



Registration of a Charge

Company name: **HCUK AUTO FUNDING 2017-2 LTD**

Company number: **10937768**



X6L3BDZD

Received for Electronic Filing: **11/12/2017**

Details of Charge

Date of creation: **28/11/2017**

Charge code: **1093 7768 0002**

Persons entitled: **U.S. BANK NATIONAL ASSOCIATION**

Brief description: **N/A**

Contains fixed charge(s).

Contains floating charge(s) (floating charge covers all the property or undertaking of the company).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **EXCEPT FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006, I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION**

**FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

NATALIJA RADCENKO



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 10937768

Charge code: 1093 7768 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 28th November 2017 and created by HCUK AUTO FUNDING 2017-2 LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th December 2017 .

Given at Companies House, Cardiff on 13th December 2017

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

EXECUTION VERSION

DEED OF CHARGE

DATED 28 NOVEMBER 2017

HCUK AUTO FUNDING 2017-2 LTD
as Issuer

U.S. BANK NATIONAL ASSOCIATION
as Security Trustee

ROYAL BANK OF CANADA
as Committed Note Purchaser

HYUNDAI CAPITAL UK LIMITED
as Seller

HYUNDAI CAPITAL UK LIMITED
as Servicer

ELAVON FINANCIAL SERVICES DAC, UK BRANCH
as Cash Administrator and Registrar

SANTANDER UK PLC
as Account Bank

HYUNDAI CAPITAL UK LIMITED
as Subordinated Loan Provider

and

INTERTRUST MANAGEMENT LIMITED
as Corporate Administrator

in relation to
UP TO £450,000,000 VARIABLE FUNDING NOTE DUE 2027

ALLEN & OVERY

Allen & Overy LLP

0011394-0000087 ICM:28487808.2

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THIS DEED of Charge (this Deed) is made on the date written on the cover page of this Deed

BETWEEN:

- (1) **HCUK AUTO FUNDING 2017-2 LTD**, a private limited company incorporated under the laws of England and Wales (registered number 10937768), whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom, as issuer (the **Issuer**);
- (2) **U.S. BANK NATIONAL ASSOCIATION**, a national banking association whose corporate trust office is at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110, United States, as security trustee (the **Security Trustee**, which expression shall, wherever the context so admits, include such company and all other persons for the time being acting as the trustee or trustees pursuant to the terms of the Deed of Charge for the Secured Creditors);
- (3) **ROYAL BANK OF CANADA**, a Canadian chartered bank duly organised and validly existing under the laws of Canada acting through its London branch at Riverbank House, 2 Swan Lane, London EC4R 3BF, United Kingdom, as committed note purchaser (the **Committed Note Purchaser**);
- (4) **HYUNDAI CAPITAL UK LIMITED**, a private limited company incorporated under the laws of England and Wales (with registered number 07945949), whose registered office is at Floor 2, London Court, 39 London Road, Reigate, Surrey RH2 9AQ, United Kingdom, as seller (the **Seller**);
- (5) **HYUNDAI CAPITAL UK LIMITED**, a private limited company incorporated under the laws of England and Wales (with registered number 07945949), whose registered office is at Floor 2, London Court, 39 London Road, Reigate, Surrey RH2 9AQ, United Kingdom, as servicer (the **Servicer**);
- (6) **HYUNDAI CAPITAL UK LIMITED**, a private limited company incorporated under the laws of England and Wales (with registered number 07945949), whose registered office is at Floor 2, London Court, 39 London Road, Reigate, Surrey RH2 9AQ, United Kingdom, as subordinated loan provider (the **Subordinated Loan Provider**);
- (7) **ELAVON FINANCIAL SERVICES DAC, UK BRANCH**, a designated activity company registered in Ireland with the Companies Registration Office (registered number 418442), with its registered office at 2nd Floor, Block E, Cherrywood Science & Technology Park, Loughlinstown, Co. Dublin, Ireland, acting through its UK Branch (registered number BR009373) from its offices at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom under the trade name U.S. Bank Global Corporate Trust Services, as cash administrator and registrar (the **Cash Administrator** and the **Registrar**);
- (8) **SANTANDER UK PLC**, a public limited company incorporated under the laws of England and Wales (registered number 02294747), whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom, as account bank (the **Account Bank**); and
- (9) **INTERTRUST MANAGEMENT LIMITED**, a private limited company incorporated under the laws of England and Wales (with registered number 3853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom, as corporate administrator (the **Corporate Administrator**),

each a Party and, together, the Parties.

WHEREAS:

- (A) On or about the date of this Deed, the Issuer will issue the VFN and the Issuer and the other Transaction Parties will enter into the Transaction Documents in order to consummate the Transaction.
- (B) The Issuer has agreed to provide the Security to secure the Secured Amounts.
- (C) The Security Trustee has agreed to hold the benefit of the Security on trust for the benefit of the Secured Creditors subject to the terms and conditions of this Deed.
- (D) It is intended that this document takes effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

NOW THIS DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

SECTION A

INTERPRETATION

1. INTERPRETATION

1.1 General

Words and expressions used in this Deed have the meanings and constructions ascribed to them in Schedule 5 (Definitions).

1.2 Security Trustee's actions

- (a) Where the Security Trustee is referred to in this Deed or in the other Transaction Documents as acting reasonably or in a reasonable manner or as coming to an opinion or determination that is reasonable (or where any similar or analogous wording is used), unless it is not required to do so, this shall mean that the Security Trustee shall, where it has in fact sought such instructions, be acting or coming to an opinion or determination on the instructions of the VFN Holder or all of the Secured Creditors, as applicable, acting reasonably and the Security Trustee shall be under no obligation to determine the reasonableness of such instructions from any Secured Creditor or the VFN Holder, as applicable, or whether in giving such instructions any Secured Creditor or the VFN Holder, as applicable, is acting in a reasonable manner.
- (b) Where the agreement or approval of, acceptability to or satisfaction of the Security Trustee is referred to (or where any similar or analogous wording is used) in relation to a matter not affecting the personal interests of the Security Trustee (including, for the avoidance of doubt, any satisfaction of, or determination in relation to, any condition precedent) this shall mean the agreement or approval of, acceptability to or satisfaction of (or where similar or analogous wording is used, as applicable) the VFN Holder as notified to the Security Trustee.

SECTION B

UNDERTAKING TO PAY AND PERFORM

2. ISSUER'S UNDERTAKING TO PAY AND PERFORM

2.1 Undertaking to pay and perform

The Issuer undertakes to the Security Trustee (for its own account and as security trustee for the other Secured Creditors) that (a) it shall duly, unconditionally and punctually pay and discharge to each of the Secured Creditors when due all monies and liabilities whatsoever constituting the Secured Amounts and (b) it will observe, perform and satisfy all its other obligations and liabilities under this Deed and each other Transaction Document to which it is a party.

2.2 Reinstatement of liabilities

For the avoidance of doubt, any payment made to a Secured Creditor in respect of the Secured Amounts which is declared void or voidable by a court of competent jurisdiction shall be disregarded and such payment shall be deemed to remain outstanding.

2.3 Security Trustee's requirements regarding Agents

At any time after the service of an Enforcement Notice, the Security Trustee may, by notice in writing to the Issuer, the Seller and the Agents, require the Agents:

- (a) to act thereafter as the Agents of the Security Trustee in relation to payments to be made by or on behalf of the Security Trustee under the provisions of the Transaction Documents *mutatis mutandis* on the terms provided in the relevant Transaction Documents (with such consequential amendments as the Security Trustee shall deem necessary and save that the Security Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Agents shall be limited to the amounts for the time being held by the Security Trustee on the trusts of this Deed and available for such purpose) and thereafter to hold all sums, documents and records held by them in respect of the Security on behalf of the Security Trustee; and/or
- (b) to deliver up all sums, documents and records held by them in respect of the Security to the Security Trustee or as the Security Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which any Agent is obliged not to release by any law or regulation.

SECTION C

SECURITY AND DECLARATION OF TRUST

3. CREATION OF FIXED SECURITY

As continuing security for the payment or discharge of the Secured Amounts, the Issuer with full title guarantee (or, in respect of any assets or rights subject to the laws of Scotland, with absolute warrandice, or, in respect of any assets or rights subject to the laws of Northern Ireland, as beneficial owner), in favour of the Security Trustee for the Security Trustee itself and on trust for the Secured Creditors, hereby:

- (a) assigns absolutely the Benefit of all Purchased Receivables together with any Related Collateral and all rights, claims and interests relating thereto;

- (b) assigns absolutely the Benefit of all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Seller or the Servicer and/or any other party pursuant to or in respect of the Receivables Sale Agreement or the Servicing Agreement (including any replacement servicing agreement), including all rights of the Issuer relating to any additional security;
- (c) assigns absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Subordinated Loan Provider and/or any other party pursuant to or in respect of the Subordinated Loan Agreement;
- (d) assigns absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Cash Administrator and/or any other party pursuant to or in respect of the Cash Administration Agreement;
- (e) assigns absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the VFN Holder and/or any other party pursuant to or in respect of the Variable Funding Note Purchase Agreement;
- (f) assigns absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in respect of the Seller Account Declaration of Trust;
- (g) assigns absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Account Bank and/or any other party pursuant to or in respect of the Account Bank Agreement;
- (h) assigns absolutely the Benefit of all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Corporate Administrator pursuant to the Corporate Administration Agreement; and
- (i) charges by way of first fixed charge the Benefit of all present and future rights, claims and interests in or in relation to any amounts standing to the credit of the Charged Accounts,

in each case including any and all related non-ancillary rights.

4. CREATION OF FLOATING CHARGE

4.1 Creation of floating charge

Without prejudice to Clause 4.2 (Issuer's paid-up share capital and annual profit excluded), as continuing security for the payment or discharge of the Secured Amounts, the Issuer with full title guarantee (or, in respect of any assets or rights subject to the laws of Scotland, with absolute warrandice, or, in respect of any assets or rights subject to the laws of Northern Ireland, as beneficial owner) also hereby charges, in favour of the Security Trustee for the Security Trustee itself and on trust for the Secured Creditors, by way of first floating charge, the whole of its undertaking (other than any property or assets at any time otherwise effectively charged or assigned by way of fixed charge or assignment under Clause 3 (Creation of Fixed Security)) and all its property, assets and rights, whatsoever and wheresoever, both present and future, including:

- (a) its uncalled capital; and

- (b) for the avoidance of doubt, all its property, assets and rights subject to the laws of Scotland or Northern Ireland.

4.2 Issuer's paid-up share capital and annual profit excluded

The Issuer's paid-up share capital and annual profit shall be excluded from the first floating charge created by Clause 4.1 (Creation of floating charge).

4.3 Qualifying floating charge

Paragraph 14 of schedule B1 to the Insolvency Act applies to the floating charge created pursuant to this Clause 4.

4.4 Postponed to fixed security

The floating charge created by Clause 4.1 (Creation of floating charge) shall be postponed to any valid fixed charges or other fixed security which remain outstanding under and pursuant to this Deed from time to time and any rights of the Issuer to deal with the assets subject to the floating charge shall be expressly subject to any restrictions placed on dealing with those assets contained in any fixed charge or other fixed security over the same.

5. SCOTTISH SUPPLEMENTAL SECURITY

As continuing security for the payment or discharge of the Secured Amounts, the Issuer hereby agrees and undertakes on each Purchase Date to enter into and deliver to (and procure that the Seller enters into and delivers to) the Security Trustee a Scottish Supplemental Security in substantially the form set out in Schedule 1 (Form of Scottish Supplemental Security).

6. WARRANTY BY THE ISSUER

The Issuer warrants to the Security Trustee that:

- (a) it has taken all necessary steps to enable it to create the Security in respect of the Charged Property in accordance with this Deed and has taken no action or steps which will or may prejudice its right, title and interest in, to and under the Charged Property;
- (b) this Deed creates the Security it purports to create and such Security is not liable to be avoided or otherwise set aside upon an occurrence of, or in relation to, an Insolvency Event in respect of the Issuer;
- (c) it is the beneficial owner of the Charged Property and the Charged Property is free of any Security Interest (except for Security created by or under this Deed or any Scottish Supplemental Security) and any other rights or interests (including any licences) in favour of third parties;
- (d) there is no prohibition on assignment, assignation or transfer of any Charged Property; and
- (e) none of the Charged Property secured under or pursuant to this Deed is subject to, or comprised in, any trust, other than any trust constituted by the Transaction Documents.

7. NOTICE OF SECURITY

- 7.1 The Parties agree and acknowledge that this Deed constitutes irrevocable notice of the Security to all the Parties, including to the Account Bank in respect of the Charged Accounts and to each of the

other parties to the Transaction Documents in respect of the relevant Transaction Documents to which they are a party.

7.2 The Issuer shall, immediately following the Closing Date, give the following notices:

- (a) to the Account Bank, a notice in substantially the form set out in Part 1 (Form of Notice of Charge to Account Bank) of Schedule 4 (Notices of Charge and Assignment); and
- (b) to each of the other Transaction Parties (other than the Issuer and the Security Trustee), a notice in substantially the form set out in Part 2 (Form of Notice of Assignment to Transaction Parties) of Schedule 4 (Notices of Charge and Assignment).

8. REDEMPTION AND RELEASE

8.1 Release on payment or discharge

Upon proof being given to the satisfaction of the Security Trustee as to the irrevocable and unconditional payment in full or discharge of the Secured Amounts, the Security Trustee will, at the request and cost of the Issuer, release, discharge, retrocess or reassign the Charged Property to the Issuer.

8.2 Release pursuant to Receivables Sale Agreement

The Security Trustee agrees that, if it receives notice from the Issuer stating that the Issuer is required to reassign and retransfer any Purchased Receivables and Related Collateral to the Seller pursuant to the provisions of the Receivables Sale Agreement, then the Security Trustee will join with the Issuer in executing a Deed of Reassignment in respect of the relevant Purchased Receivables and Related Collateral in order to release the relevant Purchased Receivables and Related Collateral from the Security and retransfer them in accordance with such Deed of Reassignment.

8.3 No avoidance

No assurance, security or payment which is avoided under any enactment relating to bankruptcy or under sections 238 to 245 or section 423 of the Insolvency Act or any equivalent provision of common law and no release, settlement or discharge given or made by the Security Trustee in reliance on any such assurance, security or payment shall prejudice or affect the right of the Security Trustee to enforce the Security. The Issuer agrees that, notwithstanding any such avoidance, release, settlement or discharge, the Security shall be deemed always to have been and to have remained held by the Security Trustee as and by way of security for the payment to or to the order of the Security Trustee of the Secured Amounts.

8.4 Form of release

Subject to the foregoing provisions of this Clause 8, the Security shall be released only upon the execution by or on behalf of the Security Trustee of either an absolute and unconditional release by way of deed or a receipt, in each case relating to all (and not part only) of the Secured Amounts.

9. CONTINUANCE OF SECURITY

The Security and the covenants, undertakings and provisions contained in this Deed and any deeds entered into pursuant hereto shall remain in force as a continuing security to the Security Trustee, notwithstanding any intermediate payment or satisfaction of any part of the Secured Amounts or any

settlement of account or any other act, event or matter whatsoever, and shall secure the Secured Amounts.

10. PAYMENTS PRIOR TO ENFORCEMENT

Notwithstanding the Security, the Security Trustee acknowledges that, until delivery of a Security Protection Notice or the delivery of an Enforcement Notice:

- (a) payments becoming due to the Issuer under any of the Transaction Documents, together with all other monies payable to the Issuer pursuant to any other documents or arrangements to which it is a party, may be made to the Issuer in accordance with the provisions of the relevant Transaction Documents or (as the case may be) the documents or arrangements concerned;
- (b) the Issuer may, subject to paragraph (c) below, exercise its rights, powers and discretions and perform its obligations in relation to the Charged Property and under the Transaction Documents in accordance with the provisions of the Transaction Documents or (as the case may be) other documents or arrangements; and
- (c) amounts standing to the credit of the Charged Accounts from time to time may be withdrawn therefrom by the Issuer but only in accordance with the terms of the Cash Administration Agreement.

SECTION D

PROTECTION OF SECURITY AND ENFORCEMENT

11. SECURITY PROTECTION NOTICE

11.1 Delivery of Security Protection Notice

Subject to the provisions of Clause 14 (Enforcement), if, at any time while any of the Secured Amounts remain outstanding:

- (a) an Event of Default or Potential Event of Default occurs; or
- (b) the Security Trustee believes that the Charged Property or any part thereof is in danger of being seized or sold under any form of distress, diligence or execution levied, executed or threatened or otherwise in jeopardy,

then the Security Trustee may, in its absolute discretion, deliver to the Issuer a Security Protection Notice.

11.2 Consequences of delivery of Security Protection Notice

Upon delivery of a Security Protection Notice, except where the Security Protection Notice has been delivered as a result of an Insolvency Event occurring solely due to the Issuer obtaining or taking steps to obtain a moratorium pursuant to section 1A of the Insolvency Act:

- (a) the Floating Charge shall crystallise into a fixed charge or fixed charges as regards any assets specified in the Security Protection Notice; and
- (b) by way of further assurance of such fixed charge or fixed charges, the Issuer shall promptly execute over such assets a fixed charge or fixed charges or other Encumbrance in favour of the Security Trustee in such form as the Security Trustee shall require.

11.3 Withdrawal of Security Protection Notice

The Security Trustee may, at any time, unless an Enforcement Notice has been delivered, by notice in writing to the Issuer withdraw a Security Protection Notice.

11.4 No withdrawals from Charged Accounts

From and including the date on which the Security Trustee delivers a Security Protection Notice to the Issuer and unless and until it is withdrawn, no amount may be withdrawn from the Charged Accounts without the prior written consent of the Security Trustee, provided that, unless an Enforcement Notice has been delivered, the Security Trustee shall not act under this Clause 11.4 in such a way as to require any payment other than in accordance with the Pre-Enforcement Priority of Payments and the Security Trustee shall not prevent any payments being made from the Reserve Ledger.

12. ENFORCEMENT NOTICE

The parties hereto acknowledge and agree that the circumstances in which the Security Trustee may or shall deliver an Enforcement Notice and the conditions applicable to delivery of an Enforcement Notice are set out in clause 2.4(h) (Acceleration following an Event of Default) of the Variable Funding Note Purchase Agreement.

13. SECURITY ENFORCEABLE

The whole of the Security shall become enforceable:

- (a) upon the delivery of an Enforcement Notice, except where the Enforcement Notice has been delivered as a result of an Insolvency Event occurring solely due to the Issuer obtaining or taking steps to obtain a moratorium pursuant to section 1A of the Insolvency Act; or
- (b) if any person who is entitled to do so presents an application for the appointment of an administrator of the Issuer, gives notice of intention to appoint an administrator of the Issuer or files such notice with the court.

14. ENFORCEMENT

14.1 Consequences of enforceable Security

From the date on which the Security becomes enforceable:

- (a) if it has not already crystallised, the Floating Charge shall crystallise;
- (b) the Security Trustee may institute such proceedings against the Issuer and take such action as it may think fit to enforce all or any part of the Security;
- (c) amounts may be withdrawn from the Charged Accounts only by the Security Trustee and shall be applied only in accordance with the Post-Enforcement Priority of Payments;
- (d) the Security Trustee may appoint a Receiver or an administrator in accordance with Clause 17 (Appointment and Removal of Administrator and Receiver); and
- (e) whether or not it has appointed a Receiver, the Security Trustee may exercise all or any of the powers, authorities and discretions:
 - (i) conferred by the Trust Documents on any Receiver; or

- (ii) otherwise conferred by law.

14.2 Failure to enforce Security

No other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security, unless the Security Trustee or any Receiver, having become bound to do so, fails to enforce the Security within a reasonable period of time and that failure is continuing, in which case each of the Secured Creditors will be entitled to take any steps and proceedings against the Issuer for the purpose of recovering any of the Secured Amounts or enforcing any rights arising out of the Transaction Documents as it considers necessary, other than any steps or proceedings:

- (a) in respect of procuring the winding up, administration or liquidation of the Issuer; and/or
- (b) which would result in a breach of the Priority of Payments and/or any term of the Transaction Documents.

15. POST-ENFORCEMENT PRIORITY OF PAYMENTS

15.1 Post-Enforcement Priority of Payments

Either (x) following the delivery of an Enforcement Notice and prior to the full discharge of all Secured Obligations or (y) if the VFN is redeemed in full pursuant to the Variable Funding Note Purchase Agreement, any amounts standing to the credit of the Transaction Account (other than Seller Amounts and any VFN Retained Interest Amount) shall be applied by the Cash Administrator on subsequent Payment Dates (or, if the Security has been enforced by the Security Trustee, on such dates as the Security Trustee may determine) in the following order (together in each case with any VAT payable in addition to such amount in accordance with Clause 49 (VAT)):

- (a) *first*, to retain a retained profit for the Issuer of £300 (which the Issuer may apply to pay any corporation tax due thereon);
- (b) *second*, to pay any fees, costs, expenses, indemnities and other amounts due and payable to the Security Trustee and any receiver, manager, agent, delegate or administrative receiver appointed in respect of the Issuer in accordance with this Deed;
- (c) *third*, to pay *pari passu* and pro rata any fees, costs, expenses, indemnities and other amounts due and payable to each of the Cash Administrator, the Account Bank, the Registrar and the Corporate Administrator and any other amounts due by the Issuer in connection with the liquidation or dissolution of the Issuer to the Insolvency Official of the Seller including the Administrator Incentive Recovery Fee (if any) in accordance with the terms of the Servicing Agreement following an Insolvency Event of the Seller;
- (d) *fourth*, to pay *pari passu* and pro rata any fees, out of pocket costs, expenses and other amounts due and payable to the Servicer under the Servicing Agreement and any amounts due and payable to any replacement servicer (including any expenses, costs and fees incurred in the course of replacement) of the Purchased Receivables and the Related Collateral which may be appointed from time to time under the Servicing Agreement and any costs and expenses incurred by or on behalf of the Issuer in the event that the Issuer collects and/or services the Purchased Receivables or the Related Collateral during the process of the replacement of the Servicer;
- (e) *fifth*, to pay *pari passu* and pro rata any amount due and payable to any Swap Counterparty under any Swap Agreement, but excluding termination payments falling within item (i) below;

- (f) *sixth*, to pay *pari passu* and pro rata the Noteholder's Interest Distributable Amount (including, for the avoidance of doubt, any gross-up amount payable under clause 10.2 (Tax gross up) of the Variable Funding Note Purchase Agreement) in respect of the VFN, all Facility Fees due (but unpaid) and the Facility Expenses;
- (g) *seventh*, to pay the Noteholder's Principal Distributable Amount until the VFN Principal Amount Outstanding has been reduced to zero;
- (h) *eighth*, to pay first, interest due and payable under the Subordinated Loan Agreement and second, outstanding principal due and payable under the Subordinated Loan Agreement;
- (i) *ninth*, to pay any termination payments due and payable to any Swap Counterparty under any Swap Agreement if (i) an event of default has occurred under the Swap Agreement and the Swap Counterparty is the defaulting party in respect of such event of default or (ii) a termination event has occurred under the Swap Agreement as a result of the Swap Counterparty suffering a ratings downgrade; and
- (j) *tenth*, to pay any remaining amounts to the Seller as Deferred Consideration in accordance with the Receivables Sale Agreement.

