

DATED 12 JULY 2013

SANTANDER UK PLC  
AS SELLER, CASH MANAGER AND MEMBER

ABBAY COVERED BONDS (LM) LIMITED  
AS LIQUIDATION MEMBER

ABBAY COVERED BONDS LLP  
AS LLP

AND

DEUTSCHE TRUSTEE COMPANY LIMITED  
AS BOND TRUSTEE AND SECURITY TRUSTEE

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SIXTH SUPPLEMENTAL LLP DEED  
RELATING TO THE €35 BILLION GLOBAL COVERED BOND  
PROGRAMME  
MODIFYING AND RESTATING THE LLP DEED DATED 3 JUNE  
2005 (AS PREVIOUSLY SUPPLEMENTED, MODIFIED AND/OR  
RESTATED ON 15 AUGUST 2005, 4 OCTOBER 2007, 20 MAY  
2008, 8 SEPTEMBER 2009 AND 24 DECEMBER 2012)

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**THIS FIFTH SUPPLEMENTAL LLP DEED** is made on 12 July 2013

**BETWEEN:**

- (1) **SANTANDER UK PLC** (previously known as Abbey National plc), a public limited company incorporated under the laws of England and Wales (with registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as Seller, Cash Manager and a Member and referred to as "**Santander**" or the "**Seller**");
- (2) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as a Member and referred to as the "**Liquidation Member**");
- (3) **ABBEY COVERED BONDS LLP**, a limited liability partnership established under the laws of England and Wales (with registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the "**LLP**"); and
- (4) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as "**Bond Trustee**" and "**Security Trustee**").

**WHEREAS:**

- (A) This Sixth Supplemental LLP Deed is supplemental to and modifies the provisions of the LLP Deed dated 3 June 2005 (as supplemented on 15 August 2005, 4 October 2007, 20 May 2008, 8 September 2009 and 24 December 2012, the "**Principal LLP Deed**") which was made between the same parties as are parties hereto and relating to a Covered Bond Programme established by the Issuer (the "**Programme**").

**NOW THIS SIXTH SUPPLEMENTAL LLP DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED** as follows:

1. SUBJECT as hereinafter provided and unless there is something in the subject matter or context inconsistent therewith, all words and expressions defined in the Principal LLP Deed shall have the same meanings in this Sixth Supplemental LLP Deed.
2. With effect from the date hereof:
  - (a) the Principal LLP Deed is further modified in such manner as would result in the Principal LLP Deed as so modified being in the form set out in the Schedule hereto; and
  - (b) the provisions of the Principal LLP Deed insofar as the same still have effect shall cease to have effect and in lieu thereof the provisions of the Principal LLP Deed as so modified (and being in the form set out in the Schedule hereto) shall have effect.

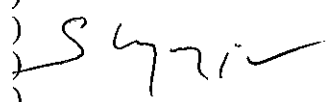
3. The Principal LLP Deed and this Sixth Supplemental LLP Deed shall henceforth be read and construed together as one deed.
4. This Sixth Supplemental LLP Deed may be executed in counterparts, all of which, taken together, shall constitute one and the same Sixth Supplemental LLP Deed and any party may enter into this Supplemental LLP Deed by executing a counterpart.
5. This Sixth Supplemental LLP Deed is governed by, and shall be construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Sixth Supplemental LLP Deed, whether contractual or non-contractual, is governed by, and shall be determined in accordance with, English law.
6. The provisions of clause 44.2 of the Principal LLP Deed as so modified (and being in the form set out in the Schedule hereto) shall be incorporated in this Sixth Supplemental LLP Deed as if set out in full in this Sixth Supplemental LLP Deed and as if references therein to "**Deed**" were references to "Sixth Supplemental LLP Deed".

**IN WITNESS WHEREOF** this Sixth Supplemental LLP Deed has been executed as a deed by the parties hereto as a deed which has been delivered on the date first appearing on page one.

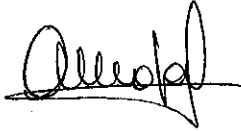
**SIGNATORIES**

**EXECUTED** as a **DEED** by  
**SANTANDER UK PLC**  
in its capacity as Cash Manager,  
a Member and Seller  
acting by its attorney  
in the presence of

)  
)  
)  
)  
)  
)  
)



Witness's Signature:



Name:

**Amaya Mazaira**  
**8 Totten Sq, Regent's Pl**  
**W1 3AN, London**

Address:

Occupation: *WOLVER*

---

**EXECUTED** as a **DEED** by  
**ABBEY COVERED BONDS (LM)**  
**LIMITED**  
in its capacity as Liquidation Member  
acting by its attorney  
in the presence of

)  
)  
)  
)  
)  
)  
)

Witness's Signature:

Name:

Address:

Occupation:

**SIGNATORIES**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
in its capacity as Cash Manager, )  
a Member and Seller )  
acting by its attorney )  
in the presence of )

Witness's Signature:

Name:

Address:

Occupation:

**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS (LM)** )  
**LIMITED** )  
in its capacity as Liquidation Member )  
acting by its attorney )  
in the presence of )



**Wilmington Trust SP Services (London) Limited**

Witness's Signature:



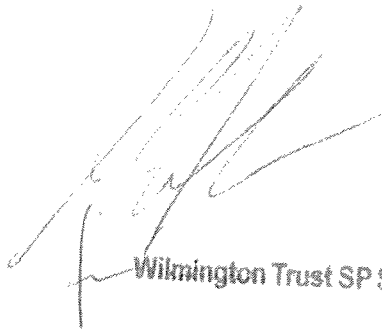
Name:

Address:

Occupation:

Third Floor  
1 King's Arms Yard  
London  
EC2R 7AF

EXECUTED as a DEED by )  
ABBEY COVERED BONDS LLP )  
acting by ABBEY COVERED BONDS )  
(LM) LIMITED as a Member and )  
SANTANDER UK PLC as a Member )  
in each case SIGNED by their attorney )  
in the presence of )



Wilmington Trust SP Services (London) Limited

.....

Witness  
(for the attorney to  
ABBEY COVERED BONDS  
(LM) LIMITED):

Name: Mignon Clarke  
Address: Third Floor  
1 King's Arms Yard  
London  
EC2R 7AF

.....

Witness  
(for the attorney to  
SANTANDER UK PLC  
(as applicable)):

Name:  
Address:

THE COMMON SEAL of )  
DEUTSCHE TRUSTEE COMPANY )  
LIMITED in its separate capacities as )  
Bond Trustee and Security Trustee was )  
affixed to this DEED )  
in the presence of )

.....  
Associate Director

.....  
Associate Director

**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS LLP** )  
acting by **ABBEY COVERED** )  
**BONDS (LM) LIMITED** )  
as a Member and )  
**SANTANDER UK PLC** )  
as a Member )  
in each case **SIGNED** by their attorney )  
in the presence of: )

*Sly...*

.....  
Witness (for the attorney to  
**ABBEY COVERED**  
**BONDS (LM) LIMITED**):

Name:

Address:

*Amaya Mazaira*

.....  
Witness (for the attorney to  
**SANTANDER UK PLC**  
(as applicable)):

Name:

**Amaya Mazaira**  
**2 Triton Sq, Regent's Pl**  
**NW1 3AN, London**

Address:

**THE COMMON SEAL** of )  
**DEUTSCHE TRUSTEE COMPANY** )  
**LIMITED** in its separate capacities as )  
Bond Trustee )  
and Security Trustee was affixed to )  
this **DEED** in the presence of: )  
)

.....  
Associate Director

.....  
Associate Director

**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS LLP** )  
acting by **ABBEY COVERED** )  
**BONDS (LM) LIMITED** )  
as a Member and )  
**SANTANDER UK PLC** )  
as a Member )  
in each case **SIGNED** by their attorney )  
in the presence of: )

.....  
Witness (for the attorney to  
**ABBEY COVERED**  
**BONDS (LM) LIMITED**):

Name:

Address:


.....  
Witness (for the attorney to  
**SANTANDER UK PLC**  
(as applicable)):

Name:

Address:

**THE COMMON SEAL** of )  
**DEUTSCHE TRUSTEE COMPANY** )  
**LIMITED** in its separate capacities as )  
Bond Trustee )  
and Security Trustee was affixed to )  
this **DEED** in the presence of: )  
)



  
.....  
Associate Director

  
.....  
Associate Director



**SCHEDULE**

12 JULY 2013

SANTANDER UK PLC  
AS SELLER, CASH MANAGER AND MEMBER

ABBAY COVERED BONDS (LM) LIMITED  
AS LIQUIDATION MEMBER

ABBAY COVERED BONDS LLP  
AS LLP

AND

DEUTSCHE TRUSTEE COMPANY LIMITED  
AS BOND TRUSTEE AND SECURITY TRUSTEE

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FORM OF MODIFIED AND RESTATED LIMITED LIABILITY  
PARTNERSHIP DEED  
RELATING TO THE €35 BILLION GLOBAL COVERED BOND  
PROGRAMME

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**THIS LIMITED LIABILITY PARTNERSHIP DEED** is made on 3 June 2005 as modified on 15 August 2005 and as modified and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012 and 12 July 2013

**BETWEEN:**

- (1) **SANTANDER UK PLC** (previously known as Abbey National plc), a public limited company incorporated under the laws of England and Wales (with registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as Seller, Cash Manager and a Member and referred to as "**Santander**" or the "**Seller**");
- (2) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as a Member and referred to as the "**Liquidation Member**");
- (3) **ABBEY COVERED BONDS LLP**, a limited liability partnership established under the laws of England and Wales (with registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the "**LLP**"); and
- (4) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as "**Bond Trustee**" and "**Security Trustee**").

**WHEREAS:**

- (A) Santander and the Liquidation Member incorporated the LLP on 8 April 2005.
- (B) The Members have agreed to operate the business of the LLP (as described in this limited liability partnership deed (this "**Deed**")) through the LLP.
- (C) The parties to this Deed have agreed to comply with the terms and subject to the conditions set out in this Deed in relation to their duties, powers and rights *inter se*.

**NOW THIS DEED WITNESSES:**

**1. DEFINITIONS AND CONSTRUCTION**

- 1.1 The amended and restated master definitions and construction agreement made between, *inter alios*, the parties to this Deed on or about the date hereof (as the same may be amended, restated and/or supplemented from time to time, the "**Master Definitions and Construction Agreement**") is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Agreement (as so amended, restated and/or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals hereto and this Deed shall be construed in accordance with the interpretation provisions set out in clause 2 (*Interpretation and Construction*) of the Master Definitions and Construction Agreement.

1.2 Any reference in this Deed to a "**Clause**" or "**Schedule**" is, unless otherwise stated, to a clause hereof or a schedule hereto.

1.3 The following terms shall apply to this Agreement:

**"Cover Pool Swap"** means the interest rate and cover pool swap transaction entered into under the terms of the Interest Rate Swap Agreement;

**"Depositor Set-off Determination Date"** means if (a) the long-term unsubordinated, unguaranteed debt rating of the Issuer is rated at least A by Fitch, BBB+ by S&P and A2 by Moody's and the short-term unsubordinated, unguaranteed debt rating of the Issuer is rated at least F1 by Fitch and A-2 by S&P, January and July in each year or (b) the long-term unsubordinated debt rating of the Issuer is rated less than A by Fitch, BBB+ by S&P or A2 by Moody's or the short-term unsubordinated, unguaranteed debt rating of the Issuer is rated less than F1 by Fitch or A-2 by S&P, each Calculation Date. **Provided that**, if the long-term unsubordinated, unguaranteed debt rating of the Issuer is again rated at least A by Fitch, BBB+ by S&P and A2 by Moody's and the short-term unsubordinated, unguaranteed debt rating of the Issuer is again rated at least F1 by Fitch and A-2 by S&P, the Depositor Set-off Determination Date, will, be determined in accordance with (a) above;

**"Depositor Set-off Percentage"** means:

- (a) zero for so long as (i) the Issuer's credit ratings from S&P are at least BBB+ long-term and A-2 short-term; and (ii) the Issuer's long-term credit rating from Moody's is at least A2; and (iii) the Issuer's credit ratings from Fitch are at least A long-term and F1 short-term; or
- (b) 4.00 per cent. (such percentage to be reviewed as set out in the definition of "Depositor Set-off Determination Date") or such other percentage as determined in accordance with, and subject to, the provisions of Clause 11.9 of this Deed;

**"Supplemental Liquidity Available Amount"** means (i) prior to the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount minus, if a Supplemental Liquidity Event has occurred which is continuing, an amount equal to the aggregate Current Balance of Loans sold to fund or replenish the Supplemental Liquidity Reserve Ledger, unless otherwise proposed to the Rating Agencies and (ii) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount;

**"Supplemental Liquidity Event"** has the meaning given to it in Clause 13.3;

**"Supplemental Liquidity Reserve Amount"** means: (i) prior to the service of a Notice to Pay, an amount calculated on the basis of a method proposed by the Issuer to and accepted by the Rating Agencies in connection with the funding of the Supplemental Liquidity Reserve Ledger when required under the terms of the LLP Deed and which, as at the date hereof, is equal to five per cent. of the then Adjusted Aggregate Loan Amount as required under the Asset Coverage Test **provided that** for the purposes of calculating such Adjusted Aggregate Loan Amount the Asset Coverage Test was (A) calculated in respect of the Adjusted Aggregate Loan Amount

without taking into account factor "U" and (B) not failed; and (ii) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount immediately prior to the service of such Notice to Pay minus an amount equal to the aggregate Current Balance of Loans sold to fund or replenish the Supplemental Liquidity Reserve Ledger, **provided that**, in each case, such amount shall be equal to at least five per cent. of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on each relevant Calculation Date; and

"**Supplemental Liquidity Reserve Ledger**" has the meaning ascribed thereto in Clause 27 and shall constitute a Ledger.

## **2. ESTABLISHMENT AND BUSINESS OF THE LLP AND COMMENCEMENT OF DEED**

2.1 This Deed shall have effect from and including the Programme Date.

2.2 The LLP is a limited liability partnership and has been registered pursuant to the LLP Act and any change which may occur in the particulars to be furnished thereunder (by reason of this Deed or otherwise) shall forthwith be notified by the Designated Members to the LLP Registrar.

