

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

EXECUTION VERSION

DATED 9 JULY 2012

CLIFFORD CHANCE LLP

AND

FRESHFIELDS BRUCKHAUS DERINGER LLP

MASTER DEFINITIONS AND
CONSTRUCTION SCHEDULE

Signed for the purposes of identification only by:

CLIFFORD CHANCE LLP



FRESHFIELDS BRUCKHAUS DERINGER LLP



CONTENTS

Clause	Page
1. Definitions.....	1
2. Principles of Interpretation and Construction.....	53

THIS MASTER DEFINITIONS AND CONSTRUCTION SCHEDULE has effect on and from 9 July 2012 and is signed for the purposes of identification

BY:

- (1) **CLIFFORD CHANCE LLP;** and
- (2) **FRESHFIELDS BRUCKHAUS DERINGER LLP.**

1. **DEFINITIONS**

Words and expressions used in the Transaction Documents shall unless otherwise defined in such Transaction Documents, have the same meanings set out in this Master Definitions and Construction Schedule except so far as the context requires otherwise.

"**1925 Act**" means the Law of Property Act 1925.

"**1999 Regulations**" means the Unfair Terms in Consumer Contracts Regulations 1999.

"**2010 Act**" means the Home Owner and Debtor Protection (Scotland) Act 2010.

"**24 hours**" has the meaning specified in paragraph 1 of Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"**3 month GBP LIBOR**" has the meaning given to it in Condition 4(C) (*Rates of Interest*) of the Notes.

"**48 hours**" has the meaning specified in paragraph 1 of Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"**£**", "**sterling**" or "**Sterling**" means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

"**Abridged Monthly Portfolio Report**" means a monthly electronic data file provided by the Administrator in relation to the Portfolio containing, *inter alia*, certain loan level information.

"**Account Bank Required Rating**" means a short-term unsecured, unguaranteed, unsubordinated debt obligation rating of F1 by Fitch or P-1 by Moody's and a long-term, unsecured and unsubordinated debt or counterparty obligation rating at least A by Fitch or such other rating as may be agreed with the Rating Agencies from time to time **provided that**, if the Account Bank has been put on "Ratings Watch Negative" by Fitch such that it is treated by Fitch as being rated below such required rating, the rating of the Account Bank shall be deemed to be one notch below its then current rating.

"**Account Banks**" means the Issuer Account Bank, the Mortgages Trustee Account Bank and the Collection Banks.

"**Accounts**" means any Issuer Swap Collateral Account, the Issuer GIC Account, the Mortgages Trustee GIC Account, the Barclays Collection Account and the Lloyds TSB Collection Account.

"**Administration Agreement**" means the administration agreement entered into on or about the Closing Date, between the Mortgages Trustee, the Seller, the Issuer, the Administrator, the Security Trustee, the Back-Up Administrator and the Back-Up Administrator Facilitator.

"**Administration Data**" means the Mortgage Loan Files kept (or duplicated) in a computerised and/or other form of electronic data retrieval format.

"**Administration Procedures**" means:

- (a) the administration, arrears and enforcement policies and procedures forming part of the Seller's mortgage origination, lending and underwriting, administration, arrears and enforcement policies and procedures applied by Virgin Money from time to time to mortgage loans and the security for their repayment, and
- (b) if the Administrator is not Virgin Money, the policies and procedures from time to time which would be adopted by a reasonable, prudent mortgage lender.

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

"**Administrator**" means Virgin Money, or such other person for the time being acting as administrator under the Administration Agreement, including any successor Administrator appointed in accordance with the terms thereof or the Back-Up Administration Agreement, as applicable.

"**Administrator Portfolio Information**" means, with respect to any Trust Calculation Date, the information provided by the Administrator in respect of the Portfolio (in a form to be agreed between the parties to the Administration Agreement) for the previous Trust Calculation Period which is necessary for the Trust Property Cash Manager to calculate the amounts to be paid to the Seller and the Issuer under the Mortgages Trustee Revenue Priority of Payments and the Mortgages Trustee Principal Priority of Payments on the immediately following Distribution Date.

"**Administrator Termination Event**" has the meaning specified in clause 17 (*Termination*) of the Administration Agreement.

"**Affiliate**" means, in relation to any company, a subsidiary of that company, a holding company of that person or any other subsidiary of that holding company.

"**Agent Bank**" means Citibank N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, London E14 5LB, initially appointed pursuant to the Paying Agent and Agent Bank Agreement or, if applicable, any successor agent bank at its Specified Office.

"**Agents**" means the Paying Agents and the Agent Bank initially appointed pursuant to the Paying Agent and Agent Bank Agreement, or, if applicable, any successor agents at their Specified Offices and Agent means any of the Agents.

"**All Monies Mortgage**" means a Mortgage that purports to secure the repayment of Associated Debt as well as the relevant Mortgage Loan.

"**All Monies Mortgage Consideration**" means the enforcement proceeds of an All Monies Mortgage distributed to the Seller pursuant to Clause 10.2(a)(ii) of the Mortgage Sale Agreement.

"**All Monies Mortgage Enforcement Proceeds Ledger**" means the ledger referred to in paragraph 13 (*All Monies Mortgage Enforcement Proceeds Ledger*) of Schedule 2 (*Cash Management and Maintenance of Ledgers*) of the Trust Property Cash Management Agreement.

"**All Monies Mortgage Trust**" means the trust over the All Monies Mortgage Trust Property held by the All Monies Mortgage Trustee declared pursuant to Clause 10.1 (*Declaration of All Monies Trust*) of the Mortgage Sale Agreement.

"**All Monies Mortgage Trust Beneficiaries**" means the Seller in respect of any Associated Debt and the Mortgages Trustee in its capacity as trustee of the Mortgages Trust.

"**All Monies Mortgage Trust Property**" means the proceeds of enforcement of the All Monies Mortgages.

"**All Monies Mortgage Trustee**" has the meaning given to it in Clause 10.1 (*Declaration of All Monies Trust*) of the Mortgage Sale Agreement.

"**Alternative Insurance Requirements**" means the Seller's standard document entitled Alternative Insurance Requirements, and any other document containing similar recommendations or requirements which is sent to Borrowers in accordance with the Administration Procedures.

"**Appointee**" means any attorney, manager, agent, delegate, Receiver, nominee, custodian, or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

"**Appropriate Exchange Rate**" has the meaning given in sections 10 and 11 of the CTA 2010.

"**Appropriation Date**" means the date on which a Segregated Trust Overpayment, or part thereof, is appropriated, being (i) 31 December of the calendar year on which the Segregated Trust Overpayment was made by the relevant Borrowers, (ii) the date of a subsequent Underpayment in respect of the Mortgage Loans (but only in an amount equal to the lesser of the amount of the Segregated Trust Overpayment and such Underpayment) made before 31 December of the calendar year in which the Segregated Trust Overpayment was made, (iii) the date falling before the 31 December on which the Administrator authorises the refund of the Segregated Trust Overpayment to the relevant Borrower where payment was made in error, and (iv) the

date falling before the 31 December on which a Borrower who made an additional payment in that calendar year and had not specified that such additional payment was intended to reduce the Capital Balance of the related Mortgage Loan, subsequently notifies the Seller that such additional payment is intended to reduce the Capital Balance of the related Mortgage Loan.

"**Arrangers**" means RBS and Deutsche Bank AG, London Branch.

"**Assigned Rights**" means in relation to any Mortgage Loan, all estates, rights, title, interest and benefit of the Mortgages Trustee and the Beneficiaries in and to the relevant Mortgage Loan and any Related Security, which has been assigned to the Mortgages Trustee under or pursuant to the Mortgage Sale Agreement.

"**Assignment of Insurance Contracts**" means an assignment to the Mortgages Trustee of the Seller's right, title, benefit and interest in the Insurance Contracts substantially in the form set out in Schedule 3 (*Assignment of Insurance Contracts*) to the Mortgage Sale Agreement.

"**Associated Debt**" means the indebtedness a Borrower owes or may owe to the Seller from time to time which is not a Mortgage Loan.

"**Auditors**" means PricewaterhouseCoopers LLP of 89 Sandyford Road, Newcastle upon Tyne NE99 1PL or such other internationally recognised independent firm of auditors selected and appointed from time to time by the Issuer or the Mortgages Trustee as the case may be.

"**Authorised Denomination**" means £100,000 and increments of £1,000 thereafter.

"**Authorised Signatory**" means in relation to any party to the Transaction Documents, any person who is duly authorised and in respect of whom a certificate has been provided signed by a director or another duly authorised person of such Transaction Party setting out the name and signature of such person and confirming such person's authority to act.

"**Authorised Underpayment**" means amounts that have previously been overpaid by the Borrower to the Seller, which are used to fund future underpayments under its Mortgage Loan.

"**Available Issuer Amount**" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"**Authorities**" means the Financial Services Authority, the Bank of England and HM Treasury.

"**Back-to-Back Credit Support Annex**" means the credit support annex constituted by an amendment agreement between the Standby Basis Rate Swap Provider and Virgin Money.

"**BACS**" means the Bankers' Automated Clearing System as amended or supplemented from time to time or any scheme replacing the same.

"**BACS Amount**" has the meaning given to it in clause 3.1 (*Credits to the Collection Accounts*) of the Bank Account Deed.

"**Back-Up Administration Agreement**" means the agreement dated on or about the Closing Date between Virgin Money, the Back-Up Administrator, the Mortgages Trustee, the Issuer and the Security Trustee which provides that the Back-Up Administrator will act as a delegate administrator upon the occurrence of an Administrator Termination Event.

"**Back-Up Administration Fee**" has the meaning given to it in Clause 3.1 (*Back-Up Administrator Fee*) of the Back-Up Administration Agreement.

"**Back-Up Administrator**" means HomeLoan Management Limited acting in such capacity or any successor in such capacity pursuant to the Back-Up Administration Agreement.

"**Back-Up Administrator Termination Trigger Event**" means, at any time:

- (a) the Administrator's long-term, unsecured, unguaranteed and unsubordinated debt obligations are rated BBB- or higher by Fitch (or such other long term rating which is otherwise acceptable to Fitch); and
- (b) the Administrator's long-term, unsecured, unguaranteed and unsubordinated debt obligations are rated Baa3 or higher by Moody's (or such other long term rating which is otherwise acceptable to Moody's).

"**Back-Up Administrator Facilitator**" means Law Debenture Corporate Services Limited acting in such capacity or any successor in such capacity pursuant to the Administration Agreement.

"**Back-Up Administrator Facilitator Fee Letter**" means the letter dated on or about the date of the Administration Agreement setting out the fees payable to the Back-Up Administrator Facilitator by the Mortgages Trustee.

"**Back-Up Administrator Succession Date**" has the meaning given to it at Clause 2 (*Appointment Of Back-Up Administrator*) of the Back-Up Administration Agreement.

"**Back-Up Administrator Termination Event**" has the meaning given to it at Clause 8.3 of the Back-Up Administration Agreement.

"**Back-Up Cash Managers**" means the Back-Up Issuer Cash Manager and the Back-Up Trust Property Cash Manager.

"**Back-Up Issuer Cash Management Agreement**" means the agreement between the Back-Up Issuer Cash Manager, the Issuer and the Security Trustee dated on or about the Closing Date which provides that the Back-Up Issuer Cash Manager will be appointed as Issuer Cash Manager upon the occurrence of an Issuer Cash Manager Termination Event.

"**Back-Up Issuer Cash Manager**" means RBS in its capacity as back-up issuer cash manager pursuant to the terms of the Back-Up Issuer Cash Management Agreement

or any replacement or successor Back-Up Issuer Cash Manager appointed pursuant to the Back-Up Issuer Cash Management Agreement.

"Back-Up Issuer Cash Manager Termination Trigger Event" means the Issuer Cash Manager's long-term, unsecured, unguaranteed and unsubordinated debt obligations are rated Baa3 or higher by Moody's (or such other long term rating which is otherwise acceptable to Moody's).

"Back-Up Issuer Cash Manager Fee" has the meaning given to it in Clause 3 (*Back-up Issuer Cash Manager Fee*) of the Back-Up Issuer Cash Management Agreement.

"Back-Up Issuer Cash Manager Succession Date" has the meaning given to it at Clause 2 (*Appointment Of Back-Up Issuer Cash Manager*) of the Back-Up Issuer Cash Management Agreement.

"Back-Up Issuer Cash Manager Termination Event" has the meaning given to it at Clause 5.1 (*Back-Up Issuer Cash Manager Termination Events*) of the Back-Up Issuer Cash Management Agreement.

"Back-Up Trust Property Cash Management Agreement" means the agreement between, *inter alios*, the Back-Up Trust Property Cash Manager, the Mortgages Trustee, the Issuer and the Security Trustee dated on or about the Closing Date which provides that the Back-Up Trust Property Cash Manager will be appointed as Trust Property Cash Manager upon the occurrence of a Trust Property Cash Manager Termination Event.

"Back-Up Trust Property Cash Manager" means RBS in its capacity as back-up trust property cash manager pursuant to the terms of the Back-Up Trust Property Cash Management Agreement or any replacement or successor back-up Trust Property Cash Manager appointed pursuant to the Back-Up Trust Property Cash Management Agreement.

"Back-Up Trust Property Cash Manager Termination Trigger Event" means the Trust Property Cash Manager's long-term, unsecured, unguaranteed and unsubordinated debt obligations are rated Baa3 or higher by Moody's (or such other long term rating which is otherwise acceptable to Moody's).

"Back-Up Trust Property Cash Manager Fee" has the meaning given to it in Clause 3 (*Back-up Trust Property Cash Manager Fee*) of the Back-Up Trust Property Cash Management Agreement.

"Back-Up Trust Property Cash Manager Succession Date" has the meaning given to it at Clause 2 (*Appointment Of Back-Up Trust Property Cash Manager*) of the Back-Up Trust Property Cash Management Agreement.

"Back-Up Trust Property Cash Manager Termination Event" has the meaning given to it at Clause 5.1 (*Back-Up Trust Property Cash Manager Termination Events*) of the Back-Up Trust Property Cash Management Agreement.

"Bank Account Deed" means a bank account deed entered into on or about the Closing Date between the Issuer Account Bank, the Mortgages Trustee Account Bank,

the Issuer, the Mortgages Trustee, the Issuer Cash Manager, the Trust Property Cash Manager, the Seller, the Collection Banks and the Security Trustee.

"Bank of England Base Rate" means the base rate for the time being of the Bank of England which appears on the website located at URL, <http://www.bankofengland.co.uk/>.