15.2 Application of monies standing to the Reserve Ledger

After an Enforcement Notice is delivered by the Security Trustee, all monies standing to the credit of the Reserve Ledger shall be held by the Security Trustee upon trust to be applied in payment of the amounts required in the order of priority specified at Clause 15.1 (Post-Enforcement Priority of Payments).

15.3 Monies not required for Secured Amounts

Any monies held by the Receiver or the Security Trustee after application of monies received or recovered after an Enforcement Notice is delivered by the Security Trustee and not required for application in discharge of the Secured Amounts in accordance with Clause 15.1 (Post-Enforcement Priority of Payments) shall be paid by the Receiver or the Security Trustee to the Issuer for application in or towards meeting the Obligations of the Issuer, which do not constitute Secured Amounts, as such Obligations fall due.

15.4 Action, proceedings and indemnification

- (a) The Security Trustee shall not be bound to take any action in relation to this Deed (including, but not limited to, the giving of any notice pursuant to, or the taking of any proceedings and/or other steps or action mentioned in this Section D) unless directed or requested to do so by the Committed Note Purchaser and then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.
- (b) The Security Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Security Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to take the relevant action in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

15.5 Application of monies standing to the VFN Retained Interest Ledger

After an Enforcement Notice is delivered by the Security Trustee, all monies standing to the credit of the VFN Retained Interest Ledger shall be held by the Security Trustee upon trust to be paid to the VFN Holder on the VFN Retained Interest Amount Payment Date.

SECTION E

SECURITY TRUSTEE'S POWERS

16. EXTENSION AND VARIATION OF THE LPA AND THE 1881 ACT

16.1 Extension of powers

From the date of this Deed but subject to Clause 16.2 (Powers exercised on delivery of Enforcement Notice), the provisions of the LPA relating to the power of sale and the other powers conferred by sections 101 (1) and (2) of the LPA and section 19 of the 1881 Act, are extended to authorise the Security Trustee upon such terms as the Security Trustee may think fit:

- (a) to sell, exchange, license or otherwise dispose of or otherwise deal with the Charged Property or any interest in the same, and to do so for shares, debentures or any other securities whatsoever, or in consideration of an agreement to pay all or part of the purchase price at a later date or dates, or an agreement to make periodic payments, whether or not the agreement is secured by an Encumbrance or a guarantee, or for such other consideration (if any) and upon such terms whatsoever as the Security Trustee may think fit, and also to grant any option to purchase;
- (b) with a view to, or in connection with, the management or disposal of the Charged Property, to carry out any transaction, scheme or arrangement which the Security Trustee may in its absolute discretion consider appropriate;
- (c) to take possession of, get in and collect the Charged Property;
- (d) to carry on and/or manage and/or concur in managing the business of the Issuer as it thinks fit and to demand, sue for and collect and get in all monies due to the Issuer as it thinks fit;
- (e) to appoint and engage managers, agents and advisers upon such terms as to remuneration and otherwise and for such periods as it may determine, and to dismiss them;
- (f) to bring, defend, submit to arbitration, negotiate, compromise, abandon and settle any claims and proceedings concerning the Charged Property;
- (g) to transfer all or any of the Charged Property and/or any of the liabilities of the Issuer to any other company or body corporate whether or not formed or acquired for the purpose and whether or not an affiliate of the Security Trustee, the Issuer or the Servicer;
- (h) to call up all or any portion of the uncalled capital (if any) of the Issuer;
- (i) generally to carry out, or cause or authorise to be carried out, any transaction, scheme or arrangement whatsoever, whether or not similar to any of the foregoing, in relation to the Charged Property which it may consider expedient as effectually as if it were the absolute, sole legal and beneficial owner of the Charged Property, subject to any restrictions in the Transaction Documents;

- (j) to pay and discharge, out of the profits and income of the Charged Property and the monies to be made by it in carrying on the business of the Issuer, the expenses incurred in and about the carrying on and management of any such business or in the exercise of any of the powers conferred by this Clause 16.1(j) or otherwise in respect of the Charged Property and all outgoings which it shall think fit to pay and apply the residue of such profits and income in accordance with Clause 15.1 (Post-Enforcement Priority of Payments);
- (k) to exercise any of the powers and perform any of the duties conferred on the Issuer by or pursuant to any of the Transaction Documents or any statute, deed or contract;
- (l) to exercise, or permit any other person to exercise, any rights, powers or privileges of the Issuer in respect of the Charged Property;
- (m) to disclaim, discharge, abandon, disregard, alter or amend on behalf of the Issuer all or any outstanding contracts of the Issuer except where such amendment is proscribed by the terms of any Transaction Document and allow time for payment of any monies either with or without security;
- (n) to sanction or confirm anything suffered by the Issuer and concur with the Issuer in any dealing not specifically mentioned above;
- (o) in connection with the exercise of any of its powers, to execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Issuer or otherwise, as it may think fit, all documents, acts or things which it may consider appropriate or incidental or conducive to the exercise of any of the powers referred to above; and
- (p) to use the name of the Issuer for all or any of the foregoing purposes.

16.2 Powers exercised on delivery of Enforcement Notice

The statutory powers of sale and of appointing a receiver which are conferred upon the Security Trustee, as varied and extended by this Deed, and all other powers shall, in favour of any purchaser, be deemed to arise and be exercisable immediately after the execution of this Deed but shall only be exercised upon and following the delivery of an Enforcement Notice by the Security Trustee.

16.3 Restrictions

The restrictions contained in sections 93 and 103 of the LPA and sections 17 and 20 of the 1881 Act shall not apply to this Deed or to the exercise by the Security Trustee of its right to consolidate all or any of the Security with any other security in existence at any time or to its power of sale, which powers may be exercised by the Security Trustee without notice to the Issuer on or at any time after the delivery of an Enforcement Notice.

16.4 Borrowing powers

The Security Trustee may raise and borrow money on the security of the Charged Property or any part of the Charged Property for the purpose of defraying any monies, costs, charges, losses and expenses paid or incurred by it in relation to this Deed (including the costs of realisation of any or all of the Charged Property and the remuneration of the Security Trustee). The Security Trustee may raise and borrow such money at such rate of interest and generally on such terms and conditions as it shall think fit and may secure the repayment of the money so raised or borrowed with interest on the same by mortgaging or otherwise charging the Charged Property or any of it and either in priority to the Security or otherwise and generally in such manner as the Security Trustee shall think fit and for such purposes may execute and do all such assurances and things as it shall think fit.

16.5 Powers additional to LPA, the 1881 Act and Insolvency Act powers

The powers conferred by this Deed in relation to the Security on the Security Trustee or on any Receiver of the Charged Property or any part of the Charged Property shall be in addition to and not in substitution for the powers conferred on mortgagees, security holders or receivers under the LPA, the 1881 Act and the Insolvency Act and, where there is any ambiguity or conflict between the powers contained in either of such Acts and those conferred by this Deed, the terms of this Deed shall prevail (so far as permitted by mandatory provisions of law).

16.6 Right of appropriation

- (a) The Security Trustee may (subject to being indemnified and/or secured and/or prefunded to its satisfaction), on or at any time after the delivery of an Enforcement Notice, by notice in writing to the Issuer, appropriate with immediate effect all or any Charged Property comprising financial collateral which is subject to a security financial collateral arrangement (within the meaning of the Financial Collateral Arrangements (No.2) Regulations 2003 as amended) in or towards the discharge of the Secured Obligations, whether such Charged Property is held by the Security Trustee or otherwise.
- (b) The value of any financial collateral appropriated under this Clause 16.6 shall be:
 - (i) in the case of cash, its face value at the time of appropriation; and
 - (ii) in the case of financial instruments or other financial collateral, their market value at the time of appropriation as determined (after appropriation) by the Security Trustee by reference to a public index or other applicable generally recognised price source or such other process as the Security Trustee may select, including a valuation carried out by an independent firm of accountants or valuers appointed by the Security Trustee;

as converted, where necessary, into sterling at a market rate of exchange prevailing at the time of appropriation selected by the Security Trustee.

- (c) The Security Trustee will account to the Issuer for any amount by which the value of the appropriated Charged Property exceeds the Secured Obligations and the Issuer shall remain liable to the Security Trustee for any amount by which the value of the appropriated Charged Property is less than the Secured Obligations.
- (d) The Issuer agrees that, in respect of any Charged Property comprising financial collateral which is subject to a security financial collateral arrangement (within the meaning of the Financial Collateral Arrangements (No. 2) Regulations 2003 as amended), the method of valuing such Charged Property under this Clause 16.6 is commercially reasonable.

SECTION F

ADMINISTRATOR AND RECEIVER

17. APPOINTMENT AND REMOVAL OF ADMINISTRATOR AND RECEIVER

17.1 Appointment of an administrator

At any time after the delivery of an Enforcement Notice by the Security Trustee, or if any person who is entitled to do so presents an application for the appointment of an administrator of the Issuer, gives notice of intention to appoint an administrator of the Issuer or files such a notice with the court, the Security Trustee may appoint one or more persons to be an administrator of the Issuer.

17.2 Appointment of a Receiver

At any time after the delivery of an Enforcement Notice by the Security Trustee, or if any person who is entitled to do so presents an application for the appointment of an administrator of the Issuer, gives notice of intention to appoint an administrator of the Issuer or files such a notice with the court, the Security Trustee may appoint such person or persons (including an officer or officers of the Security Trustee) as it thinks fit to be a Receiver or Receivers of the Charged Property or any part thereof to act jointly or jointly and severally as receiver, manager, receiver or manager, administrative receiver, compulsory or interim manager or other similar officer as the Security Trustee shall determine.

17.3 Insolvency Act requirements

The Security Trustee shall comply with any requirement under the Insolvency Act that the person appointed to be a Receiver be a licensed insolvency practitioner.

17.4 Removal of Receiver

The Security Trustee may (subject to section 45 of the Insolvency Act) remove any Receiver whether or not appointing another in his place and the Security Trustee may also appoint another receiver if the Receiver resigns.

17.5 Exclusion of part of Charged Property

The exclusion of any part of the Charged Property from the appointment of any Receiver shall not preclude the Security Trustee from subsequently extending his appointment (or that of the Receiver replacing him) to that part.

18. PROVISIONS RELATING TO RECEIVER

18.1 Receiver agent of Issuer

Any Receiver shall, so far as the law permits, be the agent of the Issuer and (subject to applicable law) the Issuer shall be solely responsible for any Receiver's acts and defaults and liable on any contracts or engagements made or entered into by any Receiver; and in no circumstances shall the Security Trustee or the Secured Creditors be in any way responsible for any Breach of Duty by any Receiver.

18.2 Remuneration of Receiver

The remuneration of any Receiver may be fixed by the Security Trustee (and may be or include a commission calculated by reference to the gross amount of all money received or otherwise) but such remuneration shall be payable by the Issuer alone and the amount of such remuneration shall form part of the Secured Amounts, shall be secured on the Charged Property under the Security and paid in accordance with the Post-Enforcement Priority of Payments.

18.3 Receiver and Security Trustee's directions

Each Receiver shall, in the exercise of his powers, authorities and discretions, conform to the regulations and directions from time to time made and given by the Security Trustee.

18.4 Security from Receiver

The Security Trustee may from time to time and at any time require any Receiver to give security for the due performance of his duties as Receiver and may fix the nature and amount of the security to be so given but the Security Trustee shall not be bound in any case to require any such security.

18.5 Monies payable to Security Trustee

Except as otherwise directed by the Security Trustee or as otherwise required by law, all monies from time to time received by any Receiver shall be paid over to the Security Trustee to be applied by it in accordance with the Post-Enforcement Priority of Payments.

18.6 Payments by Security Trustee to Receiver

The Security Trustee may pay over to any Receiver any monies constituting part of the Charged Property so that such monies may be applied for the purposes of this Deed by such Receiver and the Security Trustee may from time to time determine what funds any Receiver shall be at liberty to keep in hand with a view to the performance of his duties as Receiver.

19. POWERS OF A RECEIVER

19.1 Powers of a Receiver

Every Receiver shall (subject to any restrictions in the instrument appointing him) have and be entitled to exercise in relation to the Charged Property in respect of which he is appointed, and as varied and extended by the provisions of this Deed (in the name of or on behalf of the Issuer or in his own name and, in each case, at the cost of the Issuer):

- (a) all powers of an administrative receiver set out in Schedule 1 to the Insolvency Act (whether or not the Receiver is an administrative receiver);
- (b) all powers and rights of an absolute owner and power to do or omit to do anything which the Issuer itself could do or omit to do; and
- (c) power to do all things (including bringing or defending proceedings in the name or on behalf of the Issuer) which seem to the Receiver to be incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of any or all of his rights under this Deed; or
 - (iii) the collection or getting in of the Charged Property.

19.2 Receiver and Transaction Documents

No Receiver shall have any power to take any action in relation to the Charged Property which the Security Trustee is prohibited from taking by the terms of any Transaction Document.

SECTION G

PROTECTIVE PROVISIONS

20. PROTECTION OF THIRD PARTIES

20.1 Protection of third parties

No purchaser from, or other person dealing with, the Security Trustee and/or any Receiver shall be concerned to enquire:

- (a) whether any of the powers which they have exercised or purported to exercise has arisen or become exercisable;
- (b) whether the Secured Amounts remain outstanding;
- (c) whether any event has occurred to authorise the Security Trustee and/or any Receiver to act; or
- (d) as to the propriety or validity of the exercise or purported exercise of any such powers,

and the title of such a purchaser and the position of such other person shall not be impeachable by reference to any of those matters.

20.2 Receipt absolute discharge

A receipt from the Security Trustee or the Receiver shall be an absolute and conclusive discharge to a purchaser or other such person as is referred to in Clause 20.1 (Protection of third parties) and shall relieve such purchaser or other person of any obligation to see to the application of any monies paid to or by the direction of the Security Trustee or the Receiver.

20.3 Purchaser defined

In Clauses 20.1 (Protection of third parties) and 20.2 (Receipt absolute discharge), **purchaser** includes any person acquiring in good faith, for money or money's worth, the benefit of any Encumbrance over, or any other interest or right whatsoever in relation to, the Charged Property.

SECTION H

MISCELLANEOUS

21. REMUNERATION AND INDEMNIFICATION OF SECURITY TRUSTEE

21.1 Normal remuneration

The Issuer shall pay to the Security Trustee remuneration for its services as trustee as from the Closing Date, such remuneration to be at such rate as may from time to time be agreed between the Issuer and the Security Trustee. Such remuneration shall accrue from day to day and be payable in accordance with the relevant Priority of Payments up to and including the date when all the Secured Obligations have been fully discharged.

21.2 Extra remuneration

In the event of the occurrence of an Event of Default or a Potential Event of Default, the Issuer hereby agrees that the Security Trustee shall be entitled to be paid additional remuneration, which

may be calculated at its normal hourly rates in force from time to time. In any other case, if the Security Trustee considers it expedient or necessary or is requested by the Issuer to undertake duties which the Security Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under this Deed, the Issuer shall pay to the Security Trustee such additional remuneration as shall be agreed between them (and which may be calculated by reference to the Security Trustee's normal hourly rates in force from time to time). Any payment of additional remuneration under this Clause 21.2 shall be paid in accordance with the relevant Priority of Payments up to and including the date when all the Secured Obligations have been fully discharged.

21.3 Failure to agree

In the event of the Security Trustee and the Issuer failing to agree:

- (a) (in a case to which Clause 21.1 (Normal remuneration) applies) upon the amount of the remuneration; or
- (b) (in a case to which Clause 21.2 (Extra remuneration) applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee under this Deed, or upon such additional remuneration,

such matters shall be determined by a person (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Security Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such person being payable by the Issuer) and the determination of any such person shall be final and binding upon the Security Trustee and the Issuer.

21.4 Indemnity

Without prejudice to the right of indemnity by law given to trustees, the Issuer shall indemnify the Security Trustee and every Receiver or delegate of the Security Trustee or any Receiver and keep it indemnified against all Liabilities to which it may be or become subject or which may be incurred by it in the preparation and execution or purported execution of any of its trusts, powers, authorities and discretions under this Deed or its functions under any such appointment or in connection with:

- (a) the performance of the terms of this Deed;
- (b) anything done or purported to be done by the Security Trustee, any Receiver or any delegate of the Security Trustee or any Receiver in relation to the Charged Property or under this Deed;
- (c) the exercise or attempted exercise by or on behalf of the Security Trustee, any Receiver or any delegate of the Security Trustee or any Receiver of any of the powers of the Security Trustee, any Receiver or any such delegate or any other action taken by or on behalf of the Security Trustee with a view to or in connection with enforcing any obligations of the Issuer or any other person under this Deed or the recovery by the Security Trustee, any Receiver or any delegate of the Security Trustee or any Receiver from the Issuer of the Secured Amounts;
- (d) any payment made in respect of the Secured Amounts (whether by the Issuer or any other person) which is subsequently impeached or declared void for any reason whatsoever; or

- (e) the Security Trustee being, being held to be, or treated as, or being deemed to be: (i) a creditor for the purposes of the CCA in respect of an Underlying Agreement that is a regulated agreement (as defined in the CCA) or (ii) a lender for the purposes of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (the RAO) in respect of an Underlying Agreement that is a regulated credit agreement (as defined in the RAO).

21.5 Expenses

The Issuer shall also pay or discharge all Liabilities incurred by the Security Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner relating to, this Deed, including, but not limited to, travelling expenses and any stamp, issue, registration, documentary and other Taxes or duties paid or payable by the Security Trustee in connection with any action taken or contemplated by or on behalf of the Security Trustee for enforcing this Deed. Any such payment or discharge of any Liabilities under this Clause 21.5 shall be payable in accordance with the relevant Priority of Payments.

21.6 Indemnifying Parties

Where any amount which would otherwise be payable by the Issuer under Clause 21.4 (Indemnity) or Clause 21.5 (Expenses) has instead been paid by any person or persons other than the Issuer (each, an **Indemnifying Party**), the Issuer shall pay to the Security Trustee an equal amount for the purpose of enabling the Security Trustee to reimburse the Indemnifying Parties.

21.7 Payments to Security Trustee

All amounts payable pursuant to Clause 21.4 (Indemnity) or Clause 21.5 (Expenses) shall be payable by the Issuer on the Relevant Payment Date following a demand by the Security Trustee and, in the case of payments actually made by the Security Trustee prior to such demand, shall carry interest at a rate equal to the Security Trustee's cost of borrowing from the date such demand is made, and in all other cases shall (if not paid within 30 days after the date of such demand) carry interest at such rate from such 30th day. All remuneration payable to the Security Trustee shall carry interest at such rate from the due date therefor.

21.8 Continue in force

Unless otherwise specifically stated in any discharge of this Deed, the provisions of this Clause 21 shall continue in full force and effect notwithstanding such discharge.

21.9 Security Trustee's retirement and removal

A trustee of this Deed may retire at any time on giving not less than 60 days' prior written notice to the Issuer, the Seller and the VFN Holder without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The VFN Holder may remove any trustee or trustees for the time being of this Deed by notice to the Security Trustee, the Seller and the Committed Note Purchaser. The Issuer undertakes that, in the event of the only trustee of this Deed which is a trust corporation and an Eligible Trustee giving notice under this Clause 21.9 or being removed by the VFN Holder, it will use its best endeavours to procure that a new trustee of this Deed, being a trust corporation that is an Eligible Trustee is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee, being a trust corporation that is an Eligible Trustee is appointed. If, in such circumstances, no appointment of such a new trustee has become effective within 60 days of the date of such notice of retirement or removal, the Security Trustee shall be entitled to appoint a trust

corporation that is an Eligible Trustee as trustee of this Deed, but no such appointment shall take effect unless previously approved in writing by the VFN Holder.

22. SUPPLEMENT TO TRUSTEE ACTS

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Trustee in relation to the trusts constituted by this Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Deed, the provisions of this Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of this Deed shall constitute a restriction or exclusion for the purposes of that Act. The Security Trustee shall have all the powers conferred upon trustees by the Trustee Acts and, by way of supplement thereto, it is expressly declared as follows:

- (a) The Security Trustee may in relation to this Deed act on the advice or opinion of, or any information (whether addressed to the Security Trustee or not) obtained by, any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert whether obtained by the Issuer, the Security Trustee or otherwise and shall not be responsible for any Liability occasioned by so acting.
- (b) Any such advice, opinion or information may be sent or obtained by letter or email and the Security Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter or email although the same shall contain some error or shall not be authentic.
- (c) The Security Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by any two directors of the Issuer as to any fact or matter prima facie within the knowledge of the Issuer and the Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate.
- (d) The Security Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in this Deed or to take any steps to ascertain whether any Event of Default of any Potential Event of Default has happened and, until it shall have actual knowledge or express notice pursuant to this Deed to the contrary, the Security Trustee shall be entitled to assume that no Event of Default or Potential Event of Default has happened and that the Issuer is observing and performing all its obligations under this Deed.
- (e) Save as expressly otherwise provided in this Deed or in the other Transaction Documents, the Security Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under this Deed and shall not be responsible for any Liability which may result from their exercise or non-exercise and, in particular, the Security Trustee shall not be bound to act at the request or direction of the VFN Holder or otherwise under any provision of this Deed or to take at such request or direction or otherwise any other action under any provision of this Deed unless it shall first be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing and the Security Trustee shall incur no liability for refraining to act in such circumstances.
- (f) Any consent or approval given by the Security Trustee for the purposes of this Deed may be given on such terms and subject to such conditions (if any) as the Security Trustee thinks fit and, notwithstanding anything to the contrary in this Deed, may be given retrospectively. The Security Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action which is within the scope of its powers (whether or not

such consent, approval, power, authority, discretion or action is specifically referred to in this Deed) if it is satisfied that the interests of the VFN Holder will not be materially prejudiced thereby.

- (g) Any trustee of this Deed being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of this Deed and also his proper charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with this Deed.
- (h) The Security Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of any of the Underlying Agreements or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of any of the Underlying Agreements or any other document relating or expressed to be supplemental thereto.
- (i) The Security Trustee may appoint and pay any person to act as a custodian or nominee on such terms in relation to the Charged Property as the Security Trustee may determine, including for the purpose of depositing with a custodian this Deed or any document relating to this Deed and the Security Trustee shall not be responsible for any Liabilities incurred by reason of the misconduct, omission or default on the part of any appointee or be bound to supervise the proceedings or acts of any such person. The Security Trustee is not obliged to appoint a custodian if the Security Trustee invests in securities payable to bearer.
- (j) No provision of this Deed shall require the Security Trustee to do anything which may (i) be illegal or contrary to any Requirement of Law or Regulatory Direction; or (ii) cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security or prefunding for, such risk or liability is not reasonably assured to it;
- (k) Any certificate, advice, opinion or report of any expert or professional adviser called for by or provided to the Security Trustee (whether or not addressed to the Security Trustee) in accordance with or for the purposes of this Deed may be relied upon by the Security Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate, advice, opinion or report and/or any engagement letter or other document entered into by the Security Trustee in connection therewith contains a monetary or other limit on the liability of such expert or professional adviser in respect thereof and notwithstanding that the scope and/or basis of such certificate, advice, opinion or report may be limited by any engagement or similar letter or by the terms of the certificate, advice, opinion or report itself.