2.3 The Members have agreed with effect from the Programme Date that the business of the LLP shall be the acquisition, management and sale of Loans and their Related Security, the borrowing of monies to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any other business as the LLP Management Board shall decide (with the prior written consent of the Security Trustee, prior to the release of the Security constituted by or pursuant to the Deed of Charge whilst the Covered Bonds are outstanding).

## **3. REGISTERED OFFICE**

The LLP shall at all times have a registered office in England or Wales. The location of such registered office in England or Wales may be determined from time to time by the LLP Management Board and shall be registered with the Registrar of Companies in accordance with the LLP Act.

## **4. REGISTRATION**

The Designated Members shall ensure that the LLP complies with the notification and registration requirements under the LLP Act as required from time to time.

## **5. DESIGNATED MEMBERS**

5.1 At all times there shall be at least two Designated Members. As at the date hereof, Santander and the Liquidation Member are the Designated Members.

5.2 If an administrator, bank administrator, liquidator or bank liquidator is appointed to Santander or Santander disposes of any of the Relevant Shares (such that it ceases to hold at least 20 per cent. of the share capital of the Liquidation Member) without the

prior written consent of the LLP and, whilst any Covered Bonds are outstanding, the Security Trustee (a "**Relevant Event**"), then subject to Clause 5.1, the Liquidation Member (with the prior written consent of the Security Trustee whilst the Covered Bonds are outstanding) may by written notice to the LLP appoint a New Member (which must be a Subsidiary of the Liquidation Member) as a Designated Member.

- 5.3 For the avoidance of doubt, a New Member appointed pursuant to Clause 5.2 shall not be a New Seller and shall not be required to enter into a New Mortgage Sale Agreement.
- 5.4 Subject to Clause 5.2, no Designated Member can resign as a Designated Member whilst it is a Member. No appointment of a Member as a Designated Member shall be effective without the prior written consent of such Member. If any termination would reduce the number of Designated Members to less than two, that termination shall not take effect unless and until a new Designated Member is appointed in accordance with this Deed.
- 5.5 The Designated Members shall have such duties as are specified in the LLP Act or otherwise at law and in this Deed.
- 5.6 Subject to Clauses 14.3 and 17.5 of this Deed, the LLP shall indemnify each Designated Member in respect of any personal liability arising as a result of its position as Designated Member, other than (a) any liability to Tax or stamp duties, (b) any liability arising as a result of its fraud, wilful default, negligence or breach of the terms of this Deed, or (c) any liability arising from the imposition of a criminal penalty.

## 6. **TERMINATION OF MEMBERSHIP**

- 6.1 For so long as Covered Bonds are outstanding, if a New Member is appointed as a Designated Member in accordance with Clause 5.2, Santander shall automatically cease to be a Member (and a Designated Member) of the LLP.
- 6.2 If Santander ceases to be a Member in accordance with Clause 6.1, Santander's Capital Contribution Balance as at the date it ceases to be a Member of the LLP will become a subordinated debt obligation owed by the LLP to Santander (the "**Abbey Subordinated Loan**").
- 6.3 Repayment of the Abbey Subordinated Loan shall be made only in accordance with and subject to Clauses 14.3, 15.5, 17.5 and 21 below and clause 6.2 of the Deed of Charge.
- 6.4 Santander shall not be entitled to any interest in respect of the Abbey Subordinated Loan at any time.
- 6.5 Santander shall not transfer or otherwise dispose of its rights to receive repayment of the Abbey Subordinated Loan to any person without the prior consent in writing of the Security Trustee whilst any Covered Bonds are outstanding.

## **7. LLP PROPERTY**

- 7.1 From time to time the Issuer shall make Term Advances to the LLP pursuant to and in accordance with the terms of the Intercompany Loan Agreement. A Term Advance to the LLP shall not constitute a Capital Contribution to the LLP.
- 7.2 From time to time the Seller shall sell Loans and their Related Security to the LLP pursuant to the terms of the Mortgage Sale Agreement. A Capital Contribution in Kind may constitute the whole or a part of the consideration for the sale of such Loans and Related Security to the LLP, as set out in Clause 9 below.
- 7.3 The Liquidation Member shall not make Capital Contributions to the LLP.

## **8. CASH CAPITAL CONTRIBUTIONS**

- 8.1 Each Member (other than the Liquidation Member) may from time to time make Cash Capital Contributions to the LLP.
- 8.2 Prior to making any Cash Capital Contribution to the LLP, the relevant Member shall deliver to the LLP and the Security Trustee a solvency certificate signed by an authorised signatory of that Member dated the date of the making of the Cash Capital Contribution in a form which is acceptable to the LLP and the Security Trustee, such acceptance to not be unreasonably withheld.
- 8.3 If a Borrower takes a Payment Holiday in respect of a Loan in the Portfolio in accordance with the relevant Mortgage Terms, the Seller must pay to the LLP on the next Calculation Date an amount equal to the unpaid interest and principal associated with that Payment Holiday and any such payment shall be deemed to constitute a Cash Capital Contribution by the Seller (in its capacity as a Member) in respect of that Loan in an amount equal to the relevant payment. Cash Capital Contributions made in respect of a Payment Holiday shall, to the extent that they represent unpaid interest associated with that Payment Holiday, be credited to the Revenue Ledger and, to the extent that they represent unpaid principal associated with that Payment Holiday, be credited to the Principal Ledger.
- 8.4 Cash Capital Contributions will normally be credited to the Principal Ledger on the GIC Account and be applied as Available Principal Receipts. However, the Seller shall be entitled to require that the LLP credit Cash Capital Contributions to the Reserve Ledger on the GIC Account so that they may be applied as Available Revenue Receipts.

## **9. CAPITAL CONTRIBUTIONS IN KIND**

- 9.1 Each sale of Loans and their Related Security by the Seller to the LLP in accordance with the terms of the Mortgage Sale Agreement shall constitute a Capital Contribution in Kind by the Seller (in its capacity as a Member) of those Loans and their Related Security in an amount equal to (a) the Outstanding Principal Balance of those Loans as at the relevant Assignment Date minus (b) any cash payment made by the LLP for the Loans and their Related Security on that Assignment Date. Any such Capital Contribution in Kind shall be reduced in an amount equal to any Capital Distribution made to the Seller on any Issue Date where the proceeds of a Term Advance are



applied by the LLP to make a Capital Distribution to the Seller (in its capacity as Member) pursuant to clause 3.1(b) (*Application of Term Advances by LLP*) of the Intercompany Loan Agreement.

- 9.2 Any increase in the Outstanding Principal Balance of a Loan in the Portfolio due to Capitalised Arrears accruing on that Loan, shall be deemed to constitute a Capital Contribution in Kind by the Seller (in its capacity as a Member) in respect of that Loan in an amount equal to the relevant increase.
- 9.3 Any increase in the Outstanding Principal Balance of a Loan in the Portfolio due to the Seller making any Further Advance or Flexible Loan Drawing to a Borrower, shall be deemed to constitute a Capital Contribution in Kind by the Seller (in its capacity as a Member) in respect of that Loan in an amount equal to the relevant increase.

## 10. CALCULATION OF CAPITAL CONTRIBUTIONS

- 10.1 There shall be no limit on the amount of Capital Contributions the Seller (in its capacity as a Member) may make to the LLP from time to time (whether Cash Capital Contributions or Capital Contributions in Kind).
- 10.2 The Capital Contributions made or deemed to be made by each Member from time to time shall be credited to that Member's separate Capital Account Ledger and Capital Distributions made to each Member will be debited to that Member's Capital Account Ledger. The Capital Contribution Balance of each Member shall represent that Member's interest in the capital of the LLP. The LLP (or the Cash Manager on its behalf) shall maintain the Capital Account Ledgers. Any increase or decrease in the Capital Contribution Balance of a Member shall be credited or debited to that Member's Capital Account Ledger on each Calculation Date.
- 10.3 On each Calculation Date or on the date that the LLP is wound up or on any date on which Clause 6.2 applies, the Capital Contribution Balance of the Seller (in its capacity as Member) in respect of the immediately preceding Calculation Period will be recalculated. The Capital Contribution Balance of the Seller will be an amount calculated in Sterling (and to the extent that any amount denominated in a currency other than Sterling, converted into Sterling at the relevant Covered Bond Swap Rate) as follows:

$$A + B - C$$

where:

- A = the Outstanding Principal Balance of the Loans in the Portfolio as of the last day of the preceding Calculation Period;
- B = the amounts standing to the credit of the Principal Ledger of the GIC Account and the principal amount of Substitution Assets and Authorised Investments as of the last day of the preceding Calculation Period; and
- C = the Sterling Equivalent of the aggregate Principal Amount Outstanding under the Covered Bonds as of the last day of the preceding Calculation Period.

- 10.4 Save as provided in Clause 6.2 above, any Capital Contributions credited to the Capital Account Ledger of the Seller under this Clause 10 shall not be a debt owed by the LLP to the Seller but shall increase the Seller's equity interest in the LLP.
- 10.5 The Seller and each other Member agree that they will amend the calculation in Clause 10.3 if Capital Contributions are made or deemed made by Members other than the Seller.

## 11. ASSET COVERAGE TEST

- 11.1 For so long as the Covered Bonds remain outstanding, the LLP and each Member (other than the Liquidation Member) shall procure that on each Calculation Date prior to the service of a Notice to Pay, the Adjusted Aggregate Loan Amount (as defined below) shall be in an amount at least equal to the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the "**Asset Coverage Test**").
- 11.2 The "**Adjusted Aggregate Loan Amount**" means the amount calculated on each Calculation Date as follows:

$$A + B + C + D + E - (U + V + W + X + Y + Z)$$

where:

A = the lower of (a) and (b), where:

- (a) = the Aggregate Adjusted Outstanding Principal Balance; and
- (b) = the Aggregate Arrears Adjusted Outstanding Principal Balance *multiplied by* the Asset Percentage;

"**Aggregate Adjusted Outstanding Principal Balance**" shall be equal to:

- (i) the sum of the "**Adjusted Outstanding Principal Balance**" of each Loan in the Portfolio as at the relevant Calculation Date, which, in relation to each relevant Loan, shall be the lower of:
- (1) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date; and
  - (2) the Indexed Valuation relating to that Loan multiplied by M (where for all Loans that are not Defaulted Loans, M = 0.75, for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of less than or equal to 75 per cent., M = 0.40 and for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of more than 75 per cent., M = 0.25),

*minus*

- (ii) the aggregate sum of the following deemed reductions to the aggregate Adjusted Outstanding Principal Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:
  - (1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or
  - (2) the Seller, in the preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller to indemnify the LLP for such financial loss);

**"Aggregate Arrears Adjusted Outstanding Principal Balance"** equals:

- (i) the sum of the **"Arrears Adjusted Outstanding Principal Balance"** of each Loan in the Portfolio as at the relevant Calculation Date, which, in relation to each Loan, shall be the lower of:
  - (1) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date; and
  - (2) the Indexed Valuation relating to that Loan multiplied by N (where for all Loans that are not Defaulted Loans,  $N = 1$ , for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of less than or equal to 75 per cent.,  $N = 0.40$  and for all Loans that are Defaulted Loans and have an Outstanding Principal Balance to Indexed Valuation ratio of more than 75 per cent.,  $N = 0.25$ ),

*minus*

- (ii) the aggregate sum of the following deemed reductions to the aggregate Arrears Adjusted Outstanding Principal Balance of the Loans in the Portfolio if any of the following occurred during the previous Calculation Period:
- (1) a Loan or its Related Security was, in the immediately preceding Calculation Period, in breach of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Agreement. In this event, the aggregate Arrears Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Arrears Adjusted Outstanding Principal Balance of the relevant Loan or Loans (as calculated on the relevant Calculation Date) of the relevant Borrower; and/or
  - (2) the Seller, in any preceding Calculation Period, was in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the immediately preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Arrears Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the LLP in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the LLP by the Seller to indemnify the LLP for such financial loss);

B = the aggregate amount of any Principal Receipts on the Loans in the Portfolio up to the end of the immediately preceding Calculation Period (as recorded in the Principal Ledger) which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with this Deed and/or the other Transaction Documents (including, for the avoidance of doubt, any amount then standing to the credit of the GIC Account and any Authorised Investments (but without double counting));

C = the aggregate amount of any Cash Capital Contributions made by the Members (as recorded in the Capital Account Ledger of each Member) or proceeds of Term Advances which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with this Deed and/or the other Transaction Documents;

- D = the aggregate principal amount of any Substitution Assets as at the relevant Calculation Date;
- E = the aggregate of (i) any amount standing to the credit of the GIC Account and credited to the Pre-Maturity Liquidity Ledger as at the relevant Calculation Date plus (ii) any amount standing to the credit of the GIC Account and credited to the Supplemental Liquidity Reserve Ledger as at the relevant Calculation Date (in each case, without double counting);
- U = an amount equal to the Supplemental Liquidity Reserve Amount;
- V = (a) 100 per cent. of the sum of the aggregate cleared credit balances in respect of Flexible Plus Loans in the Portfolio as at the relevant Calculation Date; or
- (b) so long as (i) the Issuer's credit ratings from S&P are at least BBB+ long-term and A-2 short-term; and (ii) the Issuer's long-term credit rating from Moody's is at least A2; and (iii) the Issuer's long-term credit rating from Fitch is at least A and the Issuer's short-term credit rating from Fitch is at least F1, the greater of (i) zero and (ii) the amount by which the sum of the aggregate cleared credit balances in respect of Flexible Plus Loans in the Portfolio as at the relevant Calculation Date exceeds 5 per cent. of the Asset Pool;
- W = the Depositor Set-off Percentage of the aggregate Outstanding Principal Balance of the Loans in the Portfolio, as calculated as at the relevant Calculation Date;
- X = eight per cent. of the Flexible Draw Capacity (as defined below in Clause 11.5), **multiplied by** three;
- Y = the aggregate amount of all Reward Cashbacks which the Seller will be required to pay over the remaining life of the Reward Loans in the Portfolio; and
- Z = (a) zero for so long as the Cover Pool Swap provides for the hedging of interest received in respect of (i) any Substitution Assets and (ii) cash balances held in the GIC Account; or
- (b) if an alternative hedging methodology is put in place, the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding **multiplied by** the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds **multiplied by** the Negative Carry Factor, where the "**Negative Carry Factor**" is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.50 per cent.

