

The Issuer Administration Consultant may terminate the Asset Management Consulting Agreement effective immediately if an Issuer Termination Event has occurred and is continuing and the Issuer Administration Consultant has delivered a written notice to the Issuer specifically identifying the nature of the Issuer Termination Event and setting forth the proposed date of termination (the **Issuer Administration Consultant Termination Effective Date**). The Issuer shall notify the Issuer Administration Consultant promptly upon becoming aware of the occurrence of an Issuer Administration Consultant Termination Event.

**Issuer Administration Consultant Material Adverse Effect** means the occurrence of any circumstances pursuant to which the commercial or financial condition of the Issuer Administration Consultant has substantially deteriorated and which materially and adversely affects the ability of the Issuer Administration Consultant to perform its obligations under the Asset Management Consulting Agreement or any sub-consulting agreement

**Issuer Administration Consultant Termination Event** means any of the following events:

- (a) a default by the Issuer Administration Consultant with respect to the performance or observance of any of its material covenants or other obligations under the Asset Management Consulting Agreement, if such breach continues unremedied (if capable of being remedied) up to and including the date falling twenty (20) days after written notice of such breach is received by the Issuer Administration Consultant in accordance with the terms of the Asset Management Consulting Agreement;
- (b) any of the representations or warranties given by the Issuer Administration Consultant in the Asset Management Consulting Agreement is untrue and that misrepresentation or the matter to which that misrepresentation relates has had an Issuer Administration Consultant Material Adverse Effect and such default continues unremedied for a period of twenty (20) days after receipt by the Issuer Administration Consultant of written notice from the Issuer requiring the same to be remedied;
- (c) the Issuer Administration Consultant ceases or threatens to cease to carry on a substantial part of the present business operations which it now conducts, including the performance of the Consulting Services under the Asset Management Consulting Agreement (other than as set out in the Asset Management Consulting Agreement);
- (d) the occurrence of an Insolvency Event in respect of the Issuer Administration Consultant; or
- (e) the Issuer Administration Consultant commits any act or omission in the performance of the Consulting Services that constitutes fraud, wilful misconduct or gross negligence or the Issuer

Administration Consultant is found guilty of a criminal offence is rendered against the Issuer Administration Consultant or any director or officer of the Issuer Administration Consultant in connection with the performance of the Consulting Services under the Asset Management Consulting Agreement.

**Issuer Material Adverse Effect** means the occurrence of any circumstances pursuant to which the commercial or financial condition of the Issuer has substantially deteriorated and which materially and adversely affects the ability of the Issuer to perform its obligations under the Asset Management Consulting Agreement.

**Issuer Termination Event** means any of the following events:

- (a) Any default (other than non-payment) by the Issuer with respect to the performance or observance of any of its material covenants or other obligations under the Asset Management Consulting Agreement, if such breach continues unremedied (if capable of being remedied) up to and including the date falling twenty (20) days after written notice of such breach is received by the Issuer in accordance with the terms of the Asset Management Consulting Agreement.
- (b) Any default in the payment when due of any amount owing under the Asset Management Consulting Agreement in the time provided under the Asset Management Consulting Agreement (provided that such default shall be capable of being remedied if the relevant amount due is paid within ten (10) days of the date on which the relevant payment was payable to the Issuer Administration Consultant).
- (c) Any of the representations or warranties given by the Issuer is untrue and that misrepresentation or the matter to which that misrepresentation relates has had an Issuer Material Adverse Effect and such default continues unremedied for a period of twenty (20) days after receipt by the Issuer of written notice from the Issuer Administration Consultant requiring the same to be remedied.
- (d) The Issuer ceases or threatens to cease to carry on a substantial part of the present business operations which it now conducts, and such cessation or threat causes or would cause an Issuer Material Adverse Effect.
- (e) The occurrence of an Insolvency Event in respect of the Issuer.
- (f) The Issuer commits any act or omission in the performance of its obligations under the Asset Management Consulting Agreement that constitutes fraud, wilful misconduct or gross negligence or the Issuer is found guilty of a criminal offence or any director or officer of the Issuer in connection with the performance of its obligations under the Asset Management Consulting Agreement.

*Requirement to appoint a successor issuer administration consultant*

No termination of the appointment of the Issuer Administration Consultant under the Asset Management Consulting Agreement will be effective until a successor issuer administration consultant has been appointed in accordance with the terms of the Asset Management Consulting Agreement.

**Governing Law**

The Asset Management Consulting Agreement and any non-contractual obligations arising out of or in connection with it are governed by Irish law.

## THE ACCOUNT BANK AND THE ACCOUNT BANK AGREEMENT

Pursuant to an agreement dated on or about the Closing Date between the Issuer, the Cash Manager, the Account Bank and the Trustee (the **Account Bank Agreement**), Elavon Financial Services DAC, U.K. Branch in its capacity as Account Bank, has agreed to maintain the Transaction Account and the IRC Collateral Account (such account, together with any other additional or replacement account in the name of the Issuer opened in accordance with the Transaction Documents, the "**Issuer Accounts**") on behalf of the Issuer.

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services D.A.C. (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U. S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services D.A.C. from its offices in London at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom.

Elavon Financial Services D.A.C. is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services D.A.C. is authorised by the Central Bank of Ireland and the activities of its U.K. Branch are also subject to the limited regulation of the U.K. Financial Conduct Authority and Prudential Regulation Authority.

If the long-term unsecured, unsubordinated and unguaranteed debt obligations rating of the Account Bank falls below A2 by Moody's or if the long-term senior unsecured debt rating of the Account Bank falls below A from DBRS or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, or (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Notes (the **Minimum Account Bank Rating**), the Issuer shall, within 30 calendar days, use reasonable endeavours to transfer the Transaction Account to another bank that satisfies the Rating Agencies' criteria in accordance with the Rating Agencies' criteria.

The Issuer Accounts will bear or charge interest at the rate agreed from time to time between the Issuer and the Account Bank. If a negative interest rate is applied to an Issuer Account by the Account Bank, the relevant charged interest will be billed to the Issuer by the Account Bank and will be paid concurrently with the fees payable by the Issuer to the Account Bank, subject to the applicable Priority of Payments.

## THE INTEREST RATE CAP PROVIDER AND THE INTEREST RATE CAP AGREEMENT

### THE INTEREST RATE CAP PROVIDER

BNP Paribas is a French multinational bank and financial services company with its registered office located at 16 boulevard des Italiens 75009 Paris, France and its corporate website in English is <http://www.bnpparibas.com/en>.

BNP Paribas, together with its consolidated subsidiaries (the **BNP Paribas Group**) is a global financial services provider, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world.

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It operates in 74 countries and has more than 192,000 employees, including more than 146,000 in Europe. BNP Paribas holds key positions in its two main businesses:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities including Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - Europe-Mediterranean,
    - BancWest,
    - Personal Finance,
    - Insurance,
    - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Corporate Banking,
  - Global Markets,
  - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group;

At 31 December 2016, the BNP Paribas Group had consolidated assets of €2,076.9 billion (compared to €1,994.2 billion at 31 December 2015), consolidated loans and receivables due from customers of €712.2 billion (compared to €682.5 billion at 31 December 2015), consolidated items due to customers of €765.9 billion (compared to €700.3 billion at 31 December 2015) and shareholders' equity (Group share) of €100.7 billion (compared to €96.3 billion at 31 December 2015).

Pre-tax income at 31 December 2016 was €11.2 billion (compared to €10.4 billion at 31 December 2015). Net income, attributable to equity holders, at 31 December 2016 was €7.7 billion (compared to €6.7 billion at 31 December 2015).



At the date of this Prospectus, the BNP Paribas Group currently has long-term senior debt ratings of “A” with stable outlook from S&P, “A1” with stable outlook from Moody’s Investors Service, Inc. “A+” with stable outlook from Fitch Ratings, Ltd and “AA (low) with stable outlook from DBRS.

The information contained in this section relates to and has been obtained from BNP Paribas. The information concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of BNP Paribas or the BNP Paribas Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to <http://invest.bnpparibas.com/en>.

### THE INTEREST RATE CAP AGREEMENT

On or before the Closing Date, the Issuer will enter an ISDA 2002 Master Agreement (together with the Schedule and Credit Support Annex thereto and Confirmation thereunder) with the Interest Rate Cap Provider (the **Interest Rate Cap Agreement**) to provide hedging against interest rate fluctuations (the **Interest Rate Cap**). The Interest Rate Cap Agreement is effective from and including the Closing Date up to and including 24 March 2024 (or, if earlier, the Relevant Redemption Date). Pursuant to the Interest Rate Cap Agreement, the Interest Rate Cap Provider, against payment by the Issuer of the Interest Rate Cap Fees on each Interest Payment Date, shall make payments to the Issuer on each Interest Payment Date if and to the extent one month EURIBOR for the relevant Interest Period exceeds the Cap Strike Rate.

The notional balance of the Interest Rate Cap will be in accordance with a notional amount payment schedule as set out in the Interest Rate Cap Agreement (the **Notional Amount**).

In the event that the relevant rating(s) of the Interest Rate Cap Provider is or are, as applicable, downgraded by a Rating Agency below the Cap Required Ratings, the Interest Rate Cap Provider will, in accordance with the Interest Rate Cap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Interest Rate Cap Agreement and at its own cost which may include (i) the provision of collateral for its obligations under the Interest Rate Cap Agreement in accordance with the terms of the Credit Support Annex thereto, or (ii) arranging for its obligations under the Interest Rate Cap Agreement to be transferred to an entity with the Cap Required Ratings, or (iii) procuring another entity with at least the Cap Required Ratings to become a guarantor in respect of its obligations under the Interest Rate Cap Agreement, or (iv) taking such other action as it may agree with the relevant Rating Agency as will result in the ratings of the then outstanding Class of Notes with the highest rating by the relevant Rating Agency being restored to or maintained at the level they were at immediately prior to the downgrade. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Interest Rate Cap Agreement.

The Interest Rate Cap Agreement may also be terminated in certain other circumstances that may include, without limitation, the following: (i) a Relevant Redemption Date occurs; (ii) if certain insolvency events occur or (iii) if a change in law results in the obligations of one of the parties becoming illegal.

**Cap Strike Rate** means 2.0 per cent.

**Cap Required Ratings** means, with respect to the Interest Rate Cap Provider or a replacement or guarantor in respect thereof, the minimum relevant rating(s) required by each Rating Agency as more particularly described in the "*Transaction Overview – Triggers Tables – Rating Triggers Table*" section above.

**Interest Rate Cap Fees** means the product of the Notional Amount multiplied by 0.2222 per cent., multiplied by the Day Count Fraction, payable from Available Revenue Receipts on each Interest Payment Date.

**Relevant Redemption Date** means the date as of which all amounts due under the Rated Notes have been repaid and/or redeemed in full or no amounts remain to be paid under the Rated Notes pursuant to Condition 10 (*Limited Recourse*).

## KEY STRUCTURAL FEATURES

### CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Noteholders, as follows:

- (a) Available Revenue Receipts are expected to exceed interest due and payable on the Rated Notes and Senior Expenses of the Issuer (including €1,000 per annum payable in an amount of €250 on each Interest Payment Date falling in March, June, September and December of each year to be credited to the Issuer Profit Account and to be retained by the Issuer as profit in respect of the business of the Issuer (the **Issuer Profit Amount**)).
- (b) Any Revenue Shortfall on any Interest Payment Date may be funded first, by applying Principal Receipts and second, by applying the Liquidity Reserve Release Amount from the Liquidity Reserve Fund Ledger.
- (c) Any Additional Note Payment Shortfall on any Interest Payment Date may be funded by applying amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger.
- (d) Prior to the delivery of an Enforcement Notice, Available Revenue Receipts will be applied, in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Receipts will be applied in accordance with the Pre-Enforcement Principal Priority of Payments. Following the delivery of an Enforcement Notice, Available Revenue Receipts and Available Principal Receipts will be applied in accordance with the Post-Enforcement Priority of Payments.
- (e) At all times:
  - (i) payments of principal on the Class A Notes will be made in priority to payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes;
  - (ii) payments of principal on the Class B Notes will be made in priority to payments of principal on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes;
  - (iii) payments of principal on the Class C Notes will be made in priority to payments of principal on the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes;
  - (iv) payments of principal on the Class D Notes will be made in priority to payments of principal on the Class E Notes, the Class F Notes and the Class Z Notes;
  - (v) payments of principal on the Class E Notes will be made in priority to payments of principal on the Class F Notes and the Class Z Notes; and
  - (vi) payments of principal on the Class F Notes will be made in priority to payments of principal on the Class Z Notes.
- (f) Prior to the service of an Enforcement Notice by the Trustee on the Issuer, payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Priority of Payments: (i) while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are

outstanding, until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000; and (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, until the Class X Notes are redeemed to €1. Following the service of an Enforcement Notice by the Trustee on the Issuer, the Class X Notes will be redeemed in accordance with the Post-Enforcement Priority of Payments after the redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes.

- (g) At all times:
- (i) payments of interest on the Class A Notes will be made in priority to payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F, the Class Z Notes and payments of principal and interest on the Class X Notes;
  - (ii) payments of interest on the Class B Notes will be made in priority to payments of interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and payments of principal and interest on the Class X Notes;
  - (iii) payments of interest on the Class C Notes will be made in priority to payments of interest on the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and payments of principal and interest on the Class X Notes;
  - (iv) payments of interest on the Class D Notes will be made in priority to payments of interest on the Class E Notes, the Class F Notes, the Class Z Notes and payments of principal and interest on the Class X Notes;
  - (v) payments of interest on the Class E Notes will be made in priority to payments interest on the Class F Notes, the Class Z Notes and payments of principal and interest on the Class X Notes;
  - (vi) payments of interest on the Class F Notes will be made in priority to payments interest on the Class Z Notes and payments of principal and interest on the Class X Notes;
  - (vii) payments of interest on the Class Z Notes will be made in priority to payments of principal and interest on the Class X Notes
- (h) Amounts credited to the Transaction Account may be invested in Authorised Investments.
- (i) A Subordinated Loan is provided by the Subordinated Loan Provider to (i) fund the General Reserve Fund on the Closing Date, (ii) to meet the costs in connection with the issuance of the Notes; and (iii) to fund the Liquidity Reserve Fund on the Closing Date. Repayment of the amounts of interest and principal on the Subordinated Loan is subordinated to payments of interest and principal (as applicable) on the Notes.

For the purposes of this paragraph and where used elsewhere in this Prospectus:

**Authorised Investments** means investments of the funds standing to the credit of the Transaction Account which are:

- (a) money market funds that hold Aaa-mf money market fund ratings from Moody's;
- (b) euro denominated securities; or

- (c) euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that such investments have a maturity date of 90 days or less and mature before the next following Interest Determination Date and provided further that with respect to securities and deposit investments specified under paragraphs (b) and (c) above:

- (i) with respect to investments with a maturity date of less than 30 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least R-1(low) by DBRS or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A by DBRS, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency; and
- (ii) with respect to investments with a maturity date of greater than or equal to 30 days but less than 60 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least R-1(medium) by DBRS or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least AA(low) by DBRS, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency; and
- (iii) with respect to investments with a maturity date of greater than or equal to 60 days but less than three months, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least R-1(medium) by DBRS or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least AA(low) by DBRS, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency; or
- (iv) in each case, which are otherwise acceptable to the rating agencies to maintain the then current ratings of the Notes,

save that where such investments would result in the re-characterisation of the Notes or any transaction under the Transaction Documents as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No 575/2013 (as amended and/or supplemented from time to time), such investments shall not qualify as Authorised Investments.

**First Interest Payment Date** means the Interest Payment Date falling in April 2017.

**Senior Expenses** means any senior expenses of the Issuer which rank in priority to the Class A Notes in the relevant Priority of Payments.

Each of these factors is considered in more detail below.

## **Credit Support for the Notes provided by Available Revenue Receipts**

Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency Ledger entries. See "*Key Structural Features*" – *The Principal Deficiency Ledger*".

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to item (q) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish and increase the Liquidity Reserve Fund up to an amount equal to the Liquidity Reserve Fund Required Amount.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to item (r) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish and increase the General Reserve Fund up to an amount equal to the General Reserve Fund Required Amount.

## **Liquidity support provided by use of Principal Receipts and Liquidity Reserve Fund to fund Revenue Shortfall**

On each Determination Date, the Cash Manager shall determine the amount of Revenue Shortfall, if any. To the extent that there is a Revenue Shortfall, the Cash Manager on behalf of the Issuer shall, on the relevant Interest Payment Date, pay or provide for such Revenue Shortfall by applying, first, Principal Receipts and second, the Liquidity Reserve Release Amount from the Liquidity Reserve Fund Ledger. See section entitled "*Cashflows and Cash Management – Application of Principal Receipts and Liquidity Reserve Fund to cure Revenue Shortfall*".