"Banking Act" means the Banking Act 2009.

"Barclays" means Barclays Bank PLC, a public limited company incorporated under the laws of England and Wales (registered number 1026167), whose registered office is at 1 Churchill Place, London E14 5HP.

"Barclays Collection Account" means the account in the name of Virgin Money as Administrator (sort code 20-59-42, account number 60655996) held with Barclays Bank PLC and maintained subject to the Bank Account Deed and/or such other accounts of Virgin Money held with Barclays Bank PLC as may be utilised from time to time for the purpose of collecting sums due to Virgin Money in respect of the Mortgage Loans.

"Base Rate Pledge" means the guarantee by the Seller that where Mortgage Loans are eligible to be charged at or based on the Standard Variable Rate and they are within the Base Rate Pledge Period, the actual variable gross interest rate charged on such Mortgage Loans will be the lower of the two following rates:

- (a) the Standard Variable Rate; or
- (b) the Bank of England Base Rate plus a margin which is determined by the Seller,

such variable gross interest rate to be applied as necessary within one month of a change in the Bank of England Base Rate.

"Base Rate Pledge Period" means, in relation to any Mortgage Loan having the benefit of the Base Rate Pledge, the period if any during which the Borrower may be subject to an Early Repayment Charge.

"Basic Terms Modification" means any of the following matters:

- (a) any change in the amount payable or, where applicable, any modification of the method of calculating the amount payable or any modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal, premium or interest in respect of the Notes;
- (b) any alteration in the priority in which payments are made to Noteholders pursuant to any Priority of Payment;
- (c) any alteration of the quorum or majority required to pass an Extraordinary Resolution; and
- (d) any alteration of this definition.

"Basis Rate Swap" means the Initial Basis Rate Swap or the Standby Basis Rate Swap, as the context requires.

"Basis Rate Swap Agreements" means the Initial Basis Rate Swap Agreement and the Standby Basis Rate Swap Agreement.

"Basis Rate Swap Providers" means the Initial Basis Rate Swap Provider and the Standby Basis Rate Swap Provider, and/or such other person for the time being acting as the basis rate swap provider pursuant to the Basis Rate Swap Agreements.

"Basis Rate Swap Shortfall Amount" means, in respect of any Trust Calculation Date: (a) the Net Monthly Issuer Amount in relation to such Trust Calculation Date, multiplied by (b) the Seller Share Percentage (as determined on the Trust Calculation Date falling in the immediately preceding Trust Calculation Period or, in the case of the first Distribution Date, as of the Closing Date).

"Beneficiaries" means the Issuer and the Seller together, as beneficiaries of the Mortgages Trust and **"Beneficiary"** means either of them.

"Beneficiaries Deed" means the beneficiaries deed entered into on or about the Closing Date between the Issuer, the Seller and the All Monies Mortgage Trust Beneficiaries.

"Block Buildings Policy" means the blocks buildings insurance policies listed at numbers 1 to 4 (inclusive), and at number 7 of Schedule 6 (*Insurance Contracts*) to the Mortgage Sale Agreement and any endorsements or extensions as issued from time to time and any additional, replacement or substitute block insurance policy which relates to Mortgage Loans in the Mortgages Trust from time to time.

"Block Voting Instruction" has the meaning specified in paragraph 1 of Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"Book-Entry Interests" means the beneficial interests in the Temporary Global Notes representing beneficial interests in the Notes attributable thereto.

"Borrow-back" means a Cash Borrow-back and a Non-Cash Borrow-back.

"Borrow-back Ledger" means the ledger of such name to record Borrow-backs created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement.

"Borrower" means, in relation to each Mortgage Loan, the individuals named and defined as borrower under that Mortgage Loan or such other person or persons (other than a guarantor) who shall become legally obliged to comply with such Borrower's obligations under the related Mortgage Loan.

"Breach of Duty" in respect of the Agent, has the meaning specified in clause 11.4 (*Indemnity in Favour of the Agents*) of the Paying Agent and Agent Bank Agreement.

"Buildings Policy" means:

- (a) all buildings insurance policies relating to the freehold or heritable Mortgaged Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the Seller's interest noted, in accordance with the applicable Mortgage Loan Conditions or the Alternative Insurance Requirements, including the Block Building's Policy; and
- (b) all landlord's buildings insurance policies relating to leasehold or long leasehold Mortgaged Properties.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are generally open for business in London and, for the purpose of Condition 6(F) (*No Payment on non-Business Day*), in the case of surrender (or, in the case of part payment only, endorsement) of the Global Note or Definitive Note, any day on which banks are open for business in the place in which such Note is surrendered (or, as the case may be, endorsed).

"Calculation Period" has the meaning given to it in the relevant Basis Rate Swap Agreement.

"Calculation Period Fixed Amount" means the amount calculated in accordance with the formula set out in paragraph 5.1(b) of the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. in respect of the relevant Calculation Period (as defined in the relevant Basis Rate Swap Agreement).

"Calculation Period Floating Amount" means the amount calculated in accordance with the formula set out in paragraph 6.1(a) of the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. in respect of the relevant Calculation Period (as defined in the relevant Basis Rate Swap Agreement).

"Capital Balance" means, for any Mortgage Loan at any date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate at which interest on that Mortgage Loan accrues.

"Capital Payment" means an overpayment by a Borrower which is intended to reduce the Capital Balance of the related Mortgage Loan.

"Cash Borrow-back" means an option available to a Borrower that allows the Borrower to request that the Seller advance some or all overpayments in respect of a Mortgage Loan that the Borrower has made subject to certain conditions.

"Cash Borrow-back Amount" means, in relation to any Cash Borrow-back, the amount advanced by the Seller to the relevant Borrower in respect of such Cash Borrow-back.

"Cash Management Services" means the Issuer Cash Management Services and the Trust Property Cash Management Services.

"**Cash Managers**" means the Trust Property Cash Manager and the Issuer Cash Manager.

"**CCA**" means the Consumer Credit Act 1974.

"**CCA 2006**" means the Consumer Credit Act 2006.

"**Centre of Main Interests**" has the meaning specified in the EU Regulation.

"**certification date**" has the meaning specified in clause 6(g) (*Financial Information*) of the Trust Deed.

"**Chairman**" means in relation to any Meeting, the individual who takes the chair in accordance with paragraph 4 (*Chairman*) of Schedule 6 of the Trust Deed (Provisions for Meetings of Noteholders).

"**CHAPS**" means the Clearing House Automated Payment System as amended or supplemented from time to time or any scheme replacing the same.

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

"**Class**" shall be a reference to a class of the Notes being the Class A Notes, the Class M Notes and the Class Z Notes, as the context may require.

"**Class A Definitive Notes**" means the Definitive Notes in bearer form to be issued by the Issuer in respect of the Class A Global Notes pursuant to and in the circumstances specified in clause 4 (*Form and Issue of the Notes*) of the Trust Deed and includes any replacement of such Definitive Notes pursuant to Condition 13 (*Replacement of Notes*).

"**Class A Margin**" means in respect of the Class A Notes, 1.55 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 3.10 per cent. per annum.

"**Class A Note Acceleration Notice**" has the meaning given to it in Condition 9(A) (*Class A Noteholders*) of the Notes.

"**Class A Noteholders**" means the holders of the Class A Notes.

"**Class A Notes**" means the Issuer's £950,000,000 Mortgage Backed Floating Rate Notes due 2047.

"**Class A Principal Deficiency Sub-Ledger**" means the sub-ledger of the Issuer Principal Deficiency Ledger corresponding to the Class A Notes issued by the Issuer.

"**Class A Temporary Global Note**" means a temporary global note, in substantially the form set out in Schedule 1, Part A (*Form of Temporary Global Note*) of the Trust Deed, in bearer form without coupons or talons attached in the aggregate principal amount equal to the Principal Amount Outstanding from time to time of the Class A Notes.

"Class M Definitive Notes" means the Definitive Notes in bearer form to be issued by the Issuer in respect of the Class M Global Notes pursuant to and in the circumstances specified in clause 4 (*Form and Issue of the Notes*) of the Trust Deed and includes any replacement of such Definitive Notes pursuant to Condition 13 (*Replacement of Notes*).

"Class M Margin" means in respect of the Class M Notes, 2.00 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 4.00 per cent. per annum.

"Class M Note Acceleration Notice" has the meaning given to it in Condition 9(B) (*Class M Noteholders*) of the Notes.

"Class M Noteholders" means the holders of the Class M Notes.

"Class M Notes" means the Issuer's £32,100,000 Mortgage Backed Floating Rate Notes due 2047.

"Class M Residual Amount" means such aggregate available funds (if any) referred to in Condition 4(1) (*Deferral of Interest*) available to the Issuer on any Payment Date for application in or towards the payment of interest which is due on the Class M Notes on such Payment Date.

"Class M Temporary Global Note" means a temporary global note, in substantially the form set out in Schedule 1, Part A (*Form of Temporary Global Note*) of the Trust Deed, in bearer form without coupons or talons attached in the aggregate principal amount equal to the Principal Amount Outstanding from time to time of the Class M Notes.

"Class Z Definitive Notes" means the Definitive Notes in bearer form to be issued by the Issuer in respect of the Class Z Global Notes pursuant to and in the circumstances specified in clause 4 (*Form and Issue of the Notes*) of the Trust Deed and includes any replacement of such Definitive Notes pursuant to Condition 13 (*Replacement of Notes*).

"Class Z Margin" means in respect of the Class Z Notes, 2.00 per cent. per annum.

"Class Z Note Acceleration Notice" has the meaning given to it in Condition 9(C) (*Class Z Noteholders*) of the Notes.

"Class Z Noteholders" means the holders of the Class Z Notes.

"Class Z Notes" means the Issuer's £85,400,000 Mortgage Backed Floating Rate Notes due 2047.

"Class Z Residual Amount" means such aggregate available funds (if any) referred to in Condition 4(1) (*Deferral of Interest*) available to the Issuer on any Payment Date for application in or towards the payment of interest which is due on the Class Z Notes on such Payment Date.

"Class Z Temporary Global Note" means a temporary global note, in substantially the form set out in Schedule 1, Part A (*Form of Temporary Global Note*) of the Trust Deed, in bearer form without coupons or talons attached in the aggregate principal

amount equal to the Principal Amount Outstanding from time to time of the Class Z Notes.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**Closing Date**" means 9 July 2012.

"**Closing Trust Property**" has the meaning given to it in clause 2.2 (*Closing Trust Property*) of the Mortgages Trust Deed.

"**CML Code**" means the Mortgage Code issued by the Council of Mortgage Lenders.

"**Collection Account Mandates**" means the resolutions, instructions and signature authorities relating to the Collection Accounts substantially in the form set in out in Schedule 3 (*Form of Collection Account Mandates*) to the Bank Account Deed.

"**Collection Accounts**" means the accounts in the name of the Administrator held with the Collection Banks and such other accounts as the Administrator may utilise from time to time to collect payments due under the Mortgage Loans, and a "**Collection Account**" means any of the Collection Accounts.

"**Collection Accounts Trust**" has the meaning given to it in clause 2.1(a) of the Bank Account Deed.

"**Collection Bank Instruction**" has the meaning specified in clause 1.3 of the Bank Account Deed.

"**Collection Bank Shortfall**" has the meaning specified in clause 1.3 of the Bank Account Deed.

"**Collection Bank Shortfall Costs**" has the meaning specified in clause 1.3 of the Bank Account Deed.

"**Collection Banks**" means Barclays Bank PLC and Lloyds TSB Bank plc and/or such other banks as may be appointed from time to time under and in accordance with the Transaction Documents and "**Collection Bank**" means any of the Collection Banks.

"**Commitment**" has the meaning specified in the Subordinated Loan Agreement.

"**Common Depositary**" means, in respect of each series of Notes, the common depositary for Clearstream, Luxembourg and Euroclear.

"**Companies**" for the purposes of the Corporate Services Agreement, means the Mortgages Trustee, the Issuer and Holdings.

"**Companies Acts**" has the meaning given to it in Section 2 of the Companies Act 2006.

"**Companies Registry**" means the register of companies maintained by the Registrar of Companies for England and Wales.

"Conditions" or **"Terms and Conditions"** means in relation to any Notes issued by the Issuer, the terms and conditions to be endorsed on such Notes in the form or substantially in the form scheduled to the Trust Deed entered into by the Issuer with the Trustee, and any reference to a numbered Condition shall be construed accordingly.

"Contractual Currency" has the meaning given to it in clause 14.1 (*Currency and Indemnity*) of the Trust Deed.

"Corporate Certificate" means, in relation to any company, a certificate duly certified as being true by two directors of such company, attaching the following:

- (a) a copy of the constitutional documents of such company;
- (b) a copy of the board resolution of such company approving the execution, delivery and performance of the Transaction Documents to which it is a party and the terms and conditions thereof, and authorising a specified person or persons to sign each such Transaction Document and any documents to be delivered by such company pursuant thereto; and
- (c) a list of the names and signatures of the persons authorised to sign, on behalf of such company, the Transaction Documents to which it is a party and any documents to be delivered by such company pursuant thereto.

"Corporate Services Agreement" means the corporate services agreement entered into on or about the Closing Date between the Corporate Services Provider, the Issuer, the Mortgages Trustee, Holdings, Virgin Money and the Share Trustee.

"Corporate Services Provider" means Law Debenture Corporate Services Limited, a company incorporated in England and Wales with limited liability (registered number 3388362) whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, or such other person for the time being acting as the corporate services provider or corporate services providers pursuant to the Corporate Services Agreement.

"Couponholders" means the holders of the Coupons.

"Coupons" means the Interest Coupons and the Principal Coupons.

"CPR" or **"Constant Prepayment Rate"** means the rate of repayment of Principal Receipts received by the Mortgages Trustee in respect of the Trust Property during the period from and including the Closing Date to and including the last day of the immediately preceding Trust Calculation Period, expressed as a percentage rate per annum.

"CPUTRs" means the Consumer Protection from Unfair Trading Regulations 2008.

"CRA Regulations" means the Credit Rating Agencies Regulations 2010.

"CRD" means Directives 2006/48/EC and 2006/49/EC, referred to as the Capital Requirements Directive (which does not take into account any implementing rules of the CRD in a relevant jurisdiction) as amended by Directive 2009/111/EC.

"**CTA 2009**" means the Corporation Tax Act 2009.

"**CTA 2010**" means the Corporation Tax Act 2010.