11.3 The LLP (or the Cash Manager on its behalf) will calculate the Asset Percentage as follows:

- (a) The "**Asset Percentage**" on any Calculation Date shall be the lowest of:
  - (i) 91 per cent.;
  - (ii) the percentage figure as selected by the LLP (or the Cash Manager acting on its behalf) that is necessary to ensure that all outstanding Covered Bonds maintain the then current ratings assigned to them by Fitch and S&P; and
  - (iii) the percentage figure most recently effectively notified by the LLP (or the Cash Manager on its behalf) to Moody's and the Security Trustee in accordance with paragraph (c) of Clause 11.3.
- (b) Notwithstanding anything to the contrary in this Clause 11.3, the Asset Percentage may not, at any time, exceed 91 per cent.
- (c) On any London Business Day, the LLP (or the Cash Manager on its behalf) may (but is not required to) determine the amount of credit enhancement required for the Covered Bonds to achieve an Aaa rating by Moody's using Moody's expected loss methodology and taking into account the Supplemental Liquidity Reserve Amount. For the avoidance of doubt, the Supplemental Liquidity Reserve Amount shall be equal to at least 5 per cent. of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds as calculated on each relevant Calculation Date. The LLP (or the Cash Manager on its behalf) may notify the corresponding asset percentage (being the difference between 100 per cent. and the amount of credit enhancement determined in accordance with the first sentence of this paragraph (c)) to Moody's and the Security Trustee. This percentage figure will apply with effect from the Calculation Date immediately following (or, where relevant, that occurs on) the date on which notice is given to Moody's and the Security Trustee. Any notice given under this Clause 11 must be given in the form of Schedule 3 and in accordance with Clause 43 or given by electronic mail. If a notice is sent before 5:00pm (London time) on a London Business Day, the notice shall be deemed to have been served on that London Business Day. If a notice is not sent on a London Business Day or is sent after 5:00pm (London time) on a London Business Day, it shall be deemed to have been served on the following London Business Day.

11.4 If, on any Calculation Date, the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the LLP (or the Cash Manager on its behalf) shall immediately notify in writing the Members, the Bond Trustee and the Security Trustee thereof and each Member (other than the Liquidation Member) shall use all reasonable endeavours to sell sufficient further Loans and their Related Security to the LLP in accordance with the Mortgage Sale Agreement or make Cash Capital Contributions to the LLP in an aggregate amount sufficient to ensure that the Asset Coverage Test is met on the next following Calculation Date.

- 11.5 **"Flexible Draw Capacity"** means the amount equal to the excess of (a) the maximum amount that Borrowers may draw under Flexible Loans included in the Portfolio (whether or not drawn) over (b) the aggregate Outstanding Principal Balance in respect of Flexible Loans in the Portfolio on the relevant Calculation Date.
- 11.6 If, on the next following Calculation Date, the Adjusted Aggregate Loan Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds, the Asset Coverage Test will be breached and the LLP (or the Cash Manager on its behalf) must notify the Bond Trustee and the Security Trustee. Following receipt of such notification, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the LLP.
- 11.7 **Provided that** neither a Notice to Pay nor an LLP Acceleration Notice has been served, the Bond Trustee shall revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third Calculation Date after an Asset Coverage Test Breach Notice has been served, the Asset Coverage Test is subsequently satisfied.
- 11.8 Following service by the Bond Trustee of an Asset Coverage Test Breach Notice (which has not been revoked):
- (a) the LLP will be required to sell Selected Loans in accordance with Clause 19.1 and in the manner set out in Clause 20;
  - (b) prior to the occurrence of an Abbey Event of Default and service of an Abbey Acceleration Notice or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, Clause 16 shall apply; and
  - (c) the Issuer will not be permitted to make to the LLP and the LLP will not be permitted to borrow from the Issuer any new Term Advances under the Intercompany Loan Agreement.
- 11.9 The Depositor Set-off Percentage shall be determined by the LLP or the Cash Manager on its behalf on the basis of the most up-to-date information available to it for such purpose and notified to the LLP (with a copy to the Security Trustee), and notified to and agreed with, the Rating Agencies on each Depositor Set-off Determination Date, subject to the receipt by the Issuer (or on its behalf, with a copy to the Security Trustee) of a Rating Agency Confirmation or a confirmation email from a Rating Agency that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result thereof (in the event that any such Rating Agency does not propose to provide a Rating Agency Confirmation) in the event that such Depositor Set-off Percentage is lowered in comparison to the Depositor Set-off Percentage which was applicable as at the immediately preceding Depositor Set-off Determination Date. The Depositor Set-off Percentage so determined and agreed shall be published in the Investor Report (in the section setting out the Asset Coverage Test calculation). Any notification to the Rating Agencies pursuant to this Clause 11.9 shall be made in the form of Schedule 4 (*Depositor Set-off Percentage Notification*) and delivered in accordance with the provisions of Clause 43 (in the case of the Security Trustee).

11.10 The LLP (or the Cash Manager on its behalf) shall promptly notify to the Security Trustee any loss of the required ratings in relation to items "V" and "W" of the Adjusted Aggregate Loan Amount in Clause 11.2 above. Such notice shall be delivered in accordance with the provisions of Clause 43.

## 12. AMORTISATION TEST

12.1 For so long as the Covered Bonds remain outstanding, the LLP and each Member (other than the Liquidation Member) shall procure that on each Calculation Date following the service of a Notice to Pay on the LLP (but prior to the service of an LLP Acceleration Notice on the LLP and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security), the Amortisation Test Aggregate Loan Amount (as defined below) will be in an amount at least equal to the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the "**Amortisation Test**").

12.2 The "**Amortisation Test Aggregate Loan Amount**" will be calculated on each Calculation Date as follows:

$$A + B + C - Y - Z$$

where:

A = the aggregate "**Amortisation Test Outstanding Principal Balance**" of each Loan in the Portfolio, which shall be the lower of (a) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date multiplied by M and (b) 100 per cent. of the Indexed Valuation multiplied by M,

(where for all Loans that are not Defaulted Loans, **M** = 1 and for all Loans that are Defaulted Loans, **M** = 0.7);

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Revenue Receipts received in the immediately preceding Calculation Period);

C = the aggregate outstanding principal balance of any Substitution Assets;

Y = an amount equal to the Supplemental Liquidity Reserve Amount; and

Z = the weighted average remaining maturity of all Covered Bonds then outstanding (expressed in years) *multiplied by* the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds *multiplied by* the Negative Carry Factor.

12.3 If, on any Calculation Date following the service of a Notice to Pay on the LLP, the Amortisation Test Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the Amortisation Test shall be deemed to be breached and an LLP Event of Default shall occur. The LLP (or the Cash Manager on its behalf) shall immediately notify the Members and, whilst the Covered Bonds are



outstanding, the Security Trustee and the Bond Trustee, of any breach of the Amortisation Test.

### 13. **PRE-MATURITY LIQUIDITY**

13.1 This Clause 13 only applies if Hard Bullet Covered Bonds, specified as such in the relevant Final Terms Document, have been issued and remain outstanding.

13.2 On each London Business Day (each, a "**Pre-Maturity Test Date**") prior to the occurrence of an Abbey Event of Default or the occurrence of an LLP Event of Default, the LLP or the Cash Manager on its behalf shall determine whether the Issuer is in compliance with the Pre-Maturity Test in respect of each Series of Hard Bullet Covered Bonds. If it is not, the LLP or the Cash Manager on its behalf will immediately notify the Members and the Security Trustee thereof in writing.

13.3 The Issuer will fail the "**Pre-Maturity Test**" on any Pre-Maturity Test Date if:

- (a) the Issuer's short-term credit rating from S&P is lower than A-1 (or such higher rating as is notified by the Issuer to S&P and the Security Trustee from time to time) and the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 12 months (or such longer period as is notified by the Issuer to S&P and the Security Trustee from time to time) following the relevant Pre-Maturity Test Date; or
- (b) the Issuer's (i) long-term credit rating from Moody's is lower than A2 (or such higher rating as is notified by the Issuer to Moody's and the Security Trustee from time to time) or (ii) short-term credit rating from Moody's is lower than P-1 and, in either case, the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 12 months (or such longer period as is notified by the Issuer to Moody's and the Security Trustee from time to time) following the relevant Pre-Maturity Test Date; or
- (c) the Issuer's short-term credit rating from Fitch is lower than F1+ (or such higher rating as is notified by the Issuer to Fitch and the Security Trustee from time to time) and the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 12 months (or such longer period as is notified by the Issuer to Fitch and the Security Trustee from time to time) following the relevant Pre-Maturity Test Date,

(each a "**Supplemental Liquidity Event**").

13.4 Without prejudice to the general right of each Member (other than the Liquidation Member) to make Cash Capital Contributions at any time, each Member may, following a failure of the Pre-Maturity Test, make a Cash Capital Contribution to the LLP in accordance with Clause 8 above in an amount equal to:

- (a) the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds; less
- (b) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to repay any other Series of Hard Bullet Covered

Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds.

- 13.5 Following a failure of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the LLP shall as soon as practicable offer to sell Loans and their Related Security to the Sellers in accordance with Clause 20 below, with the intention of bringing about the situation that there will be an amount standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).
- 13.6 The proceeds of any Cash Capital Contribution made by the Members in accordance with Clause 13.4 and/or the proceeds of any sale of Loans and their Related Security made in accordance with Clause 13.5 or 13.8 shall be deposited by the LLP in the GIC Account and a corresponding credit entry shall be made in the Pre-Maturity Liquidity Ledger and, in the case of a Cash Capital Contribution, in the relevant Capital Account Ledger(s).
- 13.7 Following a failure of the Pre-Maturity Test, the Issuer may not issue Covered Bonds until the earlier to occur of:
- (a) the date on which an amount is standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds); and
  - (b) the date on which the Pre-Maturity Test is no longer being failed by the Issuer.
- 13.8 If, within 10 Business Days of the date on which the LLP offers to sell Selected Loans and their Related Security in accordance with Clause 13.5:
- (a) the Sellers have not purchased the Selected Loans and their Related Security; and
  - (b) the amount then standing to the credit of the Pre-Maturity Liquidity Ledger is less than the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds)

then the LLP shall immediately commence the process for selling the Selected Loans and their Related Security to Purchasers in accordance with Clause 20 of this Deed.

- 13.9 Where the Pre-Maturity Test has been failed in respect of a Series of Hard Bullet Covered Bonds, if on any Calculation Date falling in the eleven months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, the amount

standing to the credit of the Pre-Maturity Liquidity Ledger is less than the Required Redemption Amount of such Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds), then the LLP shall credit Available Revenue Receipts and Available Principal Receipts to the Pre-Maturity Liquidity Ledger in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments.

- 13.10 Amounts may not be withdrawn from the GIC Account to the extent that the Pre-Maturity Liquidity Ledger would be debited except in accordance with this Deed.
- 13.11 If a Notice to Pay is served on the LLP, the LLP shall, on the Final Maturity Date of the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained, debit the Pre-Maturity Liquidity Ledger with an amount equal to the lower of:
- (a) the amount (in respect of principal) then due and payable on the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is being maintained or, as applicable, the amount then due and payable (as a currency exchange amount) under the applicable Covered Bond Swap in respect of that Series of Hard Bullet Covered Bonds (in each case after taking account of any payment made by the Issuer and/or the Guarantors in respect thereof); and
  - (b) the amount standing to the credit of the Pre-Maturity Liquidity Ledger.

Notwithstanding the Priorities of Payments, the funds debited from the Pre-Maturity Liquidity Ledger shall be transferred to the Transaction Account, from which the LLP shall (in accordance with Clause 17), on the relevant Final Maturity Date, (subject to making the requisite payment to the Covered Bond Swap Provider) make a payment to the Bond Trustee or (if so directed by the Bond Trustee) to the Principal Paying Agent in and towards the amount due on the relevant Series of Hard Bullet Covered Bonds.

- 13.12 If the Issuer and/or the Group Guarantor fully repays the relevant Series of Hard Bullet Covered Bonds on the Final Maturity Date, amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the GIC Account shall be applied by the LLP in accordance with Clause 15 unless:
- (a) the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case the amounts shall remain credited to the Pre-Maturity Liquidity Ledger to the extent required for such other Series of Hard Bullet Covered Bonds; or
  - (b) the Issuer is not failing the Pre-Maturity Test, but the Management Board decides to retain the amounts on the Pre-Maturity Liquidity Ledger in order to provide liquidity for any future Series of Hard Bullet Covered Bonds.

13.13 If the Issuer is no longer failing the Pre-Maturity Test, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger shall be applied and paid in accordance with Clause 15 hereof on the next LLP Payment Date.

**14. ALLOCATION AND DISTRIBUTION OF AVAILABLE REVENUE RECEIPTS PRIOR TO SERVICE ON THE LLP OF AN ASSET COVERAGE TEST BREACH NOTICE (WHICH HAS NOT BEEN REVOKED), A NOTICE TO PAY OR AN LLP ACCELERATION NOTICE AND/OR THE COMMENCEMENT OF WINDING-UP PROCEEDINGS AGAINST THE LLP AND/OR THE REALISATION OF THE SECURITY**

14.1 Subject to Clause 21 below, prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, and whilst amounts are outstanding in respect of the Covered Bonds, Available Revenue Receipts shall be applied in accordance with this Clause 14.

(a) On the Calculation Date immediately prior to each LLP Payment Date, the LLP (or the Cash Manager on its behalf) shall calculate:

(i) the amount of Available Revenue Receipts available for distribution or the amount of any provision required to be made on the immediately following LLP Payment Date; and

(ii) the Reserve Fund Required Amount.

(b) If the Pre-Maturity Test has been failed in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling in the eleven months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, the LLP (or the Cash Manager on its behalf) shall calculate whether or not the amount standing to the credit of the Pre-Maturity Liquidity Ledger on that Calculation Date is less than the Required Redemption Amount for that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of any other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

14.2 On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer Available Revenue Receipts from the Revenue Ledger and the Reserve Ledger, as applicable, to the Payment Ledger on the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments set out in Clause 14.3 below and (b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.