## **Liquidity support provided by use of Additional Note Payment Reserve Fund to fund Additional Note Payment Shortfall**

On each Determination Date following the Step-Up Date, the Cash Manager shall determine the amount of Additional Note Payment Shortfall, if any. To the extent that there is an Additional Note Payment Shortfall, the Cash Manager on behalf of the Issuer shall, on the relevant Interest Payment Date, pay or provide for such Additional Note Payment Shortfall by applying amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger. See section entitled "*Cashflows and Cash Management – Application of Additional Note Payment Reserve Fund to cure Additional Note Payment Shortfall*".

## **Payment of the Notes in sequential order and deferral of payments on the Notes**

Payments of interest and principal on the Classes of Notes will be paid in accordance with the relevant Priority of Payments.

Subject to certain conditions under Condition 8.11 (*Deferral of Interest and Additional Note Payments*), any shortfall in payments of interest on Notes (other than in respect of the Class A Notes) will be deferred until the next Interest Payment Date and this will not constitute an Event of Default. On the next Interest Payment Date, the amount of interest scheduled to be paid on the relevant Class of Notes will be increased to take account of any deferral of such amounts for the relevant Class of Notes. The deferral process will continue until the Final Maturity Date of the Notes, at which point, all such deferred amounts (including interest thereon) will become due and payable. However, if there is insufficient money available to the Issuer to pay interest on any Class of Notes, then the relevant Noteholders may not receive all interest amounts.

Similarly, any shortfall in payments of Additional Note Payments on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be deferred until the next Interest Payment Date and this will not constitute an Event of Default. On the next Interest Payment Date, the relevant Additional Note Payments will be made (including interest (if any) accrued but unpaid and/or deferred and accrued interest

thereon). The deferral process will continue until the Final Maturity Date of the Notes, at which point, all such deferred amounts (including interest thereon) will become due and payable. However, if there is insufficient money available to the Issuer to pay Additional Note Payments on any Class of Notes, then the relevant Noteholders may not receive all Additional Note Payments.

It is not intended that any surplus will be accumulated in the Issuer, other than, for the avoidance of doubt, the Issuer Profit Amount and amounts standing to the credit of the Liquidity Reserve Fund Ledger, the Additional Note Payment Reserve Fund Ledger and, prior to the third Interest Payment Date, the Prefunding Reserve Ledger.

### **The Principal Deficiency Ledger**

On each Determination Date, the Cash Manager will determine (based on information provided by the Administrator with respect to the Mortgage Portfolio):

- (i) any Losses on the Mortgage Loans in the Mortgage Portfolio;
- (ii) any Mortgage Loans that have become Split Mortgage Loans;

In the case of a Mortgage Loan that becomes a Split Mortgage Loan, for the purposes of determining the interest amount payable in respect of such Mortgage Loan, the Current Balance of such Mortgage Loan will be deemed to be reduced by the principal balance of the related Warehoused Mortgage Account. For the avoidance of doubt, the Legal Title Holder does not have a policy of offering Split Mortgage Loans, but may be required to offer Split Mortgage Loans to certain defaulting Borrowers in connection with arrears management procedures.

A Principal Deficiency Ledger, comprising seven sub-ledgers (one relating to each class of Notes (other than the Class X Notes)), will be established on the Closing Date. The Principal Deficiency Ledger will record as debit items any losses or deemed principal losses in respect of the Mortgage Portfolio, including the following:

- (i) any Losses on the Mortgage Loans in the Mortgage Portfolio;
- (ii) in the case of any Split Mortgage Loans, an amount equal to the then current principal balance of the related Warehoused Mortgage Account provided that if an amount is moved from the Warehoused Mortgage Account to the Main Mortgage Account, the Principal Deficiency Ledger shall be credited by such amount;
- (iii) in the case of a Mortgage Loan in arrears by 180 days or more and in respect of which amounts have not been recorded in items (i) and (ii) above, an amount equal to the Current Balance of such Mortgage Loan multiplied by the then current Arrears Percentage, provided that, for the avoidance of doubt, if: (a) the number of days by which such Mortgage Loan is in arrears increases such that the corresponding Arrears Percentage increases, the debit entry on the Principal Deficiency Ledger shall be increased to an amount equal to the Current Balance of such Mortgage Loan multiplied by the then current Arrears Percentage; (b) the number of days by which such Mortgage Loan is in arrears decreases such that the corresponding Arrears Percentage decreases, the difference between the previous debit entry on the Principal Deficiency Ledger and the amount equal to the Current Balance of such Mortgage Loan multiplied by the then current Arrears Percentage shall be credited to the Principal Deficiency Ledger; and (c) if such Mortgage Loan no longer falls under items (a), (b) or (c) of the definition of Arrears Percentage, the amount previously debited to the Principal Deficiency Ledger is instead credited to the Principal Deficiency Ledger;

- (iv) the application of any Principal Receipts to meet any Revenue Shortfall;
- (v) the application of any Principal Receipts to replenish the Liquidity Reserve Fund pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments; and
- (vi) the application of any Principal Deficiency Excess Revenue Amount.

Debits recorded on the Class A Principal Deficiency Sub-Ledger shall be recorded in respect of the Class A Notes. Debits recorded on the Class B Principal Deficiency Sub-Ledger shall be recorded in respect of the Class B Notes. Debits recorded on the Class C Principal Deficiency Sub-Ledger shall be recorded in respect of the Class C Notes. Debits recorded on the Class D Principal Deficiency Sub-Ledger shall be recorded in respect of the Class D Notes. Debits recorded on the Class E Principal Deficiency Sub-Ledger shall be recorded in respect of the Class E Notes. Debits recorded on the Class F Principal Deficiency Sub-Ledger shall be recorded in respect of the Class F Notes. Debits recorded on the Class Z Principal Deficiency Sub-Ledger shall be recorded in respect of the Class Z Notes.

Any amounts recorded as debit entries to the Principal Deficiency Ledger shall be debited in the following order:

- (a) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes;
- (b) *second*, to the Class F Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class F Notes;
- (c) *third*, to the Class E Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class E Notes; and
- (d) *fourth*, to the Class D Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class D Notes;
- (e) *fifth*, to the Class C Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class C Notes;
- (f) *sixth*, to the Class B Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and
- (g) *seventh*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Amounts allocated to the Principal Deficiency Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments as follows:

- (i) *first*, to the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (ii) *second*, to the Class B Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (iii) *third*, to the Class C Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (iv) *fourth*, to the Class D Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (v) *fifth*, to the Class E Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (vi) *sixth*, to the Class F Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and



(vii) *seventh*, to the Class Z Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

On each Determination Date, the Cash Manager will calculate the then current balance of the Principal Deficiency Ledger and will, on the immediately succeeding Interest Payment Date, apply excess Available Revenue Receipts to cure any debit entries. In the event that it is subsequently determined that the balance of the Principal Deficiency Ledger was calculated as being higher than was subsequently found to be the case (as a result of Mortgage Loans in arrears being subsequently found to have been fully or partially cured), it may be the case that, on any Interest Payment Date, the Available Revenue Receipts that are applied to cure a debit entry on the Principal Deficiency Ledger will be excessive for such purpose. In such circumstances, following the application of Available Revenue Receipts the Principal Deficiency Ledger will have a negative balance (any such amount, the **Principal Deficiency Excess**). Any amounts equal to the balance of such Principal Deficiency Excess shall form part of the Available Revenue Receipts on the next following Interest Payment Date, such amounts being **Principal Deficiency Excess Revenue Amounts**.

**Arrears Percentage** means:

- (a) for Mortgage Loans between 180 days and 269 days in arrears, 20 per cent.;
- (b) for Mortgage Loans between 270 days and 359 days in arrears, 35 per cent.; and
- (c) for Mortgage Loans more than 359 days in arrears, 50 per cent.

**Class A Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes.

**Class B Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes.

**Class C Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class C Notes.

**Class D Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class D Notes.

**Class E Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class E Notes.

**Class F Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class F Notes.

**Class Z Principal Deficiency Sub-Ledger** means the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes.

**Losses** means any losses as determined by the Administrator in accordance with its then current procedures including, to the extent relevant, its ASU Policy & Procedures, arising in relation to a Mortgage Loan in the Mortgage Portfolio which causes a shortfall in the amount available to pay principal on the Notes (including, without limitation, any write downs under the Personal Insolvency Act or any loss as a result of an exercise of any set-off by any Borrower in respect of its Mortgage Loan) or otherwise;

**Main Mortgage Account** means, in relation to a Split Mortgage Loan, that portion of the principal balance on which interest continues to be charged.

**Principal Deficiency Ledger** means the Principal Deficiency Ledger **comprising** the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-

Ledger, the Class D Principal Deficiency Sub-Ledger, the Class E Principal Deficiency Sub-Ledger and the Class F Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer.

**Split Mortgage Loan** means any Mortgage Loan that has been split into a Main Mortgage Account and a Warehoused Mortgage Account (and, for the avoidance of doubt, the Main Mortgage Account and the Warehoused Mortgage Account do not constitute separate or new Mortgage Loans) as part of the Seller's arrears management procedures, with interest payable only in respect of the Main Mortgage Account.

**Warehoused Mortgage Account** means, in respect of a Split Mortgage Loan, the portion of the principal balance that is warehoused until the final redemption date of the Mortgage Loan with the principal balance being payable on such final redemption date.

### **Transaction Account**

All monies held by the Issuer will be deposited in the Transaction Account in the first instance. The Transaction Account is maintained with the Account Bank. At the direction of the Issuer, the Cash Manager may on behalf of and in the name of the Issuer invest sums standing to the credit of the Transaction Account in Authorised Investments.

### **Subordinated Loan**

The Issuer will enter into the Subordinated Loan Agreement with the Subordinated Loan Provider on or about the Closing Date. Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider will agree to make available to the Issuer the subordinated loan (the **Subordinated Loan**) on the Closing Date. The Subordinated Loan will be a subordinate ranking loan which will be used by the Issuer on the Closing Date to:

- (a) fund the General Reserve Fund (the **General Reserve Fund Advance**);
- (b) fund the Liquidity Reserve Fund (the **Liquidity Reserve Fund Advance**); and
- (c) meet costs and expenses incurred by the Issuer in respect of the issuance of the Notes and the purchase of the Initial Portfolio on the Closing Date (the **Expenses Advance**, and together with the General Reserve Fund Advance and the Liquidity Reserve Fund Advance, the **Advances**).

The amount of the Subordinated Loan on the Closing Date will be €25,608,743.48.

The Subordinated Loan will bear interest until repaid at a rate of one-month EURIBOR plus 0.50 per cent. per annum (together subject to a floor of zero). Any unpaid interest will not fall due but will instead be due and payable on the next following Interest Payment Date on which sufficient funds are available to pay the unpaid amount and pending such payment, will itself bear interest. Interest in respect of the Subordinated Loan will be payable by the Issuer on each Interest Payment Date. The Issuer will repay the principal on the Advances on each Interest Payment Date to the extent that it has Available Principal Receipts to make such payment in accordance with the relevant Priority of Payments or on the Final Maturity Date.

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with the Subordinated Loan Agreement will be governed by Irish law.

### **Cash Manager**

The Issuer has appointed the Cash Manager pursuant to an agreement entered into on or about the Closing Date between the Cash Manager, the Issuer and the Trustee (the **Cash Management Agreement**). Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal functions will be effecting

payments to and from the Transaction Account and the IRC Collateral Account and making corresponding calculations and determinations on behalf of the Issuer. See further the section entitled "*Cashflows and Cash Management*".

The Cash Manager will provide the Issuer, the Issuer Administration Consultant and the Trustee with the Investor Report by not later than 5.00pm on each Reporting Date, provided that the Administrator shall have delivered the Cash Manager Report by no later than 10.00 a.m. on the sixth Business Day immediately preceding that Reporting Date, such obligation to provide the Investor Report will be deemed to be discharged if the Cash Manager publishes the Investor Report on [www.usbank.com/abs](http://www.usbank.com/abs) by 5.00 p.m. on each Reporting Date.

**Cash Manager Report** means the report to be delivered by the Administrator to the Cash Manager substantially in the form scheduled to the Administration Agreement and which will contain sufficient information to enable the Cash Manager to prepare the Investor Report.

**Reporting Date** means the Business Day after each Interest Payment Date.

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with the Cash Management Agreement will be governed by English law.

## CASHFLOWS AND CASH MANAGEMENT

### APPLICATION OF REVENUE RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

#### Definition of Revenue Receipts

Revenue Receipts received by the Issuer in any Calculation Period shall be credited by the Cash Manager to the ledger created for such purpose (the **Revenue Ledger**) on the Transaction Account.

**Revenue Receipts** means payments received by the Issuer directly or from the Sellers representing:

- (a) payments of interest (including Arrears of Interest and Accrued Interest but excluding Capitalised Arrears) and fees due from time to time under the Mortgage Loans;
- (b) recoveries of interest and outstanding fees (excluding Capitalised Arrears, if any) from defaulting Borrowers under Mortgage Loans being enforced;
- (c) recoveries of interest from defaulting Borrowers under Mortgage Loans in respect of which enforcement procedures have been completed;
- (d) the proceeds of any indemnity payment in relation to any Mortgage Loan by the Seller; and
- (e) any early repayment charges which have been paid by the Borrower in respect of the Mortgage Loans.

**Accrued Interest** means as at any date (the "determination date") on or after the Closing Date or the relevant Further Portfolio Sale Date, as applicable, and in relation to any Mortgage Loan, interest on such Mortgage Loan (not being interest which is currently payable on the determination date) which has accrued (but is not yet due and payable) from and including the Monthly Payment Date immediately prior to the determination date to and including the determination date.

**Arrears of Interest** means as at any date (the "determination date") on or after the Closing Date or the relevant Further Portfolio Sale Date, as applicable, and in relation to any Mortgage Loan, interest (which has not been capitalised) on such Mortgage Loan which is currently due, payable and unpaid.

**Capitalised Arrears** means, in relation to a Mortgage Loan, on any date, amounts (excluding Arrears of Interest) which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of such Mortgage Loan in accordance with the Mortgage Conditions or with the Borrower's consent or in accordance with the relevant Seller's normal charging practices and any applicable regulatory obligations.

**Capital Balance** means in respect of a Mortgage Loan at any date the principal balance of that Mortgage Loan.

**Monthly Payment Date** means the date on which interest (and principal in relation to a Repayment Mortgage Loan) is due to be paid by a Borrower on a Mortgage Loan or, if any such day is not a Business Day, the next following Business Day except where such next following Business Day falls in a different month in which case, the preceding Business Day.

#### Definition of Available Revenue Receipts

**Available Revenue Receipts** means, for each Interest Payment Date, an amount equal to the aggregate of (without double-counting):

- (a) the Revenue Receipts on the Mortgage Loans received by the Issuer during the immediately preceding Calculation Period;
- (b) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Calculation Period;
- (c) amounts standing to the credit of the General Reserve Fund Ledger;
- (d) any amounts standing to the credit of the Liquidity Reserve Fund Ledger in excess of the Liquidity Reserve Fund Required Amount following the application of any Liquidity Reserve Release Amount;
- (e) any Principal Receipts applied as Principal Deficiency Excess Revenue Amounts;
- (f) other net income of the Issuer received during the immediately preceding Calculation Period (other than any Principal Receipts);
- (g) any Available Principal Receipts applied as Available Revenue Receipts in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments;
- (h) amounts received or to be received by the Issuer under or in connection with the Interest Rate Cap Agreement (other than (i) any early termination amount received by the Issuer under the Interest Rate Cap Agreement, (ii) IRC Collateral, (iii) any Replacement IRC Amount paid to the Issuer, and (iv) amounts in respect of IRC Tax Credits on such Interest Payment Date other than, in each case, any IRC Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the IRC Collateral Account Priority of Payments); and
- (i) on the Relevant Redemption Date, the Additional Note Payment Reserve Fund Ledger Residual Amount.

**Calculation Date** means the last day in the calendar month immediately preceding an Interest Payment Date.

**Calculation Period** means the period from (but excluding) a Calculation Date (or in **respect** of the first Calculation Period, from and including the Cut-off Date) to (and including) the next (or first) Calculation Date and, in relation to an Interest Payment Date, the "related Calculation Period" means, unless the context otherwise requires, the Calculation Period ending immediately before such Interest Payment Date.