23. THE SECURITY TRUSTEE

23.1 Trustee eligibility

The Security Trustee and any trustee under this Deed shall be an Eligible Trustee.

23.2 Security Trustee as holder of security

- (a) The Security Trustee holds the Security created by and pursuant to this Deed and the proceeds of that Security on trust for itself and the other the Secured Creditors.
- (b) Each of the Parties agrees that the Security Trustee shall have only those duties, obligations and responsibilities expressly specified in this Deed or in the Transaction Documents to which the Security Trustee is expressed to be a party (and no others shall be implied).

23.3 Trustee discretions

- (a) When taking any action pursuant to the provisions of the Transaction Documents, the Security Trustee can rely on the provisions for its benefit as set out in this Deed.
- (b) In relation to any discretion to be exercised or action to be taken by the Security Trustee under any Transaction Document, the Security Trustee may, at its discretion and without notice or shall, if it has been so directed by the VFN Holder, exercise such discretion or take such action, provided that, in either case, the Security Trustee shall not be obliged to exercise such discretion or take such action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities and provided that the Security Trustee shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on any of the Secured Creditors.

23.4 Action by Security Trustee

Only the Security Trustee may pursue the remedies available under the general law or this Deed to enforce the rights of the Secured Creditors under this Deed or the Transaction Documents. Subject to Clause 14.2 (Failure to enforce Security), no person shall be entitled to proceed directly against the Issuer to enforce the performance of any provision of the Transaction Documents.

23.5 Reliance on title to the Charged Property

The Security Trustee may accept without investigation, requisition or objection such right and title as the Issuer may have to any of the Charged Property and the other Security created in favour of the Security Trustee by this Deed and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to all or any of the Charged Property, whether such defect or failure was known to the Security Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not.

23.6 Insurance by Security Trustee

Without prejudice to the provisions of any Transaction Document relating to insurance, the Security Trustee shall not be under any obligation to insure any of the Charged Property or any deeds or documents of title or other evidence in respect of the Charged Property or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any Liability which may be suffered by any person as a result of the lack of or inadequacy of any such insurance.

23.7 Registration and perfection of the Security

The Security Trustee shall not be liable for any failure, omission or defect in perfecting, protecting or further assuring the Security including:

- (a) any failure, omission or defect in registering or filing or procuring registration or filing of, or otherwise protecting or perfecting the Security or the priority thereof or the right or title of any person in or to the assets comprised in the Security; and
- (b) any failure or omission to require any further assurances in relation to the Security.

23.8 Powers supplemental

The rights, powers and discretions conferred upon the Security Trustee by this Deed shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Trustee by general law or otherwise.

23.9 Trustee division separate

- (a) In acting as trustee for the Secured Creditors, the Security Trustee shall be regarded as acting through its trustee division, which shall be treated as a separate entity from any of its other divisions or departments.
- (b) If information is received by another division or department of the Security Trustee, it may be treated as confidential to that division or department and the Security Trustee shall not be deemed to have notice of it.

23.10 Responsibility

The Security Trustee shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or suitability of any of the Underlying Agreements or other documents entered into in connection therewith, nor shall it be responsible or liable to any person because of any invalidity of any provisions of such documents or the unenforceability thereof, whether arising from statute, law or decision of any court. The Security Trustee shall not have any responsibility for, or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

- (a) the nature, status, creditworthiness or solvency of any Customer or any person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to any Customer;
- (b) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Underlying Agreement or any other document entered into in connection therewith;
- (c) the scope or accuracy of any representations, warranties or statements made by or on behalf of any Customer in any application for any advance or any document entered into in connection therewith;
- (d) the performance or observance by any Customer or any other person of any provisions of any Underlying Agreement or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or waiver or consent which has at any time been granted in relation to any of the foregoing;
- (e) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with any Purchased Receivable;

- (f) the title of the Issuer to any Purchased Receivable;
- (g) the suitability, adequacy or sufficiency of the Eligibility Criteria and the Arrears Management Policy or compliance therewith or compliance with any applicable criteria for any further advances or the legality or recoverability or enforceability thereof or the priority of the security in relation thereto;
- (h) the compliance of the provisions and contents of and the manner and formalities applicable to the execution of the Underlying Agreements, and any documents connected therewith, with any Requirement of Law (including, without prejudice to the generality of the foregoing, the CCA);
- (i) the failure by the Seller, the Servicer or the Issuer to obtain or comply with any licence, consent or other authority in connection with the origination, sale or purchase of any of the Purchased Receivables or the making of any advances in connection therewith;
- (j) the failure to call for delivery of documents of title to, or require any transfers, legal mortgages, charges or other further assurances in relation to, any of the assets which form the subject matter of any of the Transaction Documents or any other document;
- (k) the Asset Records; or
- (l) any other matter or thing relating to or in any way connected with any Purchased Receivable or any document entered into in connection therewith, whether or not similar to the foregoing.

24. OTHER SECURITY

The Security is in addition to, and shall neither be merged in, nor in any way exclude or prejudice or be affected by, any other Encumbrance, right or recourse or other right whatsoever which the Security Trustee may now or at any time after the date of this Deed hold or have (or would apart from the provisions of this Deed hold or have) as regards the Issuer or any other person in respect of the Secured Amounts.

25. APPLICATION TO COURT

The Security Trustee may at any time apply to any court of competent jurisdiction for an order that the terms of this Deed or any document entered into pursuant hereto be carried into execution under the direction of the court and for the appointment of a Receiver of the Charged Property and for any other order in relation to the administration of the terms of this Deed or any document entered into pursuant hereto as the Security Trustee shall deem fit and the Security Trustee may assent to or approve any application made to the court by the Secured Creditors and shall be indemnified by the Issuer against all costs, charges and expenses incurred by it in relation to any such application or proceedings.

26. POWER OF ATTORNEY

26.1 Appointment of Attorneys and purposes of appointment

The Issuer shall execute a power of attorney (the **Issuer Security Power of Attorney**) substantially in the form set out at Schedule 3 (Form of Issuer Security Power of Attorney) appointing the Security Trustee and any Receiver jointly, severally and independently to be its attorneys (each, an **Attorney** and, together, the **Attorneys**) for the following purposes in the Issuer's name, on its behalf and as its act and deed:

- (a) to exercise the Issuer's rights, powers and discretions in respect of the relevant Transaction Documents, the Purchased Receivables and the Related Collateral (including the right to determine the Defaulted Receivable Charges in accordance with the terms of the relevant Underlying Agreements);
- (b) to demand, sue for and receive all monies due or payable under or in respect of the relevant Transaction Documents, the Purchased Receivables, the Related Collateral and the Underlying Agreements;
- (c) upon payment of such monies or any part thereof to give good receipt and discharge for the same and to execute such receipts, releases, surrenders, instruments and deeds as may be requisite or advisable; and
- (d) to execute, deliver and perfect all documents and do all things that the Attorneys may consider to be necessary for (i) carrying out any obligations imposed on the Issuer under or pursuant to this Deed or (ii) exercising any of the rights conferred on the Attorneys by or pursuant to this Deed or by law (including, after the Security constituted by or pursuant to this Deed has become enforceable, the exercise of any right of a legal or a beneficial owner of, or holder of the beneficial interest in, the Charged Property).

26.2 Substitution

Each of the Attorneys may appoint one or more persons to act as substitute or substitutes in its place for all or any of the purposes referred to in Clause 26.1 (Appointment of Attorneys and purposes of appointment) and may revoke any such appointment at any time.

26.3 Delegation

Each of the Attorneys may delegate to one or more person all or any of the powers referred to in Clause 26.1 (Appointment of Attorneys and purposes of appointment) on such terms as it thinks fit and may revoke any such delegation at any time.

26.4 Ratification

The Issuer undertakes to ratify whatever act, matter or deed the Attorneys or any of them may lawfully do or cause to be done under the authority or purported authority of this Clause 26 to the extent that such act, matter or deed is within the power of the Issuer.

26.5 Security

The Issuer Security Power of Attorney is given by way of security to secure the proprietary interests of, and the performance of the obligations of the Issuer to, the Attorneys under or pursuant to this Deed.

26.6 Revocation

The Issuer Security Power of Attorney is irrevocable and accordingly, for so long as the obligations referred to in Clause 26.5 (Security) have not been discharged, the Issuer Security Power of Attorney shall not be revoked:

- (a) by the Issuer without the consent of each of the Attorneys; or
- (b) on the occurrence of an Insolvency Event in respect of the Issuer.

26.7 Exercise of power of attorney

- (a) The Issuer Security Power of Attorney is capable of being exercised for the purposes stated in Clause 26.1(d) (Appointment of Attorneys and purposes of appointment) from the date hereof.
- (b) The Issuer Security Power of Attorney shall not be capable of being exercised for the purposes stated in Clause 26.1 (Appointment of Attorneys and purposes of appointment), unless and until a Notification Event has occurred.

27. SECURITY TRUSTEE

In acting hereunder, the Security Trustee does so pursuant to and in accordance with the provisions of this Deed and has the benefit of the protections set out herein.

28. FURTHER ASSURANCE

Each Party shall (at such Party's cost or, in the case of the Security Trustee, at the cost of the Issuer) do and execute, or arrange for the doing and executing of, each act, document and thing requested of it by any Party in order to implement and/or give effect to this Deed.

29. ENTIRE AGREEMENT

29.1 Entire agreement

This Deed and any deed entered into pursuant hereto constitutes the entire agreement and understanding between the Parties and supersedes any previous agreements between the parties relating to the subject matter of this Deed.

29.2 No reliance

Each Party agrees that:

- (a) it has not entered into any of the Transaction Documents in reliance upon any representation, warranty or undertaking of any other Party which is not expressly set out or referred to in one of the Transaction Documents; and
- (b) except in respect of an express representation or warranty under any of the Transaction Documents, it shall not have any claim or remedy (whether in equity, contract or tort, under the Misrepresentation Act 1967 or in any other way) in respect of any misrepresentation or breach of warranty by any other Party or in respect of any untrue statement by any other Party, regardless of whether such misrepresentation, breach or untrue statement was made, occurred or was given prior to the execution of any of the Transaction Documents.

29.3 Breach of Duty

Nothing in this Clause 29 shall have the effect of limiting or restricting any liability of a Party other than the Security Trustee arising as a result of any Breach of Duty, provided that this Clause 29 shall not prejudice the rights, powers and protections of the Security Trustee, the Registrar and the Cash Administrator provided for in the Transaction Documents.

30. APPLICATION OF THIS DEED

Where any Party acts in more than one capacity, the provisions of this Deed shall apply to such person as though it were a separate party in each such capacity.

31. SECURITY TRUSTEE PARTY TO THIS DEED

31.1 Security Trustee has no responsibility

The Security Trustee has no responsibility for any of the obligations of the other Parties and the other Parties acknowledge that the Security Trustee has no such responsibility and that the Security Trustee is entitled to the protections contained in and on the terms set out in this Deed.

31.2 Assumption of no material prejudice

The Security Trustee will be entitled to assume, for the purposes of exercising any right, power, duty or discretion under or in relation to the Variable Funding Note Purchase Agreement or this Deed, that to do so will not be materially prejudicial to the interests of the VFN Holder (a) if it has obtained the consent of the VFN Holder or (b) in relation to a non-economic or non-financial matter, if the Security Trustee obtains an opinion from lawyers or other professional advisers to such effect.

32. CHANGE OF SECURITY TRUSTEE

If there is an appointment of a successor Security Trustee in accordance with the terms of this Deed, each of the Parties shall execute such documents and take such action as the successor Security Trustee and the outgoing Security Trustee may reasonably require for: (a) the purposes of vesting in the successor Security Trustee the benefit of this Deed and the rights, powers and obligations of the Security Trustee under this Deed and (b) releasing the outgoing Security Trustee from its future obligations under this Deed.

33. SERVICES NON-EXCLUSIVE

33.1 Non-exclusivity

Subject to the provisions of this Deed, nothing in this Deed shall prevent any Party from rendering services similar to those provided for in this Deed to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the Parties.

33.2 Existing businesses

Nothing in this Deed shall prevent any Party from carrying on its own business in the manner which it thinks fit, unless, by so doing, it would render itself unable to perform its obligations under this Deed in the manner contemplated in this Deed.

34. RESTRICTION ON ENFORCEMENT OF SECURITY, NON-PETITION AND LIMITED RECOURSE

34.1 No proceedings against the Issuer

Notwithstanding anything to the contrary in this Deed, only the Security Trustee may pursue the remedies available under the general law and this Deed to enforce the Security and, other than as permitted by Clause 14.2 (Failure to enforce Security), no Party shall be entitled to proceed directly against the Issuer to enforce the Security. Each Party (other than the Issuer and the Security Trustee) agrees with and acknowledges to each of the Issuer and the Security Trustee, and the Security Trustee agrees with and acknowledges to the Issuer, that:

- (a) none of the Parties (nor any person on their behalf, other than the Security Trustee where appropriate) are entitled, otherwise than as permitted by this Deed, to direct the Security

Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;

- (b) none of the Parties (other than the Security Trustee, who may appoint an administrator or receiver only) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Parties or to appoint an Insolvency Official in respect of the Issuer; and
- (c) none of the Parties shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the applicable Priority of Payments not being complied with or which would result in an Insolvency Event in respect of the Issuer,

save where the Security Trustee or any Receiver, having become bound to do so, fails to enforce the Security within a reasonable period of time and that failure is continuing, in which case each of the Secured Creditors will be entitled to take any steps and proceedings against the Issuer for the purpose of recovering any of the Secured Amounts or enforcing any rights arising out of this Deed as it considers necessary, other than any steps or proceedings:

- (i) in respect of procuring the winding up, administration or liquidation of the Issuer; and/or
- (ii) which would result in the applicable Priority of Payments not being complied with and/or a breach of any term of this Deed.

34.2 Limited recourse

Notwithstanding anything to the contrary in this Deed, if at any time following:

- (a) the occurrence of either:
 - (i) the Legal Maturity Date; or
 - (ii) the service of an Enforcement Notice; and
- (b) Realisation of the Security and application in full of any amounts available to pay amounts due and payable under this Deed in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable in respect of this Deed in accordance with the applicable Priority of Payments, then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (b) above) in respect of this Deed shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer.

35. PROVISIONS RELATING TO THIS DEED

35.1 Acknowledgement of the Security

Each Secured Creditor:

- (a) acknowledges the Security created by and pursuant to this Deed;
- (b) undertakes to the Security Trustee not to do anything inconsistent with the Security or the terms of this Deed;

- (c) acknowledges that the Security is held by the Security Trustee for the benefit of all the Secured Creditors and that any Receiver shall be appointed by the Security Trustee for the benefit of all the Secured Creditors; and
- (d) acknowledges the existence of the rights conferred on the VFN Holder by clause 2.4(h) (Acceleration following an Event of Default) of the Variable Funding Note Purchase Agreement.

35.2 Secured Creditors and this Deed

Each Secured Creditor who is not a party to this Deed shall be deemed to have notice of all of the provisions of this Deed.

35.3 Receipt

The Security Trustee is hereby authorised to execute on behalf of the Secured Creditors a receipt in respect of all or part only of the Secured Amounts, as may be appropriate from time to time.

35.4 Recoveries after Enforcement

Except for monies paid out by the Security Trustee pursuant to the Post-Enforcement Priority of Payments, all monies received or recovered by the Secured Creditors in respect of the Secured Amounts after delivery of an Enforcement Notice (whether by way of set-off, retention, compensation, balancing of accounts or otherwise) shall forthwith be paid to (and pending such payment held on trust for) the Security Trustee.

36. OBLIGATIONS AS CORPORATE OBLIGATIONS

36.1 No recourse against shareholders and others

No Party shall have any recourse against, nor shall any personal liability attach to, any shareholder, officer, agent, employee or director of the Issuer in his capacity as such, by any Proceedings or otherwise, in respect of any obligation, covenant, or agreement of the Issuer contained in this Deed or any other documents to which the Issuer is a party.

36.2 No liability for Obligations of the Issuer

The Parties, other than the Issuer, shall not have any liability for the Obligations of the Issuer and nothing in this Deed shall constitute the giving of a guarantee, an indemnity or the assumption of a similar obligation by any of such other Parties in respect of the performance by the Issuer of the Obligations.

37. VARIATION OF THIS DEED

A variation of this Deed is valid only if it is in writing and signed by or on behalf of each Party.

38. EXERCISE OF RIGHTS AND REMEDIES

38.1 No waiver

A failure to exercise or delay in exercising a right or remedy provided by this Deed or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Deed or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

38.2 Rights and remedies cumulative

Except where this Deed specifically provides otherwise, the rights and remedies contained in this Deed are cumulative and not exclusive of rights or remedies provided by law.

39. PARTIAL INVALIDITY

The invalidity, illegality or unenforceability of a provision of this Deed does not affect or impair the continuation in force of the remainder of this Deed.

40. NO PARTNERSHIP

Except where this Deed specifically provides otherwise, no provision of this Deed creates a partnership between any of the Parties or makes a Party the agent of another Party for any purpose. Except where this Deed provides otherwise, a Party has no authority or power to bind, to contract in the name of, or to create a liability for another Party in any way or for any purpose.

41. CONTINUATION OF OBLIGATIONS

Except to the extent that they have been performed and except where this Deed specifically provides otherwise, the warranties, representations, indemnities, and obligations contained in this Deed remain in force from and including the date on which they were expressed to take effect until the Final Discharge Date.

42. ASSIGNMENT AND SUB-CONTRACTING

42.1 Successors

This Deed shall be binding upon, and enure to the benefit of the Parties and their respective successors, transferees and assignees.

42.2 Assignment or transfer

- (a) Subject to the following provisions of this Clause 42.2 no Party may assign or transfer, or purport to assign or transfer, any or all of its rights, interests and/or obligations under this Deed without the prior written consent of the other Parties.
- (b) The Security Trustee may assign or transfer any or all of its rights, interests and/or obligations under or pursuant to this Deed only to a successor Security Trustee that is an Eligible Trustee appointed in accordance with this Deed.
- (c) The Committed Note Purchaser may assign or transfer any or all of its rights, interests and/or obligations under this Deed:
 - (i) to any person following an assignment by the VFN Holder permitted under clause 19.4(b)(v)(A) (Assignability) of the Variable Funding Note Purchase Agreement with the prior written consent of the Seller (such consent not to be unreasonably withheld or delayed);
 - (ii) to any person following an assignment by the VFN Holder permitted under clause 19.4(b)(v)(C) (Assignability) of the Variable Funding Note Purchase Agreement; and
 - (iii) to any RBC Entity without the consent of any other Party,

provided that such assignee or transferee undertakes to perform and comply with the Committed Note Purchaser's obligations under this Deed.

- (d) Notwithstanding anything in this Deed to the contrary, no consolidation, amalgamation or merger of the Committed Note Purchaser with or into any RBC Entity shall be construed as resulting in an assignment or transfer for the purposes of this Clause 42.2.
- (e) If the Committed Note Purchaser consolidates or amalgamates with, or merges with or into, any RBC Entity any reference in this Deed to the Committed Note Purchaser shall be construed as a reference to the successor entity resulting from such consolidation, amalgamation or merger.
- (f) Any corporation into which the Security Trustee, the Registrar or the Cash Administrator may be merged or converted, or any corporation with which the Security Trustee, the Registrar or the Cash Administrator respectively may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Security Trustee, the Registrar or the Cash Administrator respectively shall be a party, or any corporation, including affiliated corporations, to which the Security Trustee, the Registrar or the Cash Administrator respectively shall sell or otherwise transfer: (i) all or substantially all of its assets or (ii) all or substantially all of its corporate trust business shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any Requirement of Law, become the successor security trustee, successor registrar or successor cash administrator as the case may be, under this Deed without the execution or filing of any paper or any further act on the part of the Parties, unless otherwise required by the Issuer, and after the said effective date all references in this Deed to the Security Trustee, the Registrar or the Cash Administrator as the case may be shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the Issuer, the Seller, the Committed Note Purchaser and, in the case of any merger, conversion, consolidation or transfer of the Registrar and the Cash Administrator, to the Security Trustee, by the Security Trustee, the Registrar or the Cash Administrator as the case may be.

42.3 Sub-Contracting and Delegation

Except where this Deed specifically provides otherwise, a Party may not sub-contract or delegate the performance of any of its obligations under this Deed.

43. THIRD PARTY RIGHTS

A person who is not a party to this Deed shall have no rights under the Contracts (Rights of Third Parties) Act 1999 or the common law of Scotland to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act or the common law of Scotland.

44. CONFIDENTIALITY

44.1 Confidentiality of information

Each Party agrees that, prior to the Final Discharge Date and thereafter, it shall keep confidential and it shall not disclose to any person whatsoever, any information (including any documentation) relating to the business, finances, assets or other matters of the other Parties which it may have obtained as a result of its role under this Deed or of which it may otherwise have become possessed as a result of the performance of its obligations in respect of the Transaction including any information concerning the identity of any Customer.

44.2 Disapplication of confidentiality provisions

Each Party shall use all reasonable endeavours to prevent any disclosure referred to in Clause 44.1 (Confidentiality of information), provided however that the provisions thereunder shall not apply:

- (a) to the disclosure of any information to any person who is a Party insofar as such disclosure is expressly permitted by any Transaction Document;
- (b) to the disclosure of any information already known to the recipient otherwise than as a result of entering into any Transaction Documents;
- (c) to the disclosure of any information with the consent of the relevant Parties;
- (d) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of a breach of this Clause 44;
- (e) to the disclosure of any information which it is necessary or desirable to provide to prospective investors in the VFN on the basis that the recipient will hold such information confidential upon substantially the same terms as this Clause 44;
- (f) to the extent that the recipient is required to disclose the same pursuant to any Requirement of Law or any Regulatory Direction, provided that, to the extent permitted by any Requirement of Law or Regulatory Direction, the recipient will use commercially reasonable efforts to (x) provide the Seller, the Servicer and/or the Issuer (as applicable) with advance notice of such disclosure and (y) co-operate with the Seller, the Servicer and/or the Issuer (as applicable) in limiting the extent or effect of such disclosure;
- (g) to the extent that the recipient needs to disclose the same for the exercise, protection or enforcement of any of its rights under this Deed or the recipient may reasonably consider to be necessary to disclose to HMRC in connection with any Tax liability arising in connection with this Deed or any other agreement entered into by the Issuer in connection with the Transaction, or, in the case of the Security Trustee, for the purpose of discharging, in such manner as it thinks fit, its duties or obligations under or in connection with this Deed, in each case to such persons that are required to be informed of such information for such purpose;
- (h) to the extent that the recipient needs to disclose the same to any of its employees, provided that, before any such disclosure, the relevant Party shall make the relevant employees aware of its obligations of confidentiality under this Deed and shall at all times procure compliance with such obligations by such employees;
- (i) to the disclosure of any information to professional advisers who receive the same under a duty of confidentiality;
- (j) to the disclosure of any information disclosed to a Successor Servicer or a prospective transferee or assignee of any Party's rights and/or obligations under the Transaction Documents on the basis that the recipient will hold such information confidential upon substantially the same terms as this Clause 44; or
- (k) to the disclosure of any information which the Committed Note Purchaser, the VFN Holder and/or the Security Trustee may require to be disclosed to them or their professional advisers on the basis that the recipient will hold such information confidential upon substantially the same terms as this Clause 44.