- 14.3 On each LLP Payment Date (except for the amounts for which provision is made, which shall be paid when due), the LLP (or the Cash Manager on its behalf) will apply Available Revenue Receipts to make the following payments and provisions in the following order of priority (the "**Pre-Acceleration Revenue Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):
- (a) *first*, in or towards payment of any amounts due and payable by the LLP to the Bond Trustee, the Security Trustee, each Agent and to other third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Pre-Acceleration Revenue Priority of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period and to discharge any liability of the LLP for Taxes and stamp duties;
  - (b) *second*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
    - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the immediately succeeding LLP Payment Period, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
    - (ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the immediately succeeding LLP Payment Period, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
    - (iii) amounts (if any) due and payable to the Account Bank or, as applicable, the Stand-by Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement or the Stand-by Bank Account Agreement, as the case may be, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
    - (iv) amounts (including costs and expenses) due and payable to the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
    - (v) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement (other than the amounts referred to in paragraph (i) below), together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;

- (c) *third*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider (including any termination payment due and payable by the LLP under the Interest Rate Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Interest Rate Swap Agreement;
- (d) *fourth*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine (and in the case of any such payment or provision, after taking into account any provisions previously made and any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine), of:
- (i) any amounts due or to become due and payable to the Covered Bond Swap Providers (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) pursuant to the terms of the relevant Covered Bond Swap Agreements; and
- (ii) if the LLP is required to make a deposit to the Pre-Maturity Liquidity Ledger in accordance with Clause 13.9 above, towards a credit to the GIC Account with a corresponding credit to that Ledger of an amount up to but not exceeding the difference (i.e. the amounts by which (A) exceeds (B)) between:
- (A) the Required Redemption Amount as calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and
- (B) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Required Redemption Amounts of all other Series of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

(for the purposes of this sub-clause (ii), the amount required to be credited to the GIC Account in respect of each relevant Series of Hard Bullet Covered Bonds shall be calculated sequentially and each

calculation shall take account of amounts to be credited in respect of other Series of Hard Bullet Covered Bonds (to avoid double counting))

- (e) *fifth*, any amounts due or to become due and payable (excluding principal amounts), *pro rata* and *pari passu* in respect of each relevant Term Advance, to the Issuer pursuant to the terms of the Intercompany Loan Agreement;
- (f) *sixth*, if a Servicer Event of Default has occurred, all remaining Available Revenue Receipts to be credited to the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Event of Default is either remedied or waived by the Security Trustee or a new servicer is appointed to service the Portfolio (or the relevant part thereof);
- (g) *seventh*, in or towards a credit to the Reserve Ledger on the GIC Account of an amount required to ensure that the Reserve Fund is funded to the Reserve Fund Required Amount as calculated on the immediately preceding Calculation Date;
- (h) *eighth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP under the Covered Bond Swap Agreements and the Interest Rate Swap Agreement, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;
- (i) *ninth*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any indemnity amount due to the Members pursuant to this Deed and any indemnity amount due to the Asset Monitor pursuant to the Asset Monitor Agreement;
- (j) *tenth*, in or towards payment of Deferred Consideration (including any Postponed Deferred Consideration) due to the Seller for the sale of the Loans and their Related Security to the LLP, to pay all remaining Available Revenue Receipts (if the amount of the remaining Available Revenue Receipts is greater than the amount of the profit and fees to be paid to the Members in accordance with paragraphs (k) and (l) below, after deducting an amount equal to the profit to be paid to the Members in accordance with paragraphs (k) and (l) below) to the Seller (subject to deducting any amounts due to the LLP or the Security Trustee by way of set-off pursuant to clause 5.3 of the Mortgage Sale Agreement);
- (k) *eleventh*, in or towards payment of a fee of £600 (inclusive of any VAT) due to the Liquidation Member; and
- (l) *twelfth*, towards payment *pro rata* and *pari passu* to the Members of the sum of £3,000 per annum (or such other sum as may be agreed by the Members from time to time) in aggregate, to be allocated and paid to each Member in proportion to their respective Capital Contribution Balances as at the relevant Calculation Date subject to a minimum of £1 per annum each, as their profit for their respective interests as Members of the LLP.

- 14.4 Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments (other than in respect of principal) due and payable *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap under the Covered Bond Swap Agreements or, as the case may be, in respect of each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.
- 14.5 Any amounts (other than in respect of principal and other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, to make payments (other than principal) due and payable *pro rata* and *pari passu* in respect of each relevant Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.
- 14.6 Any amounts (other than Swap Collateral Excluded Amounts) received under the Interest Rate Swap Agreement and any amounts (other than in respect of principal and other than Swap Collateral Excluded Amounts) received under the Covered Bond Swap Agreements on the LLP Payment Date or on any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (d) of Clause 14.3, Clause 14.4 or Clause 14.5, and subject to Clause 14.7 below, will be credited to the Revenue Ledger on the GIC Account and applied as Available Revenue Receipts on the next succeeding LLP Payment Date.
- 14.7 In accordance with clause 12.1 of the Intercompany Loan Agreement, the LLP shall direct each Covered Bond Swap Provider to pay any amounts due to the LLP under a Covered Bond Swap, the proceeds of which would otherwise be applied by the LLP in accordance with sub-paragraph (d)(ii) above, directly to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent, unless the Issuer has paid or discharged the corresponding payment under the relevant Series of Covered Bonds (in which case the relevant amount shall be paid by the LLP to such account of the Issuer as is notified to the LLP by the Issuer for this purpose).
- 14.8 If the LLP requires any Available Revenue Receipts to be exchanged into a currency other than Sterling, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap Agreement, then the LLP (or the Cash Manager on its behalf) shall perform all necessary currency conversions at the then prevailing spot rate of exchange.
- 14.9 If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such amounts shall be applied by the LLP or by the Cash Manager on its behalf on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.



15. **ALLOCATION AND DISTRIBUTION OF AVAILABLE PRINCIPAL RECEIPTS PRIOR TO SERVICE ON THE LLP OF AN ASSET COVERAGE TEST BREACH NOTICE (WHICH HAS NOT BEEN REVOKED), A NOTICE TO PAY OR AN LLP ACCELERATION NOTICE AND/OR THE COMMENCEMENT OF WINDING-UP PROCEEDINGS AGAINST THE LLP AND/OR THE REALISATION OF THE SECURITY**

15.1 Subject to Clause 21 below, prior to service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked), a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, Available Principal Receipts shall be applied in accordance with this Clause 15.

15.2 On each Calculation Date, the LLP (or the Cash Manager on its behalf) shall calculate the amount of Available Principal Receipts available for distribution on the immediately following LLP Payment Date.

15.3 On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will transfer funds from the Principal Ledger or the Capital Account Ledger, as the case may be, to the Payment Ledger on the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments or credits set out in Clauses 15.4 and 15.5 below and (b) the amount of Available Principal Receipts standing to the credit of the GIC Account.

15.4 If any payments of principal are required to be made by the LLP on an Interest Payment Date, the distribution of Available Principal Receipts under the Pre-Acceleration Principal Priority of Payments will be delayed until the Issuer has made the Scheduled Interest and/or principal payments under the Covered Bonds on that Interest Payment Date unless, notwithstanding the proviso in paragraph (d) of Clause 15.5 and in Clause 15.6, payment is made by the LLP directly to the Bond Trustee (or the Principal Paying Agent at the direction of the Bond Trustee) in accordance with Clause 15.8.

15.5 On each LLP Payment Date, the LLP (or the Cash Manager on its behalf) will apply all Available Principal Receipts in making the following payments or provisions or credits in the following order of priority (the "**Pre-Acceleration Principal Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full:

(a) *first*, if the Pre-Maturity Test has been failed by the Issuer in respect of a Series of Hard Bullet Covered Bonds, to credit all Principal Receipts to the Pre-Maturity Liquidity Ledger in an amount up to but not exceeding the difference between (i.e. the amount by which (i) exceeds (ii)):

(i) the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

(ii) any amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date after deducting from that Ledger the Required Redemption Amounts of all other Series

of Hard Bullet Covered Bonds as calculated on that Calculation Date which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds,

where for the purposes of this limb (ii), the amount required to be credited to the GIC account in respect of each relevant Series of Hard Bullet Covered Bonds shall be calculated sequentially, and each calculation shall take account of amounts to be credited in respect of other Series of Hard Bullet Covered Bonds (to avoid double counting);

- (b) *second*, to acquire New Loans and their Related Security offered to the LLP by the Seller in accordance with the terms of the Mortgage Sale Agreement and to acquire Substitution Assets in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP is in compliance with the Asset Coverage Test;
- (c) *third*, to deposit the remaining Available Principal Receipts in the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the LLP, the LLP is in compliance with the Asset Coverage Test;
- (d) *fourth*, in or towards repayment on the LLP Payment Date (or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine) of the corresponding Term Advance related to such Series of Covered Bonds by making the following payments:
  - (i) the amounts (in respect of principal) due or to become due and payable to the relevant Covered Bond Swap Providers *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
  - (ii) (where appropriate, after taking into account any amounts in respect of principal receivable from a Covered Bond Swap Provider on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine) the amounts (in respect of principal) due or to become due and payable to the Issuer *pro rata* and *pari passu* in respect of each relevant Term Advance,

**provided that** no amounts shall be applied to make a payment to the Issuer in respect of a Term Advance if the principal amounts outstanding under the related Series of Covered Bonds which have fallen due for payment have not been repaid in full by the Issuer or the Group Guarantor; and

- (e) *fifth*, subject to complying with the Asset Coverage Test, to make a Capital Distribution *pro rata* and *pari passu* to each Member (other than the

Liquidation Member) by way of return of that Member's Capital Contribution to the LLP (or, if Santander is not then a Member of the LLP, towards repayment of the Abbey Subordinated Loan) in accordance with this Deed.

- 15.6 Any amounts in respect of principal (other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap on or after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payments made on any preceding LLP Payment Date, (**provided that** all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer or the Group Guarantor), to make payments in respect of principal due and payable to the Issuer in respect of the corresponding Term Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine.
- 15.7 Any amounts of principal (other than Swap Collateral Excluded Amounts) received under the Covered Bond Swap Agreements on the LLP Payment Date or any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (d) of Clause 15.5 or Clause 15.6 will be credited to the Principal Ledger on the GIC Account and applied as Available Principal Receipts on the next succeeding LLP Payment Date.
- 15.8 In accordance with clause 12.1 of the Intercompany Loan Agreement, the LLP shall direct each Covered Bond Swap Provider to pay any amounts due to the LLP under a Covered Bond Swap, the proceeds of which would be applied by the LLP in accordance with paragraph (d)(ii) of Clause 15.5 or Clause 15.6, directly to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent.
16. **ALLOCATION AND DISTRIBUTION OF AVAILABLE REVENUE RECEIPTS AND AVAILABLE PRINCIPAL RECEIPTS AFTER SERVICE ON THE LLP OF AN ASSET COVERAGE TEST BREACH NOTICE (WHICH HAS NOT BEEN REVOKED)**
- 16.1 At any time after the service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security and for so long as any Covered Bonds remain outstanding, the LLP (or the Cash Manager on its behalf) will apply Available Revenue Receipts in accordance with Clause 14.3 above, save that no monies will be applied under sub-paragraphs (e), (i) (to the extent only that amounts are payable to the Members), (j), (k) or (l) of Clause 14.3.
- 16.2 At any time after the service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the LLP of a Notice to Pay or an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security and for so long as any Covered Bonds remain outstanding, the LLP (or the Cash Manager on its behalf) will apply Available Principal Receipts in accordance with Clause 15.5 above save that no monies will be applied under sub-paragraphs (b), (d)(ii) or (e).

17. **ALLOCATION AND DISTRIBUTION OF MONEYS FOLLOWING SERVICE OF A NOTICE TO PAY**
- 17.1 On and from the date of service of a Notice to Pay on the LLP, but prior to the service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, all Available Revenue Receipts and all Available Principal Receipts shall be applied in accordance with this Clause 17.
- 17.2 If a Notice to Pay is served on the LLP, the LLP shall on the relevant Final Maturity Date apply (to the extent required) all moneys standing to the credit of the Pre-Maturity Liquidity Ledger (and transferred to the Transaction Account in accordance with Clause 13.11) to repay the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger was established that is then due for payment. Thereafter, any remaining monies standing to the credit of the Pre-Maturity Liquidity Ledger shall be debited from that Ledger and shall be available for distribution in accordance with Clause 17.5 below.
- 17.3 Subject to Clause 17.2 above, on each LLP Payment Date, the LLP or the Cash Manager on its behalf shall transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Reserve Ledger, the Principal Ledger or the Capital Account Ledger, as the case may be, to the Payment Ledger on the GIC Account, in an amount equal to the lower of (a) the amount required to make the payments set out in the Guarantee Priority of Payments and (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of such ledgers of the GIC Account.
- 17.4 The LLP shall create and maintain Ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraph (e) of Clause 17.5 below, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Covered Bond Swap in respect of the relevant Series of Covered Bonds on the Scheduled Payment Dates therefor.
- 17.5 On each LLP Payment Date on and from the date that a Notice to Pay is served on the LLP, but prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, the LLP (or the Cash Manager on its behalf) will apply moneys standing to the credit of the Payment Ledger on the GIC Account to make the following payments and provisions in the following order of priority (the "**Guarantee Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):
- (a) *first*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
    - (i) all amounts due and payable or to become due and payable to the Bond Trustee in the immediately succeeding LLP Payment Period under the provisions of the Trust Deed together with interest and applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein; and

- (ii) all amounts due and payable or to become due and payable to the Security Trustee in the immediately succeeding LLP Payment Period under the provisions of the Deed of Charge together with interest and applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
- (b) *second*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any remuneration then due and payable to the Agents under or pursuant to the Agency Agreement together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein; and
  - (ii) any amounts then due and payable by the LLP to third parties and incurred without breach by the LLP of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the LLP in the immediately succeeding LLP Payment Period and to pay or discharge any liability of the LLP for Taxes and stamp duty;
- (c) *third*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately succeeding LLP Payment Period under the provisions of the Servicing Agreement together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
  - (ii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding LLP Payment Period under the provisions of the Cash Management Agreement, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
  - (iii) amounts (if any) due and payable to the Account Banks or, if applicable, the Stand-by Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement or the Stand-by Bank Account Agreement, as the case may be, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
  - (iv) amounts due and payable to the Corporate Services Provider pursuant to the Corporate Services Agreement together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;