**Determination Date** means the day that is three Business Days before an Interest Payment Date.

### **Prefunding Reserve Ledger**

The Cash Manager shall maintain a ledger on the Transaction Account (the **Prefunding Reserve Ledger**) pursuant to the Cash Management Agreement which shall record: (i) amounts credited to the Transaction Account on the Closing Date from the proceeds of the Rated Notes and the Subordinated Loan in an amount equal to the aggregate of the Principal Amount Outstanding of the Rated Notes and the principal balance of the Subordinated Loan minus the Current Balance of the Mortgage Loans comprising the Initial Portfolio as of the Cut-Off Date; and (ii) amounts debited from the Transaction Account on the relevant Further Portfolio Sale Date to fund the Issuer's acquisition of a Further Portfolio (if any) from the relevant Seller or Sellers, with the remainder to be applied on the third Interest Payment Date as Available Principal Receipts. After the third Interest Payment Date, the Cash Manager will close the Prefunding Reserve Ledger. The amount credited to the Prefunding Reserve Ledger on the Closing Date is expected to be up to 5 per cent of the Current Balance of the Mortgage Loans in the Initial Portfolio as at the Cut-Off Date.

## **General Reserve Fund and General Reserve Fund Ledger**

The Cash Manager will maintain a ledger on the Transaction Account pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund (the **General Reserve Fund Ledger**).

On the Closing Date, the general reserve fund (the **General Reserve Fund**) will be established by way of an advance under the Subordinated Loan up to an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Notes (other than the Class X Notes) on the Closing Date minus the Liquidity Reserve Fund Required Amount (the **Initial General Reserve Fund Required Amount**) and replenished on each Interest Payment Date up to an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Notes (other than the Class X Notes) on the Closing Date minus the Liquidity Reserve Fund Required Amount (the **General Reserve Fund Required Amount**). The Initial General Reserve Fund Required Amount will be credited to the Transaction Account (with a corresponding credit to the General Reserve Fund Ledger). After the Closing Date, the General Reserve Fund will be replenished from Available Revenue Receipts in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments up to the General Reserve Fund Required Amount. On each Interest Payment Date, amounts standing to the credit of the General Reserve Fund Ledger will be applied as Available Revenue Receipts in accordance with the relevant Priority of Payments.

## **Liquidity Reserve Fund**

The Cash Manager will maintain a ledger on the Transaction Account pursuant to the Cash Management Agreement to record the balance from time to time of the Liquidity Reserve Fund (the **Liquidity Reserve Fund Ledger**).

On the Closing Date, the Liquidity Reserve Fund will be established by way of an advance under the Subordinated Loan in the sum of €9,028,410.00 up to an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date (the **Initial Liquidity Reserve Fund Required Amount**) and replenished on each Interest Payment Date up to an amount equal to 3.0 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the immediately preceding Interest Payment Date (the **Liquidity Reserve Fund Required Amount**). The Liquidity Reserve Fund Required Amount will be credited to the Transaction Account (with a corresponding credit to the Liquidity Reserve Fund Ledger). After the Closing Date, the Liquidity Reserve Fund will be replenished from Available Revenue Receipts in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments up to the Liquidity Reserve Fund Required Amount.

## **Additional Note Payment Reserve Fund**

The Cash Manager will maintain a ledger on the Transaction Account pursuant to the Cash Management Agreement to record the balance from time to time of the Additional Note Payment Reserve Fund (the **Additional Note Payment Reserve Fund Ledger**).

On each Interest Payment Date, the Additional Note Payment Reserve Fund Payment Amount will be paid to the additional note payment reserve fund (the **Additional Note Payment Reserve Fund**) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments.

**Additional Note Payment Reserve Fund Payment Amount** means, on any Interest Payment Date, 50% of the Available Revenue Receipts remaining after paying items (a) to (y) of the Pre-Enforcement Revenue Priority of Payments.

### **Application of Principal Receipts and Liquidity Reserve Fund to cure Revenue Shortfall**

On each Determination Date, the Cash Manager shall calculate the amount of Revenue Shortfall, if any.

If the Cash Manager determines that there would be a Revenue Shortfall on an Interest Payment Date to pay those items, then the Issuer shall pay or provide for that Revenue Shortfall by applying first Principal Receipts in meeting such Revenue Shortfall against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

If, after the application of Principal Receipts to cure the Revenue Shortfall, the Cash Manager determines that there would still be a Revenue Shortfall, it shall provide for the remainder of such Revenue Shortfall by applying the Liquidity Reserve Release Amount from the Liquidity Reserve Fund Ledger in meeting the remainder of such Revenue Shortfall against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

**Liquidity Reserve Release Amount** means, on any Interest Payment Date, the lesser of:

- (a) the amount standing to the credit of the Liquidity Reserve Fund Ledger on such Interest Payment Date; and
- (b) the amount of the remainder of the Revenue Shortfall to pay any amounts under items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date after the application of the Principal Receipts to cure the Revenue Shortfall.

**Revenue Shortfall** means the amount calculated by the Cash Manager on each Determination Date being the amount by which Available Revenue Receipts (excluding limb (d) of the definition of Available Revenue Receipts) are insufficient to pay or provide for payment of items (a) to (d) of the Pre-Enforcement Revenue Priority of Payments and;

- (a) for as long as the Class A Notes are the Most Senior Class of Notes then outstanding, item (e) of the Pre-Enforcement Revenue Priority of Payments;
- (b) for as long as the Class B Notes are the Most Senior Class of Notes then outstanding, item (g) of the Pre-Enforcement Revenue Priority of Payments;
- (c) for as long as the Class C Notes are the Most Senior Class of Notes then outstanding, item (i) of the Pre-Enforcement Revenue Priority of Payments;
- (d) for as long as the Class D Notes are the Most Senior Class of Notes then outstanding, item (k) of the Pre-Enforcement Revenue Priority of Payments;
- (e) for as long as the Class E Notes are the Most Senior Class of Notes then outstanding, item (m) of the Pre-Enforcement Revenue Priority of Payments;
- (f) for as long as the Class F Notes are the Most Senior Class of Notes then outstanding, item (o) of the Pre-Enforcement Revenue Priority of Payments; and
- (g) for as long as the Class Z Notes are the Most Senior Class of Notes then outstanding, item (cc) of the Pre-Enforcement Revenue Priority of Payments.

### **Application of Additional Note Payment Reserve Fund to cure Additional Note Payment Shortfall**

On each Determination Date, the Cash Manager shall calculate the amount of Additional Note Payment Shortfall, if any.

If the Cash Manager determines that there would be an Additional Note Payment Shortfall on an Interest Payment Date, then the Cash Manager on behalf of the Issuer shall on the relevant Interest Payment Date pay or provide for that Additional Note Payment Shortfall by applying the amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger in meeting such Additional Note Payment Shortfall against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

On the Relevant Redemption Date any Additional Note Payment Reserve Fund Ledger Residual Amount shall be applied as Available Revenue Receipts.

**Additional Note Payment Reserve Fund Ledger Residual Amount** means, with respect to any Interest Payment Date, the amount standing to the credit of the Additional Note Payment Reserve Fund Ledger after first having applied the amounts standing to the credit of the Additional Note Payment Reserve Fund Ledger towards any Additional Note Payment Shortfall.

**Additional Note Payment Shortfall** means the amount calculated by the Cash Manager on each Determination Date being the amount by which Available Revenue Receipts are insufficient to pay or provide for payment of items (t) to (w) (inclusive) of the Pre-Enforcement Revenue Priority of Payments.

**Use of the General Reserve Fund Ledger Residual Amount and the Liquidity Reserve Fund Ledger Residual Amount to redeem the Notes on the Final Rated Note Distribution Date**

On the Final Rated Note Distribution Date, all amounts standing to the credit of the General Reserve Fund Ledger and the Liquidity Reserve Fund Ledger will be applied as Available Principal Receipts and used to redeem the Notes on such Interest Payment Date.

**Final Rated Note Distribution Date** means the Interest Payment Date on which the aggregate of the General Reserve Fund Ledger Residual Amount and the Liquidity Reserve Fund Ledger Residual Amount is greater than or equal to the Principal Amount Outstanding of the Rated Notes.

**General Reserve Fund Ledger Residual Amount** means, with respect to any Interest Payment Date, the amount standing to the credit of the General Reserve Fund Ledger after first having applied the amounts standing to the credit of the General Reserve Fund Ledger as Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments and after amounts have been credited to the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments.

**Liquidity Reserve Fund Ledger Residual Amount** means, with respect to any Interest Payment Date, the amount standing to the credit of the Liquidity Reserve Fund Ledger after first having applied any Liquidity Reserve Release Amount to cure any Revenue Shortfall and after amounts have been credited to the Liquidity Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments.

**Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer**

On each Interest Payment Date (or in respect of items (a) and (b) below, on any date) prior to the service of an Enforcement Notice by the Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall apply or provide for the Available Revenue Receipts (not including any amount standing to the credit of the IRC Collateral Account (other than any IRC Collateral Account Surplus)) together with (in the case of any Revenue Shortfall) Principal Receipts and/or Liquidity Reserve Release Amount in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Pre-Enforcement Revenue Priority of Payments**):

- (a) first, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to



become due and payable in the immediately succeeding Interest Period to the Trustee or any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Deed and the other Transaction Documents (an **Appointee**) together with (if payable) VAT thereon as provided therein;

- (b) second, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any amounts then due and payable to the Reference Agent, the Registrar and the Principal Paying Agent, together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement (the **Paying Agents**) and any costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Account Bank under the Account Bank Agreement and any costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to it under the provisions of the Account Bank Agreement, together with (if payable) VAT thereon as provided therein;
  - (iii) any amounts then due and payable to any custodian or any replacement or additional account bank and any costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to it under the provisions of the Transaction Documents, together with (if payable) VAT thereon as provided therein;
  - (iv) any amounts due and payable to the Administrator and any costs, charges, liabilities and expenses then due and payable to the Administrator or any such amount to become due and payable to the Administrator in the immediately succeeding Interest Period under the provisions of the Administration Agreement, together with (if payable) VAT thereon as provided therein;
  - (v) any amounts then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Cash Manager or any such amount to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;
  - (vi) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable or to become due and payable in the immediately succeeding Interest Period to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
  - (vii) any amounts then due and payable to the Legal Title Holder and any costs, charges, liabilities and expenses then due and payable to the Legal Title Holder or any such amount to become due and payable to the Legal Title Holder in the immediately succeeding Interest Period, together with (if payable) VAT thereon; and
  - (viii) any amounts to pay any Insurance Policy premium payments or to reimburse the Issuer Administration Consultant to the extent it has paid such amounts on behalf of the Issuer.
- (c) third, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

- (i) any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) in respect of amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period including, but not limited to, audit fees, legal fees, tax compliance fees and anticipated wind-up costs of the Issuer and any amounts required to pay or discharge any liability of the Issuer to VAT or corporation tax or other tax;
  - (ii) any amounts due and payable to the Interest Rate Cap Provider, including the Interest Rate Cap Fees due and payable by the Issuer to the Interest Rate Cap Provider and any termination payment due and payable by the Issuer but excluding: (x) any IRC Excluded Termination Amount; and (y) amounts to be satisfied pursuant to the IRC Collateral Account Priority of Payments on the same Interest Payment Date; and
  - (iii) any Replacement IRC Amount payable to a replacement interest rate cap provider to the extent the available amounts standing to the credit of the IRC Collateral Account are insufficient to cover such Replacement IRC Amount in accordance with the IRC Collateral Account Priority of Payments;
- (d) fourth, on each Interest Payment Date falling in March, June, September and December of each year, the Issuer Profit Amount;
  - (e) fifth, in or towards payment of amounts of interest due and payable on the Class A Notes to the holders of the Class A Notes;
  - (f) sixth, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
  - (g) seventh, in or towards payment of amounts of interest due and payable on the Class B Notes to the holders of the Class B Notes (including any Deferred Interest and Additional Interest thereon);
  - (h) eighth, to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
  - (i) ninth, in or towards payment of amounts of interest due and payable on the Class C Notes to the holders of the Class C Notes (including any Deferred Interest and Additional Interest thereon);
  - (j) tenth, to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
  - (k) eleventh, in or towards payment of amounts of interest due and payable on the Class D Notes to the holders of the Class D Notes (including any Deferred Interest and Additional Interest thereon);
  - (l) twelfth, to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
  - (m) thirteenth, in or towards payment of amounts of interest due and payable on the Class E Notes to the holders of the Class E Notes (including any Deferred Interest and Additional Interest thereon);
  - (n) fourteenth, to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
  - (o) fifteenth, in or towards payment of amounts of interest due and payable on the Class F Notes to the holders of the Class F Notes (including any Deferred Interest and Additional Interest thereon);

- (p) sixteenth, to credit the Class F Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
- (q) seventeenth, so long as the Class A Notes will remain outstanding following such Interest Payment Date, to credit the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount;
- (r) eighteenth, to credit the General Reserve Fund Ledger up to the General Reserve Fund Required Amount;
- (s) nineteenth, to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
- (t) twentieth, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class C Additional Note Payment to the holders of the Class C Notes;
- (u) twenty first, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class D Additional Note Payment to the holders of the Class D Notes;
- (v) twenty second, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class E Additional Note Payment to the holders of the Class E Notes;
- (w) twenty third, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class F Additional Note Payment to the holders of the Class F Notes;
- (x) twenty fourth, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof any amounts due and payable to the Issuer Administration Consultant and any costs, charges, liabilities and expenses then due and payable to the Issuer Administration Consultant or any such amount to become due and payable to the Issuer Administration Consultant in the immediately succeeding Interest Period under the provisions of the Issuer Administration Agreement, together with (if payable) VAT thereon as provided therein (to the extent not paid in accordance with item (b) above);
- (y) twenty fifth, on and from the Step-Up Date until the Notes (other than the Class X Notes) have been repaid in full, the remainder, if any, to constitute Available Principal Receipts and to be applied in accordance with the Pre-Enforcement Principal Priority of Payments;
- (z) twenty sixth, to credit the Additional Note Payment Reserve Fund Ledger up to the Additional Note Payment Reserve Fund Payment Amount;
- (aa) twenty seventh, to pay all amounts of interest due or accrued (if any) but unpaid and any capitalised interest due to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (bb) twenty eighth, to pay principal amounts due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (cc) twenty ninth, in or towards payment of amounts of interest due and payable on the Class Z Notes to the holders of the Class Z Notes (including any Deferred Interest and Additional Interest thereon);

- (dd) thirtieth, while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are outstanding, to pay principal amounts due on the Class X Notes until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000, and following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, until the Class X Notes are redeemed to €1; and
- (ee) thirty first, to pay any IRC Excluded Termination Amount to the Interest Rate Cap Provider (to the extent not satisfied pursuant to the IRC Collateral Account Priority of Payments on the same Interest Payment Date);
- (ff) thirty second, in or towards payment of amounts of interest due and payable on the Class X Notes to the holders of the Class X Notes.

## **APPLICATION OF PRINCIPAL RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE**

### **Definition of Principal Receipts**

Principal Receipts received by the Issuer in any Calculation Period shall be credited by the Cash Manager to the ledger created for such purpose (the **Principal Ledger**) on the Transaction Account.

**Principal Receipts** means payments received by the Issuer representing:

- (a) any payment in respect of principal received in respect of any Mortgage Loan (including Capitalised Arrears and Capitalised Expenses but excluding Accrued Interest and Arrears of Interest);
- (b) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including the proceeds of sale of the relevant Property);
- (c) any payment pursuant to any Insurance Policy in respect of a Property in connection with a Mortgage Loan in the Mortgage Portfolio;
- (d) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan; and
- (e) any other payments received which are not classified as Revenue Receipts.

**Capitalised Expenses** means for any Mortgage Loan at any date, expenses which have become overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of that Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

### **Definition of Available Principal Receipts**

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

- (a) all Principal Receipts on the Mortgage Loans received by the Issuer during the immediately preceding Calculation Period;
- (b) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (f), (h), (j), (l), (n), (p) and (s) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;

- (c) on the Final Rated Note Distribution Date, the General Reserve Fund Ledger Residual Amount and the Liquidity Reserve Fund Ledger Residual Amount;
- (d) on the third Interest Payment Date only, the amounts standing to the credit of the Prefunding Reserve Ledger to the extent such funds have not been or will not be utilised to acquire any Further Portfolios; and
- (e) on and from the Step-Up Date, any Available Revenue Receipts applied as Available Principal Receipts in accordance with item (y) of the Pre-Enforcement Revenue Priority of Payments,

less:

- (i) the amount of Principal Receipts received by the Issuer during the immediately preceding Calculation Period which are to be applied to cure any Revenue Shortfall on such Interest Payment Date; and
- (ii) the amount of Principal Receipts applied as Principal Deficiency Excess Revenue Amounts pursuant to item (e) of the definition of Available Revenue Receipts.

The Issuer shall pay or provide for amounts due under the Pre-Enforcement Revenue Priority of Payments before paying amounts due under the Pre-Enforcement Principal Priority of Payments.