"**Current Balance**" means in relation to a Mortgage Loan at a particular date the outstanding principal amount of such Mortgage Loan at such date (for the avoidance of doubt, as adjusted to reflect any changes to the principal amount outstanding of such Mortgage Loan due to an increase in the principal amount outstanding due to a Borrow-back or any unpaid interest in respect of an Underpayment, or a reduction to the principal amount outstanding due to repayments or overpayments, the exercise of a right of set-off (without double counting for any set-off losses which are reflected in the Denominator Reduction Amount) or any amount in respect of a Loss which has been written off by the Administrator) including any capitalised interest and fees.

"**Current Issuer Share**" has the meaning ascribed to it in clause 7.3 of the Mortgages Trust Deed.

"**Current Issuer Share Percentage**" has the meaning ascribed to it in clause 7.3 of the Mortgages Trust Deed.

"**Current Seller Share**" has the meaning ascribed to it in clause 7.5 of the Mortgages Trust Deed.

"**Current Seller Share Percentage**" has the meaning ascribed to it in clause 7.5 of the Mortgages Trust Deed.

"**Deed of Charge**" means the deed of charge dated on or about the Closing Date between the Issuer, the Mortgages Trustee, the Security Trustee, Holdings, the Note Trustee, the Agents, the Corporate Services Provider, the Basis Rate Swap Providers, the Cash Managers, the Back-Up Cash Managers, the Administrator, the Back-Up Administrator, the Back-Up Administrator Facilitator, the Subordinated Loan Provider, the Seller, the Issuer Account Bank and the Mortgages Trustee Account Bank (and shall include, where the context so permits, any deed or document creating Issuer Security granted pursuant thereto).

"**Defaulted Mortgage Loan**" means a Mortgage Loan in the Mortgage Portfolio which is more than 3 months in arrears.

"**Deferred Consideration**" means the portion of the purchase price for the Mortgage Portfolio assigned to the Mortgages Trustee which was not paid to the Seller on the Closing Date.

"**Deferred Contribution**" means the further cash contributions to the Mortgages Trustee made by the Issuer on each Payment Date, subject to and in accordance with the relevant Priority of Payments, as part of the consideration provided by the Issuer to the Mortgages Trustee for the Issuer Share in the Trust Property.

"**Definitive Note Relevant Principal Amount**" has the same meaning given to it in clause 4.6 (*Annotation of Permanent Global Notes upon Exchange for Definitive Notes*) of the Paying Agent and Agent Bank Agreement.

"Definitive Notes" means the Definitive Notes in bearer form in substantially the form set out in Schedule 2 (*Form of Definitive Note*) of the Trust Deed to be issued by the Issuer in respect of the Global Notes pursuant to the circumstances specified in clause 4.3 (*Definitive Notes*) of the Trust Deed and includes any replacement of the Definitive Notes pursuant to Condition 13 (*Replacement of Notes*).

"Denominator Reduction Amount" means the amount specified as such for each Denominator Reduction Event and **"Denominator Reduction Amounts"** means the amounts for more than one Denominator Reduction Event.

"Denominator Reduction Amount Ledger" means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Denominator Reduction Amounts received by the Mortgages Trustee.

"Denominator Reduction Event" means each of the following events:

- (a) any Borrower exercises a right of set-off (whether such right has arisen as a result of the Seller failing to make a Borrow-back or otherwise) so that the amount of principal and interest owing under a Mortgage Loan is reduced but no corresponding payment is received by the Mortgages Trustee, in which event the **"Denominator Reduction Amount"** will be an amount equal to the total amount of such set-off; and/or
- (b) an obligation to repurchase a Mortgage Loan arises under the Mortgage Sale Agreement and the Seller fails to repurchase such Mortgage Loan as required by the terms of the Mortgage Sale Agreement or such Mortgage Loan is not capable of being repurchased, in which event the **"Denominator Reduction Amount"** will be an amount equal to the relevant Repurchase Price.

"Direct Debit" means an electronic direct debit authorised by the relevant Borrower and made monthly from such Borrower's bank account to a collection account.

"Direct Debiting Scheme" means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

"Directive" means a directive of the European Union.

"Disruption Event" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Loan" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Loan Repayment Amounts" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Loan Repayment Date" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Payments Ledgers" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Payments Revenue Ledger" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Payments Principal Ledger" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Disruption Period" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Distribution Date" means the seventh Business Day of each month.

"Early Repayment Charge" means any charge or fee which the mortgage conditions applicable to a Mortgage Loan require the relevant Borrower to pay in the event that all or part of that Mortgage Loan is repaid before a certain date.

"Electronic Instruction" has the meaning specified in clause 1.3 of the Bank Account Deed.

"Enforcement Notice" means the notice given by the Security Trustee to the Issuer declaring the whole of the Issuer Security to be enforceable.

"Enforcement Procedures" means the procedures applied from time to time by the Administrator in connection with the enforcement of a Mortgage Loan and the Related Security.

"English Mortgage" means a mortgage secured by way of first priority legal charge over a Mortgaged Property located in England or Wales.

"English Mortgage Loan" means a Mortgage Loan secured by an English Mortgage.

"Establishment" has the meaning specified in the EU Regulation.

"EU Regulation" or **"Regulation"** means the EU Insolvency Regulation (EC) No. 1346/2000.

"EU Savings Directive" means the EC Council Directive 2003/48/EC on the taxation of savings income.

"Euroclear" means Euroclear Bank S.A./N.V.

"Everyday Tracker Mortgage Loan" means a Mortgage Loan with the same features as a Flexible Tracker Rate Mortgage Loan, with the exception that overpayments are limited to 10 per cent. of the outstanding balance per calendar year and the payment holidays which can be applied for are limited to a one month payment holiday for every nine consecutive full monthly payments made, with a maximum payment holiday of three months.

"Exchange Date" has the meaning specified in each Global Note attached at Schedule 1 (*Forms of Global Notes*) to the Trust Deed.

"Exchange Event" occurs when:

- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is then in existence; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

"Extraordinary Resolution" has the meaning given to it in paragraph 21 of Schedule 6 (*Provisions For Meetings of Noteholders*) to the Trust Deed.

"FATCA" means the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), any inter-governmental agreement or implementing legislation adopted by another jurisdiction or any agreement with the US Internal Revenue Service in connection with these provisions.

"FATCA Compliant Entity" means a person payments to whom are not subject to withholding or deduction on account of FATCA.

"Final Discharge Date" means the date on which the Security Trustee notifies the Issuer and the Issuer Secured Creditors that it is satisfied that all the Issuer Secured Obligations and/or all other moneys and other liabilities due or owing by the Issuer have been paid or discharged in full.

"Final Redemption Date" means:

- (a) in respect of the Class A Notes, the Payment Date falling in December 2047;
- (b) in respect of the Class M Notes, the Payment Date falling in December 2047; and
- (c) in respect of the Class Z Notes, the Payment Date falling in December 2047.

"Financial Period" means a Financial Year or any other period in respect of which accounts are required to be prepared and certified by the auditors of the relevant company to enable it to comply with all relevant legal and accounting requirements and all requirements of any stock exchange on which any securities of the company are listed.

"**Financial Year**" means, in relation to the Issuer, Holdings, and the Mortgages Trustee each twelve month period ending on the last day of the calendar year.

"**Fitch**" means Fitch Ratings Limited and includes any successor to its rating business.

"**Fixed Rate Mortgage Loan**" means a Mortgage Loan subject to a fixed interest rate for a specified period of time and which at the expiration of that period will generally be subject to the Seller's standard variable rate.

"**Fixed Rate Mortgage Loan Balance**" has the meaning given to it in the Standby Basis Rate Swap Agreement.

"**Flexible Mortgage Loan**" means a Mortgage Loan where interest is charged daily at either a fixed rate or a variable rate and which permit the Borrower to make (i) cash redraws, (ii) overpayments, (iii) underpayments and (iv) an application for a payment holiday of one month per every nine consecutive full monthly payments made, with a maximum payment holiday of three months.

"**Flexible Tracker Rate Mortgage Loan**" means a Mortgage Loan subject to a variable rate of interest that is linked to the Bank of England base rate plus an additional fixed percentage.

"**form of proxy**" has the meaning specified in Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"**FOS**" means the Financial Ombudsman Service.

"**FPO**" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

"**FSA**" means the Financial Services Authority or any successor body.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**Further Accounts**" means those accounts designated as such under the Transfer Administration Agreement.

"**Further Accounts Trust**" has the meaning given to it in clause 2.1 of the Bank Account Deed.

"**Further Advance**" means, in relation to a Mortgage Loan, any further amount to be lent to the relevant Borrower which is secured by the same Mortgaged Property as the Mortgage Loan, in circumstances which do not amount to a Borrow-Back.

"**Further Subordinated Loan**" means each further Sterling denominated subordinated loan provided by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"**Further Subordinated Loan Request**" has the meaning specified in the Subordinated Loan Agreement.

"**GIC Account Banks**" means the Mortgages Trustee Account Bank and the Issuer Account Bank.

"**GIC Account Mandate**" means the Mortgages Trustee GIC Account Mandate and/or the Issuer GIC Account Mandate, as the context requires.

"**GIC Accounts**" means the Issuer GIC Account and/or the Mortgages Trustee GIC Account, as the context requires.

"**Global Notes**" means the Temporary Global Note and the Permanent Global Notes and "**Global Note**" means any of the Global Notes.

"**Gosforth Trust**" has the meaning given to it in clause 2.1(c) of the Bank Account Deed.

"**Gosforth Trust Property**" has the meaning given to it in clause 2.1(c) of the Bank Account Deed.

"**Gosforth 2012-1 Trust**" has the meaning given to it in clause 2.2 of the Bank Account Deed.

"**Gosforth 2012-1 Trust Property**" has the meaning given to it in clause 2.2 of the Bank Account Deed.

"**Guarantee**" means each guarantee in support of the obligations of a Borrower under a Mortgage Loan.

"**HMRC**" means the HM Revenue & Customs of the United Kingdom.

"**HM Treasury**" means The Commissioners of Her Majesty's Treasury.

"**Holdings**" means Gosforth Holdings 2012-1 Limited, a private limited company incorporated under the laws of England and Wales, (registered number 08015466) whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX.

"**Holdings Loan**" means the loan agreement dated 21 May 2012 made between Holdings and Law Debenture Trustees Limited.

"**ICSDs**" means Clearstream, Luxembourg and Euroclear.

"**Increase Date**" has the meaning specified in the Subordinated Loan Agreement.

"**Increase Request**" has the meaning specified in the Subordinated Loan Agreement.

"**Independent Director**" means a duly appointed member of the board of directors in respect of the relevant company who should not have been, at the time of such appointment or at any time in the preceding five years: (i) a direct or indirect legal or beneficial owner in the relevant Originator or any of their Affiliates; (ii) a creditor, supplier, employee, officer, director, family member, manager or contractor of the relevant Originator; or (iii) a person who controls (directly or indirectly) the relevant Originator or their Affiliates or any creditor, supplier, employee, officer, director, manager or contractor.

"Indirect Participants" means persons that hold interests in the Book-Entry Interests through Participants.

"Initial Basis Rate Swap" means the swap transaction entered into by the Issuer with the Initial Basis Rate Swap Provider pursuant to the Initial Basis Rate Swap Agreement.

"Initial Basis Rate Swap Agreement" means the ISDA master agreement, schedule, credit support annex and confirmation thereto entered into on or about the Closing Date between the Initial Basis Rate Swap Provider and the Issuer.

"Initial Basis Rate Swap Provider" means Virgin Money.

"Initial Basis Rate Swap Provider Default" means the occurrence of an Event of Default (as defined in the Initial Basis Rate Swap Agreement) where the Initial Basis Rate Swap Provider is the Defaulting Party (as defined in the Initial Basis Rate Swap Agreement).

"Initial Basis Rate Swap Provider Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the Initial Basis Rate Swap Agreement) following a failure by the Initial Basis Rate Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Initial Basis Rate Swap Agreement.

"Initial Consideration" means an amount (not less than zero) equal to the Current Balance of the Mortgage Loans payable by the Mortgages Trustee to the Seller as part of the consideration provided by the Mortgages Trustee to the Seller for the sale and assignment of the Mortgage Portfolio together with its Related Security.

"Initial Contribution" means an amount (not less than zero), being the proceeds of the issuance of the Notes, payable by the Issuer to the Mortgages Trustee on the Closing Date as part of the consideration provided by the Issuer to the Mortgages Trustee for its beneficial interest in the Trust Property.

"Initial Issuer Share" has the meaning given to it in clause 6.1 (*Initial Issuer Share*) of the Mortgages Trust Deed.

"Initial Issuer Share Percentage" has the meaning given to it in clause 6.1 (*Initial Issuer Share*) of the Mortgages Trust Deed.

"Initial Seller Share" has the meaning given to it in clause 6.2 (*Initial Seller Share*) of the Mortgages Trust Deed.

"Initial Seller Share Percentage" has the meaning given to it in clause 6.2 (*Initial Seller Share*) of the Mortgages Trust Deed.

"Initial Subordinated Loan" means the Sterling denominated loan made to the Issuer by the Subordinated Loan Provider on the Closing Date pursuant to the terms of the Subordinated Loan Agreement.

"Initial Trust Property" has the meaning ascribed to it in clause 2.1 (*Initial Trust Property*) of the Mortgages Trust Deed.

"Insolvency Act" means the Insolvency Act 1986.