- (v) amounts (if any) due and payable to the FSA under the RCB Regulations (other than the initial registration fees) together with applicable VAT (or other similar taxes) thereon; and
  - (vi) amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (k) below) pursuant to the terms of the Asset Monitor Agreement, together with applicable amounts in respect of VAT (or similar Taxes) thereon as provided therein;
- (d) *fourth*, in or towards payment on the LLP Payment Date, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Cash Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider (including any termination payment due or to become due and payable by the LLP under the Interest Rate Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) pursuant to the terms of the Interest Rate Swap Agreement;
- (e) *fifth*, in or towards payment on the LLP Payment Date or to provide for payment on such date in the future of such proportion of the relevant payments falling due in the future as the Cash Manager may reasonably determine, of:
- (i) the amounts due or to become due and payable to the relevant Covered Bond Swap Providers (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
  - (ii) Scheduled Interest that is Due for Payment (or that will become Due for Payment) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from a Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the LLP Payment Date or such date in the future as the Cash Manager may reasonably determine, **provided that** if the amount available for distribution under this paragraph (e) (excluding any amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the Sterling Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under

sub-paragraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under sub-paragraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (f) *sixth*, in or towards payment on the LLP Payment Date or to provide for payment prior to the next LLP Payment Date, of:
- (i) the amounts in respect of principal due or to become due and payable to the relevant Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
  - (ii) (where appropriate, after taking into account any amounts in respect of principal receivable from a Covered Bond Swap Provider and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that will become Due for Payment in the immediately succeeding LLP Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

**provided that** if the amount available for distribution under this paragraph (f) (excluding any amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the Sterling Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under sub-paragraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (g) *seventh*, in or towards payment on the LLP Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the next following LLP Payment Date of the Final Redemption Amount (or portion thereof remaining unpaid) of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date, by making the following payments:
- (i) the amounts due or to become due and payable to the relevant Covered Bond Swap Providers (whether or not in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the LLP under the Covered Bond Swap Agreement, but excluding any Excluded Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers) in accordance with the terms of the relevant Covered Bond Swap Agreement; and
  - (ii) the Final Redemption Amount or the relevant proportion thereof *pro rata* and *pari passu* under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider in respect of the Interest Rate Swap and, if applicable, any amounts (whether or not in respect of principal) receivable from the relevant Covered Bond Swap Provider in respect of the corresponding Covered Bond Swap, **provided that** if the amount available for distribution under this paragraph (g) (excluding any amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the Sterling Equivalent of the Final Redemption Amount in respect of the relevant Series of Covered Bonds under subparagraph (ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the LLP to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each Series of Covered Bonds under subparagraph (i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (h) *eighth*, to deposit the remaining moneys in the GIC Account for application on the next following LLP Payment Date in accordance with the priority of payments described in paragraphs (a) to (g) (inclusive) above, until the Covered Bonds have been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);
- (i) *ninth*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the LLP under the Covered Bond Swap Agreements and the Interest Rate Swap Agreement, except to the extent that such amounts have



been paid out of any premiums received from the relevant replacement Swap Providers;

- (j) *tenth*, in or towards payment of any amounts due or to become due and payable in the immediately succeeding LLP Payment Period (whether in respect of principal or interest) under the Intercompany Loan Agreement, *pro rata* and *pari passu* in respect of each relevant Term Advance;
  - (k) *eleventh*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any indemnity amount due to the Members pursuant to Clauses 5.6 and 33 of this Deed (and, if Santander is not then a Member of the LLP, towards repayment of the Abbey Subordinated Loan) and certain costs, expenses and indemnity amounts due by the LLP to the Asset Monitor pursuant to the Asset Monitor Agreement; and
  - (l) *twelfth*, thereafter any remaining moneys will be applied in accordance with Clause 21 of this Deed.
- 17.6 Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under the Interest Rate Swap Agreement after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payment made on any preceding LLP Payment Date, to make payments (other than in respect of principal) due and payable *pro rata* and *pari passu* in respect of each Covered Bond Swap under the Covered Bond Swap agreement or, as the case may be, in respect of interest due under the Covered Bond Guarantee *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds.
- 17.7 Any amounts (other than Swap Collateral Excluded Amounts) received by the LLP under a Covered Bond Swap (whether or not in respect of principal) after the LLP Payment Date but prior to the next following LLP Payment Date will be applied, together with any provision for such payment made on any preceding LLP Payment Date, to make payments of interest or principal, as the case may be, in respect of the Covered Bond Guarantee *pro rata* and *pari passu* in respect of each relevant Series of Covered Bonds.
- 17.8 Any amounts (other than Swap Collateral Excluded Amounts) received under the Interest Rate Swap Agreement or any Covered Bond Swap Agreement on the LLP Payment Date or any date prior to the next succeeding LLP Payment Date which are not put towards a payment or provision in accordance with paragraph (e), (f) or (g) of Clause 17.5 or Clauses 17.6 or 17.7 will be credited to the Revenue Ledger or the Principal Ledger on the GIC Account (as appropriate) and applied as Available Revenue Receipts or Available Principal Receipts, as the case may be, on the next succeeding LLP Payment Date.
- 17.9 If the LLP requires any available funds to be exchanged into a currency other than Sterling, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap Agreement, then the LLP (or the Cash Manager on its behalf) shall perform all necessary currency conversions at the then prevailing spot rate of exchange.

17.10 If any Swap Collateral Available Amounts are received by the LLP on an LLP Payment Date, such amounts shall be applied by the LLP or by the Cash Manager on its behalf on that LLP Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

18. **TERMINATION PAYMENTS RECEIVED IN RESPECT OF SWAPS, PREMIUMS RECEIVED IN RESPECT OF REPLACEMENT SWAPS AND TAX CREDITS RECEIVED IN RESPECT OF SWAPS**

18.1 If the LLP receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used (prior to the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security) to pay a replacement Swap Provider to enter into a replacement Swap with the LLP, unless a replacement Swap has already been entered into on behalf of the LLP. If the LLP receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will first be used to make any termination payment due and payable by the LLP with respect to the previous Swap, unless such termination payment has already been made on behalf of the LLP.

18.2 **Gross Up Amounts Received in Respect of Covered Bond Swaps**

In the event that the LLP receives a Gross Up Amount from a Covered Bond Swap Provider pursuant to the terms of a Covered Bond Swap and any Member receives a Tax Credit as a result thereof, that Member will pay, as soon as practicable after receipt of the Tax Credit, an amount equal to the cash benefit which it receives to the LLP in order for the LLP to comply with its obligations under that Covered Bond Swap.

For the purposes of this Clause 18.2, references to "**Gross Up Amount**", "**Tax Credit**" and "**cash benefit**" have the same meaning as provided for in the relevant Covered Bond Swap.

19. **SALE OF SELECTED LOANS**

19.1 After service of an Asset Coverage Test Breach Notice (which has not been revoked) on the LLP but prior to service of a Notice to Pay and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, the LLP shall sell Selected Loans in the Portfolio and their Related Security in accordance with Clause 20 below, subject to any right of pre-emption in favour of the Seller pursuant to clause 9 of the Mortgage Sale Agreement and subject to any Cash Capital Contributions made by the Members. The proceeds from any such sale shall be credited to the GIC Account and applied in accordance with Clause 16 above.

19.2 After service of a Notice to Pay on the LLP but prior to service of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or the realisation of the Security, the LLP shall sell Selected Loans in the Portfolio and their Related Security in accordance with Clause 20 below, subject to any right of pre-emption in favour of the Seller pursuant to clause 9 of the Mortgage Sale Agreement. The proceeds from any such sale shall be credited to the GIC Account and applied in accordance with Clause 17 above.

- 19.3 In addition to any required sale of Selected Loans in accordance with Clauses 19.1 or 19.2, if the LLP is required to sell Selected Loans as set out in Clauses 19.1 or 19.2 or if a Supplemental Liquidity Event has occurred which is continuing, then the LLP is permitted (but not required) to sell Selected Loans with the aim to fund or replenish the Supplemental Liquidity Reserve Ledger, **provided that** the aggregate Outstanding Principal Balance of Selected Loans so sold shall not exceed the Supplemental Liquidity Reserve Amount.
- 19.4 Except to the extent permitted by paragraph 15(b) of Schedule 2 to the Cash Management Agreement, amounts credited to the Supplemental Liquidity Reserve Ledger in accordance with Clause 19.3 shall not constitute Available Principal Receipts.
- 19.5 Notwithstanding any provisions contained in the Transaction Documents, the requirement for Selected Loans to have in aggregate the Required Outstanding Principal Balance Amount shall not apply to a sale of Selected Loans in accordance with Clause 19.3.

## 20. **METHOD OF SALE OF SELECTED LOANS**

- 20.1 This Clause 20 shall apply if the LLP is required or permitted to sell Selected Loans in the Portfolio and their Related Security in accordance with Clauses 13 or 19 above.
- 20.2 If the LLP is required to sell Selected Loans as set out in Clauses 13, 19.1 or 19.2, the LLP shall ensure that:
- (a) the Selected Loans have been selected from the Portfolio on a Random Basis; and
  - (b) the Selected Loans have an aggregate Outstanding Principal Balance in an amount (the "**Required Outstanding Principal Balance Amount**") which is as close as possible to the amount calculated as follows:
    - (i) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), such amount that would ensure that, if the Selected Loans were sold at their Outstanding Principal Balance plus the Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the LLP on the LLP Payment Date following that Calculation Date (assuming for this purpose that the Asset Coverage Breach Test Notice is not revoked on the next Calculation Date); or
    - (ii) following the service of a Notice to Pay or a breach of the Pre-Maturity Test:

$$N \times \frac{\text{Outstanding Principal Balance of all the Loans in the Portfolio less the Supplemental Liquidity Available Amount}}{\text{the Sterling Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where:

N is an amount equal to:

- (A) in respect of Selected Loans and their Related Security being sold pursuant to Clause 13, the Sterling Equivalent of the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds *less* amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required by Clause 13 to be held on the Pre-Maturity Liquidity Ledger for any other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; and
- (B) (in all other cases) the Sterling Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds *less* amounts standing to the credit of the GIC Account and the principal amount of any Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following LLP Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

20.3 The LLP will offer the Selected Loans and their Related Security for sale to Purchasers for the best price reasonably available but in any event:

- (a) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), for an amount not less than the Outstanding Principal Balance of the Selected Loans plus the Arrears of Interest and Accrued Interest thereon; and
- (b) following service of a Notice to Pay, for an amount not less than the Adjusted Required Redemption Amount,

where "**Adjusted Required Redemption Amount**" means the Sterling Equivalent of:

- (i) the Required Redemption Amount;  
*plus* (if an amount is payable by the LLP) or *minus* (if an amount is payable to the LLP)
- (ii) any swap termination amounts payable to or by the LLP under the Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds;  
*plus* (if an amount is payable by the LLP) or *minus* (if an amount is payable to the LLP)

- (iii) any swap termination amounts payable to or by the LLP under the Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds;

*minus*

- (iv)
  - (A) in respect of a sale in connection with the Pre-Maturity Test, amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; or
  - (B) in respect of a sale following service of a Notice to Pay, amounts standing to the credit of the GIC Account and the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following LLP Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

20.4 Following service of a Notice to Pay, if Selected Loans have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, as applicable, if the Earliest Maturing Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the LLP will offer the Selected Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

20.5 Following service of a Notice to Pay, in addition to offering Selected Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the LLP (subject to the right of pre-emption in favour of the Seller pursuant to clause 9 of the Mortgage Sale Agreement) is permitted to offer for sale a portfolio of Selected Loans, in accordance with this Clause 20, in respect of other Series of Covered Bonds.

20.6 The LLP is permitted to offer for sale to Purchasers part of any portfolio of Selected Loans (a "**Partial Portfolio**"). Where a Notice to Pay has been served, except in circumstances where the portfolio of Selected Loans is being sold within six months of, as applicable, the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount of the relevant portfolio of Selected Loans) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Loans.

- 20.7 The LLP will, through a tender process, appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Loans to Purchasers (except where the Seller is buying the Selected Loans in accordance with its right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Security Trustee.
- 20.8 In respect of any sale of Selected Loans and their Related Security following service on the LLP of an Asset Coverage Test Breach Notice (which has not been revoked) or a Notice to Pay, the LLP will instruct the portfolio manager to use all reasonable endeavours to procure that Selected Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and, where relevant, the scheduled repayment dates of the Covered Bonds and the terms of this Deed.
- 20.9 The terms of any sale and purchase agreement with respect to the sale of Selected Loans and their Related Security (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee. The Security Trustee will not be required to release the Selected Loans and their Related Security from the Security unless the conditions relating to the release of the Security as set out in clause 3 of the Deed of Charge are satisfied.
- 20.10 Following service of a Notice to Pay, if Purchasers accept the offer or offers from the LLP so that some or all of the Selected Loans and their Related Security shall be sold prior to the Final Maturity Date of the Earliest Maturing Covered Bonds or, if the Earliest Maturing Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the LLP will, subject to Clause 20.9, enter into a sale and purchase agreement with the relevant Purchasers which will require, *inter alia*, a cash payment from the relevant Purchasers. Any such sale will not include any representations and warranties from the LLP or the Seller (or the applicable New Seller) in respect of the Loans and the Related Security unless expressly agreed by the Security Trustee or otherwise agreed with the LLP and the Seller (or the applicable New Seller). The Seller (or the applicable New Seller) and the LLP will enter into such documentation as is required under such sale and purchase agreement to enable the Purchaser to obtain valid title to the Selected Loans and their Related Security to be sold thereunder.
- 20.11 If, in an LLP Payment Period, the LLP is permitted to sell Selected Loans in accordance with Clause 19.3, then it shall ensure that Selected Loans are selected on a random basis.