**Application of Available Principal Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer**

On each Interest Payment Date prior to the service of an Enforcement Notice on the Issuer by the Trustee, the Cash Manager (on behalf of the Issuer) shall apply Available Principal Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Pre-Enforcement Principal Priority of Payments**):

- (a) first, (other than on the Final Rated Note Distribution Date and any Interest Payment Date thereafter) if (taking into account amounts applied pursuant to item (q) of the Pre-Enforcement Revenue Priority of Payments) the balance of the Liquidity Reserve Fund is less than the Liquidity Reserve Fund Required Amount, towards a credit to the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (b) second, to redeem the Class A Notes until the Class A Notes have been redeemed in full;
- (c) third, to redeem the Class B Notes until the Class B Notes have been redeemed in full;
- (d) fourth, to redeem the Class C Notes until the Class C Notes have been redeemed in full;
- (e) fifth, to redeem the Class D Notes until the Class D Notes have been redeemed in full;
- (f) sixth, to redeem the Class E Notes until the Class E Notes have been redeemed in full;
- (g) seventh, to redeem the Class F Notes until the Class F Notes have been redeemed in full;
- (h) eighth, to redeem the Class Z Notes until the Class Z Notes have been redeemed in full;
- (i) ninth, the remainder, if any, to constitute Available Revenue Receipts and to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

## APPLICATION OF COLLECTIONS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE

Following the service of an Enforcement Notice by the Trustee on the Issuer, the Trustee (or the Cash Manager on its behalf or a Receiver) will apply all monies held in the Charged Accounts and all amounts received or recovered following service of an Enforcement Notice (not including any amount standing to the credit of the IRC Collateral Account (other than any IRC Collateral Account Surplus)) in the following order of priority (the **Post-Enforcement Priority of Payments** and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the **Priorities of Payments** and each, a **Priority of Payments**):

- (a) first, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Trustee or any Appointee, under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
  - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to any receiver, manager, receiver or manager, or administrative receiver (a Receiver) appointed by the Trustee or any Appointee under the provisions of the Irish Deed of Charge or the English Deed of Charge, as applicable and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
- (b) second, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any amounts then due and payable to the Reference Agent, the Registrar and the Paying Agents and any costs, charges, liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Account Bank under the Account Bank Agreement and any costs, charges, liabilities and expenses then due and payable to it under the provisions of the Account Bank Agreement, together with (if payable) VAT thereon as provided therein;
  - (iii) any amounts then due and payable to any custodian or any replacement or additional account bank and any costs, charges, liabilities and expenses then due and payable to it under the provisions of the Transaction Documents, together with (if payable) VAT thereon as provided therein;
  - (iv) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with VAT thereon as provided therein;
  - (v) any amounts due and payable to the Administrator and any costs, charges, liabilities and expenses then due and payable to the Administrator under the provisions of the Administration Agreement, together with (if payable) VAT thereon as provided therein;
  - (vi) any amounts then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein;

- (vii) any amounts then due and payable to the Legal Title Holder and any costs, charges, liabilities and expenses then due and payable to the Legal Title Holder or any such amount to become due and payable to the Legal Title Holder in the immediately succeeding Interest Period, together with (if payable) VAT thereon; and
  - (viii) any amounts then due and payable to the Issuer Administration Consultant in respect of any Insurance Policy premium payments;
- (c) third, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere), including, but not limited to, audit fees, legal fees, tax compliance fees and anticipated wind-up costs of the Issuer;
  - (ii) any amounts required by the Issuer to pay or discharge any liability of the Issuer to corporation tax (which cannot be made out of the Issuer Profit Amount retained previously by the Issuer); and
  - (iii) any amounts due and payable to the Interest Rate Cap Provider, including the Interest Rate Cap Fees due and payable by the Issuer to the Interest Rate Cap Provider and any termination payment due and payable by the Issuer but excluding: (x) any IRC Excluded Termination Amount; and (y) amounts to be satisfied pursuant to the IRC Collateral Account Priority of Payments on the same day;
- (d) fourth, to pay interest due and payable on the Class A Notes to the holders of the Class A Notes;
- (e) fifth, to pay principal due and payable on the Class A Notes until the Class A Notes have been redeemed in full;
- (f) sixth, to pay interest due and payable on the Class B Notes to the holders of the Class B Notes (including any Deferred Interest and Additional Interest thereon);
- (g) seventh, to pay principal due and payable on the Class B Notes until the Class B Notes have been redeemed in full;
- (h) eighth, to pay interest due and payable on the Class C Notes to the holders of the Class C Notes (including any Deferred Interest and Additional Interest thereon);
- (i) ninth, to pay principal due and payable on the Class C Notes until the Class C Notes have been redeemed in full;
- (j) tenth, to pay interest due and payable on the Class D Notes to the holders of the Class D Notes (including any Deferred Interest and Additional Interest thereon);
- (k) eleventh, to pay principal due and payable on the Class D Notes until the Class D Notes have been redeemed in full;
- (l) twelfth, to pay interest due and payable on the Class E Notes to the holders of the Class E Notes (including any Deferred Interest and Additional Interest thereon);
- (m) thirteenth, to pay principal due and payable on the Class E Notes until the Class E Notes have been redeemed in full;

- (n) fourteenth, to pay interest due and payable on the Class F Notes to the holders of the Class F Notes (including any Deferred Interest and Additional Interest thereon);
- (o) fifteenth, to pay principal due and payable on the Class F Notes until the Class F Notes have been redeemed in full;
- (p) sixteenth, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class C Additional Note Payment to the holders of the Class C Notes;
- (q) seventeenth, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class D Additional Note Payment to the holders of the Class D Notes;
- (r) eighteenth, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class E Additional Note Payment to the holders of the Class E Notes;
- (s) nineteenth, on and from the Interest Payment Date immediately following the Step-Up Date, in or towards payment of amounts due and payable as Class F Additional Note Payment to the holders of the Class F Notes;
- (t) twentieth, towards the satisfaction of *pro rata* and *pari passu* according the respective amounts thereof any amounts due and payable to the Issuer Administration Consultant and any costs, charges, liabilities and expenses then due and payable to the Issuer Administration Consultant under the provisions of the Asset Management Consulting Agreement, together with (if payable) VAT thereon as provided therein (to the extent not paid in accordance with item (b) above);
- (u) twenty first, to pay all amounts of interest due or accrued (if any) but unpaid and any capitalised interest due to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (v) twenty second, to pay principal amounts due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (w) twenty third, to pay interest due and payable on the Class Z Notes to the holders of the Class Z Notes (including any Deferred Interest and Additional Interest thereon);
- (x) twenty fourth, to pay principal due and payable on the Class Z Notes until the Class Z Notes have been redeemed in full;
- (y) twenty fifth, while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are outstanding, to pay principal amounts due on the Class X Notes until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000, and following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the repayment in full of the Subordinated Loan, to pay principal due and payable on the Class X Notes until the Class X Notes are redeemed to €1;
- (z) twenty sixth, to pay any IRC Excluded Termination Amount to the Interest Rate Cap Provider (to the extent not satisfied pursuant to the IRC Collateral Account Priority of Payments on the same day); and
- (aa) twenty seventh, in or towards payment of amounts of interest due and payable on the Class X Notes to the holders of the Class X Notes.



**Ancillary Rights** means in relation to a right, all ancillary rights, accretions and supplements to such right, including any guarantees or indemnities in respect of such right;

**Benefit** means in respect of any asset, agreement, property or right (each a **Right** for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach;

**Encumbrance** means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

**Charged Accounts** means the Issuer Accounts and any bank or other account in which the Issuer may at any time acquire a Benefit and over which the Issuer has created an Encumbrance in favour of the Trustee pursuant to the English Deed of Charge or the Irish Deed of Charge (other than the Issuer Profit Account).

### **IRC Collateral**

In the event that the Interest Rate Cap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Interest Rate Cap Agreement in accordance with the terms of the Credit Support Annex of the Interest Rate Cap Agreement (the **IRC Credit Support Annex**), including collateral posted following an IRC Provider Downgrade Event or as a result of complying with any swap clearing organisation rules regulatory requirement or other such regulation, rule or requirement, that collateral (and any interest and/or distributions earned thereon) (together, **IRC Collateral**) will be credited to a separate cap collateral

account (the **IRC Collateral Account**) and credited to the ledger maintained by the Cash Manager to record the balance from time to time of IRC Collateral (the **IRC Collateral Ledger**). In addition, (i) upon any early termination in whole of the Interest Rate Cap Agreement as a result of the default or termination by the IRC Cap Provider or otherwise, (A) any Replacement IRC Amount received by the Issuer from a replacement interest rate cap provider, or (B) any termination payment received by the Issuer from the outgoing Interest Rate Cap Provider or (ii) any IRC Tax Credits, in each case, will be credited to the IRC Collateral Account and recorded on the IRC Collateral Ledger.

Amounts and securities standing to the credit of the IRC Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the IRC Collateral Ledger will not be available for the Issuer or the Trustee to make payments to the Secured Creditors generally, but may be applied by the Cash Manager only in accordance with the following provisions (the **IRC Collateral Account Priority of Payments**):

- (a) to pay an amount equal to any IRC Tax Credits received by the Issuer to the relevant Interest Rate Cap Provider as soon as reasonably practicable after receipt by the Issuer;
- (b) prior to the designation of an Early Termination Date (as defined in the Interest Rate Cap Agreement, an **Early Termination Date**) in respect of the Interest Rate Cap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the IRC Credit Support Annex), Interest Amounts and Distributions (as defined in the IRC Credit Support Annex), on any day, directly to the Interest Rate Cap Provider;
- (c) following the designation of an Early Termination Date in respect of the Interest Rate Cap Agreement where (A) such Early Termination Date has been designated following an IRC Provider Default or IRC Provider Downgrade Event and (B) the Issuer enters into a Replacement IRC Agreement in respect of the Interest Rate Cap Agreement by no later than 30 Business Days after the Early Termination Date of the Interest Rate Cap Agreement, on the later of the day on which such Replacement IRC Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement IRC Amount (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of a Replacement IRC Amount (if any) payable by the Issuer to a replacement interest rate cap provider in order to enter into a Replacement IRC Agreement with the Issuer with respect to the Interest Rate Cap Agreement being terminated;
  - (ii) *second*, in or towards payment of any termination payment due to the outgoing Interest Rate Cap Provider; and
  - (iii) *third*, the surplus (if any) on such day to be transferred to the Transaction Account to be applied as Available Revenue Receipts;
- (d) following the designation of an Early Termination Date in respect of the Interest Rate Cap Agreement where: (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c) above, and (B) the Issuer enters into a Replacement IRC Agreement in respect of the Interest Rate Cap Agreement by no later than 30 Business Days after the Early Termination Date of the Interest Rate Cap Agreement, on the later of the day on which such Replacement IRC Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement IRC Amount (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of any termination payment due to the outgoing Interest Rate Cap Provider;

- (ii) *second*, in or towards payment of a Replacement IRC Amount (if any) payable by the Issuer to a replacement interest rate cap provider in order to enter into a Replacement IRC Agreement with the Issuer with respect to the Interest Rate Cap Agreement being terminated; and
  - (iii) *third*, any surplus on such day to be transferred to the Transaction Account to be applied as Available Revenue Receipts;
- (e) following the designation of an Early Termination Date in respect of the Interest Rate Cap Agreement for any reason where the Issuer does not enter into a Replacement IRC Agreement in respect of the Interest Rate Cap Agreement by no later than 30 Business Days after the Early Termination Date of the Interest Rate Cap Agreement and, on the Business Day following the expiry of such 30 Business Day period, in or towards payment of any termination payment due to the outgoing Interest Rate Cap Provider; and
- (f) following payments of amounts due pursuant to (e) above, if amounts remain standing to the credit of a IRC Collateral Account, such amounts may be applied only in accordance with the following provisions:
- (i) *first*, in or towards payment of a Replacement IRC Amount (if any) payable by the Issuer to a replacement interest rate cap provider in order to enter into a Replacement IRC Agreement with the Issuer with respect to the Interest Rate Cap Agreement; and
  - (ii) *second*, any surplus remaining after payment of such Replacement IRC Amount to be transferred to the Transaction Account to be applied as Available Revenue Receipts,

*provided* that for so long as the Issuer does not enter into a Replacement IRC Agreement with respect to the Interest Rate Cap Agreement, on each payment date under the Interest Rate Cap Agreement, the Issuer (or the Cash Manager on its behalf) will be permitted to withdraw an amount from the IRC Collateral Account (which shall be debited to the IRC Collateral Ledger), equal to any amount due from the Interest Rate Cap Provider pursuant to the terms of the Interest Rate Cap Agreement on such payment date but for the designation of an Early Termination Date under the Interest Rate Cap Agreement, such surplus to be transferred to the Transaction Account to be applied as Available Revenue Receipts; and

*provided further* that for so long as the Issuer does not enter into a Replacement IRC Agreement with respect to the Interest Rate Cap Agreement on or prior to the earlier of:

- (A) the Determination Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Rated Notes would be reduced to zero (taking into account any IRC Collateral Account Surplus to be applied as Available Revenue Receipts on such Interest Payment Date); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 13 (*Events of Default*);

then the amount standing to the credit of such IRC Collateral Account on such day shall be transferred to the Transaction Account to be applied as Available Revenue Receipts as soon as reasonably practicable thereafter.

The IRC Euro Cash Collateral Account will be opened in the name of the Issuer with the Account Bank. Any additional IRC Collateral Account that may be required to be opened from time to time shall be opened in the name of the Issuer in accordance with the Interest Rate Cap Agreement and the Account Bank Agreement or any other account bank agreement and/or custody agreement which shall include certain conditions as

stipulated under the Interest Rate Cap Agreement, as applicable. Any IRC Collateral Account and an IRC Collateral Ledger will be established and maintained in respect of the Interest Rate Cap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in the IRC Collateral Account and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

**IRC Collateral Account Surplus** means the amounts applied as Available Revenue Receipts pursuant to the IRC Collateral Account Priority of Payments.

**IRC Euro Cash Collateral Account** means the euro cash collateral account in the name of the Issuer held with the Account Bank pursuant to the Account Bank Agreement.

**IRC Excluded Termination Amount** means the amount of any termination payment due and payable to the Interest Rate Cap Provider as a result of an IRC Provider Default or IRC Provider Downgrade Event;

**IRC Provider Default** means the occurrence of an Event of Default (as defined in the Interest Rate Cap Agreement) where the Interest Rate Cap Provider is the Defaulting Party (as defined in the Interest Rate Cap Agreement).

**IRC Provider Downgrade Event** means the occurrence of an Additional Termination Event (as defined in the Interest Rate Cap Agreement) following the failure by the Interest Rate Cap Provider to comply with the requirements of the ratings downgrade provisions set out in the Interest Rate Cap Agreement.

**IRC Tax Credits** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Interest Rate Cap Provider to the Issuer under the terms of the Interest Rate Cap Agreement.

**Replacement IRC Agreement** means an agreement between the Issuer and a replacement interest rate cap provider to replace the Interest Rate Cap Agreement, *provided that* any replacement Transaction (as defined in the Interest Rate Cap Agreement) thereunder shall have the effect of preserving for the Issuer the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the Issuer and the outgoing Interest Rate Cap Provider in respect of the terminated Transaction or group of terminated Transactions that would, but for the occurrence of the termination of the Interest Rate Cap Agreement, have been required after that date of termination.

**Replacement IRC Amount** means an amount (if any) received by the Issuer from a replacement interest rate cap provider, or an amount paid by the Issuer to a replacement interest rate cap provider, upon entry by the Issuer into a Replacement IRC Agreement.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

### General

The Notes of each Class will be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and will be represented on issue by one or more Global Notes of such Class in fully registered form without interest coupons or principal receipts attached (each a **Global Note**). Beneficial interests in a Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants at any time.

All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be deposited on or about the Closing Date with a common safekeeper for both Euroclear and Clearstream, Luxembourg (the **Common Safekeeper**).

The Global Notes will be registered in the name of a nominee for the Common Safekeeper. The Issuer will procure the Registrar to maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Notes.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record book-entry interests representing beneficial interests (the **Book-Entry Interests**) in the Global Notes attributable thereto.

Book-Entry Interests in respect of Global Notes will be recorded in denominations of €100,000 and, for so long as or Clearstream, Luxembourg so permit integral multiples of €1,000 in excess thereof (a **Minimum Denomination**). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (**Participants**) or persons that hold interests in the Book-Entry Interests through Participants (**Indirect Participants**), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

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

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

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

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

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

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

#### **Payments on the Global Notes**

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Euros by or to the order of Elavon Financial Services DAC, U.K. Branch as the Principal Paying Agent on behalf of the Common Safekeeper or its nominee as the registered holder thereof. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Safekeeper or its nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date, Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The record date, in respect of the Notes shall be one Clearing System Business Day prior to the relevant Interest Payment Date where **Clearing System Business Day** means a day on which each clearing system for which the Notes are being held is open for business. The Issuer expects that payments by Participants to

owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Lead Manager or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

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

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

#### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

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

### **Redemption**

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the nominee of the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar (the **Register**). The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal

Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

## **Cancellation**

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

## **Transfers and Transfer Restrictions**

All transfer of Book-Entry Interests will be recorded with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to the customary procedures established by each respective system and its Participants.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. None of the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

## **Settlement and transfer of Notes**

Subject to the rules and procedures of each applicable clearing system, purchases of notes held within a clearing system must be made by or through Participants, which will receive a credit for such notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the **beneficial owner**) will in turn be recorded on the Participant's records. Beneficial owners will not receive written confirmation from any clearing system of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of beneficial owners. Beneficial owners will not receive individual notes representing their ownership interests in such notes unless use of the book-entry system for the notes described in this section is discontinued.