45. NOTICES

Except as specified in this Deed, any Notice shall be in writing and shall be delivered in accordance with the provisions of clause 2.12 (Notices) of the Master Definitions and Construction Agreement.

46. COUNTERPARTS

This Deed may be executed in any number of counterparts and by different Parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when so executed shall constitute one and the same binding agreement between the Parties.

47. GOVERNING LANGUAGE

This Deed is in the English language. If this Deed is translated into another language, the English language text shall prevail.

48. CALCULATIONS AND PAYMENTS

48.1 Basis of accrual

Except as otherwise provided in this Deed, any interest, commitment, commission or fees due from one Party to another under this Deed shall accrue from day to day and shall be calculated on the basis of a year of the number of days referred to in the definition of Day Count Fraction (or, in any case where market practice differs, in accordance with market practice).

48.2 Prima facie evidence

In any legal action or proceeding arising out of or in connection with this Deed, the Servicer Records (except in relation to the VFN, where the records of the Registrar shall prevail) shall be prima facie evidence of the existence and amounts due from one Party to another or to any third party.

48.3 Currency indemnity

If any sum (a **Sum**) due from a Paying Transaction Party to a Receiving Transaction Party under this Deed or any order, judgment, award or decision given or made in relation thereto has to be converted from the currency (the **First Currency**) in which such Sum is payable into another currency (the **Second Currency**) for the purpose of:

- (a) making or filing a claim or proof against the Paying Transaction Party; or
- (b) obtaining or enforcing an order, judgment, award or decision in any court or other tribunal,

the Paying Transaction Party shall indemnify the Receiving Transaction Party from and against any loss suffered or incurred as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert such Sum from the First Currency into the Second Currency and (ii) the rate or rates of exchange available to such person at the time of receipt of such Sum.

48.4 Currency of account and payment

Sterling is the currency of account and payment for each and every sum at any time due from one Party to another Party under this Deed, except that each payment in respect of costs and expenses in respect of this Deed shall be made in the currency in which the same were incurred.

48.5 Payments to the Issuer

On each date on which this Deed requires an amount to be paid by a Party to the Issuer, such Party shall make the relevant amount available to the Issuer by payment to the Transaction Account for value on the due date no later than the time specified in this Deed or, if no time is specified in this Deed, by close of banking hours in the place of payment on the due date.

48.6 Payments to other Parties

On each date on which this Deed requires an amount to be paid by one Party to another Party (other than to the Issuer), the Paying Transaction Party shall make the relevant amount available to the Receiving Transaction Party by payment to the account specified by such Receiving Transaction Party for value on the due date no later than the time specified in this Deed or, if no time is specified in this Deed, by close of banking hours in the place of payment on the due date.

48.7 No set-off

All payments required to be made by any Party under this Deed shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

48.8 Business Days

Except as otherwise provided in this Deed, any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or on the preceding Business Day (if there is not).

48.9 Rectification

If any amount paid pursuant to this Deed shall be determined (after consultation in good faith between the Parties) to have been incorrect, the Parties shall consult in good faith in order to agree upon an appropriate method for rectifying such error so that the amounts subsequently received and retained by all relevant Parties are those which they would have received and retained if no such error had been made.

48.10 Amounts not due to be held on trust

If any Secured Creditor:

- (a) receives any amount which should not have been paid out of the Transaction Account (or any other amount which belongs to the Issuer either arising from an Underlying Agreement or otherwise), and which it purports to apply to that amount for any purpose; or
- (b) purports to set-off any amount owed to it by the Issuer in or towards satisfaction of any sum owed by it under this Deed other than out of amounts in the Transaction Account and in strict accordance with the Priority of Payments,

such Secured Creditor shall (save in the case of any exercise by the Account Bank of its rights under clause 7.3 (Set-off) of the Account Bank Agreement) hold the amount so received or applied on trust for the Issuer and for application in accordance with the applicable Priority of Payments.

49. VAT

49.1 Sums payable exclusive of VAT

Except as otherwise provided in this Deed, any sum set out in this Deed as payable, or which is otherwise payable pursuant to this Deed:

- (a) by any Party (other than the Security Trustee, the Cash Administrator, the Committed Note Purchaser, the Registrar or the Issuer) to any other Party; or
- (b) by the Issuer to a Specified Party, the Security Trustee or the Committed Note Purchaser,

shall be deemed to be exclusive of any VAT which is or becomes chargeable on any supply or supplies for which that sum (or any part thereof) is the whole or part of the consideration for VAT purposes.

49.2 Sums payable inclusive of VAT

Except as otherwise provided in this Deed, any sum set out in this Deed as payable, or which is otherwise payable pursuant to this Deed:

- (a) by the Issuer to any Party other than a Specified Party, the Security Trustee or the Committed Note Purchaser; or
- (b) by the Security Trustee, the Cash Administrator, the Committed Note Purchaser or the Registrar to any Party,

shall be inclusive of any VAT which is or becomes chargeable on any supply or supplies for which that sum (or any part thereof) is the whole or part of the consideration for VAT purposes and section 89 of the VATA shall not apply to affect the amount of such sum payable.

49.3 Payment of amounts in respect of VAT

Where, pursuant to this Deed:

- (a) any Party (such person, a **Supplier** for the purposes of this Clause 49) makes a supply to another Party (such person, the **Recipient** in relation to that supply for the purposes of this Clause 49) for VAT purposes;
- (b) the sum which is the consideration (in whole or in part) for that supply is (or, if the consideration for that supply were in cash, would be) deemed to be exclusive of VAT in accordance with Clause 49.1 (Sums payable exclusive of VAT);
- (c) VAT is or becomes chargeable on such supply; and
- (d) the Supplier is required to account to any relevant Tax Authority for any VAT chargeable on that supply,

the Recipient shall pay to the Supplier an additional amount equal to such VAT, such additional amount to be paid at the same time as paying the consideration for that supply, save that, where the consideration for that supply does not consist of, or wholly of, money, such sum shall be paid no later than five Business Days before the last day on which the Supplier can account to the relevant Tax Authority for the VAT due in respect of that supply without incurring interest or penalties and the Supplier shall (in either case) provide the Recipient with a valid VAT invoice in respect of that supply.

49.4 Acquisitions and reverse charges

In relation to any supply that gives rise to either an acquisition for VAT purposes or a Reverse Charge, where the Recipient (which for the purposes of this Clause 49.4 shall include the person making any acquisition) of that supply or acquisition is the Issuer, the Cash Administrator, the Committed Note Purchaser, the Registrar or the Security Trustee and VAT is or becomes chargeable on such supply or acquisition:

- (a) the consideration for such supply or acquisition shall (unless the Supplier (which for the purposes of this Clause 49.4 shall include any person from whom an acquisition is made) in relation thereto is a Specified Party, the Issuer (except where the Recipient is the Cash Administrator, the Security Trustee, the Committed Note Purchaser or the Registrar), the Security Trustee or the Committed Note Purchaser) be reduced to such amount as, with the addition thereto of the VAT chargeable on such supply or acquisition, equals the amount which would have been payable by the Recipient had such supply or acquisition not given rise to such charge as aforesaid; or
- (b) if the consideration does not consist of, or wholly of, money, or the consideration actually paid is less than the amount in respect of or by reference to which VAT is charged, the Supplier shall (unless it is a Specified Party, the Issuer, the Security Trustee or the Committed Note Purchaser) pay to the Recipient an amount equal to the VAT chargeable on the supply or acquisition no later than five Business Days before the last day (which the Recipient shall notify the Supplier of in writing) on which the Recipient can account to the relevant Tax Authority for the VAT due in respect of that supply or acquisition without incurring interest or penalties.

49.5 Costs and expenses

- (a) References (including, for the avoidance of doubt, references within definitions) in this Deed to any fee, cost, loss, disbursement, commission, damages, expense, charge or other liability (including a Liability) incurred by the Issuer, the Security Trustee, the Cash Administrator, the Committed Note Purchaser or the Registrar and in respect of which the Issuer, the Security Trustee, the Cash Administrator, the Committed Note Purchaser or the Registrar (as appropriate) is to be reimbursed or indemnified by any other person under the terms of, or the amount of which is to be taken into account in any calculation or computation set out in, this Deed shall include such part of such fee, cost, loss, disbursement, commission, damages, expense, charge or other liability as represents any VAT and also any VAT for which the Issuer, the Cash Administrator, the Security Trustee, the Committed Note Purchaser or the Registrar (as appropriate) is required to account to any relevant Tax Authority under any regime applicable to acquisitions for VAT purposes or the Reverse Charge in relation to such fee, cost, loss, disbursement, commission, damages, expense, charge or other liability, but (in each case) only to the extent that the Issuer, the Security Trustee, the Cash Administrator, the Committed Note Purchaser or the Registrar (as appropriate) is not entitled to a refund (by way of credit or repayment) in respect of such VAT from any relevant Tax Authority.
- (b) References (including, for the avoidance of doubt, references within definitions) in this Deed to any fee, cost, loss, disbursement, commission, damages, expense, charge or other liability (including a Liability) incurred by any person (other than the Issuer, the Security Trustee, the Cash Administrator, the Committed Note Purchaser or the Registrar) that is a party to this Deed and in respect of which such person is to be reimbursed or indemnified by any other person under the terms of, or the amount of which is to be taken into account in any calculation or computation set out in, this Deed shall include such part of such fee, cost, loss, disbursement, commission, damages, expense, charge or other liability as represents any VAT and also any VAT for which such person is required to account to any relevant Tax Authority under any regime applicable to acquisitions for VAT purposes or the Reverse Charge in relation to such fee, cost, loss, disbursement, commission,

damages, expense, charge or other liability, but (in each case) only to the extent that such person is not entitled to a refund (by way of credit or repayment) in respect of such VAT from any relevant Tax Authority.

49.6 VAT Groups

Any reference in this Deed to any person, when construing any provision in relation to VAT, shall (where appropriate and unless the context otherwise requires) be construed, at any time when such person is treated as a member of a VAT Group, to include a reference to the representative member of such group at such time (so that a reference to x, for example, would read x or the relevant representative member of the VAT Group of which x is a member (as the case may be)) (the term **representative member** to have the same meaning as for the purposes of the VAT Grouping Legislation).

50. WITHHOLDING TAXES

50.1 Tax Deduction

Except as otherwise provided in this Deed, each payment made by a Paying Transaction Party to a Receiving Transaction Party under this Deed shall be made without any Tax Deduction, unless a Tax Deduction is required by any Requirement of Law or Regulatory Direction.

50.2 Notification

If a Paying Transaction Party becomes aware that it must make a Tax Deduction in respect of any payment under this Deed (or that there is any change in the rate or the basis of a Tax Deduction) it shall notify the Receiving Transaction Party accordingly.

50.3 Tax gross up

If a Tax Deduction is required by any Requirement of Law or Regulatory Direction to be made by a Paying Transaction Party (other than the Issuer, the Security Trustee, the Account Bank, the Committed Note Purchaser, the Cash Administrator or the Registrar) the amount of the payment due from such Paying Transaction Party shall be increased to an amount which (after making such Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

This Clause 50.3 shall not apply to any Tax Deduction or withholding which is required to be made from any payment to the Issuer, the Security Trustee, the Cash Administrator, the Account Bank, the Committed Note Purchaser or the Registrar:

- (a) in respect of any Purchased Receivable (or any amount realised from any Related Collateral) by the obligor of such Purchased Receivable (or in respect of such Related Collateral) (an **Obligor Payment**); or
- (b) by any Party as a person by or through whom such Obligor Payment is made directly or indirectly to the Issuer, the Security Trustee, the Cash Administrator, the Account Bank or the Committed Note Purchaser.

50.4 Tax Credits

If a Paying Transaction Party makes a Tax Payment and a Receiving Transaction Party determines that a Tax Credit is attributable to that Tax Payment and the Receiving Transaction Party has obtained and utilised that Tax Credit, then the Receiving Transaction Party shall pay an amount to

the Paying Transaction Party which the Receiving Transaction Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Paying Transaction Party.

51. GOVERNING LAW

This Deed, and all non-contractual obligations arising out of or in connection with it, shall be governed by, and shall be construed in accordance with, English law (save that, to the extent that this Deed, or any such non-contractual obligation, relates to any Receivables or other matters governed by the laws of Northern Ireland, this Deed, or any such non-contractual obligation, shall be governed by, and shall be construed in accordance with, Northern Irish law).

52. JURISDICTION

52.1 English courts

The courts of England have exclusive jurisdiction to determine any Proceedings and settle any Dispute arising out of or in connection with this Deed.

52.2 Convenient forum

Each Party (other than the Security Trustee) agrees that the courts of England are the most appropriate and convenient courts to determine any Proceedings and to settle any Disputes between them and, accordingly, waives (and irrevocably agrees not to raise) any objection to the contrary.

52.3 Jurisdiction

Clause 52.1 (English courts) is for the benefit of the Security Trustee for the purpose of this Clause 52. As a result, each Party acknowledges that Clause 52.1 (English courts) does not prevent the Security Trustee from taking any Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Security Trustee may take concurrent Proceedings in any number of jurisdictions.

53. EXECUTION

53.1 Execution

The Parties have executed this Deed as a deed and intend to deliver and do deliver, this Deed on the date stated at the beginning of this Deed.

53.2 Effect

This Deed shall take effect as a deed

SIGNATORIES

The Issuer

EXECUTED as a DEED by)
HCUK AUTO FUNDING 2017-2 LTD acting by)
two directors being Intertrust Directors 1 Limited)
and Intertrust Directors 2 Limited)

Intertrust Directors 1 Limited

Intertrust Directors 2 Limited

REDACTED UNDER S859G OF
THE COMPANIES ACT 2006

The Security Trustee

EXECUTED as a **DEED** by
U.S. BANK NATIONAL ASSOCIATION
acting by two duly Authorised Signatories:

)
)
)

REDACTED UNDER
S859G OF THE
COMPANIES ACT
2006

Authorised Signatory

David Yates

Authorised Signatory

Authorised Signatory

REDACTED UNDER S859G OF
THE COMPANIES ACT 2006

David Harnett

Authorised Signatory

The Committed Note Purchaser

EXECUTED as a **DEED** by
ROYAL BANK OF CANADA
acting by two Authorised Signatories:

)
)
)

)
)
)

**The Seller, the Servicer and the Subordinated
Loan Provider**

EXECUTED as a **DEED** by
HYUNDAI CAPITAL UK LIMITED
acting by a Director/Authorised Attorney

)
)
)

In the presence of:

Witness' signature

Witness' name

Witness' address

.....

The Security Trustee

EXECUTED as a **DEED** by
U.S. BANK NATIONAL ASSOCIATION
acting by two duly Authorised Signatories:

)
)
)

Authorised Signatory

.....

Authorised Signatory

.....

The Committed Note Purchaser

EXECUTED as a **DEED** by
ROYAL BANK OF CANADA
acting by two Authorised Signatories:

)
)
)

REDACTED UNDER S859G OF THE
COMPANIES ACT 2006

Austin J. Meier
Authorized Signatory

REDACTED UNDER S859G OF THE
COMPANIES ACT 2006

)
)
)

Joshua Brady
Authorised Signatory

**The Seller, the Servicer and the Subordinated
Loan Provider**

EXECUTED as a **DEED** by
HYUNDAI CAPITAL UK LIMITED
acting by a Director/Authorised Attorney

)
)
)

In the presence of:

Witness' signature

Witness' name

Witness' address

.....

The Security Trustee

EXECUTED as a **DEED** by
U.S. BANK NATIONAL ASSOCIATION
acting by two duly Authorised Signatories:

)
)
)

Authorised Signatory

.....

Authorised Signatory

.....

The Committed Note Purchaser

EXECUTED as a **DEED** by
ROYAL BANK OF CANADA
acting by two Authorised Signatories:

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.....

**The Seller, the Servicer and the Subordinated
Loan Provider**

EXECUTED as a **DEED** by
HYUNDAI CAPITAL UK LIMITED
acting by a Director/Authorised Attorney

REDACTED UNDER S859G OF THE COMPANIES ACT
2006

In the presence of:

REDACTED UNDER
S859G OF THE
COMPANIES ACT 2006

Witness' signature

Witness' name

Witness' address

Woo Jung Joo
2nd Floor, London court, 39 London Road, Reigate
RH2 9AQ

The Cash Administrator and the Registrar

EXECUTED as a **DEED** by
ELAVON FINANCIAL SERVICES DAC,
UK BRANCH
acting by two duly authorised signatories

)
)
)
)

Authorised signatory

REDACTED UNDER
S859G OF THE
COMPANIES ACT
2006

Chris Yates
Authorised Signatory

Authorised signatory

REDACTED UNDER S859G OF
THE COMPANIES ACT 2006

David Harnett
Authorised Signatory

The Account Bank

EXECUTED as a **DEED** by
SANTANDER UK PLC
acting by a Director/authorised attorney

)
)
)

In the presence of:

Witness' signature

Witness' name

Witness' address

.....

The Corporate Administrator

EXECUTED as a **DEED** by
INTERTRUST MANAGEMENT LIMITED
acting by two Directors or a Director and a secretary

)
)
)

.....

The Cash Administrator and the Registrar

EXECUTED as a **DEED** by)
ELAVON FINANCIAL SERVICES DAC,)
UK BRANCH)
acting by two duly authorised signatories)

Authorised signatory

Authorised signatory

The Account Bank

EXECUTED as a **DEED** by
SANTANDER UK PLC
acting by a Director/authorised attorney

REDACTED UNDER S859G OF THE
COMPANIES ACT 2006

Svjetlana Lugonjic

In the presence of:

Witness' signature

REDACTED UNDER S859G OF THE
COMPANIES ACT 2006

Witness' name ..ANDREW.....BAKER..

Witness' address ..2 TRITON SQUARE,

.....LONDON NW1 3AN.....

The Corporate Administrator

EXECUTED as a **DEED** by)
INTERTRUST MANAGEMENT LIMITED)
acting by two Directors or a Director and a secretary)

The Cash Administrator and the Registrar

EXECUTED as a DEED by)
ELAVON FINANCIAL SERVICES DAC,)
UK BRANCH)
acting by two duly authorised signatories)

Authorised signatory

Authorised signatory

The Account Bank

EXECUTED as a DEED by)
SANTANDER UK PLC)
acting by a Director/authorised attorney)

In the presence of:

Witness' signature

Witness' name

Witness' address

.....

The Corporate Administrator

EXECUTED as a DEED by)
INTERTRUST MANAGEMENT LIMITED)
acting by two Directors or a Director and a secretary) ...

REDACTED UNDER S859G OF THE
COMPANIES ACT 2006

REDACTED UNDER S859G OF
THE COMPANIES ACT 2006

SCHEDULE 1

FORM OF SCOTTISH SUPPLEMENTAL SECURITY

ASSIGNATION

BY:

- (1) **HCUK AUTO FUNDING 2017-2 LTD**, a private limited company incorporated under the laws of England and Wales (registered number 10937768), whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom, as issuer (the **Issuer**)

and
- (2) **HYUNDAI CAPITAL UK LIMITED**, a private limited company incorporated under the laws of England and Wales (with registered number 07945949), whose registered office is at Floor 2, London Court, 39 London Road, Reigate, Surrey RH2 9AQ, United Kingdom, as seller (the **Seller**).

CONSIDERING THAT

- (A) The Seller has, in terms of the Receivables Sale Agreement, delivered to the Issuer a Notice of Sale dated [●] (the **Notice of Sale**) pursuant to which, inter alia, the Seller has entered into an assignment and trust deed dated [●] (the **Scottish Transfer**) in respect of the Scottish Assets (as defined therein) in favour of the Issuer;
- (B) This deed is supplemental to a deed of charge dated [●] (the **Deed of Charge**) and made between, inter alios, the Issuer, the Seller and U.S. Bank National Association, a national banking association whose corporate trust office is at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110, United States of America (acting in its capacity as the **Security Trustee**, which expression includes such company and all other persons for the time being acting as security trustee or security trustees under the Deed of Charge); and
- (C) The Issuer has, pursuant to clause 5 (Scottish Supplemental Security) of the Deed of Charge, agreed to enter into this deed as security for the Secured Amounts.

THE ISSUER HEREBY DECLARES as follows:

1. Unless otherwise defined in this deed or the context requires otherwise, words and expressions used in this deed have the meanings and constructions ascribed to them in the Master Definitions and Construction Agreement dated on or about [●], between, inter alios, the Issuer, the Security Trustee and the Seller.
2. The Issuer undertakes to the Security Trustee (for its own account and as security trustee for the other Secured Creditors) that (a) it shall duly, unconditionally and punctually pay and discharge to each of the Secured Creditors when due all monies and liabilities whatsoever constituting the Secured Amounts and (b) it will observe, perform and satisfy all its other obligations and liabilities under this deed and each other Transaction Document to which it is a party.
3. As continuing security for the payment or discharge of the Secured Amounts, the Issuer hereby assigns to the Security Trustee, and its successors and assignees, its whole right, title, interest and benefit, present and future, in, to, under and relative to the Scottish Transfer including, without limitation, its whole rights, title, interest and Benefit, present and future, in, to, under and relative to the Scottish Assets (as defined therein) and the Scottish Trust (as defined therein).