**21. APPLICATION AND DISTRIBUTION OF MONIES WHEN COVERED BONDS REPAYED**

From the date when either (a) the Covered Bonds have been fully repaid and the security constituted by or pursuant to the Deed of Charge has been released by the Security Trustee or (b) the Security Trustee is satisfied that the LLP has an amount in cash standing to the credit of the GIC Account equal to the Required Redemption

Amount in respect of each Series of Covered Bonds outstanding, all remaining monies standing to the credit of the LLP Accounts (excluding all amounts required to repay higher ranking amounts in the relevant Priority of Payments) shall be allocated and paid:

- (a) *first*, to apply any such monies which constitute Available Revenue Receipts to the Sellers *pari passu* as Deferred Consideration due to the Sellers for the transfer of the Loans and their Related Security to the LLP (except for an amount equal to the profit to be paid to each of the Members in accordance with paragraph (b) below);
- (b) *second*, to apply any such monies which constitute Available Revenue Receipts towards payment *pro rata* and *pari passu* to the Members of the sum of £3,000 (or such other sum as may be agreed by the Members from time to time) in aggregate, to be allocated and paid to each Member in proportion to their respective Capital Contribution Balances as at the relevant Calculation Date, subject to a minimum of £600 each, as their profit for their respective interests as Members in the LLP;
- (c) *third*, to apply any such monies which constitute Principal Receipts towards payment *pro rata* and *pari passu* to Santander (in its capacity as a Member) by way of a Capital Distribution in an amount equal to any remaining Available Principal Receipts and (if applicable) to Santander by way of repayment of the Abbey Subordinated Loan; and
- (d) *fourth*, to pay all remaining monies to the Members by way of Capital Distribution (being a distribution of that Member's equity in the LLP) *pro rata* and *pari passu* to their respective Capital Contribution Balances as calculated on the immediately preceding Calculation Date and (if applicable) to Santander by way of repayment of the Abbey Subordinated Loan.

## 22. WITHDRAWAL OF CAPITAL CONTRIBUTIONS

- 22.1 Until such time as the LLP's obligations under the Covered Bond Guarantee are satisfied (or provided for) in full and except as expressly set out in this Deed and the other Transaction Documents, the Members may not draw out or receive back any part of their Capital Contributions.
- 22.2 No Member is entitled to any interest on its Capital Contribution.

## 23. LIMIT ON INVESTING IN SUBSTITUTION ASSETS AND AUTHORISED INVESTMENTS

- 23.1 Prior to the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the LLP, the LLP shall be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Term Advances in Substitution Assets, **provided that** the aggregate amount so invested shall not exceed 10 per cent. of the total assets of the LLP at any one time and **provided that** such investments are made in accordance with the terms of the Cash Management Agreement.

- 23.2 Following the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the LLP, all Substitution Assets shall be sold by the LLP (or the Cash Manager on its behalf) as quickly as reasonably practicable and the proceeds credited to the GIC Account.
- 23.3 The LLP shall at any time (prior to and following service of a Notice to Pay) be permitted to invest all available moneys in Authorised Investments without limitation, **provided that** such investments are made in accordance with the terms of the Cash Management Agreement.
- 23.4 Nothing in this Clause 23 shall limit the amount that the LLP (or the Cash Manager on its behalf) may credit to the GIC Account from time to time.

**24. BANK ACCOUNTS OF LLP**

The LLP shall open the following bank accounts with the Account Bank prior to the Programme Date, subject to and in accordance with the terms of the Bank Account Agreement:

- (a) the GIC Account;
- (b) the Swap Payment Account(s); and
- (c) the Swap Collateral Account(s).

**25. ALLOCATION OF PROFIT AND LOSSES/CONTRIBUTION TOWARDS LOSSES**

- 25.1 Subject as provided in this Deed, the Members shall not be required to contribute to the losses of the LLP, which shall be borne by the LLP.
- 25.2 The Members hereby acknowledge and agree that:
- (a) the Liquidation Member's entitlement to share in the profit of the LLP shall be limited to the amounts distributable to it in accordance with paragraph (k) of Clause 14.3 and paragraph (b) of Clause 21 and clause 6.2 of the Deed of Charge;
  - (b) the Liquidation Member's share of any accounting losses in the LLP required to be allocated for tax purposes shall be limited to £1.00; and
  - (c) the Liquidation Member has no interest in the capital of the LLP.

**26. STATUTORY ACCOUNTS**

- 26.1 The Audited Accounts of the LLP shall be made up to the Annual Accounting Date in each Fiscal Period and shall, unless otherwise required by law, be prepared in accordance with generally accepted accounting principles in the United Kingdom.
- 26.2 A profit and loss account shall be taken in every year on the Annual Accounting Date and a balance sheet as at the same date shall be prepared.



- 26.3 The Members shall, in compliance with the LLP Act and the Companies Act, appoint the Auditors as the auditors for each Fiscal Period of the LLP and shall have the power to fix their remuneration.
- 26.4 The Members shall ensure that the Audited Accounts are drawn up in the format and give the information required in the LLP Act and the Companies Act and the Audited Accounts shall be audited by the Auditors. The Auditors shall report to the Members and will state whether or not the Audited Accounts give a true and fair view of the profit or loss of the LLP for the Fiscal Period.
- 26.5 The LLP Management Board shall ensure that all the necessary and proper financial records of accounts shall be kept to enable the Audited Accounts to be made up as above and retained for at least six years after the end of the relevant Fiscal Period or such periods of time as required by law at the registered office (or such other place as the Members may determine by Majority Decision) of the LLP in compliance with the LLP Act and such records shall be available for inspection by each Member and by the Auditors for the time being at all times. Each Member shall be responsible for ensuring that full and proper entries of all transactions entered into by it on account of the LLP are made.
- 26.6 As soon as the Audited Accounts have been finalised, and no later than 10 months after the Annual Accounting Date, the Audited Accounts and Auditors' Report will be distributed to each Member and will be presented at the next duly convened Members' Meeting for approval. The Audited Accounts must be approved by a Unanimous Decision of the Members. Once the Audited Accounts have been approved they shall be binding on the Members, save in the event that an error is discovered within three months of the date of that approval, in which event such error shall be rectified in the manner required by the Companies Act.
- 26.7 Following the approval of the Audited Accounts by the Members in accordance with Clause 26.6 the Members shall then sign the Audited Accounts on the balance sheet as required by the Companies Act.
- 26.8 The Members shall, in respect of each Fiscal Period, deliver to the LLP Registrar a copy of the approved Audited Accounts and Auditors' Report as required by, and within the time period permitted by, the Companies Act.
- 26.9 Where additional reporting or accounting information is required by the Auditors to allow them to complete the Auditors' Report or comply with any statutory requirement to which the LLP is subject (including, without limitation, the provision of any information requested by the inspectors of the UK Department for Business, Enterprise and Regulatory Reform), that information will be provided by the relevant Member or Members at the expense of the LLP as soon as practicable.

## 27. **LEDGERS**

The LLP shall maintain, or shall procure that there are maintained, the following Ledgers:

- (a) the Principal Ledger, which shall record all receipts of Principal Receipts and distribution of Principal Receipts in accordance with the terms of this Deed;

- (b) the Revenue Ledger, which shall record all receipts of Revenue Receipts and distribution of Revenue Receipts in accordance with the terms of this Deed;
- (c) the Pre-Maturity Liquidity Ledger, which shall record all receipts and distribution of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test has been breached;
- (d) the Supplemental Liquidity Reserve Ledger, which shall record the credits and debits of monies available from the proceeds of sales of Selected Loans sold with the aim to fund or replenish such Supplemental Liquidity Reserve Ledger;
- (e) the Capital Account Ledger for each Member, which shall record the balance of each Member's Capital Contributions and distribution of those Capital Contributions;
- (f) the Reserve Ledger, which shall record the crediting of Revenue Receipts and (if so directed by the Seller) Cash Capital Contributions to the Reserve Fund and the debiting of such Reserve Fund; and
- (g) the Payment Ledger, which shall record the credits and debits of Available Revenue Receipts and Available Principal Receipts for application in accordance with the relevant Priority of Payments.

## 28. MANAGEMENT

- 28.1 There shall be an LLP Management Board which shall act on behalf, and for the benefit, of the LLP.
- 28.2 Subject to Clause 28.14 below, the LLP Management Board shall at all times consist of four directors, officers or employees of Santander, appointed from time to time by Santander by notice in writing to the LLP and each other Member. The members of the LLP Management Board as at the date hereof are named in Schedule 1.
- 28.3 The members of the LLP Management Board shall appoint one of their number to act as the chairman of the LLP Management Board **provided that** subject to Clause 28.14, the chairman shall always be a member of the LLP Management Board that has been appointed by Santander.
- 28.4 The LLP Management Board shall hold such meetings as it considers necessary for the dispatch of business.
- 28.5 A meeting of the LLP Management Board may be called at any time by any LLP Management Board member giving at least three London Business Days' notice in writing to the other LLP Management Board members (or such shorter period of notice that each LLP Management Board member may agree).
- 28.6 The meetings of the LLP Management Board shall be chaired by the LLP Management Board Chairman except that in his absence he shall nominate another LLP Management Board member to act in his stead.
- 28.7 Each LLP Management Board member shall have one vote.

- 28.8 Subject to Clause 29, all matters shall be decided by a simple majority of the votes cast. In the event of no majority, the LLP Management Board Chairman shall have a casting vote.
- 28.9 The quorum for the transaction of business shall be at least two LLP Management Board members.
- 28.10 An LLP Management Board member may nominate another person as his proxy to attend any meeting and to vote on any item specified in the proxy document **provided that** such person is a director, officer or employee of (i) in respect of a proxy for an LLP Management Board member appointed by Santander, Santander and (ii) in respect of a proxy for any other Member's appointee on the LLP Management Board, that Member.
- 28.11 The LLP Management Board shall produce detailed minutes within two weeks after each LLP Management Board meeting and provide each of the Members and the Security Trustee with copies of those minutes.
- 28.12 Subject to the prior written approval of the Security Trustee whilst the Covered Bonds are outstanding, the LLP Management Board may appoint an agent on behalf of the LLP, on such terms as it shall determine, to administer the LLP's business and may delegate all or any of the functions of the LLP to it.
- 28.13 The members of the LLP Management Board are hereby authorised to execute or authorise the execution of any documents or deeds on behalf of the LLP and shall ensure that all such documents (including promissory notes, cheques or similar bills) contain such details as required by Sections 349 and 351 of the Companies Act in legible form.
- 28.14 Following a Relevant Event and for so long as there are Covered Bonds outstanding:
- (a) the right to appoint and to remove members of the LLP Management Board shall rest solely with the Liquidation Member (subject to the prior written consent of the Security Trustee thereto) and there shall be no requirement that such members of the LLP Management Board be directors, officers or employees of Santander; and
  - (b) the LLP Management Board Chairman may be appointed by the Liquidation Member (with the prior written consent of the Security Trustee thereto) and the LLP Management Board Chairman need not be a member that has been appointed by Santander.
- 28.15 The members of the LLP Management Board may not resign their positions if that would result in there being fewer than two members on the LLP Management Board.

## 29. **DECISIONS OF MEMBERS**

- 29.1 A meeting of the Members will be held annually or more frequently if a Members' meeting is called by any of the Members or the LLP Management Board.
- 29.2 The LLP Management Board shall, on behalf of the LLP, give at least 14 Business Days' prior notice of any Members' meeting.

- 29.3 Any Member may be represented at any Members' meeting by any member of its board of directors or any other duly authorised representative of that Member.
- 29.4 The quorum for a Members' meeting is at least one representative of two of the Members. If within a reasonable period a quorum is not present, the meeting will stand adjourned until a date agreed between the Members.
- 29.5 The following matters may only be determined by Unanimous Decision of the Members:
- (a) approval of the Audited Accounts;
  - (b) subject to Clauses 28 and 35, a resolution for the voluntary winding up of the LLP under Section 84(1) of the Insolvency Act 1986; and
  - (c) a resolution to contribute to the losses of the LLP contrary to the provisions of Clause 25.
- 29.6 Other than those matters listed in Clause 29.5 above and the admission of a New Member pursuant to Clause 32 below, the Members delegate all other matters to the members of the LLP Management Board, who may decide such matters by Majority Decision, or (subject to Clause 28.12) sub-delegate any matter or otherwise determine such matters as they consider appropriate, **provided that** the following matters may only be determined by the Unanimous Decision of the LLP Management Board and, whilst any Covered Bonds are outstanding, with the consent of the Security Trustee:
- (a) the appointment of a liquidator in accordance with Clause 34.4;
  - (b) any change to the LLP Name;
  - (c) any amendment to this Deed;
  - (d) a decision not to indemnify the LLP in accordance with Clause 30.5; and
  - (e) a transfer of the whole or any part of the businesses of the LLP in accordance with Clause 34.7.
- 29.7 Following a Relevant Event, decisions which are reserved to the Members shall be made by the Liquidation Member only.

### 30. **RESTRICTIONS ON AND DUTIES OF MEMBERS**

- 30.1 The Members shall at all times be just and faithful to each other and to the LLP and at all times give to the other Members and the LLP full information and truthful explanations of all matters relating to the affairs of the LLP and afford the other Members every assistance in carrying on the LLP Business to the mutual advantage of the Members and will comply with all statutory duties and any other applicable laws and regulations imposed on it, in its capacity as a Member of the LLP, from time to time.
- 30.2 Save where expressly provided for in this Deed or in any other Transaction Document, no Member shall act in any capacity, or purport to act in any capacity, on behalf of the

LLP. Any Member that commits a breach of this Clause 30.2 shall indemnify and keep indemnified the LLP and each other Member from any Liabilities, Expenses or other claims arising directly or indirectly out of such breach save that this indemnity shall not apply to the extent that such Liability, Expense or other claim arises out of the fraud, wilful default, gross negligence or breach of the terms of this Deed by the LLP or by the other Members.

- 30.3 Each Member shall devote such necessary resources to the LLP Business so as to enable it to perform its duties to the LLP.
- 30.4 Each Member shall be responsible for the payment of its own Tax and stamp duty liabilities and shall indemnify the LLP and the other Members from any Liabilities, Expenses or other claims which they incur as a result of its non-payment of Tax and stamp duty, save that this indemnity shall not apply to the extent that such Liability, Expense or other claim arises out of the fraud, wilful default, negligence or breach of the terms of this Deed by the LLP or such other Members.
- 30.5 Notwithstanding Clause 25, if any liabilities of the LLP are occasioned by the dishonesty, wilful default, wilful neglect or negligence of a Member or any of its directors, officers or employees, that Member shall (unless otherwise resolved by the Unanimous Decision of the LLP Management Board and, for so long as the Covered Bonds are outstanding, with the prior written consent of the Security Trustee) pay an amount equal to that liability to the LLP.