No clearing system has knowledge of the actual beneficial owners of the notes and certificates held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

## **Issuance of Definitive Notes**

Holders of Book-Entry Interests in the Global Note will be entitled to receive notes evidencing definitive notes in registered form (**Definitive Notes**) in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease



business and do so cease to do business and no alternative clearing system satisfactory to the Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of Ireland (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Any Definitive Note issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in a Global Note will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under "*Transfers And Transfer Restrictions*" above provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of €1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

### **Action in Respect of the Global Note and the Book-Entry Interests**

Not later than 10 days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests of the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

### **Reports**

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Note or the Book-Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to each of Euroclear and Clearstream, Luxembourg (the **Clearing Systems**) for communication by them to the holders of the relevant Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are admitted to trading and listed on the Official List) any notice shall also be published in accordance with the relevant guidelines of the Irish Stock Exchange by a notification in writing to the Company Announcements Office of the Irish Stock Exchange. See also Condition 22 (*Notices*) of the Notes (the **Notices Condition**).

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed. If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Note would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Documents and the other Transaction Documents.*

### 1. General

- 1.1 The € 300,947,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class A Notes**), the € 85,268,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class B Notes**), the € 33,439,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class C Notes**), the €50,158,000 Class D Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class D Notes**), the € 51,830,000 Class E Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class E Notes**), the € 33,439,000 Class F Residential Mortgage Backed Floating Rate Notes due November 2057 (the **Class F Notes** and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the **Rated Notes**), the €113,691,000 Class Z Residential Mortgage Backed 5% per cent. notes due November 2057 (the **Class Z Notes**), the €100,000 Class X Residential Mortgage Backed notes due November 2057 (the **Class X Notes** and, together with the Rated Notes and the Class Z Notes, the **Notes**) will be issued by European Residential Loan Securitisation 2017-PL1 DAC (registered number 596936) (the **Issuer**) on or about the Closing Date.
- 1.2 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed and subject to the Agency Agreement. The security for the Notes is created pursuant to, and on the terms set out in, the Irish Deed of Charge and the English Deed of Charge.
- 1.3 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.4 Certain provisions of these Conditions are summaries of the Trust Documents and the Incorporated Terms Memorandum and the Agency Agreement and are subject to their detailed provisions.
- The Noteholders are bound by the terms of the Trust Documents and the Incorporated Terms Memorandum, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.5 Copies of the Transaction Documents, the Incorporated Terms Memorandum and the Memorandum and Articles of Association of the Issuer are available for inspection by Noteholders during normal business hours at the principal office for the time being of the Trustee, being at the date hereof, U.S. Bank Trustees Limited, and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below:

5th Floor, 125 Old Broad Street, London EC2N 1AR, United Kingdom.

## 2. **Definitions and Interpretation**

### 2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meaning given to them in the Incorporated Terms Memorandum available as described above.

### 2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Incorporated Terms Memorandum.

2.3 *Transaction Documents and other agreements:* Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced.

2.4 *Statutes and Treaties:* Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.5 *Schedules:* Any Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

2.6 *Headings:* Condition headings are for ease of reference only.

2.7 *Sections:* Except as otherwise specified in the Condition, reference in the Conditions to:

2.7.1 a **Section** shall be construed as a reference to a Section of such Transaction Document;

2.7.2 a **Part** shall be construed as a reference to a Part of such Transaction Document;

2.7.3 a **Schedule** shall be construed as a reference to a Schedule of such Transaction Document;

2.7.4 a **Clause** shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and

2.7.5 a **Paragraph** shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

### 2.8 **Number**

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

## 3. **Form and Denomination**

3.1 The Notes are in registered form in the Minimum Denomination for such Notes, without principal receipts, interest coupons or talons attached.

3.2 The Principal Amount Outstanding of the Notes of each Class initially offered and sold outside the United States to non U.S. persons pursuant to Regulation S (**Regulation S**) under the United States

Securities Act of 1933, as amended (the **Securities Act**) is represented by one or more global registered notes in fully registered form (the **Global Notes**) without coupons attached. References herein to the **Notes** shall include (i) in relation to any Notes of a Class represented by a Global Note, units of the Minimum Denomination of such Class, (ii) any Global Note and (iii) any Definitive Note issued in exchange for a Global Note.

- 3.3 For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear or Clearstream, Luxembourg, as appropriate.
- 3.4 For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of €100,000 and integral multiples of €1,000 thereafter.
- 3.5 Certificates evidencing definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the **Definitive Notes**) will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Notes, if issued, will be issued in the denomination of €100,000 and any amount in excess thereof in integral multiples of €1,000.
- 3.6 If, while any Notes are represented by a Global Note:
  - 3.6.1 in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative clearing system is available; or
  - 3.6.2 as a result of any amendment to, or change in, the laws or regulations of Ireland (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person),

(each a **relevant event**) the Issuer will issue Definitive Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Note will not be exchangeable for Definitive Notes in any other circumstances.

#### 4. **Title**

- 4.1 The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.
- 4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes.

- 4.3 No transfer of a Note will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Global Note and any Definitive Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above (and subject to the Issuer or its agents being able to obtain any information required in order to satisfy any automatic exchange of information obligations under any applicable law), and any purported transfer in violation of such regulations or automatic exchange of information requirements shall be void ab initio and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Note who so requests (and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- 4.5 A Definitive Note, may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- 4.6 Each new Definitive Note, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note, to such address as may be specified in such request.
- 4.7 Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- 4.8 No holder of a Definitive Note, may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.

## 5. **Status and Ranking**

- 5.1 *Status:* The Notes of each Class constitute direct, secured and unconditional obligations of the Issuer.
- 5.2 *Ranking:* Other than in respect of the priority of principal payments in certain circumstances as set out in Condition 5.5 (*Priority of Principal Payments*), the Class A Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class B Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class C Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class D Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class E Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class F Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class Z Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class X Notes will at all times rank without preference or priority *pari passu* amongst themselves.
- 5.3 *Sole Obligations:* The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

- 5.4 *Priority of Interest Payments:* Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and payments of interest and principal on the Class X Notes; payments of interest on the Class B Notes will rank in priority to payments of interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and payments of interest and principal on the Class X Notes; payments of interest on the Class C Notes will rank in priority to payments of interest on the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and payments of interest and principal on the Class X Notes; payments of interest on the Class D Notes will rank in priority to payments of interest on the Class E Notes, the Class F Notes, the Class Z Notes and payments of interest and principal on the Class X Notes; payments of interest on the Class E Notes will rank in priority to payments of interest on the Class F Notes, the Class Z Notes and payments of interest and principal on the Class X Notes; payments of interest on the Class F Notes will rank in priority to payments of interest on the Class Z Notes and payments of interest and principal on the Class X Notes; payments of interest on the Class Z Notes will rank in priority to payments of interest and principal on the Class X Notes, in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.
- 5.5 *Priority of Principal Payments:* Payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes; payments of principal on the Class B Notes will rank in priority to payments of principal on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes; payments of principal on the Class C Notes will rank in priority to payments of principal on the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes; payments of principal on the Class D Notes will rank in priority to payments of principal on the Class E Notes, the Class F Notes and the Class Z Notes; payments of principal on the Class E Notes will rank in priority to payments of principal on the Class F Notes and the Class Z Notes; payments of principal on the Class F Notes will rank in priority to payments of principal on the Class Z Notes in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments. Prior to the service of an Enforcement Notice by the Trustee on the Issuer, payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Priority of Payments: (i) while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes or the Subordinated Loan are outstanding, until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000; and (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the payment in full of the Subordinated Loan, until the Class X Notes are redeemed to €1. Following the service of an Enforcement Notice by the Trustee on the Issuer, the Class X Notes will be redeemed in accordance with the Post-Enforcement Priority of Payments after the redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class Z Notes.
- 5.6 *Priority of Additional Note Payments:* Payments of Additional Note Payments on the Class C Notes will rank in priority to payments of Additional Note Payments on the Class D Notes, the Class E Notes and the Class F Notes; payments of Additional Note Payments on the Class D Notes will rank in priority to payments of Additional Note Payments on the Class E Notes and the Class F Notes; payments of Additional Note Payments on the Class E Notes will rank in priority to payments of Additional Note Payments on the Class F Notes, in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.
- 5.7 *Priority of Payments:* Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments

and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments and thereafter, in accordance with the Post-Enforcement Priority of Payments.

**6. Security**

- 6.1 *Security.* The Notes are secured by the Security in favour of the Trustee for itself and the other Secured Creditors.
- 6.2 *Enforceability.* The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*).

**7. Issuer Covenants**

The Issuer gives the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets (except as contemplated in the Transaction Documents) or change the nature of its business, without the prior written consent of the Trustee. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

**8. Interest and Additional Note Payments**

**8.1 *Accrual of Interest and Additional Note Payments***

- 8.1.1 *Interest Accrual:* Each Note bears interest on its Principal Amount Outstanding, from (and including) the Closing Date.
- 8.1.2 *Additional Note Payment Accrual:* Each of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes then outstanding shall accrue an Additional Note Payment from (and including) the Step-Up Date.

**8.2 *Cessation of Interest and Additional Note Payments:***

- 8.2.1 *Cessation of Interest:* Each Note other than the Class X Notes (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, it will continue to bear interest in accordance with this Condition 8 (both before and after judgment) until whichever is the earlier of:
- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
  - (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of such Class (in accordance with Condition 22 (*Notices*)) that the full amount payable is available for collection by the Noteholder, provided that on due presentation payment is in fact made.

The Class X Notes shall cease to bear interest from the date on which the Class X Notes are redeemed in full.

- 8.2.2 *Cessation of Additional Note Payments:* Each of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear its respective Additional Note Payment

from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, the relevant Additional Note Payment (including any default interest due thereon) shall continue to accrue as provided in these Conditions until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of such Class (in accordance with Condition 22 (*Notices*)) that the full amount payable is available for collection by the Noteholder, provided that on due presentation payment is in fact made.

8.3 *Interest Payments:* Interest on each Note (other than the Class X Notes) is payable in Euro in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date. Interest on the Class X Notes is payable in Euro on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Class X Note Interest Amount for the Interest Period ending on the day immediately preceding such Interest Payment Date.

8.4 *Determination of Note Rate, Interest Amount, Class X Note Interest Amount and Interest Payment Date:* Upon each Interest Determination Date the Issuer shall determine (or shall cause the Reference Agent to determine):

8.4.1 the Note Rate for each relevant Class for the related Interest Period;

8.4.2 the Interest Amount for each relevant Class for the related Interest Period; and

8.4.3 the Interest Payment Date next following the related Interest Period,

and by no later than close of business one Business Day after such Interest Determination Date notify the Issuer (where applicable), the Administrator, the Cash Manager, the Trustee, the Registrar and the Paying Agents and for so long as the Notes are listed on the Irish Stock Exchange, the Issuer shall notify the Irish Stock Exchange.

Upon each Determination Date the Issuer shall determine (or cause the Cash Manager to determine) the Class X Note Interest Amount and by no later than close of business one Business Day after such Determination Date notify the Issuer (where applicable), the Administrator, the Trustee, the Registrar and the Paying Agents.

**Class X Note Interest Amount** means, in respect of any Interest Payment Date:

- (a) prior to the delivery of an Enforcement Notice on the Issuer by the Trustee, the amount by which Available Revenue Receipts exceed the amounts required to satisfy items (a) to (ee) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
- (b) following the delivery of an Enforcement Notice on the Issuer by the Trustee, the amount by which the amounts available to be applied in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (y) of the Post Enforcement Priority of Payments on that Interest Payment Date.



**Day Count Fraction** means, in respect of an Interest Period, the actual number of days in such period divided by 360.

**Interest Amount** means in respect of a Note (other than the Class X Notes) for any Interest Period the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by:

- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Note Rate; and
- (b) then multiplying the amount so calculated in paragraph (a) by the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount.

**Note Rate** means:

- (a) in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes for each Interest Period, the Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of such Class, provided that if the Reference Rate plus the Relevant Margin for the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes is less than zero, the Note Rate will be deemed to be zero for such Class; and
- (b) in respect of the Class Z Notes for each Interest Period, the Relevant Margin in respect of such Class.

**Reference Rate** means, on any Interest Determination Date, the floating rate determined by the Reference Agent by reference to the Screen Rate on such date or if, on such date, the Screen Rate is unavailable:

- (a) the Rounded Arithmetic Mean of the offered quotations as at or about 11:00 a.m. (London time) on that date of the Reference Banks to major banks for Euro deposits for the Relevant Period in the London interbank market in the Representative Amount determined by the Reference Agent after request of each of the Reference Banks;
- (b) if, on such date, two or three only of the Reference Banks provide such quotations, the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Reserve Reference Rate.

**Relevant Margin** means:

- (a) for the Class A Notes, 0.75 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.50 per cent. per annum;
- (b) for the Class B Notes, 1.00 per cent. per annum up to and excluding the Step-Up Date and thereafter 2.00 per cent. per annum;
- (c) for the Class C Notes, 1.50 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.50 per cent. per annum;

- (d) for the Class D Notes, 1.50 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.50 per cent. per annum;
- (e) for the Class E Notes, 1.50 per cent. per annum up to and excluding Step-Up Date and thereafter 1.50 per cent. per annum;
- (f) for the Class F Notes, 1.50 per cent. per annum up to and excluding the Step-Up Date and thereafter 1.50 per cent. per annum; and
- (g) for the Class Z Notes, 5.00 per cent. per annum.

8.5 *Determination of Additional Note Payments:* Upon each Interest Determination Date (from and including the Interest Determination Date immediately after the Step-Up Date) the Issuer shall determine (or shall cause the Reference Agent to determine) the amount of each Additional Note Payment (the **Additional Note Payment Amounts**) in respect of each of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes for the immediately preceding Interest Period and by no later than close of business one Business Day after such Interest Determination Date notify the Issuer (where applicable), the Administrator, the Cash Manager, the Trustee, the Registrar and the Paying Agents and for so long as the Notes are listed on the Irish Stock Exchange, the Issuer shall notify the Irish Stock Exchange.