4. The Issuer (for itself and on behalf of the Security Trustee) hereby gives notice of and intimates the assignation in security made in terms of clause 3 hereof to the Seller and the Seller by its execution hereof acknowledges such notice and intimation and confirms that, save under or pursuant to the Transaction Documents, or any asset-backed financing arrangements which have been terminated with respect to the Scottish Assets, as at the effective date hereof it has not received notification of any other dealing with the said Scottish Assets or the Scottish Transfer or any part thereof.
5. The whole obligations, undertakings, rights and powers specified in the Deed of Charge relevant to the assets referred to in clause 3 hereof shall be deemed to be repeated herein and shall *mutatis mutandis* apply thereto and the security and other rights and powers created under and pursuant hereto and the whole terms of the Deed of Charge shall, except in so far as inconsistent herewith, apply *mutatis mutandis* hereto. This deed shall be without prejudice to the Deed of Charge which shall remain in full force and effect notwithstanding the delivery of this deed.
6. This deed may be executed in any number of counterparts and by each of the parties on separate counterparts. Where executed in counterparts:
 - (a) this deed will not take effect until each of the counterparts and the Scottish Transfer has been delivered;
 - (b) each counterpart will be held as undelivered until the parties agree a date on which the counterparts are to be treated as delivered; and
 - (c) the date of delivery may be inserted in the testing clause in the space provided for the effective date of this deed.
7. This deed shall be deemed delivered to the Security Trustee on receipt by the Security Trustee of a copy or copies of this deed (executed by the Issuer and/or the Seller) (whether by fax, email or otherwise) and whether or not the principal of this deed is also physically delivered.
8. This deed shall be governed by and construed in accordance with Scots law.

IN WITNESS WHEREOF, these presents typewritten on this and the preceding [●] page together are executed in counterpart by the parties as undernoted, with an effective date of [●] and with the counterparts executed by HCUK Auto Funding 2017-2 Ltd and Hyundai Capital UK Limited being treated as delivered on such date in such order:

SUBSCRIBED for and on behalf of **HCUK AUTO FUNDING 2017-2 LTD**

at.....

on.....

By

.....

Full Name

.....

Authorised Signatory/Director

before this witness

.....Witness

.....Full Name

.....Address

SUBSCRIBED for and on behalf of

HYUNDAI CAPITAL UK LIMITED

at

on.....

By

.....

Full Name

Authorised Signatory/Director

before this witness

..... Witness

.....Full Name

.....Address

SCHEDULE 2

FORM OF SECURITY PROTECTION NOTICE

Letterhead of U.S. Bank National Association

Date [●]

To: **HCUK Auto Funding 2017-2 Ltd**

Dear Sirs

Deed of Charge dated [●] between, among others, HCUK Auto Funding 2017-2 Ltd (the Issuer) and U.S. Bank National Association (the Security Trustee) (the Deed of Charge)

We wish to notify you of the conversion with immediate effect of the floating charge created by clause 4 (Creation of Floating Charge) of the Deed of Charge (the **Floating Charge**) into a fixed charge over [all] the assets of the Issuer which were the subject of the Floating Charge.

Yours faithfully,

For and on behalf of
U.S. Bank National Association
as **Security Trustee**

SCHEDULE 3

FORM OF ISSUER SECURITY POWER OF ATTORNEY

This power of attorney is made as a deed on [●]

BY:

- (1) **HCUK AUTO FUNDING 2017-2 LTD**, a private limited company incorporated under the laws of England and Wales (registered number 10937768), whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom, as issuer (the **Issuer**)

IN FAVOUR OF:

- (2) **U.S. BANK NATIONAL ASSOCIATION**, a national banking association whose corporate trust office is at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110, United States, as security trustee (the **Security Trustee**, which expression shall, wherever the context so admits, include such company and all other persons for the time being acting as the trustee or trustees pursuant to the terms of the Deed of Charge for the Secured Creditors).

NOW THIS DEED WITNESSES that, for good and valuable consideration and as security for the interests of the Security Trustee (for its own account and as security trustee for the other Secured Creditors) under the Transaction Documents, the Issuer irrevocably appoints the Security Trustee and any receiver and/or administrator appointed from time to time in respect of the Issuer or the Issuer's Charged Property (each an **Attorney**) jointly, severally and independently to be its true and lawful attorney (with power to sub-delegate) and to be the Issuer's agent and in the Issuer's name to do any act, matter or thing from time to time which any Attorney, in its absolute discretion, considers appropriate for the protection or preservation of that Attorney's interest in the Purchased Receivables and their Related Collateral and other Charged Property or which ought to be done by the Issuer under the covenants, undertakings and provisions contained in the Transaction Documents, including (without limitation) any or all of the following:

- (a) to exercise the Issuer's rights, powers and discretions in respect of the relevant Transaction Documents, the Purchased Receivables and the Related Collateral;
- (b) to demand, sue for and receive all monies due or payable under or in respect of the relevant Transaction Documents, the Purchased Receivables, the Related Collateral and the Underlying Agreements;
- (c) upon payment of such monies or any part thereof to give good receipt and discharge for the same and to execute such receipts, releases, surrenders, instruments and deeds as may be requisite or advisable; and
- (d) to execute, deliver and perfect all documents and do all things that the Attorneys may consider to be necessary for (i) carrying out any obligations imposed on the Issuer under or pursuant to this Deed or (ii) exercising any of the rights conferred on the Attorneys by or pursuant to this Deed or by law (including, after the security constituted by or pursuant to this Deed has become enforceable, the exercise of any right of a legal or a beneficial owner of, or holder of the beneficial interest in, the Charged Property).

And each Attorney shall, in accordance with clause 26.2 (Substitution) of the Deed of Charge, have the power by writing under its hand (or, if the Attorney is not an individual, under the hand of an officer of the Attorney) from time to time to appoint one or more substitutes who shall have power to act on behalf of the Issuer as if such substitute(s) shall have been originally appointed as an attorney by this Deed (including,

without limitation, the power of further substitution) and/or to revoke any such appointment at any time without assigning any reason therefor;

And each Attorney shall, in accordance with clause 26.3 (Delegation) of the Deed of Charge, have the power by writing under its hand (or, if the Attorney is not an individual, under the hand of any officer of the Attorney) from time to time to delegate to one or more person all or any of the powers referred to in clause 26.1 (Appointment of Attorneys and purposes of appointment) of the Deed of Charge on such terms as it thinks fit and/or to revoke any such delegation at any time without assigning any reason therefor;

And the Issuer hereby agrees at all times hereafter to ratify and confirm whatsoever any act, matter or deed any Attorney or substitute or delegate shall lawfully and properly do or cause to be done under or concerning this Deed to the extent that such act, matter or deed is within the power of the Issuer;

And the Issuer hereby declares that, this Deed having been given for security purposes and to secure a continuing obligation, the appointments made by it under this Deed shall be irrevocable;

And this Deed is supplemental to the Deed of Charge;

And this Deed is irrevocable and accordingly, for so long as the obligations referred to in clause 26.5 (Security) of the Deed of Charge have not been discharged, this Deed shall not be revoked:

- (a) by the Issuer without the consent of each of the Attorneys; or
- (b) on the occurrence of an Insolvency Event in respect of the Issuer;

And the expressions defined in the Master Definitions and Construction Agreement dated on or about the date hereof between, inter alios, the Issuer and the Security Trustee shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein (including these recitals);

And this Deed is governed by, and it, and all non-contractual obligations arising out of or in connection with it, shall be construed in accordance with, the laws of England.

IN WITNESS WHEREOF HCUK Auto Funding 2017-2 Ltd has caused this Deed to be executed and delivered as a deed on the day and year first before written.

SIGNED and DELIVERED as a DEED by)
HCUK AUTO FUNDING 2017-2 LTD acting by)
two directors being Intertrust Directors 1 Limited)
and Intertrust Directors 2 Limited:)

Intertrust Directors 1 Limited

Intertrust Directors 2 Limited

SCHEDULE 4
NOTICES OF CHARGE AND ASSIGNMENT

PART 1

FORM OF NOTICE OF CHARGE

[●] 2017

From: HCUK Auto Funding 2017-2 Ltd as **Issuer**
35 Great St. Helen's
London
EC3A 6AP

U.S. Bank National Association as **Security Trustee**
1 Federal Street, 3rd Floor
Boston
Massachusetts 02110
United States

To: Santander UK plc as **Account Bank**
2 Triton Square
Regent's Place
London
NW1 3AN

Dear Sirs,

Notice of Charge

HCUK AUTO FUNDING 2017-2 LTD – IBAN No. [●] (the Transaction Account)

1. We give you notice that, by a Deed of Charge dated [●] between, among others, HCUK Auto Funding 2017-2 Ltd (the **Issuer**) and U.S. Bank National Association (the **Security Trustee**), the Issuer charged by way of first fixed charge to the Security Trustee the Benefit of the Transaction Account.
2. Words and expressions used in this notice shall have the meanings ascribed to them in the Master Definitions and Construction Agreement dated [●] between, inter alios, the Issuer, the Security Trustee and you.
3. We authorise and instruct you, until receipt by you of further written instructions from the Security Trustee, to permit the Transaction Account to be operated by Elavon Financial Services DAC, UK Branch (the **Cash Administrator**), on behalf of the Issuer, in accordance with the terms of: the Account Bank Agreement dated [●] 2017 between, inter alios, the Issuer, the Seller and you.
4. Until receipt by you of further written instructions from the Security Trustee, for the purposes of debiting the Transaction Account, you shall be authorised to act in accordance with the instructions of the Cash Administrator (on behalf of the Issuer) in accordance with the provisions of the Account Bank Agreement.

5. You are not authorised to accept any action on the part of the Issuer or the Cash Administrator to close the Transaction Account.
6. This notice shall not be revoked or varied except by the Security Trustee until the earlier of delivery of a Security Protection Notice by the Security Trustee to the Issuer or the occurrence of a Cash Administrator Termination Event.
7. Please acknowledge receipt of this notice to the Issuer and the Security Trustee by signing and returning the enclosed Acknowledgement of Charge.

Yours faithfully,

.....
per pro Intertrust Directors 1 Limited, as Director for and on behalf of
HCUK AUTO FUNDING 2017-2 LTD, as Issuer

..... and
For and on behalf of
U.S. BANK NATIONAL ASSOCIATION, as Security Trustee

PART 2

FORM OF NOTICE OF ASSIGNMENT

[●] 2017

From: HCUK Auto Funding 2017-2 Ltd, as Issuer
U.S. Bank National Association, as Security Trustee

To: Hyundai Capital UK Limited, as Seller, Servicer and Subordinated Loan Provider;
Elavon Financial Services DAC, UK Branch, as Cash Administrator and Registrar;
Royal Bank of Canada, as Committed Note Purchaser;
Santander UK plc, as Account Bank; and
Intertrust Management Limited, as Corporate Administrator

Dear Sirs,

Notice of Assignment

HCUK AUTO FUNDING 2017-2 LTD

Up to £450,000,000 Variable Funding Note due 2027 with an Initial VFN Principal Amount Outstanding of [●] (the VFN)

1. We give you notice that, by a Deed of Charge dated [●] 2017 and made between, among others, the Issuer and the Security Trustee, the Issuer assigned to the Security Trustee the Benefit of the Transaction Documents (other than the Deed of Charge) (the Assignment).
2. Words and expressions used in this notice shall have the meanings ascribed to them in the Master Definitions and Construction Agreement dated [●] 2017 between the Issuer, the Security Trustee, the Committed Note Purchaser, the Purchaser, the Seller, the Servicer, the Subordinated Loan Provider, the Cash Administrator, the Account Bank, the Registrar, the Corporate Administrator and the Share Trustee.
3. Subject to any other instructions given to any of you by the Security Trustee, you are instructed to deal with the Issuer in relation to the Transaction Documents as if the Assignment had not taken place, save that you are not authorised to recognise the exercise by the Issuer of any right to vary, waive or terminate the provisions of the Transaction Documents unless the prior written consent of the Security Trustee to such exercise has been obtained.
4. This notice is irrevocable. Please acknowledge receipt of this notice to the Security Trustee on the enclosed Acknowledgement of Assignment.

Yours faithfully,

.....
per pro Intertrust Directors 1 Limited, as Director for and on behalf of
HCUK AUTO FUNDING 2017-2 LTD as Issuer

..... and
For and on behalf of U.S. BANK NATIONAL ASSOCIATION as Security Trustee

SCHEDULE 5

DEFINITIONS

Except where the context otherwise requires, the following defined terms used in the Transaction Documents have the meanings set out below (as the same may be amended and supplemented from time to time):

1881 Act means the Conveyancing Act 1881 (of Northern Ireland);

Account means the Transaction Account;

Account Bank means Santander UK plc, any successor thereof or any other person appointed as Account Bank in accordance with the Account Bank Agreement and the Deed of Charge from time to time as the bank with whom the Issuer holds the Transaction Account;

Account Bank Agreement means the agreement so named dated on or about the Signing Date between the Issuer, the Seller, the Cash Administrator, the Account Bank, the Committed Note Purchaser and the Security Trustee;

Account Bank Downgrade has the meaning set forth in clause 13.5 (Account Bank Downgrade) of the Account Bank Agreement;

Account Bank Required Ratings means at least two of the following:

- (a) a long-term rating from Moody's of at least A2 (or, if the Account Bank does not have a long-term rating from Moody's, a short-term rating from Moody's of at least P-1);
- (b) a long-term rating from S&P of at least A (or, if the Account Bank does not have a long-term rating from S&P, a short-term rating from S&P of at least A-1); or
- (c) a long-term rating from Fitch of at least A (or, if the Account Bank does not have a long-term rating from Fitch, a short-term rating from Fitch of at least F1),

or, in each case, such other ratings as may be consistent with the foregoing under the then published criteria of S&P, Moody's or Fitch (as the case may be);

Account Details means the details of each of the accounts set out in schedule 2 (Account Details) to the Account Bank Agreement;

Accounting Reference Date means, in each year:

- (a) in respect of the Seller, the Issuer and the Servicer, 31 December; and
- (b) in respect of any Successor Servicer, the date set out in the replacement servicing agreement;

Accounts Final Delivery Date means, in respect of the Issuer, the date which is 180 days after its Accounting Reference Date and in respect of each of the Seller and the Servicer, the date which is 120 days after its Accounting Reference Date;

Actuarial Method means the method of allocating a payment due under or in respect of an Underlying Agreement between principal and income as determined by the Seller which shall be consistently applied by the Servicer at each use and be consistent with the Actuarial Method applied at the Closing Date;

Administrator Incentive Recovery Fee means the fee payable to the Insolvency Official of the Seller, following an Insolvency Event of the Seller, in relation to the sale of the relevant Financed Vehicles in an amount equal to (i) the reasonable costs and expenses of such Insolvency Official incurred in relation to the sale of such Financed Vehicles plus (ii) a percentage of the corresponding realisation proceeds in respect of the relevant Financed Vehicles to be agreed by the Security Trustee with the Insolvency Official of the Seller pursuant to the Servicing Agreement (up to a maximum amount of 1% of the VAT-exclusive realisation proceeds of the relevant Financed Vehicles);

Advance means, in respect of the Closing Date and any Payment Date during the Revolving Period, any amount advanced or to be advanced under the VFN in satisfaction of the obligation of the VFN Holder or the Committed Note Purchaser to fund the amount requested in an Advance Notice, upon satisfaction of the conditions specified in schedule 1 (Conditions Precedent to the Closing Date) or schedule 2 (Conditions Precedent to each Further Advance) to the Variable Funding Note Purchase Agreement, as applicable;

Advance Limit means, on any date of determination during the Revolving Period, a figure calculated by the Cash Administrator equal to the Purchase Commitment less the VFN Principal Amount Outstanding, in each case on the relevant date of determination, provided that if such amount is less than zero it shall be deemed to be zero;

Advance Notice means the notice of request for an Advance required to be delivered under clause 4.3 (Advance Notices) of the Variable Funding Note Purchase Agreement;

Affiliate means unless otherwise provided for in the Transaction Documents, with respect to a person:

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

For the purposes of this definition, control of a person shall mean the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of such person, or (ii) to direct or cause the direction of the management and policies of such person whether by contract or otherwise;

Agent means each of the Cash Administrator, the Registrar, the Account Bank and any successor or replacement and each of their permitted successors and assignees;

Aggregate Asset Amount Outstanding means, in respect of all Purchased Receivables at any time, the aggregate of the Asset Amount Outstanding of all Purchased Receivables which, as of such time, are not Defaulted Receivables;

Amortisation Period means the period from (and including) the Amortisation Threshold Date until the earlier of: (i) the date the VFN Principal Amount Outstanding has been reduced to nil or (ii) the date of the delivery of an Enforcement Notice;

Amortisation Threshold Date means the date on which the Revolving Period ends;

Ancillary Products means products that certain Customers when entering into an Underlying Agreement agreed to take out and which may be financed by the Underlying Agreement, including but not limited to any guaranteed asset protection insurance or payment protection insurance;

Ancillary Rights means, in relation to a Right, all ancillary Rights, accretions and supplements to such Right, including any guarantees or indemnities in respect of such Right;

Anti-Corruption Laws means, in relation to any person, all applicable laws, rules, and regulations from time to time, as amended, concerning or relating to bribery or corruption, including but not limited to the U.S Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and all other applicable anti-bribery and corruption laws;

Applicable Margin means:

- (a) on any date of determination during the Revolving Period, 0.43% per annum;
- (b) on any date of determination during the Amortisation Period, 0.93% per annum; or
- (c) on any date of determination if an Event of Default is occurring, 2.93% per annum;

Arrears Management Policy means (a) as at the Closing Date, the credit and collection policy applied by the Servicer or any Sub-contractor of the Servicer as set out in schedule 4 (The Arrears Management Policy) to the Servicing Agreement, and (b) thereafter the credit and collection policies and practices of the Seller as applied by the Servicer or any Sub-contractor of the Servicer or a Successor Servicer from time to time or, following the delivery of an Enforcement Notice, the Security Trustee, in each case subject to the terms of the Servicing Agreement;

Asset Amount Outstanding means, on any date of determination and with respect to any Receivable, the outstanding principal balance (as calculated by the Servicer in accordance with its records and the Actuarial Method) which is scheduled to become due on or after such date of determination and which (however described or characterised) represents the outstanding principal amount of any finance provided to a Customer under an Underlying Agreement or any capitalised finance charges which have been added to such outstanding principal amount;

Asset Disposal Conditions means, immediately prior to entry into a Deed of Reassignment by the Issuer, the Seller confirms that the following conditions are satisfied:

- (a) no Event of Default would occur as a result of the entry into the relevant Deed of Reassignment; and
- (b) immediately following the closing of the transactions contemplated by the Deed of Reassignment, the Issuer will have received a Disposal Amount equal to or in excess of the aggregate Required Disposal Amount in respect of all Purchased Receivables which are the subject of such transactions;

Asset Jurisdiction means:

- (a) in respect of each Purchased Receivable, England and Wales, Scotland or Northern Ireland, to the extent such Purchased Receivable is subject to the law of such jurisdiction; and
- (b) in respect of each Transaction Document, England and Wales, Scotland or Northern Ireland, to the extent that such Transaction Document is expressed to be governed by the law of such jurisdiction;

Asset Records means the original and/or any copies of the Underlying Agreements and all documents and records, in whatever form or medium, relating to such Underlying Agreements including all computer tapes and discs specifying, among other things, Customer details and the amount and dates on which scheduled payments are due and are paid under the Underlying Agreements;

Assignment and Assumption Agreement means, on any date prior to the Final Discharge Date, an assignment and assumption agreement substantially in the form of exhibit B (*Form of Assignment and Assumption Agreement*) to the Variable Funding Note Purchase Agreement entered into between the Seller, the Issuer, the VFN Holder and an assignee;

Auditors means:

- (a) in respect of the Issuer, Deloitte LLP or such other firm of accountants as may be appointed by the Issuer;
- (b) in respect of the Seller, Deloitte LLP or such other firm of accountants as may be appointed by the Seller with the prior approval of the Security Trustee; and
- (c) in respect of the Servicer, Deloitte LLP or such other firm of accountants as may be appointed by the Servicer with the prior approval of the Security Trustee;

AUP Report means an agreed-upon procedures audit report to be prepared by the AUP Report Auditor (or such other independent firm of auditors as may be approved by the Committed Note Purchaser from time to time) confirming that they have performed specific procedures with respect to (in the case of the first such report) the pool of Receivables from which the Purchased Receivables are selected or (in the case of subsequent reports) the Portfolio;

AUP Report Auditor means Deloitte LLP, a limited liability partnership registered in England (registration number OC303675), with its registered office at 2 New Square Street, London EC4A 3BZ;

Authorisation has the meaning given to it in clause 2.4(a) (Payment of the Noteholder's Interest Distributable Amount) of the Variable Funding Note Purchase Agreement;

Authorised Institution means a person authorised to take deposits under FSMA;

Authorised Signatory means, in relation to any Transaction Party, 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;

Available Distribution Amount means, on any Payment Date, (A) the aggregate of (i) the proceeds of any Advance made in respect of the VFN on such Payment Date, and (ii) the proceeds of any Further Subordinated Loan Advance made on such Payment Date with respect to the Collection Period ending on the Calculation Date immediately preceding such Payment Date and (B) an amount calculated by the Cash Administrator as of the Calculation Date immediately preceding such Payment Date and notified to the Seller, the Issuer, the Servicer and the Security Trustee not later than three Business Days prior to the Payment Date following such Calculation Date, as the sum of (without double counting):

- (a) the amount (if any) by which, on that Payment Date, the amount standing to the credit of the Reserve Ledger will exceed the Required Reserve Amount on such Payment Date (for the avoidance of doubt, such amount to be calculated after the application of any amount referred to in paragraph (b) below);
- (b) the amounts standing to the credit of the Reserve Ledger as of such Calculation Date which, for the avoidance of doubt, shall be applied in accordance with the provisions of clause 7.3 (Application of Reserve Fund) of the Cash Administration Agreement;
- (c) any Collections but, prior to the service of an Enforcement Notice, excluding any Seller Amounts and any amounts received by the Issuer but held on trust for the benefit of the Seller in accordance with the Receivables Sale Agreement) received by the Issuer during the Collection Period ending on such Calculation Date;
- (d) (i)(A) any default interest on unpaid sums due and paid by the Seller to the Issuer and (B) indemnities against any loss or expense, including legal fees, incurred by the Issuer as a consequence

of any default of the Seller, in each case paid by the Seller to the Issuer pursuant to the Receivables Sale Agreement; and (ii) any default interest and indemnities paid by the Servicer to the Issuer pursuant to the Servicing Agreement, in each case as collected during such Collection Period;

- (e) any other amounts paid by the Seller to the Issuer under or with respect to the Receivables Sale Agreement or the Purchased Receivables or the Related Collateral and any other amounts paid by the Servicer to the Issuer under or with respect to the Servicing Agreement, the Purchased Receivables or the Related Collateral, in each case as collected during such Collection Period or (in the case of the Handback Receivable Put Option Price or the Modified Guaranteed Future Value Payment Receivable Put Option Price) paid between the end of such Collection Period and the relevant Payment Date;
- (f) any interest received (if any) on the Transaction Account during such Collection Period; and
- (g) any amount received (if any) under the Swap Agreement (if any);

Available Distribution Ledger means the ledger in the books of the Issuer so named;

BACS means the operator for the time being of the Direct Debiting Scheme, being at the Closing Date, Bankers Automated Clearing Services Limited;

Bank of England Base Rate means the UK Bank of England Official Bank Rate, meaning the interest rate set by the UK's central bank as part of its monetary policy;

Bank Rate means, for any Interest Period, a rate per annum equal to GBP LIBOR for such Interest Period;

Basel III means:

- (a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
- (b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III";

Benefit means in respect of any asset, agreement, property or right (each a **Right** for the purpose of this definition) held, assigned, conveyed, transferred, held on trust, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time

be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;

- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach;

Borrowing Base means, on the Initial Purchase Date and on any Calculation Date, an amount (which shall not be less than zero) equal to (a) the Net Eligible Receivables less the Aggregate Asset Amount Outstanding of all Purchased Receivables which at the end of the preceding Business Day are in breach of the Concentration Limits, multiplied by (b) (100% – Required Credit Enhancement);

Breach of Duty means in relation to any person, a wilful default, fraud, or gross negligence by such person;

Business Day means a day on which commercial banks and foreign exchange markets are open or required to be open for business in London, England, New York City, USA and which is a Target Day;

Calculation Date means the last Business Day of each calendar month, and the Calculation Date with respect to each Payment Date is the Calculation Date immediately preceding such Payment Date and the first Calculation Date shall be 29 December 2017;

Call Option means each of the Clean-Up Call Option and the General Call Option;

Cash Administration Agreement means the agreement so named dated on or about the Signing Date between the Issuer, the Security Trustee, the Seller, the Cash Administrator, the Committed Note Purchaser, the Registrar and the Account Bank;

Cash Administration Services means all the services, duties, liabilities and obligations to be performed and provided by the Cash Administrator under the Cash Administration Agreement and each of the other Transaction Documents to which it is, in its capacity as the Cash Administrator, a party;

Cash Administrator means Elavon Financial Services DAC, UK Branch or any successor or replacement cash administrator appointed in accordance with the terms of the Cash Administration Agreement;

Cash Administrator Termination Event means the occurrence of any of the following events:

- (a) the Cash Administrator fails to make a payment due under the Cash Administration Agreement at the latest on the third Business Day after its due date, or, in the event no due date has been determined, if payable, within three Business Days after the written demand for payment;
- (b) following a demand for performance, the Cash Administrator fails within five Business Days to perform its obligations (other than those referred to in paragraph (a) above) owed to the Issuer under the Cash Administration Agreement and such failure would, in the opinion of the Security Trustee, be materially prejudicial to the interests of the VFN Holder;

- (c) an Insolvency Event occurs in respect of the Cash Administrator; or
- (d) the Cash Administrator fails to be exempt from FATCA Withholding.