"Insolvency Event" in respect of the Seller, the Administrator, the Issuer Cash Manager, the Trust Property Cash Manager, the Back-Up Issuer Cash Manager, the Back-Up Trust Property Cash Manager or the Back-Up Administrator (each, for the purposes of paragraphs (a) to (c) of this definition, a **"Relevant Entity"**) means:

- (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity or the appointment of an administrator over the Relevant Entity (except, in any such case, a winding-up or dissolution for the purpose of a reconstruction or amalgamation the terms of which have been previously approved by the Security Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding);
- (b) the Relevant Entity ceases or threatens to cease to carry on its business (otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above) or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a) (on the basis that the reference in such section to £750 is read as a reference to £10 million), (b), (c) (on that basis that the words "for a sum exceeding £10 million" is inserted after the words "extract registered bond" and "extract registered protest"), (d) or (e) of the Insolvency Act (as amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets is less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or otherwise becomes insolvent; or
- (c) proceedings are initiated against the Relevant Entity or any steps are taken in respect of a Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is solvent), insolvency or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or any substantial part of the undertaking or assets of the Relevant Entity; or a distress, execution, diligence or other process is enforced upon the whole or any substantial part of the undertaking or assets of the Relevant Entity and in any of the foregoing cases it is not discharged within 30 Business Days; or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally;

and in respect of the Issuer, **"Insolvency Event"** means:

- (a) except for the purposes of an amalgamation or restructuring as described in sub-clause (b) of this definition, the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or the Issuer is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c), (d) or (e) of the Insolvency Act (as that section may be amended, modified or re-enacted) or is deemed unable to pay its debts within the meaning of section 123(2) of the Insolvency Act (as that section may be amended, modified or re-enacted); or

- (b) an order is made or petition is presented or an effective resolution is passed for the winding up of the Issuer (except for the purposes of or pursuant to an amalgamation, restructuring or merger previously approved in writing by the Note Trustee or by an Extraordinary Resolution of the Class A Noteholders); or
- (c) proceedings are otherwise initiated against the Issuer or any steps are taken in respect of the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order and the service or filing on any person or at court of any notice relating to the appointment of an administrator) and (except in the case of presentation of a petition for an administration order) such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success; or an administration order being granted or an administrator being appointed or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days; or the initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance, assignation or assignment for the benefit of its creditors generally.

"Insolvency Official" means, in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors.

"Insolvency Proceedings" means, in respect of a company, the winding-up, liquidation, dissolution or administration of such company or any equivalent or analogous proceedings under the law of the jurisdiction in which such company carries on business including but not limited to the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, protection or relief of debtors by presentation of a petition or the filing of documents with the court or otherwise.

"Instruction Deadline" has the meaning specified in clause 1.3 of the Bank Account Deed.

"Instruments" means the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes and the Coupons (and each an **"Instrument"**).

"Insurance Contracts" means the properties in possession policy, the contingency insurance policy and the insurance on the property and any other additional, substitute

or replacement insurance contracts or policies arranged by the Seller from time to time relating to the Mortgage Loans in the Mortgages Trust.

"Insurance Policy" means any insurance policy arranged in respect of a Mortgage Loan which is part of the Trust Property.

"Interest Amount" has the meaning given to it under Condition 4(D) (*Determination of Rates of Interest and Calculation of Interest Amounts*) of the Notes.

"Interest Coupons" means the interest coupons attached to the Definitive Notes.

"Interest Determination Date" means the first day of the Interest Period for which the rate will apply or, in respect of the first Interest Period, the Closing Date.

"Interest Period" means the period from (and including) a Payment Date (or in respect of the first Interest Period, the Closing Date) to (but excluding) the next following Payment Date.

"Interest-Only Mortgage Loan" means a Mortgage Loan in the Provisional Mortgage Portfolio advanced on an interest-only basis with or without capital repayment vehicle.

"Investor Presentation Materials" means (i) the investor presentation dated [•] in respect of the Notes prepared by the Seller for purposes of investor meetings, (ii) any other marketing materials relating to the Notes approved in writing by, or containing information provided in writing by, the Seller for use directly in connection with the issue, offering and sale of the Notes (including sales memoranda or term sheets prepared by the Joint Lead Managers and/or Arrangers but excluding Credit Rating Agency pre-sale reports) and (iii) the information posted on the following websites in connection with the issue, offering and sale of the Notes: [•].

"Irrecoverable VAT" means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a Relevant Party) as part of a payment in respect of which it is entitled to be indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) VATA) for the prescribed accounting period (as that expression is used in Section 25(1) VATA) to which such input tax relates.

"Issuer" means Gosforth Funding 2012-1 plc, a public limited company incorporated under the laws of England and Wales (registered number 7989245) whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX.

"Issuer Account Bank" means Barclays Bank PLC, as a GIC Account Bank, the Issuer Cash Swap Collateral Account Bank and the Issuer Securities Swap Collateral Account Bank, or such other person for the time being acting as account bank under the Bank Account Deed.

"Issuer Account Mandate" means the Issuer GIC Account Mandate, the Issuer Swap Collateral Account Mandate and any other account mandate issued by the Issuer in relation to an Issuer Account.

"Issuer Accounting Period" means an accounting period of the Issuer for the purposes of United Kingdom corporation tax as defined in Chapter 2, Part 2 of the Corporation Tax Act 2009.

"Issuer Accounts" means the Issuer GIC Account, the Issuer Swap Collateral Account and also includes any additional or replacement bank account opened in the name of the Issuer from time to time with the prior written consent of the Security Trustee.

"Issuer Available Principal Receipts" for the Issuer in respect of any Payment Date will be calculated by the Issuer Cash Manager on the Payment Calculation Date immediately preceding that Payment Date and will be an amount equal to the sum of:

- (a) all Mortgages Trustee Available Principal Receipts paid by the Mortgages Trustee to the Issuer in respect of the Issuer Share of Trust Property during the period from (but excluding) the immediately preceding Payment Date to (and including) that Payment Date; and
- (b) all Issuer Available Revenue Receipts which are to be applied on that Payment Date to credit any Principal Deficiency Ledger for any Class of Notes issued by the Issuer.

"Issuer Available Revenue Receipts" for the Issuer in respect of any Payment Date will be calculated by the Issuer Cash Manager on the Payment Calculation Date immediately preceding that Payment Date and will be an amount equal to the sum of (without double counting):

- (a) all amounts received by the Issuer in accordance with the Mortgages Trustee Revenue Priority of Payments, in each case during the period from (but excluding) the immediately preceding Payment Date to (and including) that Payment Date;
- (b) amounts to be received by the Issuer under the Basis Rate Swap Agreements from (but excluding) the immediately preceding Payment Date to (and including) the relevant Payment Date (other than (i) swap collateral standing to the credit of or to be credited to the Issuer Swap Collateral Account; (ii) any early termination amount received by the Issuer under a Basis Rate Swap Agreement to the extent used to purchase any replacement basis rate swap on or prior to the Payment Date following the Payment Date immediately following the termination of such Basis Rate Swap Agreement; and (iii) any amount received by the Issuer by way of any premium paid by any replacement basis rate swap provider which shall be applied to pay any termination payment under such basis rate swap being replaced;
- (c) interest payable to the Issuer on the Issuer GIC Account and income received from any Permitted Investments which has been or will be received on or before the relevant Payment Date;
- (d) amounts standing to the credit of the Reserve Fund (including the proceeds of any Further Subordinated Loan);

- (e) amounts standing to the credit of the Liquidity Reserve Fund (except that such amounts shall not be used to pay item (ix) of the Issuer Pre-Acceleration Revenue Priority of Payments); and
- (f) the amount of Issuer Available Principal Receipts (if any) which are to be applied on the relevant Payment Date to pay items (i) to (viii) and item (x) of the Issuer Pre-Acceleration Revenue Priority of Payments.

"Issuer Cash Management Agreement" means the cash management agreement dated on or about the Closing Date between the Issuer Cash Manager, the Issuer and the Security Trustee.

"Issuer Cash Management Services" means the cash management services set out in the Issuer Cash Management Agreement, including Schedules 1 (*The Issuer Cash Management Services*) and 2 (*Cash Management and Maintenance of Ledgers*) to be provided by the Issuer Cash Manager to the Issuer pursuant to the Issuer Cash Management Agreement.

"Issuer Cash Manager" means Virgin Money, or such other person for the time being acting as issuer cash manager under the Issuer Cash Management Agreement which expression shall include such other person as may be appointed from time to time as issuer cash manager pursuant to the Issuer Cash Management Agreement and the Back-Up Issuer Cash Management Agreement.

"Issuer Cash Manager Termination Event" means any of the events listed at clause 13.1 (*Issuer Cash Manager Termination Events*) of the Issuer Cash Management Agreement.

"Issuer Cash Swap Collateral Account Bank" mean Barclays Bank PLC.

"Issuer Corporate Certificate" means the Corporate Certificate of the Issuer.

"Issuer GIC Account" means the account in the name of the Issuer (sort code 20-19-90, account number 03714942) held with the Issuer Account Bank and maintained subject to the terms of the Bank Account Deed or such replacement bank account of the Issuer as may for the time being be in place pursuant to the terms of the Bank Account Deed.

"Issuer GIC Account Mandate" means the resolutions, instructions and signature authorities relating to the Issuer GIC Account substantially in the same form set out in Schedule 1 (*Form of Issuer GIC Account Mandate*) to the Bank Account Deed.

"Issuer GIC Balance" has the meaning given to it in clause 4.4(b) of the Bank Account Deed.

"Issuer GIC Rate" has the meaning given to it in clause 4.4(b) of the Bank Account Deed.

"Issuer Ledgers" means the Issuer Revenue Ledger, the Issuer Principal Ledger, the Principal Deficiency Ledger, the Reserve Ledger, the Liquidity Reserve Ledger and the Issuer Profit Ledger.

"Issuer Loss/Seller Loss Ledger" means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Losses.

"Issuer Post-Acceleration Priority of Payments" means the provisions and the order of priority of payments set out in Part C of Schedule 3 (*Priorities of Payments*) to the Deed of Charge, as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge.

"Issuer Pre-Acceleration Principal Priority of Payments" means the provisions and the order of priority of payments as set out in Part B of Schedule 3 (*Priorities of Payments*) to the Deed of Charge, as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge.

"Issuer Pre-Acceleration Priority of Payments" means the Issuer Pre-Acceleration Revenue Priority of Payments and/or the Issuer Pre-Acceleration Principal Priority of Payments as the context may require as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge.

"Issuer Pre-Acceleration Revenue Priority of Payments" means the provisions and the order of priority of payments as set out in Part A of Schedule 3 (*Priorities of Payments*) to the Deed of Charge, as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge.

"Issuer Principal Deficiency Sub-Ledgers" means the principal deficiency sub-ledgers for each of the Class A Notes, the Class M Notes and the Class Z Notes.

"Issuer Principal Ledger" means the ledger referred to in paragraph 5 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement.

"Issuer Profit Amount" means the amount as referred to in item (xiv) of the Issuer Pre-Acceleration Revenue Priority of Payments and item (xiii) of the Issuer Post-Acceleration Priority of Payments.

"Issuer Profit Ledger" means the ledger referred to in paragraph 9 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement.

"Issuer Revenue Ledger" means the ledger referred to in paragraph 4 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement.

"Issuer Revenue Share" means, in respect of any Trust Calculation Date, the lesser of:

- (a) Mortgages Trustee Available Revenue Receipts on such Trust Calculation Date; and
- (b)

- (i) an amount determined by multiplying the total amount of the Mortgages Trustee Available Revenue Receipts on such Trust Calculation Date by the Issuer Share Percentage (as determined on the Trust Calculation Date falling in the immediately preceding Trust Calculation Period or, in the case of the first Trust Calculation Date, as of the Closing Date);

plus

- (ii) an amount equal to the Basis Rate Swap Shortfall Amount in respect of such Trust Calculation Date.

"Issuer Securities Swap Collateral Account Bank" means Barclays Bank PLC.

"Issuer Security" means the security created by the Issuer by and pursuant to the Deed of Charge and any further security created by the Issuer from time to time in favour of the Security Trustee on trust for the Secured Creditors (including, for the avoidance of doubt, the Scottish Supplemental Charge).

"Issuer Share" on any Relevant Trust Calculation Date has the meaning given to it in clause 7.2 (*Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date*) of the Mortgages Trust Deed.

"Issuer Share/Seller Share Ledger" means the ledger of such name created and maintained by the Trust Property Cash Manager in the name of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record the Issuer Share, the Seller Share, the Issuer Share Percentage, the Seller Share Percentage, the Issuer Revenue Share, the Basis Rate Swap Shortfall Amount and the Seller Revenue Share in addition to the contributions made by each of the Issuer and the Seller on the Closing Date and thereafter.

"Issuer Share Percentage" on any Relevant Trust Calculation Date has the meaning given to it in clause 7.2 (*Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date*) of the Mortgages Trust Deed.

"Issuer Swap Collateral Account" means any account opened in the name of the Issuer for the purposes of holding collateral posted in connection with the Standby Basis Rate Swap Agreement and which shall be both a cash account and a securities account.

"Issuer Swap Collateral Account Bank" means Barclays Bank PLC.

"Issuer Swap Collateral Account Mandate" means the resolutions, instructions and signature authorities relating to the Issuer Swap Collateral Account.

"Joint Lead Managers" means Barclays Bank PLC, Merrill Lynch International, Deutsche Bank AG, London Branch and RBS.

"Lending Criteria" means the lending criteria of the Originator from time to time.

"Liabilities" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without

limitation, in respect of taxes, duties, levies, imposts and other charges) and including any VAT or similar tax charged or chargeable in respect thereof and reasonable legal fees and expenses on a full indemnity basis.

"**LIBOR**" has the meaning specified in the Bank Account Deed.

"**Life Policy**" means each life insurance and/or assurance policy which serves as collateral security for the repayment of a Mortgage Loan.

"**Liquidity Reserve Fund**" means the liquidity reserve fund established in the name of the Issuer on the Closing Date in an initial amount of £18,681,250.

"**Liquidity Reserve Ledger**" means the ledger that shall be maintained by the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement to record the balance from time to time of the Liquidity Reserve Fund.

"**Liquidity Reserve Required Amount**" means as at any Payment Date:

- (a) the greater of:
 - (i) £9,340,625; and
 - (ii) the lesser of
 - (x) £18,681,250; and
 - (y) an amount equal to 3.5% of the Principal Amount Outstanding of the Class A Notes and the Class M Notes (prior to the application of Issuer Available Principal Receipts on such Payment Date), or
- (b) on any Payment Date which is a Reserve Shortfall Payment Date or on the Payment Calculation Date in relation to which a Seller Share Event has occurred, the greater of (A) the amount determined in accordance with paragraph (a) above and (B) the Liquidity Reserve Required Amount as at the immediately preceding Payment Date.

"**Lloyds TSB**" means Lloyds TSB Bank plc, a public limited company incorporated under the laws of England and Wales (registered number 00002065), acting through its City Office, Bailey Drive, Gillingham Business Park, Kent ME8 0LS.

"**Lloyds TSB Collection Account**" means the accounts in the name of Virgin Money as Administrator (sort code 30-96-34, account number 01031261) held with Lloyds TSB Bank plc and maintained subject to the terms of the Bank Account Deed or such additional or replacement account as may for the time being be in place.