For the purposes of determining any Additional Note Payment Amount in accordance with this Condition 8.5 (*Determination of Additional Note Payments*), the following calculations apply:

(i) *Current Additional Note Payment*

An amount (rounded downwards to the nearest cent) equal to the product of:

$$A \times B \times (C/D)$$

Where:

A = Relevant Additional Note Payment Margin

B = the Principal Amount Outstanding of the relevant Class of Notes as at the immediately preceding Interest Payment Date (taking into account redemptions (if any) on that Interest Payment Date)

C = the number of days in the relevant Interest Period

D = 360

(ii) *Unpaid Additional Note Payment Interest Amount*

An amount (rounded downwards to the nearest cent) equal to the product of:

$$A \times (B + C + D) \times (E/F)$$

Where:

A = in respect of any relevant Interest Period, the aggregate of all Unpaid Additional Note Payments of the relevant Class of Notes which remain unpaid by the Issuer on the immediately preceding Interest Payment Date (taking into account any amount paid on that Interest Payment Date)

B = Relevant Additional Note Payment Margin

C = Relevant Screen Rate

D = Relevant Margin

E = the number of days in the relevant Interest Period

F = 360

**Additional Note Payments** means the Class C Additional Note Payment, the Class D Additional Note Payment, the Class E Additional Note Payment and the Class F Additional Note Payment, and each an **Additional Note Payment** as the context so requires;

**Class C Additional Note Payment** means, in relation to the Class C Notes, in respect of any Interest Payment Date the aggregate of:

- (a) the Class C Current Additional Note Payment;
- (b) the Class C Unpaid Additional Note Payments (if any); and
- (c) the Class C Unpaid Additional Note Payment Interest Amount (if any);

**Class C Current Additional Note Payment** means (i) in respect of any Interest Payment Date falling on or prior to the Step-Up Date, zero and (ii) in respect of any Interest Payment Date falling after the Step-Up Date, an amount calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*) in respect of the Class C Notes;

**Class C Unpaid Additional Note Payments** means, in relation to an Interest Payment Date, any Class C Current Additional Note Payment and any Class C Unpaid Additional Note Payment Interest Amount which has not yet been paid in full on any previous Interest Payment Date and in respect of which the Issuer has deferred payment in accordance with the provisions of Condition 8.11 (*Deferral of Interest and Additional Note Payments*);

**Class C Unpaid Additional Note Payment Interest Amount** means an amount of interest that shall accrue in respect of the Class C Unpaid Additional Note Payment and calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*);

**Class D Additional Note Payment** means, in relation to the Class D Notes, in respect of any Interest Payment Date the aggregate of:

- (a) the Class D Current Additional Note Payment;
- (b) the Class D Unpaid Additional Note Payments (if any); and
- (c) the Class D Unpaid Additional Note Payment Interest Amount (if any);

**Class D Current Additional Note Payment** means (i) in respect of any Interest Payment Date falling on or prior to the Step-Up Date, zero and (ii) in respect of any Interest Payment Date falling after the Step-Up Date, an amount calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*) in respect of the Class D Notes;

**Class D Unpaid Additional Note Payments** means, in relation to an Interest Payment Date, any Class D Current Additional Note Payment and any Class D Unpaid Additional Note Payment Interest Amount which has not yet been paid in full on any previous Interest Payment Date and in respect of

which the Issuer has deferred payment in accordance with the provisions of Condition 8.11 (*Deferral of Interest and Additional Note Payments*);

**Class D Unpaid Additional Note Payment Interest Amount** means an amount of interest that shall accrue in respect of the Class D Unpaid Additional Note Payment and calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*);

**Class E Additional Note Payment** means, in relation to the Class E Notes, in respect of any Interest Payment Date the aggregate of:

- (a) the Class E Current Additional Note Payment;
- (b) the Class E Unpaid Additional Note Payments (if any); and
- (c) the Class E Unpaid Additional Note Payment Interest Amount (if any);

**Class E Current Additional Note Payment** means (i) in respect of any Interest Payment Date falling on or prior to the Step-Up Date, zero and (ii) in respect of any Interest Payment Date falling after the Step-Up Date, an amount calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*) in respect of the Class E Notes;

**Class E Unpaid Additional Note Payments** means, in relation to an Interest Payment Date, any Class E Current Additional Note Payment and any Class E Unpaid Additional Note Payment Interest Amount which has not yet been paid in full on any previous Interest Payment Date and in respect of which the Issuer has deferred payment in accordance with the provisions of Condition 8.11 (*Deferral of Interest and Additional Note Payments*);

**Class E Unpaid Additional Note Payment Interest Amount** means an amount of interest that shall accrue in respect of the Class E Unpaid Additional Note Payment and calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*);

**Class F Additional Note Payment** means, in relation to the Class F Notes, in respect of any Interest Payment Date the aggregate of:

- (a) the Class F Current Additional Note Payment;
- (b) the Class F Unpaid Additional Note Payments (if any); and
- (c) the Class F Unpaid Additional Note Payment Interest Amount (if any);

**Class F Current Additional Note Payment** means (i) in respect of any Interest Payment Date falling on or prior to the Step-Up Date, zero and (ii) in respect of any Interest Payment Date falling after the Step-Up Date, an amount calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*) in respect of the Class F Notes;

**Class F Unpaid Additional Note Payments** means, in relation to an Interest Payment Date, any Class F Current Additional Note Payment and any Class F Unpaid Additional Note Payment Interest Amount which has not yet been paid in full on any previous Interest Payment Date and in respect of which the Issuer has deferred payment of in accordance with the provisions of Condition 8.11 (*Deferral of Interest and Additional Note Payments*);

**Class F Unpaid Additional Note Payment Interest Amount** means an amount of interest that shall accrue in respect of the Class F Unpaid Additional Note Payment and calculated in accordance with this Condition 8.5 (*Determination of Additional Note Payments*);

**Current Additional Note Payments** means the Class C Current Additional Note Payment, the Class D Current Additional Note Payment, the Class E Current Additional Note Payment and the Class F Current Additional Note Payment, and each a **Current Additional Note Payment** as the context so requires;

**Relevant Additional Note Payment Margin** means:

- (a) in respect of the Class C Notes, 1.00 per cent. per annum;
- (b) in respect of the Class D Notes, 2.00 per cent. per annum;
- (c) in respect of the Class E Notes, 3.00 per cent. per annum; and
- (d) in respect of the Class F Notes, 4.00 per cent. per annum;

**Unpaid Additional Note Payments** means the Class C Unpaid Additional Note Payments, the Class D Unpaid Additional Note Payments, the Class E Unpaid Additional Note Payments and the Class F Unpaid Additional Note Payments and each an **Unpaid Additional Note Payment** as the context so requires.

- 8.6 *Publication of Note Rate, Interest Amount, Additional Note Payment Amounts and Interest Payment Date:* As soon as practicable after receiving each notification of the Note Rate, the Interest Amount, the Class X Note Interest Amount, the Additional Note Payment Amounts (if any) and the Interest Payment Date in accordance with Condition 8.4 (*Determination of Note Rate, Interest Amount, Class X Note Interest Amount and Interest Payment Date*) and in any event no later than the second Business Day thereafter, the Issuer will cause such Note Rate and Interest Amount for each Class, the Class X Note Interest Amount, the Additional Note Payment Amounts (if any) and the next following Interest Payment Date to be published in accordance with Condition 22 (*Notices*).
- 8.7 *Amendments to Publications:* The Note Rate, Interest Amount for each Class, the Class X Note Interest Amount, the Additional Note Payment Amounts (if any) and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.
- 8.8 *Determination or Calculation by Trustee:* If the Reference Agent does not at any time for any reason determine the Note Rate or the Interest Amount for each Class or the Additional Note Payment Amounts (if any) or the Cash Manager does not at any time for any reason determine the Class X Note Interest Amount in accordance with this Condition 8, the Trustee or an appointee on its behalf may (subject to it being indemnified and/or secured and/or prefunded to its satisfaction but without, save in the case of any fraud or gross negligence by the Trustee, any liability accruing to the Trustee as a result):
- (a) determine the Note Rate for each Class and the Additional Note Payment Amounts (if any) at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition 8), it shall deem fair and reasonable in all the circumstances; and/or
  - (b) calculate the Interest Amount for each Class and the Class X Note Interest Amount in the manner specified in this Condition 8,

and any such determination and/or calculation shall be deemed to have been made by the Reference Agent or the Cash Manager, as applicable. In each case the Trustee may, at the expense of the Issuer, employ an expert to make the determination and any such determination shall be deemed to have been made by the Reference Agent or the Cash Manager, as applicable.

- 8.9 *Notifications to be final:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8, whether by the Reference Banks (or any of them), the Paying Agents, the Registrar, the Reference Agent, the Cash Manager or the Trustee shall (in the absence of any manifest error) be binding on the Issuer and all Noteholders and (in the absence of manifest error) no liability to the Noteholders shall attach to the Reference Banks, the Agents or the Registrar in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 8. Save as provided in Condition 8.8 (*Determination or Calculation by Trustee*), the Trustee shall have no liability to any person in connection with the exercise or non-exercise of its powers, duties and discretions under this Condition 8.
- 8.10 *Reference Banks and Reference Agent:* The Issuer shall ensure that, so long as any of the Notes remains outstanding there shall at all times be a Reference Agent, a Paying Agent and a Principal Paying Agent. The Reference Agent shall ensure that, so long as any of the Notes remains outstanding that it shall select four Reference Banks at the relevant time. The Reference Agent may not resign until a successor (approved in writing by the Trustee) is appointed by the Issuer. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 22 (*Notices*).
- 8.11 **Deferral of Interest and Additional Note Payments**
- 8.11.1 To the extent that funds available to the Issuer to pay interest on the Notes of any Class on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall in respect of such Class of Notes (other than the Class A Notes) (**Deferred Interest**) will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds.
- 8.11.2 Such Deferred Interest will accrue interest (**Additional Interest**) at the rate of interest applicable from time to time to such Notes (as determined by this Condition 8) and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.
- 8.11.3 If, on any Interest Payment Date after the Step-Up Date, the Issuer has insufficient funds to make payment in full of all amounts in respect of Additional Note Payment Amounts, (including interest (if any) accrued but unpaid and/or deferred pursuant to this Condition 8.11.3 and accrued interest thereon) payable in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall defer payment of the relevant Additional Note Payment Amount (which shall accrue interest as calculated in accordance with Condition 8.5(ii)) until the next Interest Payment Date.
- 8.11.4 Payment of any amounts of Deferred Interest, Additional Interest and any Additional Note Payments shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which each respective Class of Notes falls to be redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in part and Cancellation*) and any such amount which has not then been paid in respect of the relevant Class of Notes shall thereupon become due and payable in full.

## 8.12 Determinations and Reconciliation

8.12.1 If the relevant Cash Manager Report in respect of the relevant Reporting Date is not prepared and delivered prior to the due date for such delivery, then the Cash Manager shall use the Cash Manager Reports in respect of the three most recent Reporting Dates (or, where there are not at least three previous Cash Manager Reports, all previous Cash Manager Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 8.12. If the Cash Manager Report relating to the relevant Reporting Date is subsequently received, the Cash Manager shall make the reconciliation calculations and reconciliation payments as set out in Condition 8.12.3. Any:

- (a) calculations properly done on the basis of such previous Cash Manager Reports;
- (b) payments made under any of the Notes and Transaction Documents in accordance with such calculations;
- (c) reconciliation calculations; and
- (d) reconciliation payments made as a result of such reconciliation calculations,

each in accordance with Condition 8.12.2, 8.12.3 and/or 8.12.4 shall be deemed to be done in accordance with the provisions of the Transaction Documents and will not in themselves lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.

8.12.2 If the relevant Cash Manager Report in respect of the relevant Reporting Date is not prepared and delivered prior to the due date for such delivery, the Cash Manager shall:

- (a) determine the Interest Determination Ratio by reference to the three most recently received Cash Manager Reports (or, where there are not at least three previous Cash Manager Reports, all previous Cash Manager Reports);
- (b) calculate the Revenue Receipts for such relevant Calculation Period as the product of:
  - (i) the Interest Determination Ratio; and
  - (ii) all payments received by the Issuer during such relevant Calculation Period; and
- (c) calculate the Principal Receipts for such relevant Calculation Period as the product of:
  - (i) one minus the Interest Determination Ratio; and
  - (ii) all payments received by the Issuer during such relevant Calculation Period.

8.12.3 Following any relevant Reporting Date in respect of which the corresponding Cash Manager Report was not delivered to the Cash Manager on the due date for such delivery, upon subsequent delivery of the Cash Manager Report in respect of such relevant Reporting Date, the Cash Manager shall reconcile the calculations made in accordance with Condition 8.12.2 to the actual collections set out in such Cash Manager Report as follows:

- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Revenue Ledger as Available Principal Receipts; and
- (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Principal Ledger as Available Revenue Receipts.

8.12.4 If amounts standing to credit of the Revenue Ledger or Principal Ledger, as the case may be, are insufficient to pay or provide for the applicable Reconciliation Amount in full on the immediately following Interest Payment Date, the Cash Manager shall reallocate amounts standing to the credit of the Revenue Ledger or Principal Ledger (as applicable) in accordance with Condition 8.12.3 in respect of each subsequent Calculation Period (such Reconciliation Amounts to be applied accordingly on the immediately following Interest Payment Date) until such Reconciliation Amount is paid or provided for in full.

8.12.5 If the Cash Manager is required to provide for a Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts in respect of any Interest Payment Date, the Cash Manager shall pay or provide for such Reconciliation Amount in accordance with the terms of this Condition 8.12 and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

In this Condition 8.12:

**Interest Determination Ratio** means: (i) the aggregate Revenue Receipts calculated in the three preceding Cash Manager Reports (or such smaller number of preceding Monthly Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Revenue Receipts and the Principal Receipts calculated in such Cash Manager Reports; and

**Reconciliation Amount** means in respect of a relevant Calculation Period: (i) the actual Principal Receipts as determined in accordance with the available Cash Manager Reports; less (ii) the Principal Receipts in respect of such relevant Calculation Period, determined in accordance with Condition 8.12.2(c).

## 9. Final Redemption, Mandatory Redemption in part and Cancellation

9.1 *Final Redemption:* Unless previously redeemed or purchased and cancelled as provided in this Condition 9, the Issuer shall redeem the Notes in each Class at their Principal Amount Outstanding together with any accrued interest and any Deferred Interest on the Final Maturity Date.

9.2 *Mandatory Redemption in part prior to the service of an Enforcement Notice:*

9.2.1 On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Principal Receipts towards the redemption of the Notes (other than the Class X Notes) to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Principal Priority of Payments;

9.2.2 On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments: (i) while any of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes



and the Subordinated Loan are outstanding, to redeem the Class X Notes until the Principal Amount Outstanding of the Class X Notes is reduced down to €20,000; and (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the payment in full of the Subordinated Loan, to redeem the Class X Notes until the Class X Notes are redeemed to €1.

9.3 *Mandatory Redemption in full:* The Issuer shall redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with any accrued interest and any Deferred Interest and any Additional Note Payments accrued (and unpaid) up to but excluding the Interest Payment Date immediately falling on or immediately following the Optional Purchase Completion Date:

9.3.1 on giving not more than 30 days' nor fewer than five Business Days' notice to the Noteholders in accordance with Condition 22 (*Notices*) and the Trustee, on any Interest Payment Date on or after the Optional Redemption Date and following the sale of the Mortgage Assets comprising the Mortgage Portfolio in accordance with the provisions of the Deed Poll, the Optional Purchase Price together with all amounts standing to the credit of the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger and the Additional Note Payment Reserve Fund Ledger, together with any Available Revenue Receipts and Available Principal Receipts, otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date will be used to redeem each Note at an amount equal to the Principal Amount Outstanding of such Note together with accrued interest and Deferred Interest and any Additional Note Payments accrued (and unpaid) up to, but excluding, such Interest Payment Date; or

9.3.2 on giving not more than 60 days' nor fewer than 14 Business Days' notice to the Noteholders in accordance with Condition 22 (*Notices*) and the Trustee, on any Interest Payment Date following the sale of the Mortgage Assets comprising the Mortgage Portfolio in accordance with the provisions of the Deed Poll where the aggregate Current Balance of the Mortgage Loans was equal to or less than 10 per cent. of the aggregate Current Balance of the Mortgage Loans on the Closing Date, the Optional Purchase Price together with all amounts standing to the credit of the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger and the Additional Note Payment Reserve Fund Ledger, together with any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date will be used to redeem each Note at an amount equal to the Principal Amount Outstanding of such Note together with accrued interest and Deferred Interest up to, but excluding, such Interest Payment Date.

9.4 *Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option:* On the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date following the sale of the Mortgage Assets pursuant to the Risk Retention Regulatory Change Option, the full amount of the Risk Retention Regulatory Change Option Purchase Price, together with all amounts standing to the credit of the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger and the Additional Note Payment Reserve Fund Ledger, together with any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Risk Retention Regulatory Change Completion Date will be used to redeem each Note at an amount equal to the Principal Amount Outstanding of such Note together with accrued interest and Deferred Interest and any Additional Note Payments accrued (and unpaid) up to but excluding the Interest Payment Date immediately following the Risk Retention Regulatory Change Completion Date.

9.5 *Mandatory Redemption for Taxation or Other Reasons:*

If:

- 9.5.1 by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with Ireland other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Ireland or any political sub-division thereof or any authority thereof or therein having power to tax; or
- 9.5.2 by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes,

then the Issuer shall, if the same would avoid the effect of such relevant event described in Condition 9.5.1 or 9.5.2, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Trustee as principal debtor under the Notes and the Trust Deed, provided that:

- (a) the Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Rated Notes (and in making such determination, the Trustee may rely, without further investigation or inquiry, on (A) any confirmation made orally to the Issuer (in which case the Issuer shall confirm the same in writing to the Trustee) or in writing from each of the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming and the Issuer has certified to the Cash Manager and the Trustee that such proposed action (i) (while any Rated Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (iv) (while any of the Rated Notes remain outstanding) would not have an adverse effect on the rating of the Rated Notes (upon which confirmation or certificate the Trustee shall be entitled to rely absolutely without liability and without enquiry to any person for so doing); and
- (b) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

A **Redemption Event** shall occur if the Issuer satisfies the Trustee immediately before giving the notice referred to below that one or more of the events described in Condition 9.5.1 or 9.5.2 is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution.

On any Interest Payment Date following the date on which the Mortgage Assets comprising the Mortgage Portfolio are sold pursuant to the Deed Poll following the occurrence of a Redemption Event, the Optional Purchase Price together with all amounts standing to the credit of the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger and the Additional Note Payment Reserve Fund Ledger, together with any Available Revenue Receipts and Available Principal Receipts otherwise available to the Issuer for application on the Interest Payment Date falling on or immediately following the Optional Purchase Completion Date will be used to redeem each Note at an amount equal to the Principal Amount Outstanding of such Note together with accrued interest and Deferred Interest and any Additional Note Payments accrued (and unpaid) up to, but excluding,

such Interest Payment Date. The Issuer shall give not more than 60 days' nor fewer than 30 Business Days' notice of any such redemption of the Notes to the Noteholders in accordance with Condition 22 (Notices) and the Trustee.