## 31. **TRANSFERS AND RESIGNATION**

- 31.1 Subject to the terms of the Transaction Documents, each Member covenants with and undertakes to the LLP and the Security Trustee that it shall not, and shall not purport to, sell, transfer, convey, create or permit to arise any security interest on, declare a trust over, create any beneficial interest in, or otherwise dispose of its interest in the LLP and/or its rights under this Deed (and, in the case of Santander, to dispose of the Relevant Shares) without the prior written consent of the LLP and, whilst the Covered Bonds are outstanding, the Security Trustee.
- 31.2 Subject to Clause 6.1 above, neither of Santander nor the Liquidation Member shall be permitted to resign as Members in the LLP for so long as amounts are outstanding in respect of the Covered Bonds. If any New Member is appointed in accordance with Clause 32 below after the Commencement Date, no such member shall be permitted to resign for so long as any Loans that it has sold to the LLP are in the Portfolio and/or amounts are payable to that Member under any of the Priorities of Payments (including, for the avoidance of doubt, Deferred Consideration and Capital Distributions).
- 31.3 Notwithstanding any resignation of any Member, Clauses 30, 35, 41, and 44 shall continue to apply to the former Member.

## 32. NEW MEMBERS

32.1 Other than a New Member admitted pursuant to Clause 5.2 and subject to Clause 32.2 below, a New Member may only be admitted to the LLP as a Member subsequent to the Commencement Date by an Ordinary Decision of the Members **provided that**:

- (a) subject to Clause 32.3, for so long as amounts are outstanding in respect of the Covered Bonds, each New Member shall be a New Seller and the prior written consent of the Security Trustee will be required to the admission of the New Member;
- (b) no New Member shall be admitted where such admission would violate any relevant law; and
- (c) the Rating Agencies confirm that the then current ratings of the Covered Bonds will not be adversely affected.

32.2 The Security Trustee may impose conditions to the giving of its consent to the admission of a New Member to the LLP pursuant to Clause 32.1 above, including that a legal and/or tax opinion in form and substance satisfactory to the Security Trustee is delivered to it considering, *inter alia*, the effect of the admission of the New Member on the transaction constituted by the Transaction Documents.

32.3 Any admission of a New Member shall be effective on the execution by or on behalf of the LLP, the Security Trustee and by that New Member of a Deed of Admission in the form set out in Schedule 2 hereto. Each Member (other than the Liquidation Member) hereby agrees that it shall not be required to execute any Deed of Admission, which may be signed on its behalf by the Liquidation Member. Upon admission, each New Member shall have the rights and duties of a Member, and will be bound by the provisions of this Deed as if it had been an original party hereto, **provided that** if a New Member is admitted during any Fiscal Period its financial rights shall be determined by reference to an interim closing statement to be prepared by the LLP as of the date of such admission.

32.4 Any New Member shall:

- (a) enter into a New Mortgage Sale Agreement with the LLP and the Security Trustee, in each case so that it has, in relation to those New Seller Loans and their Related Security to be sold by such New Member, substantially the same rights and obligations as the Seller had in relation to those Loans and their Related Security comprised in the Initial Portfolio under the Mortgage Sale Agreement;
- (b) accede to such Transaction Documents and enter into such other documents as may be required by the Security Trustee, the Bond Trustee, the Cash Manager and/or the LLP (in each case acting reasonably) to give effect to the addition of such New Member to the transactions contemplated under the Programme;
- (c) ensure that any New Loans and their Related Security sold by such New Member to the LLP comply with the eligibility criteria set out in the New Mortgage Sale Agreement;

- (d) procure that either the Servicer services the New Seller Loans and their Related Security sold by the New Member on the terms set out in the Servicing Agreement (with such subsequent amendments as may be agreed by the parties thereto) or the New Member (or its nominee) enter into a servicing agreement with the LLP and the Security Trustee which sets out the servicing obligations of the New Member (or its nominee) in relation to the New Seller Loans and their Related Security and which is on terms substantially similar to the terms set out in the Servicing Agreement (such that any fees payable to the Servicer or the New Member (or its nominee) acting as servicer of such New Seller Loans and their Related Security would be determined on the date of the accession of such New Member to the Programme); and
- (e) procure that the Security Trustee is satisfied that any modification of the Transaction Documents in order to accommodate the accession of the New Seller to the Programme will not be materially prejudicial to the interests of the relevant Secured Creditors and has received a Rating Agency Confirmation in relation thereto.

If the above conditions are met, the consent of Covered Bondholders will not be obtained to the accession of a New Member to the Programme.

### **33. DUTIES AND COVENANTS OF THE LLP**

33.1 The LLP shall comply with all statutory duties imposed on it from time to time and do all such things as may be reasonably necessary to maintain the status of any legal or regulatory approvals granted to it from time to time.

33.2 Subject to the terms of the relevant Priorities of Payments, the LLP shall indemnify the Members (or their agents, directors, officers, employees and other delegates) in respect of payments made and liabilities incurred by them (save for liabilities in respect of Tax or stamp duty):

- (a) in the ordinary and proper conduct of the LLP Business; or
- (b) in or about anything necessarily done for the preservation of the LLP Business,

within the scope of the authority conferred by this Deed, save where such payments and/or personal liabilities are incurred through fraud, wilful default, gross negligence or breach of the terms of this Deed by the Members.

33.3 Save with the prior written consent of the LLP Management Board (and with the consent of the Security Trustee, for so long as the Covered Bonds are outstanding) or as provided in or envisaged by or pursuant to this Deed and/or the other Transaction Documents, the LLP shall not:

- (a) create or permit to subsist any mortgage, standard security, assignation, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law), upon the whole or any part of its assets (including any uncalled capital) or its undertakings, present or future;

- (b) dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;
- (c) have an interest in any bank account;
- (d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;
- (e) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (f) have any employees or premises or subsidiaries;
- (g) acquire any assets;
- (h) engage in any activities in the United States (directly or through agents) or derive any income from United States sources as determined under United States income tax principles or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States tax principles;
- (i) enter into any contracts, agreements or other undertakings;
- (j) compromise, compound or release any debt due to it; or
- (k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets,

and the LLP undertakes that:

- (i) it shall maintain its registered office in England and Wales;
- (ii) it shall hold all meetings of the Management Board of the LLP in England and Wales;
- (iii) it shall, following an insolvency of the Issuer, provide such information as it is required by Regulation 24 of the RCB Regulations to provide to the FSA and notify the FSA if the requirements set out in Regulation 24(1)(a)(ii) or Regulation 24(1)(a)(iii) of the RCB Regulations are not, or are not likely to be, satisfied at any time after such an insolvency in accordance with the provisions of the RCB Regulations;
- (iv) it shall ensure that the Asset Pool will only comprise those assets set out in items (a) to (h) of Regulation 3(1) (*Asset Pool*) of the RCB Regulations;
- (v) it shall ensure that the Loans and the Related Security, the Substitution Assets and the Authorised Investments contained in the Asset Pool comply with the definition of "eligible property" in Regulation 2 (*Eligible Property*) of the RCB Regulations;



- (vi) at any time when the LLP proposes to transfer ownership of the Asset Pool, it shall comply with its obligations under Regulation 25 (*Change of Owner*) of the RCB Regulations and RCB 3.5 of the RCB Sourcebook and, in particular, it shall make arrangements to give the FSA notice of the proposed change of ownership and such information in respect of the proposed new owner as the FSA may direct; and
- (vii) no application has been made nor will be made for the LLP to be treated as a member of a group for the purposes of Section 43 VATA with any person and no steps have been taken nor will any steps be taken (whether by act or omission or otherwise) which could give rise to a direction, pursuant to Schedule 9A VATA, which would require the assumption that the LLP is to be treated as a member of a group for such purposes with any person or which could otherwise result in it being treated as a member of such a group.

#### 34. **WINDING UP**

- 34.1 The LLP may only be wound up voluntarily under Section 84(1) of the Insolvency Act, in accordance with Clause 29.5 above. The date of that resolution shall be the date on which the LLP is wound up and the LLP shall be wound up in accordance with the Companies Act 1985.
- 34.2 The Members shall file a copy of the determination made by Members for a voluntary winding up with the LLP Registrar within 10 Business Days from when it was made in accordance with Section 84(3) Insolvency Act and advertise the same in the London Gazette.
- 34.3 The Members shall (if they are satisfied that the LLP is able to pay its debts together with interest as described in Section 89(1) of the Insolvency Act) make a statutory declaration of solvency as required by the Insolvency Act and file the same with the LLP Registrar in accordance with Section 89 Insolvency Act.
- 34.4 A liquidator may be appointed by the Members or failing such a resolution, appointed by the Auditors.
- 34.5 The date of the winding up of the LLP shall be deemed to be an Annual Accounting Date.
- 34.6 Upon the winding up of the LLP, the liquidator may, subject to Clauses 14, 15, 16, 17, 19 and 20 of this Deed and subject to the other Transaction Documents to which the LLP is a party (including, but not limited to, the Deed of Charge and the Covered Bond Guarantee), realise some or all of the assets of the LLP and the proceeds of sale or assets remaining after the discharge of the LLP's creditors shall be distributed in cash or in specie in repayment of the outstanding credit balance of the Member's Capital Accounts. Any remaining balance will be distributed to the Members *pro rata* and *pari passu* in the proportions which their respective outstanding Capital Contributions bear to the aggregate outstanding Capital Contributions of the Members immediately prior to the liquidation.

- 34.7 The LLP Business (or any of it) may be transferred to one or more other partnerships, bodies corporate or any analogous entity in consideration for the issue to Members of shares, membership rights or analogous rights in that entity which are broadly equivalent to their interests in the LLP upon such terms as shall be approved by an unanimous decision of the LLP Management Board and, whilst any of the Covered Bonds is outstanding, with the prior written consent of the Security Trustee.
- 34.8 For the purposes of Section 74 of the Insolvency Act each of the Members agrees to contribute £100 to the assets of the LLP on a winding up and shall be a contributory for the purposes of Section 79 of the Insolvency Act accordingly.
- 34.9 The provisions of this Deed shall remain binding notwithstanding that the LLP has been wound up or become insolvent in so far as the obligations and covenants set out in it remain or require to be performed.

### 35. SUBORDINATION AND NON-PETITION

- 35.1 Whilst any amounts are outstanding in respect of the Covered Bonds or the Covered Bond Guarantee, each of the Members agrees that it shall not:
- (a) dissolve or purport to dissolve the LLP; or
  - (b) institute any winding-up, administration, insolvency or other similar proceedings against the LLP.
- 35.2 Each of the Members hereby agrees to be bound by the terms of the Priorities of Payment set out in this Deed and the Deed of Charge. Without prejudice to Clause 35.1, each of the Members further agrees with each other party to this Deed that, notwithstanding any other provision contained herein or in any other Transaction Document:
- (a) it will not demand or receive payment of, or any distribution in respect of or on account of, any amounts payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee, as applicable, to that Member under the Transaction Documents, in cash or in kind, and will not apply any money or assets in discharge of any such amounts payable to it (whether by set off or by any other method), unless all amounts then due and payable by the LLP to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full or appropriate provisions have been made for their payment;
  - (b) without prejudice to the foregoing, whether in the liquidation of the LLP or any other party to the Transaction Documents or otherwise, if any payment or distribution (or the proceeds of any enforcement of any security) is received by a Member in respect of any amount payable by the LLP (or the Cash Manager on its behalf) or the Security Trustee, as applicable, to that Member under the relevant Transaction Document at a time when, by virtue of the provisions of the relevant Transaction Document, this Deed and the Deed of Charge, no payment or distribution should have been made, the amount so received shall be held by the Member upon trust for the entity from which such payment was received and shall be paid over to such entity forthwith

upon receipt (whereupon the relevant payment or distribution shall be deemed not to have been made or received); and

- (c) it shall not claim, rank, prove or vote as creditor of the LLP or its estate in competition with any prior ranking creditors in the relevant Priorities of Payments, the Security Trustee or the Bond Trustee, as applicable, or claim a right of set-off until all amounts then due and payable to creditors who rank higher in the relevant Priorities of Payments have been paid in full.

35.3 Neither the LLP nor the Security Trustee shall pay or repay, or make any distribution in respect of, any amount owing to a creditor under the relevant Transaction Documents (in cash or in kind) unless and until all amounts then due and payable by the LLP or the Security Trustee to all other creditors ranking higher in the relevant Priorities of Payments have been paid in full or appropriate provisions have been made for their payment.

35.4 The perpetuity period for the trusts in Clause 35.2 shall be 80 years.

### 36. **FURTHER ASSURANCES**

The parties to this Deed agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Deed.

### 37. **AMENDMENTS**

37.1 No amendment or waiver of any provision of this Deed nor consent to any departure by any of the parties hereto therefrom shall in any event be effective unless the same shall be in writing and signed by each of the parties to this Deed. In the case of a waiver or consent, such waiver or consent shall be effective only in the specific instance and as against the party or parties to this Deed giving it for the specific purpose for which it is given.

37.2 This Deed contains a final and complete integration of all prior expressions by the parties to this Deed with respect to the subject matter of this Deed and constitutes the entire agreement among the parties to this Deed with respect to the subject matter of this Deed, superseding all prior oral or written understandings other than the other Transaction Documents.

### 38. **CALCULATIONS**

In the absence of manifest error, any determination or calculation made by or on behalf of the LLP in connection with the provisions of this Deed shall be deemed to be conclusive.

### 39. **NO WAIVER; REMEDIES**

No failure on the part of any party to this Deed to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies in this Deed are cumulative and are not exclusive of any remedies provided by law.

40. **EXECUTION IN COUNTERPARTS; SEVERABILITY**

40.1 This Deed may be executed in any number of counterparts each of which when so executed and delivered (manually or by facsimile) is an original, but all the counterparts together constitute the same document.

40.2 Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

41. **CONFIDENTIALITY**

41.1 Unless otherwise required by applicable law, and subject to Clause 41.2 below, each of the parties to this Deed agrees not to disclose to any person any information relating to the business, finances or other matters of a confidential nature of or relating to any other party to this Deed or any of the Transaction Documents which it may have obtained as a result of having entered into this Deed or otherwise.