"**Loan to Value Ratio**" or "**LTV Ratio**" means in respect of (a) any Mortgage Loan assigned to the Mortgages Trust, the ratio of the outstanding balance of such Mortgage Loan to the latest valuation of the Mortgaged Property securing such Mortgage Loan and (b) the Originator's decision as to whether to make a mortgage loan to a prospective Borrower, the ratio of the outstanding balance of such mortgage

loan to the lower of the purchase price or valuation of the Mortgaged Property securing such mortgage loan as determined by the relevant valuation by the Originator.

"**Loan Warranties**" means the Seller's warranties as set out in Part 1 of Schedule 1 (*Warranties*) to the Mortgage Sale Agreement.

"**London Stock Exchange**" means London Stock Exchange plc.

"**Loss**" means a realised loss during a Trust Calculation Period experienced on a Mortgage Loan in circumstances where there is no material breach of a Loan Warranty by the Seller with respect to such Mortgage Loan and which does not otherwise constitute a Denominator Reduction Event.

"**Losses Ledger**" means the ledger of such name created and maintained by the Trust Property Cash Manager in the name of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record the Losses on the Mortgage Portfolio.

"**Loyalty Discount**" means, in accordance with the relevant Mortgage Loan Conditions, the discount of no less than 0.25 per cent. applicable to the interest rate under the Variable Rate Mortgage Loans in the Mortgage Portfolio in respect of which more than 7 years have passed since the date of origination.

"**Mandate Instruction**" has the meaning specified in clause 1.3 of the Bank Account Deed.

"**Markets in Financial Instruments Directive**" means the EU Directive 2004/39/EC.

"**Master Definitions and Construction Schedule**" means this schedule.

"**MCOB**" means the FSA's Mortgages and Home Finance: Conduct of Business Sourcebook.

"**Meeting**" has the meaning specified in paragraph 1 of Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"**Member State**" means a member state of the European Union.

"**MHA/CP Documentation**" means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or the Civil Partnership Act 2004 in connection with a Scottish Mortgage or its relevant Mortgaged Property.

"**Minimum Seller Share**" means the amount which is calculated from time to time in accordance with clause 7.6 (*Minimum Seller Share*) of the Mortgages Trust Deed.

"**Monthly Investor Report**" means the monthly report published by the Administrator in the form set out in Schedule 2 Part A (*Form of Monthly Investor Report*) to the Administration Agreement.

"**Monthly Issuer Amount**" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Monthly Issuer Revenue Amount" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Monthly Issuer Principal Amount" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Monthly Portfolio Report" means a monthly electronic data file provided by the Administrator in relation to the Portfolio containing, *inter alia*, certain loan level information in a form that complies with the reporting requirements of the Bank of England from time to time.

"Moody's" means Moody's Investors Service Limited and includes any successor to its rating business.

"Mortgage" means for any Mortgage Loan, the first priority legal charge over a freehold or leasehold Mortgaged Property located in England and Wales or the first ranking standard security over a heritable or long leasehold Mortgaged Property located in Scotland.

"Mortgage Account" means as the context requires (i) all Mortgage Loans secured on the same Mortgaged Property and thereby forming a single mortgage account or (ii) an account maintained by the Administrator in respect of a particular Mortgage Loan to record all amounts due in respect of that Mortgage Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof.

"Mortgage Deed" means, in relation to each Mortgage, the deed creating such Mortgage.

"Mortgage Loan Agreement" means, in relation to any Mortgage Loan, the agreement, any Mortgage Loan Conditions, facility letter or accepted formal loan offer pursuant to which the moneys secured by the relevant Mortgage were advanced to the Borrower (as varied from time to time in accordance with its applicable terms and conditions).

"Mortgage Loan Conditions" means in relation to any Mortgage Loan the conditions applicable to that Mortgage Loan (including without limitation any set out in the relevant formal loan offer letter to Borrower).

"Mortgage Loan Documents" means, in relation to any Mortgage Loan, the Mortgage Loan Agreement, Mortgage Loan Conditions, Mortgage Deed, and any other related document.

"Mortgage Loan Files" means, in relation to each Mortgage Loan, the file or files (including files kept in microfiche format or similar electronic data retrieval system) containing correspondence between the Borrower and the Seller and including the Standard Mortgage Documentation applicable to that Mortgage Loan, each letter of offer in respect of such Mortgage Loan and other relevant documents.

"Mortgage Loans" means the residential mortgage loans originated by Northern Rock (Asset Management) plc, that form part of the Mortgage Portfolio and are beneficially assigned to the Mortgages Trustee on the Closing Date.

"Mortgage Payment" means the amount which the applicable mortgage conditions require the Borrower to pay in respect of its Mortgage Loan on each date on which the Borrower is required to make payments of interest and/or principal under the applicable mortgage conditions.

"Mortgage Payment Date" means, in respect of a Mortgage Loan, the due date for payment of interest (and, if applicable, principal) under the Mortgage Loan.

"Mortgage Portfolio" means the portfolio of Mortgage Loans and Related Security selected from the Provisional Mortgage Portfolio and beneficially assigned to the Mortgages Trustee on the Closing Date.

"Mortgage Rate" means the rate at which interest accrues on a Mortgage Loan from time to time.

"Mortgage Sale Agreement" means the mortgage sale agreement entered into on or about the Closing Date between the Seller, the Mortgages Trustee, the Security Trustee and the Issuer.

"Mortgaged Properties" means the residential properties which are security for the Mortgage Loans as they are described in the list of Mortgage Loans to be provided pursuant to clause 4.2(c) of the Mortgage Sale Agreement and **"Mortgaged Property"** means any of the Mortgaged Properties.

"Mortgages Trust" means the trust of the Trust Property held by the Mortgages Trustee under the Mortgages Trust Deed.

"Mortgages Trust Deed" means the mortgages trust deed entered into on or about the Closing Date between the Mortgages Trustee, the Issuer and the Seller.

"Mortgages Trustee" means Gosforth Mortgages Trustee 2012-1 Limited, a private limited company incorporated under the laws of England and Wales whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX with registered number 7934343.

"Mortgages Trustee Account Bank" means Barclays, or such other person for the time being acting as the mortgages trustee account bank under the Bank Account Deed.

"Mortgages Trustee Available Principal Receipts" in relation to any Trust Calculation Date, means Principal Receipts received during the previous Trust Calculation Period (excluding amounts in the Segregated Trust but including amounts released from the Segregated Trust and designated as principal).

"Mortgages Trustee Available Revenue Receipts" will be calculated by the Trust Property Cash Manager on each Trust Calculation Date and will be an amount equal to the sum of (in each case in the immediately preceding Trust Calculation Period):

- (a) Revenue Receipts on the Mortgage Loans received during the immediately preceding Trust Calculation Period; and
- (b) overpayments released from the Segregated Trust and designated as interest in the immediately preceding Trust Calculation Period; and
- (c) interest payable to the Mortgages Trustee on the Mortgages Trustee GIC Account and income received from any Permitted Investments, which has been received prior to the Relevant Distribution Date; and
- (d) payments made by the Seller to the Mortgages Trustee to fund any Non-Cash Borrow-back as a result of payment holidays with respect to any Mortgage Loan in the Mortgage Portfolio during the immediately preceding Trust Calculation Period.

"Mortgages Trustee GIC Account" means the account in the name of the Mortgages Trustee (sort code 20-19-90, account number 83579751) held at the Mortgages Trustee Account Bank and maintained subject to the terms of the Bank Account Deed or such additional or replacement bank account of the Mortgages Trustee as may for the time being be in place.

"Mortgages Trustee GIC Account Mandate" means the resolutions, instructions and signature authorities relating to the Mortgages Trustee GIC Account substantially in the form set out in Schedule 2 (*Form of Mortgages Trustee GIC Account Mandate*) to the Bank Account Deed.

"Mortgages Trustee GIC Balance" has the meaning given to it in clause 4.4(a) (*Interest*) of the Bank Account Deed.

"Mortgages Trustee GIC Rate" has the meaning given to it in clause 4.4(a) (*Interest*) of the Bank Account Deed.

"Mortgages Trustee Gosforth Trust Amounts" means all amounts (including any payment of interest, principal or otherwise) in respect of payments under certain mortgage loans transferred to Gosforth Mortgages Trustee Limited standing to the credit of the Collections Accounts and any Further Account from time to time (which are held on trust by Virgin Money under the Gosforth Trust for the benefit of Gosforth Mortgages Trustee Limited).

"Mortgages Trustee Gosforth 2012-1 Trust Amounts" means all amounts (including any payment of interest, principal or otherwise) in respect of payments under the Mortgage Loans of the Mortgage Portfolio, standing to the credit of the Collections Accounts and any Further Account from time to time (which are held on trust by Virgin Money under the Gosforth 2012-1 Trust for the benefit of the Mortgages Trustee).

"Mortgages Trustee Ledgers" means all of the ledgers as are required to be maintained pursuant to clause 13 (*Ledgers*) of the Mortgages Trust Deed.

"Mortgages Trustee Notice" has the meaning given to it in clause 6.5 of the Mortgage Sale Agreement.

"Mortgages Trustee Principal Priority of Payments" means the provisions pursuant to which the Trust Property Cash Manager will apply the Mortgages Trustee Available Principal Receipts on each Distribution Date, as set forth in clause 9.2 (*Mortgages Trustee Principal Priority of Payments*) of the Mortgages Trust Deed.

"Mortgages Trustee Priority of Payments" means, as applicable, the Mortgages Trustee Revenue Priority of Payments and/or, as the case may be, the Mortgages Trustee Principal Priority of Payments.

"Mortgages Trustee Revenue Priority of Payments" means the order in which the Trust Property Cash Manager will apply the Mortgages Trustee Available Revenue Receipts on each Distribution Date, as set out in clause 8.2 (*Mortgages Trustee Revenue Priority of Payments*) of the Mortgages Trust Deed.

"Most Senior Class" means:

- (a) the Class A Notes; or
- (b) if no Class A Notes are then outstanding, the Class M Notes; or
- (c) if no Class M Notes are then outstanding, the Class Z Notes.

"Net Issuer Amount" means, in relation to any Interest Period the amount, if any, by which the Quarterly Issuer Amount exceeds the Quarterly LIBOR Amount.

"Net Monthly Issuer Amount" means, in relation to a Trust Calculation Date, the Net Issuer Amount for the Interest Period in which such Trust Calculation Date occurs, divided by three.

"Non-Cash Borrow-back" means an Authorised Underpayment or authorised payment holiday under a Mortgage Loan.

"Non-Trust Amounts" means:

- (a) amounts received from a Borrower in respect of:
 - (i) payments of insurance premia, (if any) due to the Seller in respect of any Seller arranged insurance policy to the extent not paid or payable by the Seller (or, to the extent that such insurance premia have been paid by the Seller in respect of any Further Advance which is not purchased by the Seller, to reimburse the Seller);
 - (ii) amounts under a direct debit which are repaid to the bank making such payment if such bank is unable to recoup that amount itself from its customer's account, which amounts may be paid daily from monies on deposit in the Mortgages Trustee GIC Account;
 - (iii) other charges which are due to the Seller including, for the avoidance of doubt, Early Repayment Charges; and
 - (iv) any amount which represents an amount received from a Borrower which does not form part of that Borrower's Mortgage Account or

comprise unpaid interest (but excluding, for the avoidance of doubt, any payments in arrears) as at the Closing Date and which is an amount owed by such Borrower in respect of any period prior to the Closing Date as and when identified by the Trust Property Cash Manager, which amount shall be for the account of the Seller; and

(b) any All Monies Mortgage Consideration.

"Northern Rock Collection Accounts Beneficial Share" has the meaning given to it in clause 2.1(a) of the Bank Account Deed.

"Northern Rock Further Accounts Beneficial Share" has the meaning given to it in clause 2.1(b) of the Bank Account Deed.

"Northern Rock Gosforth Beneficial Share" has the meaning given to it in clause 2.1(c) of the Bank Account Deed.

"Northern Rock Gosforth Trust Amounts" means all amounts of Gosforth Trust Property other than the Mortgages Trustee Gosforth Trust Amounts.

"Northern Rock Gosforth 2011-1 Beneficial Share" has the meaning given to it in clause 2.1(d) of the Bank Account Deed.

"Northern Rock Gosforth 2012-1 Trust Amounts" means all amounts of Gosforth 2012-1 Trust Property other than the Mortgages Trustee Gosforth 2012-1 Trust Amounts.

"Note Acceleration Notice" has the meaning given to it in Condition 9(C) (*Class Z Noteholders*) and Schedule 5 (*Terms and Conditions of the Notes*) to the Trust Deed.

"Note Event of Default" has the meaning specified in Condition 9(A) (*Class A Noteholders*).

"Note Principal Payment" has the meaning given to it in Condition 5(C) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) and Schedule 5 (*Terms and Conditions of the Notes*) to the Trust Deed.

"Note Trustee" means Citicorp Trustee Company Limited, a company incorporated in England and Wales with limited liability (registered number 00235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, and includes its successors or any further or other trustee under the Trust Deed.

"Noteholders" means the Class A Noteholders, the Class M Noteholders and the Class Z Noteholders, or any of them as the context may require.

"Notes" means the Class A Notes, the Class M Notes and the Class Z Notes or any of them as the context may require, and Note means any of the Notes.

"Notice to Noteholders" means, in respect of notice being given to the Noteholders, a notice duly given in accordance with Condition 14 (*Notice to Noteholders*) and Schedule 5 (*Terms and Conditions of the Notes*) to the Trust Deed.

"offer conditions" means in relation to any Mortgage Loan the conditions applicable to that Mortgage Loan (including without limitation any set out in the relevant formal loan offer letter to the Borrower).

"Official List" means the official list of the UK Listing Authority.

"OFT" means the Office of Fair Trading.

"Originator" means Northern Rock (Asset Management) plc.

"Other Parties" means the Transaction Parties other than the Issuer and each, an **"Other Party"**.