Cash Administrator Termination Event Notice means a notice to the Cash Administrator from the Issuer or, following the delivery of an Enforcement Notice, from the Security Trustee delivered in accordance with the terms of clause 17.5 (Termination of the Appointment of Cash Administrator upon Occurrence of Cash Administrator Termination Event) of the Cash Administration Agreement;

CC Licence means, as relevant, a standard licence issued by the UK Office of Fair Trading under the powers conferred upon it by the CCA, a Part 4A permission granted by the FCA under FSMA, an interim permission or interim variation of permission granted under FSMA to enable a person to continue to carry on consumer credit related regulated activities during the interim permission regime or any and all necessary licences, registrations, consents, permits, permissions, approvals and authorisations from time to time required for the carrying on of any relevant consumer credit business, including the entering into, operation and administration of Underlying Agreements;

CCA means the Consumer Credit Act 1974 as amended;

Charged Accounts means the Transaction Account and any bank or other account opened from time to time for the purposes of the Transaction in which the Issuer may at any time acquire a Benefit and over which the Issuer has created an Encumbrance in favour of the Security Trustee pursuant to the Deed of Charge;

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

Clean-Up Call Option means a call option in favour of the Seller pursuant to which the Seller may repurchase, subject to the satisfaction of certain conditions set out in clause 11 (Call Options) of the Receivables Sale Agreement, all (but not some only) of the outstanding Purchased Receivables (together with any Related Collateral) held by the Issuer at the Repurchase Price;

Closing Certificates means, as the context may require, in relation to:

- (a) the Issuer, the Issuer Closing Certificate; and
- (b) the Seller, the Seller Closing Certificate;

Closing Date has the meaning given to it in clause 3 (Closing Date) of the Variable Funding Note Purchase Agreement;

CMA means the UK Competition and Markets Authority or its predecessor or successor authority or authorities, as relevant;

Collectability means, in respect of a Purchased Receivable, the ability to collect or the amount collected or the timing of collecting in respect of such Purchased Receivable (other than in respect of a Customer's ability or willingness to pay);

Collection Period means, in relation to any Calculation Date, the period commencing on (but excluding) the immediately preceding Calculation Date and ending on (and including) such Calculation Date and, with respect to the First Payment Date, the Collection Period will commence on (but exclude) 31 October 2017 and end on (and include) the first Calculation Date;

Collections means, with respect to any Purchased Receivable and any Related Collateral (but without double-counting):

- (a) all payments by Customers with respect to any Purchased Receivable and any Related Collateral;
- (b) all amounts of cash received by the Servicer in respect of Purchased Receivables;
- (c) Net Sale Proceeds;
- (d) Guaranteed Future Value Payments;
- (e) all finance charges, interest, late payment or similar charges and other cash proceeds received by the Seller with respect to any such Purchased Receivable;
- (f) all indemnity amounts received by the Seller from any Dealer in respect of an Underlying Agreement, or from insurance providers or other third parties;
- (g) all amounts received following a Purchased Receivable becoming a Defaulted Receivable which has been repurchased by the Seller pursuant to the Receivables Sale Agreement (including, but not limited to the sale of any Financed Vehicles) or other amounts received or recovered in respect thereof, including, without limitation, all assigned proceeds received by the Seller from insurance policies relating to the Financed Vehicles or otherwise entered into in connection with the financing of the acquisition of the Financed Vehicles;
- (h) all cash proceeds received by the Seller in respect of any Related Collateral;
- (i) any proceeds from the repurchase by the Seller of any Purchased Receivables (together with the relevant Related Collateral) received by the Issuer under the Receivables Sale Agreement;
- (j) all Recoveries; and
- (k) any other amounts which the Seller or the Servicer has the obligation to pay to the Issuer under and in accordance with the Transaction Documents,

in each case (i) received after the Reference Date immediately preceding the Purchase Date on which the relevant Purchased Receivable was sold by the Seller to the Issuer and (ii) excluding any Seller Amounts;

Commitment Fee means, in respect of any Interest Period, the sum of:

- (a) the product of:
 - (i) 0.30% per annum in the Revolving Period and nil thereafter;
 - (ii) the Undrawn Commitment as of each day during such Interest Period; and
 - (iii) the Day Count Fraction; and
- (b) any amount calculated pursuant to paragraph (a) above, which is due but not paid with respect to any Interest Period preceding the related Interest Period;

Committed Note Purchaser means Royal Bank of Canada;

Companies Acts has the meaning given to it in Section 2 of the Companies Act 2006;

Compensation Payment means the amount of any loss (other than to the extent that such loss is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from a Breach of Duty by the Issuer) calculated by or on behalf of the Issuer (including reasonable costs and expenses of the Issuer's legal counsel) to have been suffered or incurred by the Issuer as a result of a Seller Warranty Breach (other than a Seller Asset Warranty Breach) and for this purpose loss shall mean any direct loss (without regard to credit enhancement if any) as a result of the relevant Seller Warranty Breach (other than a Seller Asset Warranty Breach) but shall not include:

- (a) any amount attributable to any indirect or consequential loss suffered by the Issuer; and/or
- (b) any loss suffered by the Issuer in circumstances where the Seller Warranty Breach has also been, or given rise to, an Event of Default,

the determination of such amount being subject to the provisions contained in the Receivables Sale Agreement;

Concentration Limit means each of the following requirements:

- (a) on the relevant Calculation Date, the sum of the Asset Amount Outstanding of all Purchased Receivables owed by the relevant Customer does not exceed £70,000; and
- (b) on the relevant Calculation Date, the weighted average remaining term of the Underlying Agreements relating to all outstanding Purchased Receivables that are not Defaulted Receivables does not exceed 60 months;

Conditional Sale Agreements means fixed interest rate, usually fully amortising, level payment conditional sale contracts entered into by the Seller and Customers, with retention of title to the Financed Vehicles;

Corporate Administration Agreement means a corporate administration agreement dated on or about the Signing Date and entered into between the Corporate Administrator and the Issuer;

Corporate Administration Fee Letter means the fee letter dated on or around the Signing Date between the Issuer, the Corporate Administrator and the Share Trustee;

Corporate Administrator means Intertrust Management Limited or any successor thereof or any other person appointed as replacement corporate administrator from time to time in accordance with the Corporate Administration Agreement;

Cost of Funds means:

- (a) for any portion of the VFN that the VFN Holder funded during the relevant Interest Period (or any portion thereof) through the issuance of commercial paper, the percentage rate per annum as notified by the VFN Holder to the Committed Note Purchaser on the applicable Reporting Date, equal to sum of:
 - (i) the interest rate paid by the VFN Holder to the subscribers of such commercial paper as applicable during the relevant Interest Period (or any portion thereof); and
 - (ii) in the event that such commercial paper is denominated in any currency other than GBP, all costs, fees and expenses, expressed as a percentage per annum, incurred by the VFN Holder in order to hedge its exposure to such currency during the relevant Interest Period (or any portion thereof);

- (b) for any portion of the VFN that the VFN Holder funded during the relevant Interest Period (or any portion thereof) through a drawing under a Liquidity Agreement, GBP LIBOR (or zero if GBP LIBOR is below zero) plus 1.25% per annum; and
- (c) for any portion of the VFN that the VFN Holder funded during the relevant Interest Period (or any portion thereof) other than pursuant to (a) and (b) above, GBP LIBOR (or zero if GBP LIBOR is below zero),

in each case, pro-rated to reflect (i) the portion of the VFN that the VFN Holder funded in the manner described in paragraph (a), (b) or (c) above and (ii) the portion of the relevant Interest Period in respect of which the VFN Holder funded the VFN in such manner;

Covenant to Pay means the covenants of the Issuer to repay principal and to pay interest in respect of the VFN contained in the Variable Funding Note Purchase Agreement, the VFN and, in respect of the Secured Amounts, contained in Clause 2 (Issuer's Undertaking to Pay and Perform) of the Deed of Charge;

CRA means the Consumer Rights Act 2015;

Credit Protection Insurance or **CPI** means a credit protection insurance policy, which covers certain payments under an Underlying Agreement, in full or in part, in the cases of unemployment, sickness, critical illness or death, or a combination of more than one;

Customer means each of the persons obliged to make payments under an Underlying Agreement;

Data Controller, Data Processor and Data Subject have the meaning given to such terms in the Data Protection Act 1998 or the GDPR (as applicable);

Data Protection Laws means the Data Protection Act 1998 and any Requirement of Law or Regulatory Direction from time to time relating to the Processing of Personal Data and privacy including (where applicable):

- (a) the General Data Protection Regulation (EU) 2016/679 of the European Parliament as amended and enforced from time to time and, if the GDPR ceases to have direct effect in the UK, the equivalent replacement laws and regulations in force in the UK or any part of it (as amended and enforced from time to time) (GDPR);
- (b) the Privacy and Electronic Communications (EC Directive) Regulations 2003; and
- (c) guidance and codes of practice or conduct issued by a Data Protection Regulator which are either mandatory or which would, if not complied with, potentially result in sanctions from a Data Protection Regulator;

Data Protection Regulator means the UK Information Commissioner or any supervisory authority (as defined in the GDPR) or any other person having regulatory or supervisory authority over Processing of Personal Data by the Transaction Parties;

Day Count Fraction means, in respect of an Interest Period, the actual number of days in such Interest Period divided by 365 (or 366 days if the relevant calculation is being made in respect of an Interest Period ending in a leap year);

Dealer means any person from whom the Seller purchases a Financed Vehicle related to an Underlying Agreement;

Deed of Charge means the deed so named dated on or about the Signing Date between the Issuer, the Security Trustee, the Seller, the Committed Note Purchaser, the Servicer, the Cash Administrator, the Purchaser, the Account Bank, the Registrar, the Subordinated Loan Provider and the Corporate Administrator;

Deed of Reassignment means a deed in, or substantially in, the form set out in schedule 6 (Form of Deed of Reassignment in respect of the Optional Repurchase of Defaulted Receivables), schedule 7 (Form of Deed of Reassignment in respect of the Clean-Up Call Option and the General Call Option), schedule 8 (Form of Deed of Reassignment in respect of a Repurchase upon Seller Asset Warranty Breach or Breach of Concentration Limit), schedule 10 (Form of Deed of Reassignment in respect of the Handback Receivable Put Option), schedule 15 (Form of Deed of Reassignment in respect of the Modified Guaranteed Future Value Payment Receivable Put Option) or schedule 16 (Form of Deed of Reassignment in Respect of the Illegality Put Option) to the Receivables Sale Agreement;

Defaulted Receivable means, as of any date, any Purchased Receivable which is either (a) 180 calendar days or more delinquent, or (b) has otherwise been written off by the Servicer in accordance with the Arrears Management Policy (including a Purchased Receivable subject to a Voluntary Termination or where the relevant Customer continues to have an outstanding liability after the Voluntary Termination);

Defaulted Receivable Charges means, with respect to any Receivable that is in arrears or any Defaulted Receivable, the rate of interest at the relevant time applicable to such Receivable, and any default charges payable in accordance with the related Underlying Agreement;

Defaulted Receivable Recoveries means, in respect of a Repurchased Defaulted Receivable:

- (a) any amount (net of recovery costs) received by the Seller from the relevant Customer following the repurchase of such Repurchased Defaulted Receivable;
- (b) any consideration payable by any third party to the Seller, including debt collection agents, in respect of the sale by the Seller of such Repurchased Defaulted Receivables (net of any costs to the Seller in connection with such sale and, for so long as any amounts may be payable (whether in respect of a warranty claim or otherwise) under the relevant sale arrangements, such amount as the Seller determines should be retained as a provision against such claims); and
- (c) any VAT refund, rebate or credit received by the Seller in respect of any Vehicle relating to such Repurchased Defaulted Receivable;

Defaulted Receivable Repurchase Price means, in respect of any Purchased Receivables which are Defaulted Receivables, an initial payment of £1 payable on the date of repurchase plus a further amount equal to any Defaulted Receivables Recoveries which shall be payable no later than the Payment Date immediately following the end of the Collection Period in which such Defaulted Receivable Recoveries are received by the Seller;

Deferred Consideration means:

- (a) on any Payment Date prior to the delivery of an Enforcement Notice, the difference (if any) between (x) the Available Distribution Amount with respect to the Calculation Date immediately preceding such Payment Date and (y) the sum of all amounts payable to or (as the case may be) to be applied by the Issuer under items (a) to (l) (prior to the end of the Revolving Period) or items (a) to (l) (on or after the beginning of an Amortisation Period) (in each case inclusive) of the Pre-Enforcement Priority of Payments on such Payment Date; and
- (b) on any date following the delivery of an Enforcement Notice, the difference (if any) between (x) any amounts standing to the credit of the Transaction Account on such date and (y) the sum of all

amounts payable to or (as the case may be) to be applied by the Issuer under items (a) to (i) (inclusive) of the Post-Enforcement Priority of Payments;

Delinquent Receivable means, as of any date, any Purchased Receivable (which is not a Defaulted Receivable) which is included in the greater than 3 Instalments overdue bracket in the Servicer Report for the Collection Period ending on or immediately preceding such date in accordance with the Arrears Management Policy;

Designated Personnel means, in relation to the Servicer or the Retiring Servicer, the personnel designated by such Servicer or such Retiring Servicer to carry out the Services;

Direct Debit means a written instruction of a Customer authorising its bank to honour a request of the Seller to debit a sum of money on specified dates from the account of the Customer for credit to an account of the Seller;

Direct Debiting Scheme means the system for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services;

Disposal Amount means the purchase price agreed between the Issuer and a purchaser of Receivables sold in accordance with clause 2.6 (Sale of Receivables) of the Variable Funding Note Purchase Agreement and all other amounts received by the Issuer in connection with the disposal;

Dispute means a dispute (whether contractual or non-contractual) arising out of or in connection with any Transaction Document (including a dispute regarding the existence, validity or termination of any Transaction Document or the consequences of its nullity);

Early Amortisation Event means, on any date of determination, which will be deemed to occur (i) on the Payment Date immediately following any relevant Calculation Date during the Revolving Period, or (ii) in the case of paragraphs (e) and (g) below, on the next Payment Date, the occurrence of one (or more) of the following events:

- (a) on any Calculation Date, the Weighted Average Spread of the Purchased Receivables and any Further Receivables to be purchased on the immediately following Further Purchase Date falls below 1.0%;
- (b) on any Calculation Date, the percentage of the sum of the Asset Amount Outstanding of Purchased Receivables which are Delinquent Receivables, on the basis of the previous three month average, in aggregate, exceeds 0.80% of the sum of the Asset Amount Outstanding of the Purchased Receivables and any Further Receivables to be purchased on the immediately following Further Purchase Date;
- (c) on any Calculation Date, the mean average of the Loss Percentage for each of the three Collection Periods preceding the relevant Calculation Date (including the Collection Period ending on the relevant Calculation Date) exceeds 0.16%, provided that, if there are fewer than three Collection Periods in the period from the Closing Date to the relevant Calculation Date, such average shall be taken over those Collection Periods. For these purposes, **Loss Percentage** means, in respect of a Calculation Date, (i) the aggregate Losses occurring in the Collection Period ending on the relevant Calculation Date as a percentage of (ii) the sum of the aggregate Asset Amount Outstanding of the Purchased Receivables on the preceding Payment Date;
- (d) on any Calculation Date, the mean average of the Defaulted Receivables Percentage for each of the three Collection Periods preceding the relevant Calculation Date (including the Collection Period ending on the relevant Calculation Date) exceeds 0.30%, provided that, if there are fewer than three

Collection Periods in the period from the Closing Date to the relevant Calculation Date, such average shall be taken over those Collection Periods. For these purposes, the **Defaulted Receivables Percentage** means, in respect of a Calculation Date, (i) the aggregate Asset Amount Outstanding as at the relevant Calculation Date of (x) Repurchased Defaulted Receivables which would have become Defaulted Receivables had such Repurchased Defaulted Receivables not been repurchased and (y) Purchased Receivables which have become Defaulted Receivables, in each case in the Collection Period ending on the relevant Calculation Date as a percentage of (ii) the aggregate Asset Amount Outstanding of such Receivables on the preceding Payment Date;

- (e) there exists at any date of determination one or more material default(s) by the Seller with respect to any form of indebtedness where the principal amount of such indebtedness in aggregate exceeds £10,000,000. For these purposes **financial indebtedness** shall mean, in respect of moneys borrowed, any bond or other debt security, acceptance credits, moneys raised under any transaction having the commercial effect of borrowing or raising money, receivables sold or discounted (otherwise on a non-recourse basis) and any guarantees or indemnities including any interest, costs and/or premia thereon;
- (f) on any Payment Date, the VFN Principal Amount Outstanding exceeds the lesser of (i) the Purchase Commitment; and (ii) the Borrowing Base on the immediately preceding Calculation Date;
- (g) a change of control occurs with respect to the Seller otherwise than as a result of any one or more of Hyundai Capital Services Inc., Kia Motors UK Limited and/or Hyundai Motor UK Limited gaining control of the Seller, and, for the purpose of this definition, the Seller will be treated as being under the control of a person if such person:
 - (i) has the power (whether by any ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Seller, or appoint or remove all, or the majority, of the directors or other equivalent officers of the Seller or give directions with respect to the operating and financial policies of the Seller with which the directors of the Seller are obliged to comply; or
 - (ii) holds (directly or indirectly) more than 50% of the issued share capital of the Seller;
- (h) there is a reduction in the combined shareholding of Hyundai Capital Services Inc., Kia Motors UK Limited and Hyundai Motor UK Limited to less than 49% of the issued share capital of the Seller;
- (i) on any Payment Date, the Reserve Fund is less than the Required Reserve Amount;
- (j) an Event of Default occurs;
- (k) a Servicer Termination Event occurs; or
- (l) the Seller or the Servicer ceases or announces it is going to cease, as stated by an authorised officer to any Transaction Party or in any publicly available notice or communication, to carry on a substantial part of the business which it now conducts, or it becomes impossible or unlawful for the Seller or Servicer to continue its business and/or discharge its obligations as contemplated by the Transaction Documents;

Early Amortisation Event Notice means a notice in writing delivered on any Business Day during the Revolving Period (prior to the service of an Enforcement Notice) in accordance with clause 2.4(g) (Early Amortisation Event) of the Variable Funding Note Purchase Agreement declaring the immediate cessation of the Revolving Period and the commencement of the Amortisation Period;

Early Redemption Date means:

- (a) in respect of the Clean-Up Call Option, the General Call Option or the Illegality Put Option, the date, which shall (unless, in the case of the Illegality Put Option, the VFN is required to be repaid sooner) be a Payment Date, on which the Issuer sells and the Seller repurchases all (but not some only) of the Purchased Receivables pursuant to clause 11 (Call Options) or clause 14A (Illegality Put Option) (as applicable) of the Receivables Sale Agreement; and
- (b) in respect of the Seller's VFN Purchase Option, the date, which shall be a Payment Date, on which the Seller buys the VFN pursuant to clause 2.4(i) (Seller's VFN Purchase Option) of the Variable Funding Note Purchase Agreement;

Early Termination Right means, in respect of any Underlying Agreement, any right (whether contractual or statutory) of the related Customer to terminate such Underlying Agreement early;

Eligibility Criteria means the criteria set out in schedule 11 (Eligibility Criteria) to the Receivables Sale Agreement;

Eligible Receivable means, on any Business Day, each Receivable which on its Purchase Date is not in breach of the Eligibility Criteria;

Eligible Trustee means an organisation or entity organised and doing business under the laws of the United States of America or of any state thereof, authorised under such laws to exercise corporate trust powers, having a combined capital and surplus of at least U.S.\$200,000,000, subject to supervision or examination by federal or state authority, having an office within the United States, and that is not directly or indirectly controlling, controlled by or under common control with the Issuer or any other person involved in the organisation or operation of the Issuer and which does not offer or provide credit or credit enhancement to the Issuer. If such organisation or entity publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this definition, the combined capital and surplus of such organisation or entity shall be deemed to be its combined capital and surplus as set forth in its most recent published report of condition;

Encumbrance means:

- (a) a mortgage, charge, pledge, assignment in security, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of a bank or other account, may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

Enforcement Notice means, on any Business Day prior to the Legal Maturity Date, a notice delivered in accordance with clause 2.4(h) (Acceleration following an Event of Default) of the Variable Funding Note Purchase Agreement which declares the VFN to be immediately due and payable in accordance with the Post-Enforcement Priority of Payments;