9.6 *Calculation of Note Principal Payment, Principal Amount Outstanding and Pool Factor:* On each Determination Date, the Issuer shall calculate (or cause the Cash Manager to calculate):

9.6.1 the aggregate of any Note Principal Payment due in relation to each Note in each Class on the Interest Payment Date immediately succeeding such Determination Date;

9.6.2 the Principal Amount Outstanding of each Note in each Class on the Interest Payment Date immediately succeeding such Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such Class); and

9.6.3 the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in Condition 9.6.2 and the denominator is the principal amount of that Note on issue expressed as an entire integer,

and notify the Issuer, the Trustee, the Paying Agents, the Reference Agent, the Registrar and for so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange by not less than two Business Days prior to the relevant Interest Payment Date.

9.7 *Calculations final and binding:* Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note of each Class and the Pool Factor shall in each case (in the absence of manifest error) be final and binding on all persons.

9.8 *Trustee to determine amounts in case of Issuer default:* If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment, the Principal Amount Outstanding in relation to each Class or the Pool Factor in accordance with this Condition 9, such amounts may be calculated by the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction and without any liability to any person accruing to the Trustee as a result) in accordance with this Condition 9 (based on information supplied to it by the Issuer or the Cash Manager) and each such calculation shall be deemed to have been made by the Issuer. In each case, the Trustee may, at the expense of the Issuer, employ an expert to make such calculations and any such calculations shall be deemed to have been made by the Issuer.

9.9 *Conclusiveness of certificates and legal opinions:* Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 9.3 (*Mandatory Redemption in full*) and Condition 9.5 (*Mandatory Redemption for Taxation or Other Reasons*) may be relied on by the Trustee without further investigation, without liability to any other person and shall be conclusive and binding on the Noteholders, the Trustee and on the other Secured Creditors.

9.10 *Notice of Calculation:* The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each Class and the Pool Factor to be notified immediately after calculation to the Trustee, the Agents and, for so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange and will immediately cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each Class and the Pool Factor to be published in accordance with Condition 22 (Notices) by no later than two Business Days prior to each Interest Payment Date.

9.11 *Notice irrevocable:* Any such notice as is referred to in Condition 9.3 (*Mandatory Redemption in full*) or Condition 9.5 (*Mandatory Redemption for Taxation or Other Reasons*) or Condition 9.10 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound

to redeem the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 9.3 (*Mandatory Redemption in full*) or Condition 9.5 (*Mandatory Redemption for Taxation or Other Reasons*) and in an amount equal to the Note Principal Payment in respect of each Note calculated as at the related Determination Date if effected pursuant to Condition 9.2 (*Mandatory Redemption in part prior to the service of an Enforcement Notice*).

9.12 *No purchase by the Issuer.* The Issuer will not be permitted to purchase any of the Notes.

9.13 *Cancellation of redeemed Notes:* All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

## 10. **Limited Recourse**

10.1 If at any time following:

10.1.1

- (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class become due and payable; or
- (ii) the service of an Enforcement Notice; and

10.1.2 realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in Condition 10.1.2 under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in Condition 10.1.2, cease to be due and payable by the Issuer. For the purposes of this Condition 10, **Realisation** means, in relation to any Charged Property, the deriving, to the fullest extent practicable (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

## 11. **Payments**

11.1 *Principal, interest and Additional Note Payments:* Payments of principal, interest and any Additional Note Payments shall be made by cheque drawn in Euro or, upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for payment, by transfer to an account in Euro, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.

11.2 *Record date:* Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the **Record Date**) (being, for this purpose, a day on which banks are open for business in the city in which the Specified Office of the Registrar is located). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Noteholder in the Register at the opening of business on the relevant Record Date. The person shown in the Register at the opening of business

on the relevant Record Date in respect of a Note shall be the only person entitled to receive payments in respect of Notes represented by such Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

- 11.3 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations in the place of payment. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 11.4 *Partial Payments:* If the Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note.
- 11.5 *Payments on Business Days:* If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

## 12. **Taxation**

- 12.1 *Payments free of Tax:* All payments of principal, interest and any Additional Note Payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed, levied, collected, withheld or assessed by the Issuer Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted. Notwithstanding any other provision in these Conditions, the Issuer, the Trustee and the Paying Agent shall be permitted to withhold or deduct any amounts required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA withholding**).
  - 12.2 *No payment of additional amounts:* None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction. None of the Issuer, the Trustee or the Paying Agent shall have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, the Trustee, a Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.
  - 12.3 *Provision of information:* Each Noteholder is deemed to agree that the Issuer and any other relevant party on its behalf may (i) request such forms, self-certifications, documentation and any other information from the Noteholder which the Issuer may reasonably require in order for it to comply with its automatic exchange of information obligations, including those under FATCA and CRS, (ii) 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 (iii) take such other steps as they deem necessary or helpful to comply with its automatic exchange obligations under any applicable law.
- ## 13. **Events of Default**
- 13.1 *Events of Default:* Subject to the other provisions of this Condition 13, each of the following events shall be treated as an **Event of Default**:

- 13.1.1 *Non-payment*: subject to Condition 8.11 (Deferral of Interest and Additional Note Payments) the Issuer fails to pay any amount of principal in respect of the Notes within seven days following the due date for payment of such principal or fails to pay any amount of interest in respect of the Notes within fourteen days following the due date for payment of such interest; or
- 13.1.2 *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Issuer Covenants, the Trust Deed, the Irish Deed of Charge, the English Deed of Charge or any of the other Transaction Documents and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) is, in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 days after the Trustee has given written notice of such default to the Issuer; or
- 13.1.3 *Insolvency Event*: an Insolvency Event in respect of the Issuer occurs; or
- 13.1.4 *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, Trust Documents or any of the other Transaction Documents.
- 13.2 *Delivery of Enforcement Notice*: If an Event of Default occurs, the Trustee may at its discretion and shall, subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction:
- 13.2.1 if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes outstanding; or
- 13.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding,
- deliver an Enforcement Notice to the Issuer.
- 13.3 *Conditions to delivery of Enforcement Notice*: Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless:
- 13.3.1 in the case of the occurrence of any of the events mentioned in Condition 13.1.2 (*Breach of other obligations*) the Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes outstanding; and
- 13.3.2 it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 13.4 *Consequences of delivery of Enforcement Notice*: Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued interest and any Deferred Interest any Additional Note Payments accrued (and unpaid).
14. **Enforcement**
- 14.1 *Proceedings*: The Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class (including these Conditions), the Irish Deed of Charge, the English Deed of Charge or under the other Transaction Documents or to enforce the Security, but it shall not be bound to do so unless:

14.1.1 so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or

14.1.2 so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of outstanding Notes,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

14.2 *Directions to the Trustee:* If the Trustee shall take any action, step or proceeding described in Condition 14.1 (*Proceedings*) it may take such action, step or proceeding without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, provided that so long as any of the Most Senior Class of Notes are outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

14.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such other Class; or

14.2.2 such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Notes ranking senior to such other Class.

14.3 *Restrictions on disposal of Issuer's assets:* If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee shall not be entitled to dispose of the Charged Property or any part thereof unless either:

14.3.1 the Cash Manager certifies to the Trustee (on which certificate the Trustee shall be entitled to rely without liability and without enquiry) that a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments; or

14.3.2 the Trustee has obtained the written advice of an investment bank or other financial adviser selected by the Trustee, in its absolute discretion and at the expense of the Issuer, (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so, this Condition 14.3.2 shall not apply) and upon which advice the Trustee shall be entitled to rely absolutely and without incurring any liability to any person, which shall be binding on the Noteholders and the other Secured Creditors that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments and the Trustee shall have no liability to any person for the consequences of any such opinion reached in accordance with this Condition 14.3.2; and

The Trustee shall not be bound to make the determination, or seek the written advice of an investment bank or other financial adviser in accordance with Condition 14.3.2 unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing and shall have no liability to anyone for not so doing.

**15. No action by Noteholders or any other Secured Creditor**

15.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security, unless the Trustee, having become bound to so proceed, fails to do so within a reasonable period time and such failure is continuing. In particular, none of the Noteholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

15.1.1 otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;

15.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Secured Creditors;

15.1.3 until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or

15.1.4 to take or join in the taking of any steps, actions or proceedings which would result in the Priority of Payments not being observed.

**16. Meetings of Noteholders**

16.1 *Convening:* The Trust Deed contains "Provisions for Meetings of Noteholders" for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

16.2 *Separate and combined meetings:* The Trust Deed provides that:

16.2.1 an Extraordinary Resolution which in the opinion of the Trustee affects the interests of the holders of one Class of Notes shall be transacted at a separate meeting of the holders of the holders of that Class of Notes;

16.2.2 an Extraordinary Resolution which in the opinion of the Trustee affects the interests of the holders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the holders of any of Classes of the Notes so affected shall be transacted either at separate meetings of the holders of each Class of Notes so affected or at a single meeting of the holders of the Class of Notes so affected as the Trustee shall determine in its absolute discretion; and

16.2.3 an Extraordinary Resolution which in the opinion of the Trustee affects the holders of more than one Class of Notes and gives rise to any actual or potential conflict of interest between the holders of any of the Classes of Notes so affected shall be transacted at separate meetings of the holders of each Class of Notes so affected.

Subject to Condition 16.5.5, no Extraordinary Resolution of the Class Z Noteholders shall take effect for any purpose while any Notes remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class X Noteholders.



- 16.3 *Request from Noteholders:* A meeting of Noteholders of a particular Class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that Class. However, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without consent of the Issuer and, if applicable, certain other Transaction Parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.
- 16.4 *Quorum:* The quorum at any meeting convened to vote on:
- 16.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes will be one or more persons holding or representing, in aggregate, a majority of the Principal Amount Outstanding of the outstanding Notes in that Class or those Classes or, at any adjourned meeting, one or more persons being or representing Noteholders of that Class or those Classes, whatever the Principal Amount Outstanding of the outstanding Notes so held or represented in such Class or Classes; and
  - 16.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders at separate meetings) will be one or more persons holding or representing in aggregate 75 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes or, at any adjourned meeting, one or more persons holding or representing not less than in aggregate 25 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes.
- 16.5 *Relationship between classes:* In relation to each Class of Notes:
- 16.5.1 no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (to the extent that there are outstanding Notes in each such other Classes);
  - 16.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are outstanding Notes ranking senior to such Class);
  - 16.5.3 subject to Condition 16.5.5 any resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting;
  - 16.5.4 subject to Condition 16.5.5 except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes; and
  - 16.5.5 no Extraordinary Resolution to approve any matter which concerns the Administrator or the Issuer Administration Consultant including, without limitation, the termination of the appointment thereof or the appointment of a successor administrator or successor issuer administration consultant shall be effective unless it is sanctioned by an Extraordinary Resolution of the Class Z Noteholders, provided that this Condition 16.5.5 shall not apply for

so long as there is any debit balance on the Class A Principal Deficiency Sub-Ledger and there has been a debit balance on the Class A Principal Deficiency Sub-Ledger for the immediately preceding 12 consecutive Calculation Periods.

16.6 *Resolutions in writing:* a Written Resolution shall take effect as if it were an Extraordinary Resolution.

17. **Modification and Waiver**

17.1 *Modification:* the Trustee may at any time and from time to time, and in the case of Condition 17.1.3 shall, without the consent or sanction of the Noteholders or any other Secured Creditors (other than those Secured Creditors who are party to the relevant Transaction Documents), concur with the Issuer and any other relevant parties in making:

17.1.1 any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents in relation to which its consent is required (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the holders of the Most Senior Class of outstanding Notes;

17.1.2 any modification to these Conditions, the Trust Documents or the other Transaction Documents in relation to which its consent is required (including a Reserved Matter), if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error; or

17.1.3 any amendments to the Trust Deed, the Conditions, the Notes or the other Transaction Documents (other than in respect of a Reserved Matter) to enable the Issuer to comply with, implement or reflect:

- (a) FATCA and/or CRS (or any other similar regime for the reporting and automatic exchange of information);
- (b) any requirements which apply to it under EMIR;
- (c) any updated criteria of one or more Rating Agencies which may be published after the Closing Date;
- (d) the appointment of any additional or replacement account bank and/or the opening of any additional or replacement Issuer Account in accordance with the Transaction Documents; or
- (e) the appointment of any custodian and/or the opening of any custody account in accordance with the Transaction Documents,

provided that the Issuer certifies to the Trustee that such amendments are required solely for such purpose and have been drafted solely to such effect and regardless of whether or not such amendments are materially prejudicial to the Most Senior Class of outstanding Notes.

17.2 *Waiver:* In addition, the Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Notes or any of the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Trustee, the holders of the Most Senior Class of outstanding Notes will not be materially prejudiced by such authorisation or waiver.

- 17.3 The Issuer and the Trustee shall not, without the prior written consent of the Interest Rate Cap Provider (such consent not to be withheld unreasonably), agree to any amendment to, modification of, or supplement to (and shall procure that there is no amendment to, modification of or supplement to) any of the Transaction Documents, insofar as such amendment, modification or supplement relates to or affects: (a) any Priority of Payments in a manner that adversely affects the Interest Rate Cap Provider and/or the operation of the IRC Collateral Account (other than in relation to any replacement of the Account Bank, provided such replacement has the required ratings); (b) the timing or amount of any payments or deliveries due to be made by or to the Interest Rate Cap Provider under the Conditions or any Transaction Document or the Interest Rate Cap Provider's status as a Secured Creditor; or (c) this Condition 17.3.
- 17.4 Neither the Issuer nor the Trustee shall agree to any amendment to, modification of, or supplement to any of the Transaction Documents, insofar as such amendment, modification or supplement relates to or affects the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, or the timing or amount of any payments due to be made pursuant to the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments in such a way as to have the effect of putting the Administrator in a less beneficial position than it would have been had such amendment, modification or supplement not been made, without the prior written consent of the Administrator.
- 17.5 *Restriction on power to waive:* The Trustee shall not exercise any powers conferred upon it by Condition 17.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of outstanding Notes or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of outstanding Notes, but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made.
- 17.6 *Notification:* The Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders and the other Secured Creditors in accordance with Condition 22 (*Notices*) and the Transaction Documents, as soon as practicable after it has been made.
- 17.7 *Binding Nature:* Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*) or Condition 17.2 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

The Trustee shall not be obliged to agree to any matter which, in the opinion of the Trustee, would have the effect of exposing the Trustee to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee shall not be held liable for the consequences of exercising its discretion or taking any action, step or proceeding (or not exercising its discretion or taking any action, step or proceeding as the case may be) and may do so without having regard to the effect of such action on individual Noteholders or Secured Creditors.

In the case of a request for consent to a waiver, modification, substitution or any other matter, the Trustee shall be entitled to obtain legal, financial or other expert advice, at the properly incurred expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent as it sees fit.

## 18. **Prescription**

- 18.1 *Principal:* Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.
- 18.2 *Interest:* Claims for interest in respect of Notes shall become void where application for payment is made more than five years after the due date therefor.

19. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

20. **Trustee and Agents**

20.1 *Trustee's right to Indemnity:* Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

20.2 *Trustee not responsible for loss or for monitoring:* The Trustee is not responsible for any Liability which may be suffered as a result of the Charged Property or any documents of title relating thereto being uninsured or inadequately insured or being held by or to the order of the Administrator or by any person on behalf of the Trustee (as applicable). The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

20.3 *Regard to Classes of Noteholders:* In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee shall:

20.3.1 have regard to the interests of each Class of Noteholders as a Class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

20.3.2 in the event of a conflict of interests of holders of different Classes have regard only to the interests of the holders of the Most Senior Class of outstanding Notes and will not have regard to any lower ranking Class of Notes nor, prior to the redemption in full of the Notes, to the interests of the other Secured Creditors except to ensure the application of the proceeds of enforcement after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

20.4 *Paying Agents solely agents of Issuer:* In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer (save as otherwise provided in the Trust Deed and the Agency Agreement) and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

20.5 *Initial Paying Agents:* The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agents, reference agent or registrar and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.

21. **Substitution of Issuer**

21.1 *Substitution of Issuer:* The Trustee may, without the consent of the Noteholders or any other Secured Creditor, subject to:

21.1.1 the consent of the Issuer; and

21.1.2 such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Transaction Documents, the Notes and the Secured Amounts.

21.2 *Notice of Substitution of Issuer:* Promptly after any substitution of the Issuer in accordance with this Condition 21, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with Condition 22 (*Notices*) and the other relevant Transaction Documents.