"outstanding" means, in relation to the Notes, all of the Notes other than:

- (a) those which have been redeemed in full in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption moneys (including all interest accrued thereon to such date for redemption) have been duly paid to the Note Trustee or the Principal Paying Agent in the manner provided for in the Paying Agent and Agent Bank Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Condition 14 (*Notice to Noteholders*)) and remain available for payment in accordance with the Conditions;
- (c) those which have become void under the Conditions;
- (d) those mutilated or defaced Notes which have been surrendered or cancelled and in respect of which replacement Notes have been issued pursuant to the Conditions;
- (e) any Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions; and
- (f) the Principal Amount Outstanding of (and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Condition 11 (*Meeting of Noteholders, Modifications and Waiver*), Condition 15 (*Substitution*), Condition 9 (*Events of Default*) and the percentages referred to in Condition 10 (*Enforcement of Notes*) and the Provisions for Meetings of Noteholders; and

- (iii) any discretion, power or authority, whether contained in the Trust Deed or the Deed of Charge or provided by law, which the Note Trustee or the Security Trustee is required to exercise in or by reference to the interests of the Noteholders or any class of them,

those Notes (if any) which are for the time being held by Northern Rock (Asset Management) plc or Virgin Money or any holding company of either of them or by any person for the benefit of Northern Rock (Asset Management) plc or Virgin Money or any holding company of either of them shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

"Overpayment" means a payment by a Borrower in an amount greater than the amount due on a Mortgage Payment Date which is permitted by the terms of the relevant Mortgage Loan or by arrangement with the Borrower which are not Segregated Trust Overpayments.

"Participants" means persons that have accounts with Euroclear or Clearstream, Luxembourg.

"Paying Agent and Agent Bank Agreement" means the paying agent and agent bank agreement entered into on or about the Closing Date between the Paying Agent, the Agent Bank, the Note Trustee and the Issuer.

"Paying Agents" means the Principal Paying Agent and any other paying agent(s) which may be appointed from time to time pursuant to the Paying Agent and Agent Bank Agreement.

"Payment Calculation Date" means the day falling two Business Days prior to each Payment Date.

"Payment Date" means the 19th day of March, June, September and December in each year (or, if such day is not a Business Day, the next succeeding Business Day).

"Performing Fixed Rate Mortgage Loan" means those Fixed Rate Mortgage Loans which are not Defaulted Mortgage Loans.

"Performing Mortgage Loans" means, together, the Performing Fixed Rate Mortgage Loans, the Performing Variable Rate Mortgage Loans and the Performing Tracker Rate Mortgage Loans and **"Performing Mortgage Loan"** means either of them, as applicable.

"Performing Tracker Rate Mortgage Loan" means those Tracker Rate Mortgage Loans which are not Defaulted Mortgage Loans.

"Performing Variable Rate Mortgage Loan" means those Variable Rate Mortgage Loans which are not Defaulted Mortgage Loans.

"Permanent Global Note" means a permanent global note in bearer form, without coupons or talons, for the relevant class of Notes, substantially in the form set out in Schedule I, Part B (*Form of Permanent Global Note*) to the Trust Deed.

"Permanent Global Note Relevant Principal Amount" has the meaning given to it in clause 4.2 (*Annotation of Temporary Global Note and Permanent Global Note*) of the Paying Agent and Agent Bank Agreement.

"Permitted Investments" means (a) Sterling gilt-edged securities; and (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper), provided that in all cases such investments:

- (i) have been given a short-term rating of at least F1+ by Fitch and (if a long-term rating is available) a long-term rating of at least AA- by Fitch (or such other short term or long-term rating which is otherwise acceptable to Fitch), and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least P-1 by Moody's and F1+ by Fitch (short-term) and (if the issuing or guaranteeing entity has a long-term rating) AA- by Fitch (long-term) (or such other short term or long term rating which the Issuer Cash Manager or the Trust Property Cash Manager confirms to the Issuer or the Mortgages Trustee, as applicable, is otherwise acceptable to the relevant Rating Agency); and
- (ii) have a maturity date, in the case of the Issuer GIC Account, of 90 days or less and mature on or before the next following Payment Date (unless the Interest Period in respect of such Payment Date is greater than 90 days, in which case the maturity date of the Permitted Investments may be greater than 90 days but less than or equal to the number of days in such Interest Period) and in the case of the Mortgages Trustee GIC Account, of 1 month or less and mature on or before the next following Distribution Date (unless the Trust Calculation Period in respect of such Distribution Date is greater than 1 month, in which case the maturity date of the Permitted Investments may be greater than 1 month but less than or equal to the number of days in such Trust Calculation Period) or may be broken or demanded by the Issuer or the Mortgages Trustee, as applicable (at no cost to the Issuer or the Mortgages Trustee, as applicable) on or before the next following Payment Date or Distribution Date, as applicable.

"Personal Data" means any personal data as defined in the Data Protection Act 1998.

"Pool Factor" has the meaning specified in Condition 5(C) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) of the Notes.

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

"Previous Administrator Portfolio Information" has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement.

"Principal Amount Outstanding" means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date less the aggregate of

all Note Principal Payments that have become due and payable in respect of that Note (whether or not paid) on or prior to that date.

"Principal Coupons" means the principal coupons attached to the Definitive Notes.

"Principal Deficiency Ledger" means the ledger of such name established for the Issuer on the Closing Date to record any principal deficiencies arising from Losses on the Mortgage Loans allocated by the Mortgages Trustee to the Issuer Share of the Trust Property (which shall include, at any time when the Seller Share is equal to zero, any set-off losses incurred in respect of the Mortgage Loans in the Mortgage Portfolio) and the application of Issuer Available Principal Receipts to make up a Revenue Shortfall.

"Principal Deficiency Sub-Ledger" means either of the sub-ledgers which correspond to each of the Class A Notes, the Class M Notes and Class Z Notes respectively.

"Principal Ledger" means the principal ledger established by the Trust Property Cash Manager on the Closing Date to record any Principal Receipts standing to the credit of the Mortgages Trustee GIC Account allocated by the Mortgages Trustee to the Issuer Share of the Trust Property.

"Principal Paying Agent" means Citibank N.A., London Branch acting through its office at Citigroup Centre, Canada Square, London E14 5LB, in its capacity as principal paying agent at its Specified Office initially appointed as a principal paying agent pursuant to the Principal Paying and Agent Bank Agreement or, if applicable, any successor principal paying agent at its Specified Office.

"Principal Receipts" means any payment which the records of the Administrator show is received in respect of principal in respect of any Mortgage Loan, whether as all or part of a Mortgage Payment in respect of such Mortgage Loan, on redemption (including partial redemption of such Mortgage Loan, on enforcement or on the disposal of such Mortgage Loan or otherwise (including payments pursuant to any insurance policy and such portion of the Repurchase Price in respect of any repurchases of Mortgage Loans by the Seller pursuant to the Mortgage Sale Agreement that represents the principal amount outstanding of such Mortgage Loan and including all proceeds of enforcement representing principal in respect of an All Monies Mortgage) (and which may include the amount of any overpayment in respect of any Mortgage Loan), together with any Seller Cash Contributions but excluding any amount of principal recovered in respect of a Denominator Reduction Amount and any Non-Trust Amounts.

"Priorities of Payments" means the Issuer Pre-Acceleration Revenue Priority of Payments, the Issuer Pre-Acceleration Principal Priority of Payments and the Issuer Post-Acceleration Priority of Payments and each of them, a **"Priority of Payments"**.

"Proceedings" means any suit, action or proceedings arising out of or in connection with any of the Transaction Documents.

"Product Switch" means any variation, including a change in product type, excluding the following variations:

- (a) a change between Interest-Only Mortgage Loans and Repayment Mortgage Loans;
- (b) a change of a party to a Mortgage Loan or a release of part of the land subject to the Mortgage;
- (c) any variation agreed with Borrowers to control or manage existing arrears on a Mortgage Loan; and
- (d) any variation imposed by statute.

"Property Deeds" means title deeds in respect of a Mortgaged Property.

"Prospectus" means the prospectus dated 29 June 2012 relating to the issue of the Notes.

"Prospectus Directive" means the EU Directive 2003/71/EC.

"Prospectus Rules" means the prospectus rules issued by the FSA under Part VI of FSMA.

"Provisional Mortgage Portfolio" means the portfolio of mortgage loans compiled by the Seller from which the Mortgage Portfolio to be assigned to the Mortgages Trustee on the Closing Date will be selected.

"Provisional Mortgage Portfolio Information Date" means 31 March 2012.

"Provisions for Meetings of Noteholders" means the provisions for meetings of noteholders as set out in Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"proxy" has the meaning specified in Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"Quarterly Issuer Amount" means an amount for each Calculation Period calculated by reference to the product of (i) in the case of the Initial Basis Rate Swap, the balance of the Performing Mortgage Loans in the Mortgage Portfolio for such period and in the case of the Standby Basis Rate Swap, the balance of the Performing Fixed Rate Mortgage Loans and the Performing Tracker Rate Mortgage Loans; and (ii) in the case of the Initial Basis Rate Swap, the weighted average interest rate in respect of the Performing Mortgage Loans for that period and in the case of the Standby Basis Rate Swap, the weighted average interest rate in respect of the Performing Fixed Rate Mortgage Loans and the Performing Tracker Rate Mortgage Loans (provided that such amount will not include any Mortgage Loan transferred into the Mortgage Portfolio after the Effective Date without the prior written consent of the Standby Basis Rate Swap Provider or any Mortgage Loan in respect of which Virgin Money (in any capacities) or the Administrator have breached a material obligation).

"Quarterly Issuer LIBOR Amount" means an amount equal to the aggregate of the product of the Quarterly LIBOR Amount and the Issuer Share Percentage.

"Quarterly LIBOR Amount" means an amount calculated for each Calculation Period by reference to the product of:

- (i) in the case of the Initial Basis Rate Swap, the balance of the Performing Mortgage Loans in the Mortgage Portfolio for such period and in the case of the Standby Basis Rate Swap, the balance of the Performing Fixed Rate Mortgage Loans and the Performing Tracker Rate Mortgage Loans; and
- (ii) three month GBP LIBOR plus a spread.

"Rated Notes" means the Class A Notes and the Class M Notes.

"Rates of Interest" means the rates of interest payable in respect of the Notes, each a Rate of Interest as specified in Condition 4(C) (*Rates of Interest*) and **"Rate of Interest"** means any of the Rates of Interest.

"Rating Agencies" means Moody's and Fitch.

"RBS" means The Royal Bank of Scotland plc.

"Receiver" means any person or persons (including an officer or officers of the Security Trustee) appointed to be a receiver, a manager, a receiver and manager or an administrative receiver of the Charged Property by the Security Trustee as it thinks fit pursuant to clause 9.1 (*Appointment*) of the Deed of Charge.

"Reference Banks" means the principal London office of Lloyds Banking Group plc and RBS, or such other banks in the London inter-bank market as agreed between the Issuer (or the Issuer Cash Manager on its behalf), the Mortgages Trustee (or the Trust Property Cash Manager on its behalf) and the GIC Account Banks from time to time.

"Redundancy Costs" means a payment in lieu of notice together with any statutory or contractual redundancy payment which the Back-Up Administrator is obliged to pay to any Transferring Employee.

"Registers of Scotland" means the Land Register of Scotland and/or the General Register of Sasines.

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

"Registered Land" means land, title to which is registered at the Land Registry.

"Regulated Market" means the London Stock Exchange's Regulated Market.

"Regulation Proceedings" means the main insolvency proceedings permitted under Annex A of the EU Regulation under the laws of England and Wales (as the law of the opening of "main insolvency proceedings" under the EU Regulation), including winding-up by or subject to the supervision of the Court, creditors' voluntary winding-

up with confirmation by the Court, administration, including appointments made by filing prescribed documents with the Court and company voluntary arrangements.

"Regulatory News Service" means the electronic information dissemination service operated by the London Stock Exchange.

"Related Security" means the security for repayment of a Mortgage Loan including the relevant Mortgage and all other matters applicable to the Mortgage Loan, acquired as part of the Mortgage Portfolio assigned to the Mortgages Trustee.

"relevant date" means the date on which the payment in respect of a Note first becomes due or (if the full amount of the moneys payable in respect of those payments under all the Notes due on or before that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which the full amount of such moneys having been so received or notice to that effect is duly given to Noteholders in accordance with Condition 14 (*Notice to Noteholders*) of the Notes.

"Relevant Entity" has the meaning specified in the definition of Insolvency Event.

"Relevant Event" has the meaning given to it in clause 5.1 of the Mortgage Sale Agreement.

"Relevant Margin" means the Class A Margin, the Class M Margin, and the Class Z Margin, as the context requires.

"Relevant Person" has the meaning given to it in clause 12.4 (*Avoidance of Payments*) of the Deed of Charge.

"Relevant Screen" has the meaning specified in Condition 14(A) (*Publication of Notice*) of the Notes.

"Relevant Trust Calculation Date" means each Trust Calculation Date and the date on which the Mortgages Trust terminates.

"Repayment Mortgage Loan" means a Mortgage Loan in the Provisional Mortgage Portfolio that was advanced on a repayment basis, with principal and interest repaid on a monthly basis to the maturity date for that Mortgage Loan.

"Replacement Instruments" means any Instruments which have been authenticated and delivered by the Principal Paying Agent under the terms of the Paying Agent and Agent Bank Agreement as a replacement for any Instruments which have been mutilated or defaced or which are alleged to have been destroyed, stolen or lost (each a Replacement Instrument).

"representative" of a holder of Definitive Notes has the meaning given to it in Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"Repurchase Price" means the price payable by the Seller upon the repurchase of any Mortgage Loan and its Related Security, an amount (not less than zero) equal to the Current Balance plus accrued and unpaid interest of such Mortgage Loan as of the

date of completion of such repurchase plus expenses payable thereon to the date of repurchase.

"Required Filing" means:

- (a) in respect of the Issuer:
 - (i) the filing of the Prospectus with the Company Announcements Office of the London Stock Exchange;
 - (ii) the filing with the FSA and making available to the public of the Prospectus with the FSA in accordance with rule 3.2 of the Prospectus Rules; and
- (b) the registration of a correctly completed Form MG01 and an original executed copy of the Deed of Charge or (as applicable) the Scottish Supplemental Charge with the Registrar of Companies.

"Required Paying Agents" has the meaning given to the term in clause 12.2 (Revocation) of the Paying Agent and Agent Bank Agreement.

"Requirement of Law" in respect of any person means:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by or an order of any court having jurisdiction;
- (c) a mandatory requirement of any regulatory authority having jurisdiction; or
- (d) a determination of an arbitrator or governmental authority,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply.

"Reserve Fund" means the reserve fund established in the name of the Issuer on the Closing Date in an initial amount of £21,350,000.

"Reserve Ledger" means the ledger that shall be maintained by the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement to record the balance from time to time of the Reserve Fund.