Enforcement Procedures means the procedures described in the Arrears Management Policy, for enforcing rights and remedies against a Customer in respect of such Customer's obligations arising under any Underlying Agreement in respect of which such Customer is in default or against a surety or guarantor in respect of such surety's or guarantor's obligations arising under or in relation to any Underlying Agreement and Related Collateral in respect of which such surety or guarantor is in default;

EU means the European Union;

EU Insolvency Regulation means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast);

Event of Default means:

- (a) the Issuer (i) defaults in the payment of any Noteholder's Interest Distributable Amount in respect of the VFN when the same becomes due and payable to the VFN Holder on any Payment Date and such default continues for a period of five Business Days or more (for the avoidance of doubt, ignoring for such purpose any insufficiency of funds as a result of the application of the applicable Priority of Payments to make payments or provisions of a higher priority) or (ii) defaults on the payment of any Noteholder's Principal Distributable Amount due in respect of the VFN when the same becomes due and payable to the VFN Holder and such default continues for a period of five Business Days or more;
- (b) the Issuer fails to perform or comply with any one or more of its other obligations under the Transaction Documents (and such failure is, in the sole opinion of the VFN Holder or the Committed Note Purchaser, materially prejudicial to its interests) and (except where such failure is not capable of remedy, when no such notice as is hereinafter referred to will be required) such failure continues for more than 30 calendar days (or such longer period as the Security Trustee may permit) following the service by the Security Trustee on the Issuer of notice requiring the same to be remedied;
- (c) any representation or warranty of the Issuer under the Transaction Documents is incorrect when made or repeated (and is in a manner which is, in the sole opinion of the VFN Holder or the Committed Note Purchaser, materially prejudicial to its interests) and (except where such incorrect representation or warranty is not capable of remedy, when no such notice as is hereinafter referred to will be required) such representation or warranty continues to be incorrect for more than 30 calendar days (or such longer period as the Security Trustee may permit) following the service by the Security Trustee on the Issuer of notice requiring the same to be remedied;
- (d) the Seller or the Servicer defaults on the payment of any amount due under the Transaction Documents (including, for the avoidance of doubt, in the case of the Seller, any payment due following the exercise of any of the put options under the Receivables Sale Agreement) when the same becomes due and payable to another Transaction Party and such default continues for a period of five Business Days or more;
- (e) the Seller fails to perform or comply with any one or more of its other obligations (including, without limitation, its obligations under clauses 12.2 (Repurchase upon Seller Asset Warranty Breach) or 12.6 (Indemnity from Seller) of the Receivables Sale Agreement) under the Transaction Documents (and such failure is, in the sole opinion of the VFN Holder or the Committed Note Purchaser, materially prejudicial to its interests) and (except where such failure is not capable of remedy, when no such notice as is hereinafter referred to will be required) such failure continues for more than 30 calendar days (or such longer period as the Security Trustee may permit) following the service by the Security Trustee on the Seller of notice requiring the same to be remedied;
- (f) any representation or warranty of the Seller under the Transaction Documents (other than a Seller Asset Warranty) is incorrect when made or repeated (and is in a manner which is, in the sole opinion of the VFN Holder or the Committed Note Purchaser, materially prejudicial to its interests) and (except where such incorrect representation or warranty is not capable of remedy, when no such notice as is hereinafter referred to will be required) such representation or warranty continues to be incorrect for more than 30 calendar days (or such longer period as the Security Trustee may permit) following the service by the Security Trustee on the Seller of notice requiring the same to be remedied;

- (g) the Seller disputes the validity of the transfer of any Purchased Receivable or its Related Collateral as such transfer is contemplated under the Receivables Sale Agreement,
- (h) the Security Trustee, shall, for any reason, fail or cease to have a valid and perfected first priority security interest over the assets of the Issuer expressed to be subject to the Security ranking in priority to all other interests, or there shall exist any Encumbrance on the assets subject to such Security other than Permitted Encumbrances and any such circumstance remains unremedied for ten calendar days;
- (i) except as otherwise expressly permitted by the Transaction Documents, any Transaction Document or any material provision thereof ceases, for any reason, to be in full force and effect, or
- (j) an Insolvency Event occurs in respect of the Issuer or the Seller;

Excess Concentration Amount means, on any Calculation Date, the sum (without double counting) of:

PCP Agreement Concentration Amount

- (a) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under PCP Agreements, exceeds
 - (ii) the product of 85% and the Gross Eligible Receivables;

Unsecured PCP Agreement Concentration Amount

- (b) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under Unsecured PCP Agreements, exceeds
 - (ii) the product of 15% and the Gross Eligible Receivables;

Fixed Sum Loan Agreement Concentration Amount

- (c) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under Fixed Sum Loan Agreement, exceeds
 - (ii) the product of 7% and the Gross Eligible Receivables;

Guaranteed Future Value Payment Concentration Amount

- (d) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Guaranteed Future Value Payment of all Eligible Receivables arising under PCP Agreements or Unsecured PCP Agreements (as applicable), exceeds
 - (ii) the product of 62.5% and the Gross Eligible Receivables;

Used Vehicle Concentration Amount

- (e) an amount (which shall not be less than zero) equal to the amount by which:

- (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables, originated in connection with financing the purchase of a Used Vehicle, exceeds
- (ii) the product of 27.5% and the Gross Eligible Receivables;

Non-Hyundai/Kia Concentration Amount

- (f) an amount (which shall not be less than zero), equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under an Underlying Agreement relating to a Vehicle that is branded under a brand owned or controlled by any manufacturer other than Hyundai or Kia, exceeds
 - (ii) the product of 7% and the Gross Eligible Receivables;

Non-Hyundai/Kia PCP Agreement Concentration Amount

- (g) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under PCP Agreements relating to a Vehicle that is branded under a brand owned or controlled by any manufacturer other than Hyundai or Kia, exceeds
 - (ii) the product of 1% and the Gross Eligible Receivables;

Non-Hyundai/Kia Unsecured PCP Agreement Concentration Amount

- (h) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under Unsecured PCP Agreements relating to a Vehicle that is branded under a brand owned or controlled by any manufacturer other than Hyundai or Kia, exceeds
 - (ii) the product of 1% and the Gross Eligible Receivables;

Non-Hyundai/Kia Fixed Sum Loan Agreement Concentration Amount

- (i) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under Fixed Sum Loan Agreements relating to a Vehicle that is branded under a brand owned or controlled by any manufacturer other than Hyundai or Kia, exceeds
 - (ii) the product of 1% and the Gross Eligible Receivables;

Aged Vehicle PCP Agreement and Unsecured PCP Agreement Concentration Amount

- (j) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under PCP Agreements or Unsecured Agreements (as applicable) relating to a Vehicle that, at the end of the term of such PCP Agreement or Unsecured PCP Agreement, would be more than 61 months old, exceeds
 - (ii) the product of 0% and the Gross Eligible Receivables;

LCV Concentration Amount

- (k) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under Underlying Agreements relating to an LCV, exceeds
 - (ii) the product of 2.00% and the Gross Eligible Receivables;

Scottish Receivables Concentration Amount

- (l) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Scottish Receivables, exceeds
 - (ii) the product of 15% and the Gross Eligible Receivables;

Northern Irish Receivables Concentration Amount

- (m) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Northern Irish Receivables, exceeds
 - (ii) the product of 10% and the Gross Eligible Receivables;

Guaranteed Future Value Payment/PCP Agreements/Unsecured PCP Agreements Concentration Amount

- (n) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under PCP Agreements or Unsecured PCP Agreements (as applicable) where the Guaranteed Future Value Payment exceeds 90% but is less than 100% of the forecast residual value of the Financed Vehicle at the end of the term of the agreement as determined at the time the offer of financing was made to the relevant Customer by reference to the then current information provided by CAP Automotive Limited (company number 08033745) or any successor to its business, exceeds
 - (ii) until the Payment Date falling in March 2018, the product of 25% and the Gross Eligible Receivables and, thereafter, the product of 15% and the Gross Eligible Receivables;
- (o) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of all Eligible Receivables arising under PCP Agreements or Unsecured PCP Agreements (as applicable) where the Guaranteed Future Value Payment exceeds 100% of the forecast residual value of the Financed Vehicle at the end of the term of the agreement as determined at the time the offer of financing was made to the relevant Customer by reference to the then current information provided by CAP Automotive Limited (company number 08033745) or any successor to its business, exceeds
 - (ii) the product of 0% and the Gross Eligible Receivables; and

Credit Score Band Concentration Amount

- (p) an amount (which shall not be less than zero) equal to the amount by which:
 - (i) the sum of the Asset Amounts Outstanding of each Eligible Receivable due from a Customer who, at the time of the origination of such Eligible Receivable, was assigned a credit score by the Seller within the third highest band (or lower) assigned to credit scores by the Seller, exceeds
 - (ii) the product of 30% and the Gross Eligible Receivables;

Excluded Rights means the right to receive under any Underlying Agreement:

- (a) default interest and fees for, and expenses, charges and costs, if any, arising as a consequence of, late payment, administrative fees or charges or any fee payable upon purchase or return of a Vehicle (but, for the avoidance of doubt, not the Net Sale Proceeds) and any interest accruing thereon;
- (b) any Monthly Payments to the extent that such relate to the payment of monthly premiums to insurers or commission to the Seller in respect of payment protection policies and GAP (Guaranteed Auto Protection) policies or payments for service plans; or
- (c) Pre-Closing Interest Amounts;

Face Amount means, in relation to a Purchased Receivable, the Asset Amount Outstanding of such Purchased Receivable plus any interest accrued but not paid as of the relevant Calculation Date (after the deduction of any applicable rebate of insurance premium financed by the Underlying Agreement and the deduction of applicable rebate of interest and finance charges due to the relevant Customer pursuant to the Consumer Credit (Early Settlement) Regulations 2004 as amended or supplemented from time to time);

Facilities means, in relation to the Servicer or the Retiring Servicer, the computer facilities and other office equipment located in the Premises;

Facility Expenses means, with respect to any Interest Period, any amounts payable pursuant to clauses 9.1 (Indemnification), 9.2 (Increased Costs), 9.3 (Funding Losses), 9.4 (Costs and Expenses) and 10 (Taxes) of the Variable Funding Note Purchase Agreement with respect to the indemnification of losses (as defined in clause 9.1 (Indemnification) of the Variable Funding Note Purchase Agreement), increased costs, funding losses or Taxes and all other costs and expenses payable by the Seller, the Servicer or the Issuer pursuant to the Variable Funding Note Purchase Agreement with respect to such Interest Period;

Facility Fees means, with respect to any Interest Period, the fees and amounts payable by the Seller, the Servicer or the Issuer for such Interest Period as described in the Variable Funding Note Purchase Agreement in respect of the applicable Commitment Fee, the Applicable Margin and certain other fees and expenses owing to the Committed Note Purchaser and the VFN Holder (to the extent not included in the Noteholder's Interest Distributable Amount and to the extent they do not represent Facility Expenses);

FATCA means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations or official guidance;
- (b) any treaty, law, regulation or other official guidance of any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of any law, regulation or guidance referred to in paragraph (a) above; or

- (c) any agreement pursuant to the implementation of any law, regulation or guidance referred to in paragraphs (a) or (b) above with the United States Internal Revenue Service, the United States government or any Governmental Authority in any other jurisdiction;

FATCA Exempt Party means a party that is entitled to receive payments free from any FATCA Withholding;

FATCA Withholding means a deduction or withholding from a payment under a Transaction Document required by FATCA;

FCA means the UK Financial Conduct Authority or its predecessor or successor authority or authorities, as relevant;

FCA Handbook means the handbook of the FCA;

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

Financed Vehicle or Vehicle means any vehicle designated to be a passenger car or LCV which is financed pursuant to the relevant Underlying Agreement;

Financial Statements means, in respect of any person, audited financial statements of such person for a specified period (including, a balance sheet, profit and loss account (or other form of income statement) and statement of cash flow);

Financing Parties means the Committed Note Purchaser, the Security Trustee and the VFN Holder, and **Financing Party** shall be construed accordingly;

First Payment Date means the Payment Date falling on January 2018;

Fitch means Fitch Ratings Ltd and includes any successor to its rating business;

Fixed Sum Loan Agreements means unsecured fixed interest rate fully amortising loan agreements entered into by the Seller and a Customer other than, for the avoidance of doubt, Unsecured PCP Agreements;

Floating Charge means the floating charge created by Clause 4 (Creation of Floating Charge) of the Deed of Charge;

Force Majeure Event means an event beyond the reasonable control of the person affected including, without limitation, strike, lock out, labour dispute, act of God, war, riot, civil commotion, malicious damage, accident, breakdown of plant or machinery, computer software, hardware or system failure, fire, flood and/or storm and other circumstances affecting the supply of goods or services;

FSMA means the Financial Services and Markets Act 2000 (as amended, modified, re-enacted or replaced from time to time);

Funding Long Stop Date has the meaning given to it in clause 2.2(a) (Advances) of the Variable Funding Note Purchase Agreement;

Further Closing Conditions Precedent means the further closing conditions precedent to the purchase by the Issuer of any Further Receivables and their Related Collateral on a Further Purchase Date as set out in Schedule 2 (Conditions Precedent to each Further Advance) to the Variable Funding Note Purchase Agreement;

Further Purchase Date means a Payment Date falling in the Revolving Period;

Further Receivable means, on any date of determination, a Receivable identified in the Notice of Sale which is sold or to be sold by the Seller to the Issuer on a Further Purchase Date;

Further Receivables Purchase Price means, in respect of a Further Purchase Date and Further Receivables, the initial consideration payable by the Seller in respect of the relevant Further Receivables and their Related Collateral, being the amount by which the VFN Principal Amount Outstanding is less than the Borrowing Base as determined on the Calculation Date immediately preceding such Further Purchase Date;

Further Subordinated Loan Advance means, in respect of any Payment Date other than the Closing Date, any advance that may be made (at the discretion of the Subordinated Loan Provider) under the Subordinated Loan Agreement for the purpose of crediting funds to the Reserve Fund so that the balance of the Reserve Fund is at least equal to the Required Reserve Amount;

Further Subordinated Loan Advance Notice means a notice of request for a Further Subordinated Loan Advance required to be delivered under clause 4 (Drawing) of the Subordinated Loan Agreement;

GBP LIBOR means, with respect to any Interest Period, the rate determined by reference to the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for deposits in Sterling for a period of one month, which appears on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any successor to or substitute for such page, providing rate quotations comparable to those currently provided on such page for the purpose of providing quotations of interest rates applicable to deposits in Sterling in the London interbank market) as of 11:00 a.m. on the GBP LIBOR Determination Date, all as determined by the Cash Administrator. If the relevant page or service is not available or if no such rate appears thereon, in each case as at such time, the Cash Administrator shall request the principal London office of each of the Reference Banks selected by it to provide the Cash Administrator with its offered quotation (expressed as a percentage rate per annum) for deposits in Sterling at approximately 11:00 a.m. on the relevant GBP LIBOR Determination Date to prime banks in the London interbank market for the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time. If two or more of the selected Reference Banks provide the Cash Administrator with such offered quotations, GBP LIBOR for such Interest Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards). If on the relevant GBP LIBOR Determination Date fewer than two of the selected Reference Banks provide the Cash Administrator with such offered quotations, GBP LIBOR for such Interest Period shall be the rate per annum which the Cash Administrator determines as being the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates communicated to (and at the request of) the Cash Administrator by major banks in London, selected by the Cash Administrator, at approximately 11:00 a.m. on such GBP LIBOR Determination Date for loans in Sterling to leading European banks for such Interest Period and in an amount that is representative for a single transaction in that market at that time;

GBP LIBOR Determination Date means the first day of the relevant Interest Period;

GDPR has the meaning given to it in the definition of "Data Protection Laws" above;

General Call Option means a call option pursuant to clause 11.4 (Exercise of the General Call Option) of the Receivables Sale Agreement, whereby the Seller may offer to purchase all (but not some only) of the outstanding Purchased Receivables held by the Issuer at the Repurchase Price, and the Issuer may in its absolute discretion (after consultation with the Committed Note Purchaser) determine whether or not to accept such offer;

Governmental Authority means any authority, agency, entity or body (including any department or subdivision thereof) exercising executive, legislative, judicial, regulatory, supervisory or administrative functions of or pertaining to government, and includes the FCA, the CMA and any Tax Authority;

Gross Eligible Receivables means, on each relevant day of determination: (a) an amount equal to the Aggregate Asset Amount Outstanding as of the immediately preceding Calculation Date, or, in the case of the Initial Portfolio, on the Initial Purchase Date, of all Purchased Receivables that are both Eligible Receivables and not Defaulted Receivables, plus (b) the Asset Amount Outstanding on the immediately following Payment Date of each Further Receivable that is to be purchased on the immediately following Payment Date (if such date of determination is not itself a Payment Date);

Guaranteed Future Value Payment means, in respect of a PCP Agreement or Unsecured PCP Agreement (as applicable), the amount specified in such Underlying Agreement as being the "Guaranteed Price" in the sales agency agreement between the Seller and the relevant Customer relating to such PCP Agreement or Unsecured PCP Agreement (as applicable) (being, for the avoidance of doubt, the balloon payment portion of payments due under the PCP Agreement or Unsecured PCP Agreement (as applicable));

Handback Receivable means, in relation to a PCP Agreement or an Unsecured PCP Agreement under which the related Customer has notified the Servicer or the Seller in writing that he or she intends to return the related Financed Vehicle to the Servicer or the Seller in full and final settlement of amounts owing under the relevant PCP Agreement or Unsecured PCP Agreement (as applicable), any rights that the Issuer would otherwise have had as a result of such Customer opting not to pay the Guaranteed Future Value Payment, including the right to delivery of such Financed Vehicle;

Handback Receivable Put Option has the meaning given to it in clause 13 (Handback Receivable Put Option) of the Receivables Sale Agreement;

Handback Receivable Put Option Price means, in respect of any Handback Receivable, the Guaranteed Future Value Payment specified in the related Underlying Agreement less any principal payments already passed to the Issuer in respect of the respective Handback Receivable;

Hedge Rate means the two year ICE Swap Rate on the Business Day preceding the date of determination, provided that, if such rate is not available on that date, the Hedge Rate shall be such rate as at the date it was most recently available (if it was available within the preceding 10 Business Days) or (otherwise) the rate as determined by the Committed Note Purchaser (acting reasonably) as the mid-price for interest rate swaps (the fixed leg), on the Business Day preceding the date of determination, in GBP for a tenor of two years;

HMRC means Her Majesty's Revenue & Customs;

Holder means the registered holder of the variable funding note;

Holding Company of any person, means a person in respect of which that other person is a Subsidiary;

Hyundai means Hyundai Motor UK Limited, a private limited company (with company number 05446560), and any of its Affiliates;

ICE Swap Rate means the global interest rate swap benchmark as set by ICE Benchmark Administration;

Illegality Put Option has the meaning given to that term in clause 14A.1 (Exercise of the Illegality Put Option) of the Receivables Sale Agreement;

Indemnified Party means each of the VFN Holder and the Committed Note Purchaser and each of their officers, directors, employees, agents, representatives, assignees or affiliates;

Ineligible Receivable means, on any Business Day, each Purchased Receivable which at the end of the preceding Business Day is (a) in breach of the Concentration Limits or (b) which is otherwise in breach of the Seller Asset Warranties and required to be repurchased by the Seller under clause 12 (Repurchase of Receivables) of the Receivables Sale Agreement according to the records of the Servicer;

Initial Closing Conditions Precedent means the conditions precedent to the purchase by the Issuer of the Initial Portfolio, set out in schedule 1 (Conditions Precedent to the Closing Date) to the Variable Funding Note Purchase Agreement;

Initial Portfolio means the initial portfolio of Receivables (including for the avoidance of doubt any Guaranteed Future Value Payments) and their Related Collateral transferred by the Seller to the Issuer on the Initial Purchase Date;

Initial Purchase Date means the Closing Date (or such other date as the Seller, the Issuer and the Committed Note Purchaser may agree in writing), being the date upon which the Seller sells, and the Issuer purchases, the Initial Portfolio pursuant to the terms of the Receivables Sale Agreement;

Initial Purchase Price means the amount of consideration payable by the Issuer on the Initial Purchase Date for the Initial Portfolio, being the amount (which shall not be less than zero) equal to the lesser of (a) the Purchase Commitment and (b) the Borrowing Base on the Initial Purchase Date;

Initial Sub-contractor means, on the Closing Date and until its termination, Santander Consumer (UK) plc, in its capacity as delegate of the Servicer pursuant to the provisions of the Servicing Agreement;

Initial Subordinated Loan Advance means the initial drawing made under the Subordinated Loan Agreement, the proceeds of which shall be used to establish the Reserve Fund (up to the Required Reserve Amount);

Initial Subordinated Loan Advance Notice means a notice in, or substantially in, the form set out in schedule 1 (Form of Subordinated Loan Advance Notice) to the Subordinated Loan Agreement, which is delivered by the Issuer to the Subordinated Loan Provider on or prior to the Closing Date;

Initial VFN Principal Amount Outstanding means the principal amount of the VFN issued on the Closing Date;

Insolvency Act means the Insolvency Act 1986;

Insolvency Event means, in respect of a company:

- (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts;
- (b) the value of the assets of such company is less than the amount of its liabilities, taking into account its contingent and prospective liabilities;
- (c) a moratorium is declared in respect of all or any substantial part of the indebtedness of such company;
- (d) the commencement of negotiations with one or more creditors of such company with a view to rescheduling all or any substantial part of the indebtedness of such company other than in connection with any refinancing in the ordinary course of business;
- (e) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company;

- (f) an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, the Security Trustee or any Receiver);
- (g) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with the creditors generally of such company, a reorganisation of such company or a conveyance to or assignment, assignation or trust for the creditors of such company generally, other than in connection with any refinancing in the ordinary course of business;
- (h) any distress, diligence, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Security Trustee or any Receiver); or
- (i) any procedure or step is taken, or any event occurs, analogous to those set out in paragraphs (a) to (h) above, in any jurisdiction;

Insolvency Official means, in respect of any company, a liquidator, provisional liquidator, administrator (whether appointed by the court or otherwise), bank administrator, bank liquidator, administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, 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 its creditors or any equivalent or analogous officer under the law of any jurisdiction;

Instalment means the monthly obligation of a Customer to pay any principal, interest and finance charges under any relevant Underlying Agreement and any Related Collateral, but shall exclude any Seller Amounts;

Insurance Agreement means, in respect of the definition of Related Collateral, any insurance agreement entered into by the relevant Customer as insurance policy holder in connection with the relevant specified Financed Vehicles or the financing of its acquisition by the relevant Customer;

Interest Period means, in respect of the First Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) the First Payment Date and, in respect of any subsequent Payment Date, the period commencing on (and including) a Payment Date and ending on (but excluding) the immediately following Payment Date;

Investor Report means a report substantially in the form agreed between the Committed Note Purchaser and the Servicer on or prior to the Closing Date which shall be prepared with the assistance of the Servicer and will substantively comprise the contents of the Servicer Report and the Payment Report for the corresponding period;