21.3 *Change of Law:* In the case of a substitution pursuant to this Condition 21, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors to a change of the law governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of outstanding Notes and provided that the Rating Agencies are notified by the Issuer. For the avoidance of doubt, a Transaction Document cannot be amended without the written agreement of all the parties thereto and the prior written consent of the Trustee.

21.4 *No indemnity:* No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence or any other consequence of any such substitution upon individual Noteholders.

## 22. **Notices**

For so long as the relevant Notes are in global form, any notice to Noteholders shall be validly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the relevant Class of Notes and shall be deemed to be given on the date on which it was so sent. If Definitive Notes are issued, any notice to the holders thereof shall be validly given if sent by first class mail to them at their respective addresses in the Register (or the first named of joint holders) and notice shall be deemed to have been given on the second Business Day after the date of mailing. So long as the relevant Notes are admitted to trading and listed on the official list of the Irish Stock Exchange any notice shall also be published in accordance with the relevant guidelines of the Irish Stock Exchange by a notification in writing to the Company Announcements Office of the Irish Stock Exchange, and any notice so published shall be deemed to have been given on the date of publication.

## 23. **Non-Responsive Rating Agency**

23.1 In respect of each Rating Agency, if a Ratings Confirmation is a condition to any action, step or matter under any Transaction Document and a written request for such Ratings Confirmation is delivered to that Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:

23.1.1 (A) that Rating Agency indicates that it does not consider a Ratings Confirmation necessary in the circumstances or otherwise declines to review the matter for which the Ratings Confirmation is sought (including as a result of the policy or practice of that Rating Agency) or (B) within 30 days of delivery of such request, that Rating Agency has not responded to the request for the Ratings Confirmation; and

23.1.2 the Issuer has otherwise received no indication from that Rating Agency that its then current ratings of the Rated Notes would be reduced, qualified, withdrawn or put on negative watch as a result of such action, step or matter,

23.2 then (i) there shall be no requirement for the Ratings Confirmation from the Rating Agency if the Issuer certifies to the Trustee that one of the events in Condition 23.1.1. has occurred and the

condition in Condition 23.1.2 is fulfilled; and (ii) neither the Issuer nor the Trustee shall be liable for any loss that Noteholders may suffer as a result.

24. **Governing Law and Jurisdiction**

- 24.1 *Governing law.* The Transaction Documents (other than the Administration Agreement, the Asset Management Consulting Agreement, the Amended and Restated Paris Declaration of Trust, the Amended and Restated Java Declaration of Trust, the Corporate Services Agreement, the Subordinated Loan Agreement, the Irish Deed of Charge, each Mortgage Sale Agreement, each Seller Security Power of Attorney, the Administrator Power of Attorney and the Legal Title Holder Power of Attorney (together, the **Irish Law Transaction Documents**)), the Notes (the **English Law Transaction Documents**) and all non-contractual obligations arising from or connected with them are governed by English law. The Irish Law Transaction Documents and all non-contractual obligations arising from or connected with them are governed by Irish law.
- 24.2 *Jurisdiction:* The courts of Ireland (the **Irish Courts**) have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Irish Law Transaction Documents (including a dispute relating to non-contractual obligations of the Irish Law Transaction Documents) and accordingly, any legal action or proceedings arising out of or in connection with the Irish Law Transaction Documents may be brought in the Irish Courts. The Issuer has in each of the Irish Law Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of the Irish Courts. The courts of England and Wales (the **English Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the English Law Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the English Law Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the English Law Transaction Documents may be brought in the English Courts. The Issuer has in each of the English Law Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of the English Courts. This clause is for the benefit of the Trustee and the Noteholders and to the extent allowed by law shall not limit the right of any of them to take proceedings in any other court of competent jurisdiction.

## TAXATION

### Ireland Taxation

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 and does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. 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 (the **1997 Act**) 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) (**quoted Eurobonds**).

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

1. the person by or through whom the payment is made is not in Ireland; or
2. the payment is made by or through a person in Ireland, and either:
  - 2.1 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
  - 2.2 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 (a **Qualifying Company**) 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:

- (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 a 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 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).

Notwithstanding the above, where profit-dependent or excessive interest is attributable to the holding by a Qualifying Company of “specified mortgages” (the **Affected Interest**) this Affected Interest will be re-characterised as a distribution which is not deductible for tax purposes and will thus form part of the taxable profits of the Issuer and will also be subject to dividend withholding tax (subject to any available exemptions). A “specified mortgage” for this purpose includes a loan which is secured on, and which derives its value, or the greater part of its value, directly or indirectly from Irish land.

Affected Interest will not be re-characterised where, *inter alia*, it is paid to a person who, if an individual, is within the charge to income tax in Ireland or if a company is within the charge to corporation tax in Ireland in respect of that income.

Provided the rate of interest payable on the Rated Notes does not exceed a reasonable commercial return for the use of the principal advanced under the Rated Notes and provided the Class Z Notes and the Class X Notes are and remain held by the Paris Seller (as a company within the charge to Irish corporation tax in respect of such interest) or another person who is within the charge to corporation tax in Ireland in respect of any interest or other distribution payable under those Notes, these amendments should not cause interest payable under the Notes to cease to be deductible for the Issuer or to be subject to dividend withholding tax.

## Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of Income Tax (currently 20%) from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder that is Irish resident. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form of the encashment agent or bank.

## Taxation of Noteholders

Notwithstanding that a Noteholder may receive payments of interest, premium or discount on the Notes free of Irish withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax (and in the case of individuals, the universal social charge) on such interest if (i) such interest has an Irish source, (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an



individual in receipt of interest on the Notes), or (iii) the Notes are attributed to a branch or agency in Ireland. Ireland operates a self-assessment system in respect of income tax and corporation tax, and each person must assess its own liability to Irish tax.

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 and makes a declaration of non-residence in the prescribed form (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 resident in a Relevant Territory which imposes a tax that generally applies to interest receivable in that Relevant Territory by companies from sources outside that Relevant Territory.

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, the universal social charge and pay related social insurance 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 permanent establishment, 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 donor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland 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 where they secure a debt due by an Irish resident debtor and/or they are 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 donor 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, may have reporting obligations in respect of certain investors under both FATCA and CRS (see below).

## Information exchange and the implementation of FATCA in Ireland

With effect from 1 July 2014 the Issuer may be obliged to report certain information in respect of U.S. investors (Noteholders) in the Issuer to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

Under US legislation, Sections 1471 to 1474 of the United States Internal Revenue Code of 1986 (as amended) (**FATCA**), a 30 per cent. US withholding tax may be imposed on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the

U.S. Internal Revenue Service (**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 (**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 (which came into operation on 1 July 2014) (the **Irish Regulations**) implementing the information disclosure obligations Irish financial institutions such as the Issuer are required to report certain information with respect to U.S. account holders and non-financial entities controlled by US persons to the Revenue Commissioners. The Revenue Commissioners will provide that information annually to the IRS. Aside from where the Notes are listed (see below) the Issuer must obtain the necessary information from investors 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 holder and beneficial owner of the Notes. It should be noted that the Irish Regulations require the 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. However to the extent that the Notes are listed on a recognised stock exchange (which includes the Irish stock exchange) with the intention that the interests may be traded or held within a recognised clearing system the Issuer should have no reportable accounts in a tax year. In that event the Issuer will make a nil return for that year to the Irish Revenue Commissioners.

While the IGA and Irish Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Issuer in respect of its assets, no assurance can be given in this regard. As such, Noteholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

## Common Reporting Standard (CRS)

**CRS** means the common reporting standard comprised in the Standard for Automatic Exchange of Financial Account Information in Tax Matters approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development (the **Standard**) and any treaty, law, or regulation of any other jurisdiction which facilitates the implementation of the Standard including Council Directive 2014/107/EU on the Administrative Cooperation in the Field of Taxation (**DAC II**)

The CRS framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase tax transparency. On 21 July 2014, the Standard was published by the OECD and this includes the CRS.

The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) (**FIs**) relating to account holders who are tax resident in other participating jurisdictions.

DAC II implements measures similar to the CRS in a European context and created a mandatory obligation for all Member States to exchange financial account information in respect of residents in other Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of the CRS while Sections 891F and 891E of the 1997 Act of Ireland contain measures necessary to implement the CRS internationally and across the European Union, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the **Regulations**), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Over 95 jurisdictions have committed to exchanging information under the CRS and a group of 50 countries, including Ireland, have committed to the early adoption of the CRS from 1 January 2016 (known as the **Early Adopter Group**), with the first data exchanges expected to take place in September 2017. All Member States are members of the Early Adopter Group.

The Irish Revenue Commissioners have issued regulations to implement the requirements of the CRS and DAC II into Irish law under which Irish FIs (such as the Issuer) will be obliged to make a single return in respect of CRS and DAC II. For the purpose of complying with its obligations under CRS and DAC II, and Irish FI (such as the Issuer) shall be entitled to require Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons' tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of CRS and DAC II and Noteholders will be deemed, by their holding, to have authorised the automatic disclosure of such information by the Issuer or any nominated service provider) or any other person to the Irish Revenue Commissioners. The information will be provided to the Irish Revenue Commissioners who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. Failure by an Irish FI to comply with its CRS and DAC II obligations may result in the Issuer being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed on a non-compliant FI under Irish legislation.

The Issuer (or any nominated service provider) will agree that information (including the identity of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer's (or any nominated service provider's) use for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder, or (iv) as otherwise required by law or court order or on the advice of its advisors.

Further information in relation to CRS can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie).

## **U.S. Foreign Account Tax Compliance Withholding**

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING

(WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Sections 1471 to 1474 of the United States Internal Revenue Code of 1986 (as amended) (**FATCA**) impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the U.S. Internal Revenue Service (**IRS Agreements**) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (**IGA legislation**) intended to implement an intergovernmental agreement entered into pursuant to FATCA, may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2019, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2019 (at the earliest) in respect of "foreign passthru payments" and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the later of (a) 1 July 2014, and (b) in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Ireland) have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. For a discussion of the implementation of FATCA in Ireland see "*Ireland Taxation – Information exchange and the implementation of FATCA in Ireland*".

The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all.

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the **ICSDs**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Safekeeper, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced

under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Notes, investors may receive less interest or principal than they would otherwise receive.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

## SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc, in its capacity as Lead Manager and the Paris Seller have, pursuant to a subscription agreement dated on or about the date of this Prospectus amongst the Sellers, the Arranger, the Lead Manager, the Issuer and the Retention Holder (the **Subscription Agreement**), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (a) in the case of the Lead Manager:
  - (i) €300,947,000 of the Class A Notes at the issue price of 99.73 per cent.;
  - (ii) €85,268,000 of the Class B Notes at the issue price of 98.77 per cent.;
  - (iii) €33,439,000 of the Class C Notes at the issue price of 99.01 per cent.;
  - (iv) €50,158,000 of the Class D Notes at the issue price of 96.68 per cent.;
  - (v) €51,830,000 of the Class E Notes at the issue price of 94.59 per cent.; and
  - (vi) €33,439,000 of the Class F Notes at the issue price of 92.56 per cent.;
- (b) in the case of the Paris Seller:
  - (i) €113,691,000 of the Class Z Notes; and
  - (ii) €100,000 of the Class X Notes.

The Issuer and the Sellers have agreed to indemnify the Lead Manager against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Notes to the Official List and the admission to trading on the Irish Stock Exchange's regulated market, no action has been taken by the Issuer, the Arranger or the Lead Manager, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

On the Closing Date, the Notes may only be purchased by persons that (a) are not Risk Retention U.S. Persons or (b) have obtained a U.S. Risk Retention Waiver from the Retention Holder. Each holder of a Note or a beneficial interest therein acquired in the initial syndication of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Sellers, the Retention Holder, the Arranger and the Lead Manager that it (1) either (a) is not a Risk Retention U.S. Person or (b) has received a U.S. Risk Retention Waiver from the Retention Holder, (2) is acquiring such Note or a beneficial interest therein for its own account and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules.

## United Kingdom

The Arranger and the Lead Manager have each represented and agreed that:

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

The Arranger and the Lead Manager have each acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with Part VI of FSMA, having applied for the admission of the Notes to the Official List and admission to trading on the Irish Stock Exchange, no further action has been or will be taken in any jurisdiction by the Arranger or the Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

## United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the Securities Act) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered outside the United States to persons other than U.S. persons (as defined in Regulation S of the Securities Act).

The Arranger and the Lead Manager have each agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Rated Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering of the Notes and the closing date (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the Securities Act), and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account of, U.S. persons.

## Ireland

The Lead Manager has represented and agreed that it will not offer, sell, place or underwrite or do anything in respect of the Notes other than in conformity with the provisions of:

- (a) the European Communities (Markets in Financial Instruments) Regulations 2007 nos. 1 to 3) (as amended), including, without limitation, Regulation 7 (Authorisation) and Regulation 152 (Restrictions on advertising) thereof, any codes of conduct made thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Irish Central Bank Acts 1942 – 2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules and guidance issued under Section 1363 of the Companies Act 2014 by the Central Bank of Ireland;

- (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 and any rules and guidance issued under Section 1370 of the Companies Act 2014 by the Central Bank of Ireland; and
- (e) the Companies Act 2014 (as amended).

The Paris Seller has represented and agreed that it will not transfer any of the Class Z Notes or the Class X Notes, or any interest in such Notes, to any person other than a person who is within the charge to corporation tax in Ireland in respect of any interest or other distributions payable under those Notes.

## **General**

The Arranger and the Lead Manager have each undertaken that they will not, directly or indirectly, offer or sell any Rated Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Rated Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Rated Notes by it will be made on the same terms.



## LISTING AND GENERAL INFORMATION

- (a) It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on the Irish Stock Exchange's regulated market will be granted on or around 30 March 2017.
- (b) The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 20 January 2017 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
- (c) The auditor for the Issuer is Grant Thornton LLP. Grant Thornton LLP is a member of the Institute of Chartered Accountants in Ireland. So long as the Notes are admitted to trading on the Irish Stock Exchange's regulated market, the most recently published audited annual accounts of the Issuer from time to time shall be filed with the Irish Stock Exchange and shall be available at the Specified Office of the Principal Paying Agent in London. The Issuer does not publish interim accounts. Since 20 January 2017 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.
- (d) Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
- (e) The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on 22 March 2017.
- (f) The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and common codes:

| <b>Class of Notes</b> | <b>ISIN</b>  | <b>Common Code</b> |
|-----------------------|--------------|--------------------|
| <b>Class A</b>        | XS1588886025 | 158888602          |
| <b>Class B</b>        | XS1588886611 | 158888661          |
| <b>Class C</b>        | XS1588886884 | 158888688          |
| <b>Class D</b>        | XS1588886967 | 158888696          |
| <b>Class E</b>        | XS1588887346 | 158888734          |
| <b>Class F</b>        | XS1588891025 | 158889102          |
| <b>Class Z</b>        | XS1588891454 | 158889145          |
| <b>Class X</b>        | XS1588891538 | 158889153          |

- (g) From the date of this Prospectus and for so long as the Notes are listed on the Irish Stock Exchange's regulated market, physical copies of the following documents may be inspected at the registered office of the Trustee during usual business hours, on any weekday (public holidays excepted):
  - (i) the Constitution of the Issuer;

(ii) copies of the following documents:

- (A) the Account Bank Agreement;
- (B) the Administration Agreement;
- (C) the Agency Agreement;
- (D) the Asset Management Consulting Agreement;
- (E) the Cash Management Agreement;
- (F) the Amended and Restated Paris Declaration of Trust;
- (G) the Amended and Restated Java Declaration of Trust;
- (H) the Corporate Services Agreement;
- (I) the Deed Poll;
- (J) the English Deed of Charge;
- (K) the Incorporated Terms Memorandum;
- (L) the Interest Rate Cap Agreement;
- (M) the Irish Deed of Charge;
- (N) each Mortgage Sale Agreement;
- (O) the Risk Retention Letter;
- (P) each Seller Security Power of Attorney;
- (Q) the Legal Title Holder Power of Attorney;
- (R) the Administrator Power of Attorney;
- (S) the Subordinated Loan Agreement; and
- (T) the Trust Deed.

(h) The Cash Manager on behalf of the Issuer will publish the monthly Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Mortgage Portfolio. Such Investor Reports will be published on the Cash Manager's website at [www.usbank.com/abs](http://www.usbank.com/abs) on each Reporting Date. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Investor Reports will also be made available to the Sellers and the Rating Agencies. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Assets.

(i) The Issuer confirms that the Mortgage Assets backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the

issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.

- (j) The total expenses to be paid in relation to admission of the Notes to the Official List and trading on the regulated market of the Irish Stock Exchange are estimated to be approximately €10,000.
- (k) Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the notes and is not itself seeking admission of the notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

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