"Reserve Required Amount" as at a particular Payment Date means:

- (A) the product of (a) and (b) where:
 - (a) is
 - (i) if a Seller Share Event has occurred and is continuing, 2.0, or
 - (ii) otherwise 1.0; and

- (b) is the greater of:
 - (i) £ 10,675,000; and
 - (ii) the lesser of
 - (x) £ 21,350,000; and
 - (y) an amount equal to 4% of the Principal Amount Outstanding of the Class A Notes and the Class M Notes (prior to the application of Issuer Available Principal Receipts on such Payment Date); or
- (B) or such higher amount as may be determined by the Seller; or
- (C) on any Payment Date which is a Reserve Shortfall Payment Date, the greater of (a) the amount determined in accordance with paragraph (A) or (B) above and (b) the Reserve Required Amount as at the immediately preceding Payment Date.

"Reserve Shortfall Payment Date" means a Payment Date on which:

- (a) the amount standing to the credit of the Reserve Fund immediately prior to the operation of the Issuer Pre-Acceleration Revenue Priority of Payments on such Payment Date is less than the Reserve Required Amount as at the immediately preceding Payment Date; and/or
- (b) the amount standing to the credit of the Liquidity Reserve Fund immediately prior to the operation of the Issuer Pre-Acceleration Revenue Priority of Payments on such Payment Date is less than the Liquidity Reserve Required Amount as at the immediately preceding Payment Date.

"Revenue Ledger" means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Revenue Receipts received by the Mortgages Trustee and payment of the same to Beneficiaries on each Distribution Date.

"Revenue Receipts" means any payment received in respect of any Mortgage Loan, whether as all or part of a monthly payment in respect of such Mortgage Loan, on redemption (including partial redemption) of such Mortgage Loan, on enforcement of such Mortgage Loan (including the proceeds of sale thereof and including all proceeds of enforcement representing revenue in respect of an All Monies Mortgage), on the disposal of such Mortgage Loan or otherwise (including payments pursuant to any insurance policy and payments of Repurchase Price by the Seller) which in any such case is not a Principal Receipt in respect of such Mortgage Loan and any recovery (whether of principal or interest) in respect of a Denominator Reduction Amount, other than any Non-Trust Amounts.

"Revenue Shortfall" means, as of any Payment Date and in respect of the Issuer, the deficit in the amount of Issuer Available Revenue Receipts to pay items (i) to (viii)

and item (x) of the Issuer Pre-Acceleration Revenue Priority of Payments on such Payment Date.

"Right to Buy Mortgage Loan" means a loan entered into by a borrower as a means to purchase, refinance or improve a residential property from a local authority or certain other landlords under "right to buy" schemes which are subject to the provisions of the Housing Act 1985 (as amended by the Housing Act 2004) (in the case of English Mortgages) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001) (in the case of Scottish Mortgages).

"Sasine Transfer" means an assignation of any Scottish Mortgages recorded (or subject to an application for recording) in the General Register of Sasines to be granted pursuant to clause 5.3(b) of the Mortgage Sale Agreement substantially in the form set out in Part 3 of Schedule 2 thereto.

"Scottish Declaration of Trust" means the declaration of trust in respect of Scottish Mortgage Loans and their Related Security made by Virgin Money in favour of the Mortgages Trustee and by the Mortgages Trustee in favour of the Beneficiaries on the Closing Date pursuant to the Mortgage Sale Agreement substantially in the form set out in Schedule 10 (*Scottish Declaration of Trust*) thereto.

"Scottish Mortgage" means a Mortgage secured over a Scottish Mortgaged Property.

"Scottish Mortgage Loan" means a Mortgage Loan secured by a Scottish Mortgage.

"Scottish Mortgaged Property" means a Mortgaged Property located in Scotland.

"Scottish Opinion" means the opinion dated the Closing Date given by Dundas and Wilson CS LLP in relation to matters of Scots law.

"Scottish Supplemental Charge" means an assignation in security of the interest of the Issuer under the Scottish Declaration of Trust granted by the Issuer in favour of the Security Trustee on the Closing Date pursuant to the Deed of Charge substantially in the form set out in Schedule 4 (*Form of Scottish Supplemental Charge*) thereto.

"Scottish Transfers" means an SLR Transfer and/or a Sasine Transfer.

"Scottish Trust Property" has the meaning given to it in the Scottish Declaration of Trust.

"Scottish Trust" means each trust constituted by the Scottish Declaration of Trust.

"Screen Rate" has the meaning specified in the Bank Account Deed.

"Secured Creditors" means the Note Trustee, the Security Trustee (and any receiver appointed pursuant to the Deed of Charge), the Basis Rate Swap Providers, the Subordinated Loan Provider, the Issuer Cash Manager, the Back-Up Issuer Cash Manager, the Corporate Services Provider, the Issuer Account Bank, the Paying Agents, the Agent Bank and the Noteholders.

"Secured Obligations" means the aggregate of all amounts which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Transaction Documents.

"Securities Act" means the United States Securities Act of 1933.

"Security Interest" means any mortgage or sub-mortgage, standard security, charge or sub-charge (whether legal or equitable), encumbrance, pledge, lien, hypothecation, assignment by way of security, assignation in security, or other security interest or title retention arrangement or right of set-off and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of the law).

"Security Power of Attorney" for the Issuer means the power of attorney granted by the Issuer in favour of the Security Trustee on the Closing Date.

"Security Trustee" means Citicorp Trustee Company Limited, a company incorporated in England and Wales with limited liability (registered number 00235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, and includes its successors or any further or other trustee under the Deed of Charge.

"Segregated Trust" means the trust of the Segregated Trust Property held by the Segregated Trustee under the Mortgages Trust Deed.

"Segregated Trust Overpayment" means the amount of a monthly payment on a Mortgage Loan (other than a Flexible Mortgage Loan) that is greater than the amount due for that month, where the Borrower: (i) does not specify that the additional payment is intended to reduce the Capital Balance of the related Mortgage Loan, (ii) does not specify any intention or (iii) specifies that the payment is intended to repay the Capital Balance but the additional payment is less than £200 more than the amount due for that month.

"Segregated Trust Overpayment Ledger" means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Segregated Trustee pursuant to the Trust Property Cash Management Agreement to record Segregated Trust Overpayments received by the Segregated Trustee to be released from the Segregated Trust from time to time.

"Segregated Trust Property" means Segregated Trust Overpayments received by the Seller in relation to Mortgage Loans.

"Segregated Trustee" means Gosforth Mortgages Trustee 2012-1 Limited.

"Seller" means Virgin Money, acting in its capacity as seller of the Mortgage Loans under the Mortgage Sale Agreement and certain other Transaction Documents.

"Seller Cash Contribution" means an additional cash contribution to the Mortgages Trust from time to time in order to cure a Seller Share Event or ensure that a Seller Share Event does not occur or otherwise to increase the Seller Share of the Trust Property.

"Seller Revenue Share" means, in respect of any Trust Calculation Date, the total amount of the Mortgages Trustee Available Revenue Receipts on such Trust Calculation Date *minus* the Issuer Revenue Share as at such Trust Calculation Date.

"Seller Share" on any Relevant Trust Calculation Date has the meaning given to it in clause 7.4(b) (*Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date*) of the Mortgages Trust Deed.

"Seller Share Event" means, on a Trust Calculation Date which occurs whilst any Notes remain outstanding, the Seller Share on that Trust Calculation Date either is or would be equal to or less than the Minimum Seller Share for such Trust Calculation Date (determined, for the purposes of this calculation only, on the assumption that distributions of the Mortgages Trustee Available Principal Receipts due on the immediately following Distribution Date are made in accordance with the Mortgages Trustee Principal Priority of Payments as if no Seller Share Event had occurred).

"Seller Share Event Distribution Date" means a Distribution Date relating to a Trust Calculation Date on which a Seller Share Event occurs.

"Seller Share Percentage" on any Relevant Trust Calculation Date has the meaning given to it in clause 7.4(a) (*Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date*) of the Mortgages Trust Deed.

"Seller's Power of Attorney" means the power of attorney granted by the Seller in favour of the Mortgages Trustee on the Closing Date.

"Share Percentage" means the Issuer Share Percentage or the Seller Share Percentage, as the case may be.

"Share Trustee" means the Law Debenture Intermediary Corporation plc, a public limited company incorporated in England and Wales (registered number 1525148) whose registered office is at Fifth Floor, 100 Wood Street London EC2V 7EX.

"Share Trust Deed" means the share trust deed made by the Share Trustee in relation to Holdings made on 21 May 2012;

"SLR Transfer" means an assignment of Scottish Mortgages registered (or subject to an application for registration) in the Land Register of Scotland to be granted pursuant to clause 5.3(b) of the Mortgage Sale Agreement substantially in the form set out in Part 2 of Schedule 2 thereto.

"Specified Office" means as the context may require, in relation to any of the Agents, the office specified against the name of such Agent in Schedule 1 to the Paying Agent and Agent Bank Agreement or such other specified office as may be notified to the Issuer and the Note Trustee pursuant to the Paying Agent and Agent Bank Agreement.

"SPV Criteria" has the meaning given to it in clause 16.1 (*Procedure*) of the Trust Deed.

"SRR" means the special resolution regime to stabilise banks that are in financial difficulties.

"Standard Documentation" or **"Standard Mortgage Documentation"** or **"Standard Mortgage Loan Documentation"** means the standard documentation referred to in Schedule 7 (*Standard Documentation*) to the Mortgage Sale Agreement.

"standard security" means a heritable security created by a standard security over any interest in land in Scotland in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970.

"Standard Variable Rate" or **"SVR"** means, as applicable, the Virgin Money standard variable mortgage base rate and/or the standard variable mortgage base rate applicable to Mortgage Loans within the Mortgages Trust in accordance with the Mortgage Loan Conditions.

"Standard Variable Rate Mortgage Loan" means a Mortgage Loan subject to the Seller's standard variable rate for the life of the Mortgage Loan.

"Standby Basis Rate Swap" means the swap transaction entered into by the Issuer with the Standby Basis Rate Swap Provider pursuant to the Standby Basis Rate Swap Agreement.

"Standby Basis Rate Swap Agreement" means the ISDA master agreement, schedule, credit support annex and confirmation thereto entered into on or about the Closing Date between the Standby Basis Rate Swap Provider and the Issuer which includes any additional and/or replacement Basis Rate Swap Agreement entered into by the Issuer from time to time.

"Standby Basis Rate Swap Provider" means Deutsche Bank AG, London Branch, or such person for the time being acting as the standby basis rate swap provider pursuant to the Basis Rate Swap Agreement.

"Standby Basis Rate Swap Provider Default" means the occurrence of an Event of Default (as defined in the Standby Basis Rate Swap Agreement) where the Standby Basis Rate Swap Provider is the Defaulting Party (as defined in the Standby Basis Rate Swap Agreement).

"Standby Basis Rate Swap Provider Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the Standby Basis Rate Swap Agreement) following a failure by the Standby Basis Rate Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Standby Basis Rate Swap Agreement.

"Step-Up Date" means:

- (a) in respect of the Class A Notes, 19 September 2017; and
- (b) in respect of the Class M Notes, 19 September 2017.

"Subordinated Loan" means the Initial Subordinated Loan and any Further Subordinated Loan provided to the Issuer by the Subordinated Loan Provider.

"Subordinated Loan Agreement" means the subordinated loan agreement entered into on or about the Closing Date, between the Subordinated Loan Provider, the Issuer, the Issuer Cash Manager and the Security Trustee.

"Subordinated Loan Interest Period" has the meaning specified in the Subordinated Loan Agreement.

"Subordinated Loan Provider" means Virgin Money, or such other person for the time being acting as the subordinated loan provider pursuant to the Subordinated Loan Agreement.

"Subscription Agreement" means the subscription agreement dated on or about 9 July 2012 between the Arrangers, the Joint Lead Managers, the Seller, the Issuer and the Mortgages Trustee relating to the sale of the Notes.

"Subsidiary" means (a) a subsidiary as defined in Section 1159 of the Companies Act 2006 and (b) unless the context requires otherwise, a **"subsidiary undertaking"** within the meaning of Section 1162 of the Companies Act 2006.

"Substituted Obligor" has the meaning given to it in clause 16.1 (*Procedure*) of the Trust Deed.

"Swap Collateral" means any collateral posted in connection with the Standby Basis Rate Swap Agreement.

"Swap Early Termination Event" means:

- (a) at the option of one party to the relevant Basis Rate Swap Agreement, if there is a failure by the other party to pay any amounts due and payable in accordance with the terms of that Basis Rate Swap Agreement, certain amounts may be due but not payable in accordance with the terms of the Basis Rate Swap Agreement;
- (b) service of a Note Acceleration Notice in relation to any Class A Notes;
- (c) upon the occurrence of an Insolvency Event in relation to the relevant Basis Rate Swap Provider or the merger of the relevant Basis Rate Swap Provider without an assumption of the obligations under the swaps, or changes in law resulting in the obligations of one of the parties becoming illegal; and
- (d) if the relevant Basis Rate Swap Provider is downgraded and fails to comply with the requirements of the ratings downgrade provision contained in the relevant Basis Rate Swap Agreement.

"SWIFT" means Society for Worldwide Interbank Financial Telecommunication.

"Talonholders" means the holders of Talons.

"Talons" means the bearer talons, in or substantially in, the form set out in Schedule 4 (*Form of Talon*) to the Trust Deed and exchangeable in accordance with the Conditions for further Coupons and/or talons or, where the context requires, a specific number of them.

"Tax Authority" means any government, state, municipal, local, federal or other fiscal, revenue customs or excise authority, body or official anywhere in the world.

"Taxes" means all present and future taxes, levies, imposts, duties (other than stamp duty), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **"Tax"** and **"Taxation"** shall be construed accordingly.

"Temporary Global Notes" means the temporary global notes in bearer form, without coupons or talons, representing each class of Notes and **"Temporary Global Note"** means any of the Temporary Global Notes.

"Terms and Conditions" has the same meaning as Conditions.

"Title Deeds" means, in relation to each Mortgage Loan and its Related Security and the Mortgaged Property relating thereto, all conveyancing deeds and documents which make up the title to the Mortgaged Property and the security for the Mortgage Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage.

"Tracker Rate Mortgage Loan" mean an Everyday Tracker Mortgage Loan and/or a Flexible Tracker Rate Mortgage Loan.

"Tracker Rate Mortgage Loan Balance" has the meaning given to it in the Standby Basis Rate Swap Agreement.