41.2 The provisions of Clause 41.1 above shall not apply:

- (a) to the disclosure of any information to any person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;
- (b) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient;
- (c) to the extent that the recipient is required to disclose the same pursuant to any law or order of any court or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Taxation authority;
- (d) to the disclosure of any information to professional advisers who receive the same under a duty of confidentiality;
- (e) to the disclosure of any information with the consent of the parties to this Deed;
- (f) to the disclosure to the Rating Agencies or any of them of such information as may be requested by any of them for the purposes of setting or reviewing the rating assigned to the Covered Bonds (or any of them), **provided that** no information which would disclose the identity of a Borrower shall be disclosed to the Rating Agencies or any of them; or
- (g) to any disclosure for the purposes of collecting in or enforcing any claims against the LLP's property or any of it.

42. **EXCLUSION OF THIRD PARTY RIGHTS**

The parties to this Deed do not intend that any term of this Deed should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Deed.

#### 43. ADDRESSES FOR NOTICES

Any notices to be given pursuant to this Deed will be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission and will be deemed to be given (in the case of facsimile transmission) when despatched, (if delivered by hand) on the day of delivery if delivered before 5.00 p.m. on a London Business Day or on the next London Business Day if delivered thereafter or (if by first class post) when it would be received in the ordinary course of the post and shall be sent:

- (a) in the case of Santander, to Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (b) in the case of the Liquidation Member, to Abbey Covered Bonds (LM) Limited, c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (facsimile number (44) 20 7397 3601) for the attention of the Company Secretary with a copy to Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk;
- (c) in the case of the LLP, to Abbey Covered Bonds LLP, c/o Santander UK plc, 2 Triton Square, Regent's Place, London NW1 3AN (facsimile number (44) 20 7756 5627) for the attention of the Company Secretary with a copy to Santander UK plc, 201 Grafton Gate East, Milton Keynes MK9 1AN (facsimile number (44) 1908 343019) for the attention of Securitisation Team, Retail Credit Risk; and
- (d) in the case of the Bond Trustee or the Security Trustee, to Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2DB (facsimile number (44) 20 7547 5919) for the attention of the Managing Director,

or to such other address or facsimile number or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 43.

#### 44. GOVERNING LAW AND SUBMISSION TO JURISDICTION

44.1 This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

44.2 Each party to this Deed hereby irrevocably submits to the non-exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Deed (including an action or proceeding relating to any non-contractual obligations arising out of or in connection with this Deed), and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

45. **CHANGE OF SECURITY TRUSTEE AND BOND TRUSTEE**

- 45.1 If there is any change in the identity of the Security Trustee in accordance with the Deed of Charge or the Bond Trustee in accordance with the Trust Deed, the Seller and the LLP shall execute such documents and take such action as the successor Security Trustee or the successor Bond Trustee, as the case may be, and the outgoing Security Trustee or the outgoing Bond Trustee, as the case may be, may reasonably require for the purpose of vesting in the successor Security Trustee or the successor Bond Trustee, as the case may be, the rights of the outgoing Security Trustee or the outgoing Bond Trustee, as the case may be, under this Deed.
- 45.2 It is hereby acknowledged and agreed that by its execution of this Deed neither the Security Trustee nor the Bond Trustee shall assume or have any obligations or liabilities to any Member or the LLP under this Deed notwithstanding any provision herein and that each of the Security Trustee and the Bond Trustee has agreed to become a party to this Deed for the purpose only of taking the benefit of this Deed and agreeing to amendments to this Deed pursuant to Clause 37. For the avoidance of doubt, the parties to this Deed acknowledge that the rights and powers of the Security Trustee are governed by the Deed of Charge and the rights and powers of the Bond Trustee are governed by the Trust Deed. Any liberty or right which may be exercised or determination which may be made under this Deed by the Security Trustee or the Bond Trustee may be exercised or made in the Security Trustee's or the Bond Trustee's absolute discretion without any obligation to give reasons therefor and the Security Trustee or the Bond Trustee, as the case may be, shall not be responsible for any liability occasioned by so acting but subject always to the provisions of clause 11.1 (*Liability*) of the Deed of Charge and clause 18 of the Trust Deed, as applicable.

46. **PROTECTION OF MEMBERS**

No Member, nor any director or officer or Holding Company, Subsidiary or other affiliate of a Member shall by reason of its fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the LLP or any of its Subsidiaries and or affiliates (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making or assignment or assignation or placing into trust of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered Bonds or any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of, any Member or any of their respective Subsidiaries or affiliates);
- (b) being a member of any other limited liability partnership constituting or securing any other securities issued by or guaranteed by, or relating to that limited liability partnership, or accepting any other office or profit under that limited liability partnership or from any of their respective Subsidiaries or affiliates; or

- (c) providing services to any other limited liability partnership or person or entity or carrying on any business (including, without limitation, any business in competition with the LLP) and including, without limitation, the making or assigning or assignment or putting into trust of loans, the provision of financial facilities or financial advice to, or the issue, purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of any type whatsoever.

**47. EXCLUSION OF SECTION 459 COMPANIES ACT**

For so long as the LLP remains in existence, no Member shall have any right to apply to the court by petition for an order under Part XVII of the Companies Act in relation to the LLP's affairs.

**48. SURVIVAL OF CERTAIN CLAUSES**

The Clauses 30, 35, 41, 44 and Clause 47 of this Deed shall survive any termination of this Deed.

**IN WITNESS** of which this Deed has been executed by the parties hereto as a deed which has been delivered on the date first appearing on page one.

**SCHEDULE 1**  
**LLP MANAGEMENT BOARD MEMBERS AS AT 12 JULY 2013**

**Santander Appointees**

Justo Gomez	Director of Funding, Santander UK plc
Thomas Ranger	Head of Funding and Collateral Management, Santander UK plc
David Martin Green	Head of Financial Reporting and Accounting, Santander UK plc



**SCHEDULE 2  
DEED OF ADMISSION**

**THIS DEED** is made on [•],

**BETWEEN:**

- (1) [•] of [•] (the "**New Member**");
- (2) **ABBEY COVERED BONDS (LM) LIMITED**, a limited company incorporated under the laws of England and Wales (with registered number 5365645) whose registered office is at c/o Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF (in its capacity as a Member and referred to as the "**Liquidation Member**");
- (3) **SANTANDER UK PLC**, a public limited company incorporated under the laws of England and Wales (registered number 2294747) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (in its capacity as Seller, Cash Manager and a Member and referred to as "**Santander**");
- (4) **ABBEY COVERED BONDS LLP** a limited liability partnership established under the laws of England and Wales (registered number OC312644) whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN (the "**LLP**"); and
- (5) **DEUTSCHE TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England and Wales whose principal office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (in its capacity as "**Bond Trustee**" and "**Security Trustee**").

**WHEREAS:**

- (A) The LLP was incorporated on 8 April 2005 by Santander and the Liquidation Member (the "**Members**").
- (B) The New Member wishes to be admitted, and the Members have agreed to admit the New Member, as a member of the LLP pursuant to Clause 32 of the limited liability partnership deed dated 3 June 2005 and made between the parties hereto (as supplemented on 15 August 2005 and as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012 and 12 July 2013) (the "**LLP Deed**") by the execution of this deed (which is substantially in the form as set out in Schedule 2 to the LLP Deed, as varied and supplemented from time to time).
- (C) Terms used in this deed shall have the meaning attributed to them in the LLP Deed unless the contrary is stated in this deed in which case the terms of this deed shall prevail.

**NOW THIS HEREBY** agreed that:

1. The New Member is admitted as a Member by the execution of this deed which shall be deemed to have had effect from the date of the LLP Deed as if it had been an original party thereof.

2. The New Member will accordingly be entitled to all the rights of a Member provided for under the LLP Deed.
3. The New Member agrees to be admitted as and perform all the duties, obligations and responsibilities of a Member under the LLP Deed.
4. [The New Member agrees to make a Capital Contribution of [•] on the date of this deed.]
5. This deed is governed by, and shall be construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this deed, whether contractual or non-contractual, is governed by, and shall be determined in accordance with, English law.
6. The provisions of Clause 44.2 of the LLP Deed as so modified shall be incorporated in this deed as if set out in full in this deed and as if references therein to "Deed" were references to this deed.

**IN WITNESS WHEREOF**, this deed has been executed as a deed and delivered the day and year first before written.

**EXECUTED** as a **DEED** by )  
[*New Member*] )  
acting by its attorney )  
in the presence of )

.....  
Witness:

Name:

Address:

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
in its capacity as Cash Manager, )  
a Member and Seller )  
acting by its attorney )  
in the presence of )

Witness's Signature:

Name:

Address:

Occupation:

**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS LLP** )  
acting by **ABBEY COVERED BONDS** )  
**(LM) LIMITED** as a Member and )  
**SANTANDER UK PLC** as a Member )  
in each case **SIGNED** by their attorney )  
in the presence of )

.....  
Witness  
(for the attorney to  
**ABBEY COVERED BONDS**  
**(LM) LIMITED**):

Name:

Address:

.....  
Witness  
(for the attorney to  
**SANTANDER UK PLC**  
(as applicable)):

Name:

Address:

**THE COMMON SEAL** of )  
**DEUTSCHE TRUSTEE COMPANY** )  
**LIMITED** in its separate capacities as )  
Bond Trustee and Security Trustee was )  
affixed to this **DEED** )  
in the presence of )

.....  
Associate Director

.....  
Associate Director

**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS (LM)** )  
**LIMITED** in its capacity as Liquidation )  
Member acting by its attorney )  
in the presence of )

Witness's Signature:

Name:

Address:

Occupation:

**SCHEDULE 3  
PERCENTAGE NOTIFICATION**

From: Abbey Covered Bonds LLP (the "**LLP**")

To: Moody's Investors Services Limited

Deutsche Trustee Company Limited (the "**Security Trustee**")

Date:

Dear Sirs,

We refer to the limited liability partnership deed dated 3 June 2005 as supplemented on 15 August 2005 and as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012 and 12 July 2013 and made between ourselves, Santander UK plc, Abbey Covered Bonds (LM) Limited and Deutsche Trustee Company Limited (in its capacities as Bond Trustee and Security Trustee) (the "**LLP Deed**").

Capitalised terms defined in the LLP Deed shall bear the same meanings when used in this letter.

Pursuant to Clause 11 of the LLP Deed, we are entitled to inform you of the percentage figure selected by us (or by the Cash Manager on our behalf) to be applied on the next following Calculation Date. This percentage figure is the difference between 100 per cent. and the amount of credit enhancement required for the Covered Bonds to achieve an "Aaa" rating by Moody's using the Moody's expected loss methodology and taking into account the additional 5 per cent. Supplemental Liquidity Reserve Amount, which has been established. For the avoidance of doubt, the Supplemental Liquidity Reserve Amount shall always be, by definition, equal to at least 5 per cent. of the Sterling Equivalent of the Principal Amount Outstanding of the Covered Bonds.

We hereby notify you that the percentage figure selected by us in accordance with Clause 11 of the LLP Deed is [•] per cent. based on a Supplemental Liquidity Reserve Amount of [5] per cent.

We hereby confirm that this percentage figure shall apply for the purposes of Clause 11 of the LLP Deed until such time as we send further notice to you in accordance with the terms of Clause 11 of the LLP Deed.

Yours faithfully,

.....  
**ABBEY COVERED BONDS LLP**

**SCHEDULE 4  
DEPOSITOR SET-OFF PERCENTAGE NOTIFICATION**

From: [[Abbey Covered Bonds LLP (the "**LLP**") / [Santander UK plc (in its capacity as "**Cash Manager**") for and on behalf of Abbey Covered Bonds LLP]]

To: Moody's Investors Services Limited  
Fitch Ratings Limited  
Standard & Poor's Rating Services  
Deutsche Trustee Company Limited (the "**Security Trustee**")  
[Abbey Covered Bonds LLP]

Date: [•]

Dear Sirs,

We refer to the limited liability partnership deed dated 3 June 2005 as supplemented on 15 August 2005 and as amended and restated on 4 October 2007, 20 May 2008, 8 September 2009, 24 December 2012 and 12 July 2013 and made between ourselves, Santander UK plc, Abbey Covered Bonds (LM) Limited and Deutsche Trustee Company Limited (in its capacities as Bond Trustee and Security Trustee) (the "**LLP Deed**"), pursuant to Clause 11.9 of the LLP Deed of which we are entitled to inform you of the percentage figure selected by ourselves (or the Cash Manager on our behalf) to be applied on the next following Calculation Date or where the date of this notification is a Calculation Date, the date hereof, being the Depositor Set-off Percentage.

We hereby confirm that the percentage figure selected by ourselves (or the Cash Manager on our behalf) in accordance with Clause 11.9 of the LLP Deed is [•] per cent.

We additionally confirm that the percentage set out in the immediately preceding paragraph shall apply for the purposes of the Asset Coverage Test from and including the next following Calculation Date or, where the date of this notification is a Calculation Date, the date hereof until such time as we send further notice to you in accordance with the terms of Clause 11.9 of the LLP Deed.

Yours faithfully,

.....  
[[**ABBEY COVERED BONDS LLP**]/  
[**SANTANDER UK PLC**  
(in its capacity as Cash Manager)  
for and on behalf of  
**ABBEY COVERED BONDS LLP**]]

**SIGNATORIES**

**EXECUTED** as a **DEED** by )  
**SANTANDER UK PLC** )  
in its capacity as Cash Manager, )  
a Member and Seller )  
acting by its attorney )  
in the presence of )

Witness's Signature:

Name:

Address:

Occupation:

**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS (LM)** )  
**LIMITED** )  
in its capacity as Liquidation Member )  
acting by its attorney )  
in the presence of )

Witness's Signature:

Name:

Address:

Occupation:



**EXECUTED** as a **DEED** by )  
**ABBEY COVERED BONDS LLP** )  
acting by **ABBEY COVERED BONDS** )  
**(LM) LIMITED** as a Member and )  
**SANTANDER UK PLC** as a Member )  
in each case **SIGNED** by their attorney )  
in the presence of: )

.....  
Witness  
(for the attorney to  
**ABBEY COVERED BONDS**  
**(LM) LIMITED**):

Name:

Address:

.....  
Witness  
(for the attorney to  
**SANTANDER UK PLC**  
(as applicable)):

Name:

Address:

**THE COMMON SEAL** of )  
**DEUTSCHE TRUSTEE COMPANY** )  
**LIMITED** in its separate capacities )  
as Bond Trustee )  
and Security Trustee was affixed to )  
this **DEED** in the presence of: )

.....  
Associate Director

.....  
Associate Director