"Transaction Documents" means the Notes, the Administration Agreement, the Back-Up Administration Agreement, the Corporate Services Agreement, the Bank Account Deed, the Mortgage Sale Agreement, the Mortgages Trust Deed, the Beneficiaries Deed, the Deed of Charge, the Trust Deed, the Paying Agent and Agent Bank Agreement, the Issuer Cash Management Agreement, the Back-Up Issuer Cash Management Agreement, the Trust Property Cash Management Agreement, the Back-Up Trust Property Cash Management Agreement, the Basis Rate Swap Agreements, the Subordinated Loan Agreement, this Master Definitions and Construction Schedule, the Scottish Declaration of Trust, the Scottish Supplemental Charge and such other related documents which are referred to in the terms of the above documents.

"Transaction Party" means each of the Note Trustee, Security Trustee, the Originator, the Issuer Cash Manager, the Back-Up Issuer Cash Manager, the Trust Property Cash Manager, the Back-Up Trust Property Cash Manager, the Principal Paying Agent, the Agent Bank, the Issuer Account Bank, the Mortgages Trustee Account Bank, the Administrator, the Back-Up Administrator, the Back-Up Administrator Facilitator, the Seller, the Issuer, the Mortgages Trustee, Holdings, the Subordinated Loan Provider, the Basis Rate Swap Providers, the Collection Account Banks and the Corporate Services Provider.

"Transfer Administration Agreement" means the transfer administration agreement dated 7 December 2009 between the Seller (then known as Gosforth Subsidiary No.1 plc) and Northern Rock (Asset Management) plc (then known as Northern Rock plc) relating to the transfer of the business under the Transfer Order and which regulates the relationship between the Seller and Northern Rock (Asset Management) plc.

"Transfer Date" means the Closing Date.

"Transfer Order" means the Northern Rock plc Transfer Order 2009 (SI 2009/3226), made under Section 8 of the Banking (Special Provisions) Act 2008.

"Transfer Regulations" has the meaning given to it in clause 4 (*Transfer Regulations*) of the Back-Up Administration Agreement.

"Transfer Time" means 12.01a.m. on 1 January 2010.

"Transferring Employee" has the meaning given to it in clause 4 (*Transfer Regulations*) of the Back-Up Administration Agreement.

"Transfers" means each assignment of Mortgage Loans and Related Security granted pursuant to clause 5.3 of the Mortgage Sale Agreement.

"Treaty" means the Treaty on the Functioning of the European Union.

"Trust Calculation Date" means the day falling one Business Day prior to each Distribution Date.

"Trust Calculation Period" means the period from (and including) the first date of each calendar month (or in the case of the first Trust Calculation Period, the Closing Date) to (and including) the last day of the same calendar month.

"Trust Deed" means the trust deed entered into on or about the Closing Date between the Issuer and the Note Trustee as trustee for the Noteholders.

"Trust Document" has the meaning given to it in clause 16.1 (*Procedures*) of the Trust Deed.

"Trust Property" means (without double counting):

- (a) the sum of £100 settled on the date of the Mortgages Trust Deed by the Seller and the Issuer (as to £50 each);
- (b) the Mortgage Portfolio beneficially assigned to the Mortgages Trustee by the Seller on the Closing Date including the Mortgage Loans and their Related Security (save that, following the enforcement of any All Monies Mortgage where Associated Debt exists in relation to that All Monies Mortgage, the enforcement proceeds will not form part of the Trust Property until they are released from the All Monies Mortgage Trust in accordance with the Mortgage Sale Agreement) and any additions thereto, resulting from Borrow-backs made by Borrowers, and, if it is transferred at any time to the Mortgages Trustee, the legal title to the Mortgage Portfolio including the Mortgage Loans and their Related Security to the extent that the same have

not been repurchased by the Seller pursuant to the terms of the Mortgage Sale Agreement;

- (c) any interest and principal paid by Borrowers and any other amounts received under or in connection with the Mortgage Loans and Related Security on or after the Closing Date and any amount paid under any insurance policy in relation to a Mortgaged Property and warranty and indemnity payments to the Mortgages Trustee pursuant to the Transaction Documents, other than any Non-Trust Amounts and amounts held pursuant to the Segregated Trust;
- (d) amounts released from the Segregated Trust and paid by the Segregated Trustee, on behalf of the Seller, to the Mortgages Trustee;
- (e) any contribution, including any Seller Cash Contribution, paid by the Seller to the Mortgages Trustee on or after the Closing Date for application in accordance with the terms of the Mortgages Trust Deed;
- (f) amounts on deposit (and interest earned on such amounts) in the Mortgages Trustee GIC Account; and
- (g) the proceeds of the repurchase of any Mortgage Loan and its Related Security by the Seller pursuant to the terms of the Mortgage Sale Agreement.

"Trust Property Cash Management Agreement" means the cash management agreement dated on or about the Closing Date between, the Trust Property Cash Manager, the Issuer, the Mortgages Trustee and the Security Trustee.

"Trust Property Cash Management Services" means the cash management services set out in the Trust Property Cash Management Agreement, including Schedules 1 (*The Trust Property Cash Management Services*), 2 (*Cash Management and Maintenance of Ledgers*) and 4 (*Determination and Reconciliation*) to be provided by the Trust Property Cash Manager to the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement.

"Trust Property Cash Manager" means Virgin Money, or such other person for the time being acting as trust property cash manager under the Trust Property Cash Management Agreement which expression shall include such other person as may be appointed from time to time as trust property cash manager pursuant to the Trust Property Cash Management Agreement and the Back-Up Trust Property Cash Management Agreement.

"Trust Property Cash Manager Termination Events" has the meaning given in clause 12.1 (*Trust Property Cash Manager Termination Events*) of the Trust Property Cash Management Agreement.

"Trustee Acts" means the Trustee Act 1925 and the Trustee Act 2000.

"TSC Regulations" means the Taxation of Securitisation Companies Regulations 2006.

"UK GAAP" means the UK Financial Reporting Standards.

"**UK Listing Authority**" means the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.

"**Unauthorised Underpayment**" means an underpayment made by a Borrower (a) which cannot be funded by prior overpayments and (b) where the Borrower is not entitled to a payment holiday.

"**Underpayment**" means a monthly payment on a Mortgage Loan which is less than the required monthly payment.

"**Unpaid Interest**" means in relation to any Non-Cash Borrow-back, the interest which would, but for the Non-Cash Borrow-back, have been payable in respect of the Mortgage Loan on the relevant Mortgage Payment Date for such Mortgage Loan.

"**Unpaid Interest Amount**" means the amount of the Unpaid Interest in relation to any Non-Cash Borrow-back.

"**UTCCR**" means the Unfair Terms in Consumer Contracts Regulations 1999 and the Unfair Terms in Consumer Contracts Regulations 1994.

"**Variable Rate Mortgage Loan Balance**" has the meaning given to it in the Standby Basis Rate Swap Agreement.

"**Variable Rate Mortgage Loans**" means those Mortgage Loans to the extent that and for such period that their Mortgage Loan Conditions provide that they are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Loan Conditions (and shall, for the avoidance of doubt, exclude Mortgage Loans during the period that are Fixed Rate Mortgage Loans or Tracker Rate Mortgage Loans).

"**VAT**" means value added tax.

"**VAT Group**" means a group for the purposes of the VAT Grouping Legislation.

"**VAT Grouping Legislation**" means (a) sections 43 to 43D (inclusive) of VATA and (b) the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931).

"**VATA**" means Value Added Tax Act 1994.

"**Virgin Money**" means Northern Rock plc (registered number 6952311) trading as Virgin Money, a public limited company incorporated under the laws of England and Wales, whose registered office is at Northern Rock House, Gosforth, Newcastle upon Tyne NE3 4PL.

"**Voting Certificate**" has the meaning specified in paragraph 1 of Schedule 6 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

"**Weighted Average Fixed Rate**" means, in respect of a Calculation Period, the weighted average (by outstanding current balance) of the fixed rates of interest charged to borrowers of Fixed Rate Mortgage Loans as of the first day of the relevant

Calculation Period as notified to the Calculation Agent by the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement.

"Weighted Average Tracker Rate" means, in respect of a Calculation Period, the weighted average (by outstanding current balance) of the tracker rates of interest as of the first day of the relevant Calculation Period charged to borrowers of Tracker Rate Mortgage Loans which are Performing Mortgage Loans as notified to the Calculation Agent by the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement.

"Weighted Average Variable Rate" means, in respect of a Calculation Period, the weighted average (by outstanding current balance) of the variable rates of interest as of the first day of the relevant Calculation Period charged to borrowers of Variable Rate Mortgage Loans which are Performing Mortgage Loans as notified to the Calculation Agent by the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement.

2. **PRINCIPLES OF INTERPRETATION AND CONSTRUCTION**

2.1 **Knowledge**

- (a) References in any Transaction Document to the expressions so far as the Seller is aware or to the best of the knowledge, information and belief of the Seller or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Seller, together with the knowledge which such persons could have had absent their own fraud, negligence or wilful default.
- (b) References in any Transaction Document to the expressions so far as the Administrator is aware or to the best of the knowledge, information and belief of the Administrator or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Administrator, together with the knowledge which such persons could have had absent their own fraud, negligence or wilful default.
- (c) References in any Transaction Document to the expressions so far as the Issuer is aware or to the best of the knowledge, information and belief of the Issuer or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Issuer, together with the knowledge which such persons could have had absent their own fraud, negligence or wilful default.
- (d) References in any Transaction Document to the expressions so far as the Security Trustee is aware or to the best of the knowledge, information and belief of the Security Trustee or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Security Trustee.

2.2 Interpretation and Construction

- (a) Any reference in the Transaction Documents to a document being in an agreed form means that the form of the document in question has been agreed between the proposed parties thereto and that a copy thereof has been signed for the purposes of identification by Clifford Chance LLP and Freshfield Bruckhaus Deringer LLP.
- (b) "**Assigned**" in relation to, or, "**assignment**" of, a Mortgage Loan and/or its Related Security shall be deemed, in the context of an equitable assignment, to include the granting of the Scottish Declaration of Trust in respect of a Scottish Mortgage Loan and/or its Related Security, and, in the context of a legal assignment, to include the granting of an assignation in respect of a Scottish Mortgage Loan and/or its Related Security.
- (c) "**Continuing**" in respect of a Note Event of Default or a Potential Note Event of Default shall be construed as a reference to a Note Event of Default or a Potential Note Event of Default which has not been waived in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document.
- (d) "**Euroclear**" and/or "**Clearstream, Luxembourg**" shall, wherever the context so admits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer and the Security Trustee in relation to the Notes.
- (e) A "**Holding Company**" in relation to a company, is any other company in respect of which it is a subsidiary.
- (f) "**Holder**" means the bearer of a Note and the words holders and related expressions shall (where appropriate) be construed accordingly.
- (g) "**Including**" shall be construed as a reference to including without limitation, so that any list of items or matters appearing after the word including shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word including.
- (h) "**Indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.
- (i) A "**law**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order, direction, requirement or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court.
- (j) A "**month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month except that:

- (i) if any such numerically corresponding day is not a Business Day, such period shall end on the immediately succeeding Business Day to occur in that next succeeding calendar month or, if none, it shall end on the immediately preceding Business Day; and
- (ii) if there is no numerically corresponding day in that next succeeding calendar month, that period shall end on the last Business Day in that next succeeding calendar month,

and references to months shall be construed accordingly.

- (k) A "**person**" shall be construed as a reference to any person, individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality).
- (l) "**Principal**" shall, where applicable, include premium.
- (m) "**records**" of Euroclear and Clearstream, Luxembourg shall be the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes.
- (n) "**Repay**", "**redeem**" and "**pay**" shall each include both of the others and repaid, repayable and repayment, redeemed, redeemable and redemption and paid, payable and payment shall be construed accordingly.
- (o) A reference to any person defined as a "**Transaction Party**" in this Agreement or in any Transaction Document or in the Conditions shall be construed so as to include its and any subsequent successor and permitted transferee in accordance with their respective interests and any person who, under the laws of the jurisdiction of incorporation of or domicile of such person has assumed all of the rights and obligations of such person under the relevant Transaction Document or to which, under such laws, all of such rights and obligations have been transferred.
- (p) "**Set-off**" includes equivalent or analogous rights under jurisdictions other than England and Wales.
- (q) A "**subsidiary**" of a company or corporation incorporated in a jurisdiction other than England and Wales means (a) a subsidiary as defined in Section 1159 of the Companies Act 2006 and (b) unless the context requires otherwise, a "**subsidiary undertaking**" within the meaning of Section 1162 of the Companies Act 2006.
- (r) A "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

- (s) **"A wholly-owned subsidiary of a company or corporation"** shall be construed as a reference to any company or corporation which has no other members except that other company or corporation and that other company's or corporation's wholly-owned subsidiaries or persons acting on behalf of that other company or corporation or its wholly-owned subsidiaries.

2.3 **Transaction Documents and other Agreements**

Any reference to this Master Definitions and Construction Schedule, any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to this Master Definitions and Construction Schedule, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

2.4 **Legislation and Treaties**

Any reference to any legislation (whether primary legislation or regulations or secondary legislation made pursuant to any primary legislation) or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, replaced, amended or, in the case of a statute, re-enacted.

2.5 **Time**

Any reference in any Transaction Document to a time of day shall, unless a contrary indication appears, be a reference to London time.

2.6 **Schedules**

Any Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

2.7 **Headings**

Section, Part, Schedule, Paragraph and Clause headings are for ease of reference only.

2.8 **Sections**

Except as otherwise specified in a Transaction Document, reference in a Transaction Document to a:

- (a) **"Section"** shall be construed as a reference to a Section of such Transaction Document;
- (b) **"Part"** shall be construed as a reference to a Part of such Transaction Document;
- (c) **"Schedule"** shall be construed as a reference to a Schedule of such Transaction Document;

- (d) "**Clause**" shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and
- (e) "**Paragraph**" shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.9 **Number**

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

2.10 **Time of the Essence**

Any date or period specified in any Transaction Document may be postponed or extended by mutual agreement between the parties, but as regards any date or period originally fixed or so postponed or extended, time shall be of the essence.

2.11 **Limited Recourse**

Notwithstanding any other clause or provision in the Transaction Documents, no provision in any Transaction Document other than Condition 5(G) (*Limited Recourse*) shall limit or in any way reduce the amount of interest that would otherwise be payable by the Issuer under any Note, if and to the extent that such limitation or reduction falls to any extent to be determined by reference to the results of any business or part of a business or the value of any property.

2.12 **Successors**

Each Transaction Document shall be binding upon and enure to the benefit of each Transaction Party which is a party to such Transaction Document or is otherwise bound by its terms and its or any subsequent successors, transferees and assigns.