IP Rights means:

- (a) copyrights, patents, applications for any of those rights, database rights, know-how and rights under licence under any of the foregoing rights; and
- (b) rights of the same or similar effect or nature as or to those in paragraph (a), in each case in any jurisdiction;

Irrecoverable VAT means any amount in respect of VAT incurred by a party to a Transaction Document (for the purposes of this definition, a **Relevant Party**) 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) of VATA) for the prescribed accounting period (as that expression is used in Section 25(1) of VATA) to which such input Tax relates;

Issuer means HCUK Auto Funding 2017-2 Ltd, a private limited company incorporated in England and Wales with registered number 10937768 as issuer of the VFN;

Issuer Closing Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda to be signed by the Issuer on or about the Closing Date;

Issuer Corporate Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda to be signed by the Issuer on or about the Closing Date;

Issuer Covenants means the covenants of the Issuer set out in clause 6 (Issuer Covenants) of the Receivables Sale Agreement;

Issuer DTTP Filing has the meaning given to it in clause 10 (Taxes) of the Variable Funding Note Purchase Agreement;

Issuer Incumbency Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda signed by the Issuer on or about the Closing Date;

Issuer Jurisdiction means England and Wales;

Issuer Portion means at any time, in respect of the Seller Account Declaration of Trust, that portion of the funds standing to the credit of the Seller Account to which the Issuer is beneficially entitled pursuant to the Seller Account Declaration of Trust and the Receivables Sale Agreement;

Issuer Retained Profit Ledger means a ledger in the Transaction Account to which amounts allocated by way of profit to the Issuer are credited;

Issuer Solvency Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda to be signed on or about the Closing Date;

Issuer Warranties means the representations and warranties given by the Issuer and set out in clause 8 (Issuer's Representations and Warranties) of the Receivables Sale Agreement and in clause 5 (Representations and Warranties of the Servicer, the Seller and the Issuer) and clause 7 (Covenants of the Seller, the Servicer and the Issuer) of the Variable Funding Note Purchase Agreement and **Issuer Warranty** means any of them;

Kia means KIA Motors (UK) Limited, a private limited company with company number 04415807, and any of its Affiliates;

LCV means a light commercial vehicle;

Ledgers means the Available Distribution Ledger, the Seller Returns Ledger, the Reserve Ledger, the Issuer Retained Profit Ledger and the VFN Retained Interest Ledger and **Ledger** means any or all of them;

Legal Maturity Date means the Payment Date falling in February 2027;

Liabilities means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever, including legal fees and any Taxes and penalties incurred by that person together with any Irrecoverable VAT charged or chargeable in respect of any of the sums referred to in this definition but excluding:

- (a) any Tax imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that person; and

- (b) any liability of that person to account to the relevant Tax Authority for VAT, except to the extent that such VAT relates to a supply made by that person to the recipient and the recipient fails, where so obliged, to pay an amount equal to the amount of the VAT chargeable on such supply;

Liquidity Agreement means the liquidity agreement entered into on or about the date hereof in respect of the VFN between the Purchaser and the Committed Note Purchaser and/or any other similar arrangements providing liquidity to the VFN Holder;

Loss means, in relation to any Purchased Receivable on any day, the sum of (a) the amount (if any) determined in good faith by the Servicer on such day as being due in respect of such Purchased Receivable after the Servicer has completed the Enforcement Procedures in relation to such Purchased Receivable in accordance with paragraph 1.1 (Servicer to comply with Arrears Management Policy) of part 5 (Arrears Management Policy) of schedule 1 (Services to be Provided by the Servicer) to the Servicing Agreement; (b) any PCP Loss in respect of such Purchased Receivable; and (c) any Unsecured PCP Loss in respect of such Purchased Receivable;

LPA means the Law of Property Act 1925;

Master Definitions and Construction Agreement means this Agreement between the Issuer, the Security Trustee, the Committed Note Purchaser, the Purchaser, the Seller, the Servicer, the Subordinated Loan Provider, the Cash Administrator, the Account Bank, the Registrar, the Corporate Administrator and the Share Trustee;

Material Adverse Effect means, as the context specifies:

- (a) a material adverse effect on the validity or enforceability of any of the Transaction Documents or the VFN;
- (b) in respect of a Transaction Party, a material adverse effect on:
 - (i) the business, operations, assets, property, condition (financial or otherwise) or prospects of such Transaction Party; or
 - (ii) the ability of such Transaction Party to perform its obligations under any of the Transaction Documents; or
- (c) in the context of the Purchased Receivables and Related Collateral, a material adverse effect on the interests of the Issuer, the Committed Note Purchaser or the Security Trustee in the Purchased Receivables and/or Related Collateral, or on the ability of the Issuer (or the Servicer on the Issuer's behalf) to collect the Purchased Receivables or on the ability of the Security Trustee to enforce the Security;

Member State means a member state of the EU;

Modified Guaranteed Future Value Payment Receivable means any Purchased Receivable in relation to which the related Underlying Agreement is a PCP Agreement or Unsecured PCP Agreement under which the Seller or the Servicer has modified the Guaranteed Future Value Payment following the date on which the relevant PCP Agreement or Unsecured PCP Agreement (as applicable) was originated;

Modified Guaranteed Future Value Payment Receivable Put Option has the meaning given to it in clause 14 (Modified Guaranteed Future Value Payment Receivable Put Option) of the Receivables Sale Agreement;

Modified Guaranteed Future Value Payment Receivable Put Option Price has the meaning given to that term in clause 14.2 (Repurchase Price – Modified Guaranteed Future Value Payment Receivables) of the Receivables Sale Agreement;

Money Laundering Laws means, in relation to any person, all applicable financial recordkeeping and reporting requirements and the money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any applicable governmental agency;

Monthly Payment means each of the monthly payments due from a Customer under the Underlying Agreement to which such Customer is a party;

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

Net Eligible Receivables means, with respect to any Calculation Date, an amount (which shall not be less than zero) equal to:

- (a) the Gross Eligible Receivables, *minus*
- (b) the Excess Concentration Amount, in each case, for such Calculation Date;

Net Sale Proceeds means, in relation to the sale of any Financed Vehicle pursuant to the application of Enforcement Procedures in relation to an Underlying Agreement:

- (a) where the amount received by or on behalf of the Seller in connection with such sale constitutes the consideration for a taxable supply by the Seller for VAT purposes, the result of applying $100/(100 + VR)$ to the total amount received by or on behalf of the Seller in connection with such sale (where VR is the VAT percentage rate applicable to such supply, expressed as a number rounded to the second decimal point); and
- (b) in a case other than one falling within paragraph (a) above, the total amount received by or on behalf of the Seller in connection with such sale;

New VFN Holder Agreement means, on any date prior to the Final Discharge Date, a new VFN Holder agreement substantially in the form of exhibit C (*Form of New VFN Holder Agreement*) to the Variable Funding Note Purchase Agreement entered into by an assignee or transferee VFN Holder;

Non-Compliant Receivable has the meaning set out in clause 12.1 (Seller Asset Warranty Breach) of the Receivables Sale Agreement;

Northern Irish Receivables means the Purchased Receivables governed by or otherwise subject to Northern Irish law, and each a **Northern Irish Receivable**;

Noteholder's Interest Distributable Amount means, with respect to the VFN, for any Payment Date, the sum of, rounded up to the nearest second decimal place:

- (a) the product of:
 - (i) the Cost of Funds plus the Applicable Margin;
 - (ii) the VFN Principal Amount Outstanding during the Interest Period immediately preceding the relevant Payment Date; and
 - (iii) the Day Count Fraction;

- (b) any Noteholder's Interest Distributable Amount due but not paid with respect to the Interest Period immediately preceding the related Interest Period; and
- (c) interest on the unpaid Noteholder's Interest Distributable Amount specified in (b) above, determined by multiplying:
 - (i) the Cost of Funds (for the Interest Period ending on the relevant Payment Date) plus the Applicable Margin plus 1.00% per annum;
 - (ii) the amount of such unpaid Noteholder's Interest Distributable Amount; and
 - (iii) the Day Count Fraction;

Noteholder's Principal Distributable Amount means, with respect to the VFN, for any Payment Date, an amount equal to the lesser of:

- (a) the VFN Principal Amount Outstanding; and
- (b) the Principal Distributable Amount, in each case, for that Payment Date;

Notice means any notice delivered under or in connection with any Transaction Document;

Notice of Sale means a notice regarding the sale of the Initial Portfolio or, as the case may be, of Further Receivables and their Related Collateral in, or substantially in, the form set out in schedule 1 (Form of Notice of Sale) to the Receivables Sale Agreement;

Notification Event means each of the events set out below:

- (a) the delivery by the Security Trustee to the Issuer of an Enforcement Notice in accordance with the Deed of Charge;
- (b) the occurrence of an Insolvency Event in respect of the Seller;
- (c) the occurrence of a Servicer Termination Event;
- (d) the Seller being required to deliver a Notification Event Notice by a Requirement of Law; and
- (e) the Security or any material part of the Security being in jeopardy as determined by the Security Trustee and it being considered necessary or desirable by the Security Trustee for a Notification Event Notice to be delivered by the Servicer in order to materially reduce such jeopardy;

Notification Event Notice means a notice in, or substantially in, the form set out in schedule 9 (Form of Notification Event Notice) to the Receivables Sale Agreement;

Obligations means all of the obligations of the Issuer created by or arising under the VFN and the Transaction Documents;

Obtained Consents means:

- (a) the registration of a correctly completed Form MR01 and a certified copy of the Deed of Charge and each Scottish Supplemental Security with the Registrar of Companies; and
- (b) application for the necessary CC Licences;

OFAC means the Office of Foreign Assets Control of the U.S. Department of Treasury;

Paying Transaction Party means, where any Transaction Party is under an obligation created by a Transaction Document to make a payment to a Receiving Transaction Party, the Transaction Party who is to make such payment;

Payment Date means the 25th day of each calendar month, unless such date is not a Business Day, in which case the payment date shall be the next succeeding Business Day, unless such day would thereby fall into the next calendar month, in which case the payment date will be the immediately preceding Business Day in the same calendar month, commencing on the First Payment Date;

Payment Report means a report provided by the Cash Administrator in accordance with clause 8.2 (Payment Report) of the Cash Administration Agreement which shall include, among other things, information with respect to the VFN (including interest and principal payments and original and outstanding balances), the Available Distribution Amount and Collections;

PCP Agreements means fixed interest rate conditional sale contracts entered into by the Seller and Customers, with retention of title to the Financed Vehicles, and under which, if the Customer opts to retain the related Financed Vehicle at the end of the contract term, a Guaranteed Future Value Payment becomes due from the Customer;

PCP Loss means, on any date of determination and in respect of a Handback Receivable which arises under a PCP Agreement, the Guaranteed Future Value Payment less the sum of (a) an amount equal to the realised value of the Vehicle in respect of the relevant Handback Receivable and (b) any wear and tear, excess usage or other amount payable by the Customer;

Permitted Encumbrance means any Encumbrance permitted to be created in accordance with a Transaction Document;

Permitted Variation means any alteration, modification or addition to any Underlying Agreement other than one:

- (a) which amends, modifies or removes the right of the Seller to increase the payments due under the relevant Underlying Agreement as a result of the relevant Customer ceasing to pay by direct debit sums due under such Underlying Agreement;
- (b) which reduces the interest payable under such Underlying Agreement;
- (c) which amends or removes any provision relating to payment of interest on overdue amounts;
- (d) which reduces the Asset Amount Outstanding of the relevant Purchased Receivables;
- (e) which extends the term of the Underlying Agreement other than in accordance with the Arrears Management Policy;
- (f) which amends any provision relating to delivery of notices;
- (g) which amends or removes any provision to the effect that sums due under such Underlying Agreement shall be payable in arrear; or
- (h) which contravenes any Requirement of Law or Regulatory Direction;

Personal Data shall have the meaning given to it the Data Protection Act 1998 or the GDPR, as applicable;

Portfolio means, on any day, the Purchased Receivables and their Related Collateral on such day;

Post-Enforcement Priority of Payments means the priority of payments specified in Clause 15 (Post-Enforcement Priority of Payments) of the Deed of Charge;

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

Pre-Closing Interest Amounts means any amounts received by the Issuer in respect of the Purchased Receivables in the Portfolio after the Purchase Date on which the relevant Purchased Receivables were purchased by the Issuer in respect of arrears accrued prior to the Reference Date immediately preceding such Purchase Date, other than any arrears which have been capitalised as at the Reference Date;

Pre-Enforcement Priority of Payments means the priority of payments specified in schedule 2 (Pre-Enforcement Priority of Payments) to the Cash Administration Agreement;

Premises means, as applicable, the business premises of the Servicer or the Retiring Servicer at which the Services are performed;

Principal Distributable Amount means, with respect to the VFN and on any Payment Date (prior to the delivery of an Enforcement Notice), an amount equal to either:

- (a) during the Revolving Period, an amount (which shall not be less than zero) equal to the lesser of:
 - (i) the VFN Principal Amount Outstanding as at the close of business on the immediately preceding Payment Date, minus
the lesser of:
 - (A) the Purchase Commitment; and
 - (B) the Borrowing Base; and
 - (ii) the Available Distribution Amount available to pay principal in respect of the VFN in accordance with the Priority of Payments; or
- (b) during the Amortisation Period, the lesser of:
 - (i) the VFN Principal Amount Outstanding; and
 - (ii) the Available Distribution Amount available to pay principal in respect of the VFN in accordance with the Priority of Payments;

Priority of Payments means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments or both of them;

Proceedings means any legal proceedings relating to a Dispute;

Process, Processing and Processed shall each have the meaning given to it in the Data Protection Act or the GDPR (as applicable);

Purchase Commitment means (i) £150,000,000 from (and including) the Closing Date to (but excluding) the Payment Date falling in February 2018 and (ii) subject to the provisions of clause 2.3 (Adjustment to the Purchase Commitment) of the Variable Funding Note Purchase Agreement thereafter, £450,000,000, in each case, as such amount may otherwise be adjusted from time to time in accordance with clause 2.3 (Adjustment to the Purchase Commitment) of the Variable Funding Note Purchase Agreement;

Purchase Commitment Adjustment Request means the request submitted by the Cash Administrator (on behalf of the Issuer) to the VFN Holder pursuant to clause 2.3 (Adjustment to the Purchase Commitment) of the Variable Funding Note Purchase Agreement to request an adjustment to the Purchase Commitment;

Purchase Date means each of the Initial Purchase Date and each Further Purchase Date;

Purchased Receivable means any Receivable which is sold and assigned or purported to be sold and assigned by the Seller to the Issuer or held on trust or purported to be held on trust by the Seller for the Issuer in accordance with or pursuant to the terms of the Receivables Sale Agreement, including, without limitation, any Receivable which has been transferred to the Issuer on a Further Purchase Date and any Receivable which has been designated as a Handback Receivable but which has not yet (in any such case) been repurchased by the Seller or sold by the Issuer;

Purchaser means Irish Ring Receivables Purchaser DAC as purchaser of the VFN and the initial VFN Holder;

Qualifying Entity means a bank that is:

- (a) a bank as defined in Section 991, and for the purposes of Section 878 of the Income Tax Act 2007 which will pay interest under the relevant Transaction Document in the ordinary course of its business; and
- (b) rated at least the Account Bank Required Rating;

Qualifying VFN Holder has the meaning given to it in clause 10 (Taxes) of the Variable Funding Note Purchase Agreement;

Rating Agency means each of (i) Moody's or its successor; (ii) S&P or its successor; or (iii) Fitch or its successor;

RBC Entity means any credit institution of the Royal Bank of Canada group and any direct or indirect subsidiary of Royal Bank of Canada that can perform the obligations under the Transaction Documents in compliance with all Requirements of Law and Regulatory Directions;

Realisation means, in relation to any Security, the deriving, to the fullest extent practicable (in accordance with the provisions of the Transaction Documents), of proceeds from or in respect of such Security, including (without limitation) through sale or through performance by a Customer;

Receivable means any and all claims and rights of the Seller against a Customer under or in connection with the relevant Underlying Agreement (including all payments due from the Customer under the relevant Underlying Agreement (including any Guaranteed Future Value Payments, any VAT, insurance payments or related fees and expenses due and payable by the Customer under the terms of the Underlying Agreement));

Receivables Sale Agreement means the agreement so named dated on or about the Signing Date between the Issuer, the Seller, the Servicer, the Committed Note Purchaser and the Security Trustee;

Receiver means any receiver, manager, receiver and manager or administrative receiver appointed in respect of the Issuer by the Security Trustee in accordance with the Deed of Charge;

Receiving Transaction Party means, where any Transaction Party is under an obligation created by a Transaction Document to make payment to another Transaction Party, the Transaction Party which is to receive such payment;

Records means, with respect to any Purchased Receivable, Related Collateral, Financed Vehicle and the related Customers, all material contracts, correspondence, files, notes of dealings and other documents, books, books of accounts, registers, records and other information relating thereto, regardless of how stored;

Recoveries means all amounts received in respect of a Purchased Receivable after a Loss in respect of such Purchased Receivable has been determined in respect of such Purchased Receivable;

Reference Banks means, in relation to GBP LIBOR, four major banks in the London interbank market;

Reference Date means, in respect of the Initial Purchase Date, 31 October 2017 and, in respect of any Further Purchase Date, the Calculation Date immediately preceding such Purchase Date;

Reference Number means, in relation to any Underlying Agreement, the reference number attributed to such Underlying Agreement by the Seller;

Register means the register maintained with the Registrar in respect of title and amounts of principal and interest due from the Issuer to the VFN Holder (from time to time) in respect of the VFN;

Registrar means Elavon Financial Services DAC, UK Branch as registrar in respect of the VFN (and any successor or assignee appointed pursuant to the Variable Funding Note Purchase Agreement);

Regulatory Direction means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person is required or accustomed to comply;

Related Collateral means, with respect to any Purchased Receivable:

- (a) any and all other present and future claims and rights in respect of the relevant Underlying Agreement, including, without limitation, (i) amounts (if any) received (after the Reference Date immediately preceding the Purchase Date on which such Purchased Receivable was purchased by the Issuer) by the Seller arising from claims by a Customer against the relevant insurer under any Insurance Agreement and (ii) amounts received (after the Reference Date immediately preceding the Purchase Date on which such Purchased Receivable was purchased by the Issuer) by the Seller arising from damage compensation claims based on contracts or torts against the respective Customers or against third parties (including insurers) due to damage to, or loss of, the Financed Vehicles;
- (b) any sureties, guarantees, indemnities and any and all present and future rights and claims or arrangements from time to time supporting or securing payment of such Purchased Receivable whether pursuant to the Underlying Agreement relating to such Purchased Receivable or otherwise;
- (c) any and all proceeds which arise (present and future, but after the Reference Date immediately preceding the Purchase Date on which such Purchased Receivable was purchased by the Issuer) in relation to any claim made by the Seller under an insurance policy held by the Seller pursuant to part 8 (Insurances) of schedule 1 (Services to be Provided by the Servicer) to the Servicing Agreement, provided that such proceeds relate to a Purchased Receivable;
- (d) any claims to receive proceeds which arise (after the Reference Date immediately preceding the Purchase Date on which such Purchased Receivable was purchased by the Issuer) from the disposal of or recourse to the Related Collateral, excluding any costs incurred by the Seller or the Servicer in connection with such disposal or recourse and any amounts which are due to the relevant Customer in accordance with the relevant Underlying Agreement; and
- (e) all Records relating to the Purchased Receivables and/or the Related Collateral under items (a), (b), (c) and (d),

including, in the case of each of items (a) to (d) (inclusive) above, any claims to receive proceeds which arise from the disposal of the Financed Vehicles and, for the avoidance of doubt, any rights or benefits specified in items (a) to (d) above shall only constitute Related Collateral if and when the Seller has title to and is able to transfer such rights or benefits;

Relevant Payment Date means, in respect of a demand for payment:

- (a) if such demand is made no later than two Business Days prior to a Calculation Date, the Payment Date immediately following that Calculation Date; and
- (b) if such demand is made less than two Business Days prior to a Calculation Date, the Payment Date immediately following the next succeeding Calculation Date;

Relevant Period has the meaning given to it in the schedule to any Seller Solvency Certificate;

Relevant Software means all the computer software used by the Servicer in the performance of the Services;

Reporting Date means, in relation to any Calculation Date, the seventh Business Day preceding the Payment Date following such Calculation Date;

Repurchase Notice means a notice in substantially the same form as set out in schedule 2 (Form of Repurchase Notice) to the Receivables Sale Agreement;

Repurchase Price means the then Aggregate Asset Amount Outstanding plus interest accrued (but unpaid) and/or finance charges thereon; provided that the Repurchase Price must be sufficient to fully satisfy the payment obligations of the Issuer under the VFN together with all amounts ranking prior to the VFN in the relevant Priority of Payments;

Repurchased Defaulted Receivable means any Receivable which is repurchased in accordance with clause 10 (Option to Repurchase Defaulted Receivables) of the Receivables Sale Agreement;

Required Credit Enhancement means 30%;

Required Disposal Amount means, with respect to a Purchased Receivable, in connection with any sale of Purchased Receivables by the Issuer pursuant to clause 2.6 (Sale of Receivables) of the Variable Funding Note Purchase Agreement, the Asset Amount Outstanding for such Purchased Receivable;

Required Filings means, in respect of the Issuer, the registration of a correctly completed Form MR01 and certified copy of the executed Deed of Charge and any Scottish Supplemental Security with the Registrar of Companies in accordance with any relevant Requirement of Law or any Regulatory Direction;

Required Reserve Amount means, at any date of determination, the greater of (i) £750,000 and (ii) 1% of the VFN Principal Amount Outstanding;

Requirement of Law means in respect of any person:

- (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 any 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 a reserve fund providing limited protection against shortfalls in the amounts required to pay senior expenses in accordance with the relevant Priority of Payments and interest on the VFN and certain other items ranking prior thereto, initially funded from an advance in an amount equal to the Required Reserve Amount as at the Closing Date by the Subordinated Loan Provider under the Subordinated Loan Agreement and replenished by a portion of the Available Distribution Amount pursuant to the relevant Priority of Payments;

Reserve Ledger means a ledger in the Transaction Account to which the Reserve Fund is credited;

Restricted Party means a person that is:

- (a) listed on, or owned or controlled by one or more persons listed on, a Sanctions List, or a person acting on behalf or at the direction of such a person;
- (b) located or resident in or organised under the laws of a Sanctioned Country, or is owned or controlled by, or acting on behalf or at the direction of a person located or resident in or organised under the laws of a Sanctioned Country; or
- (c) otherwise a subject of Sanctions;

Retiring Servicer means the Servicer or any successor after receipt of a Servicer Termination Notice pursuant to the Servicing Agreement;

Reverse Charge means the charge arising as a result of Section 8(1) of VATA or any similar charge imposed in a Member State pursuant to article 196 of the VAT Directive;

Revolving Period means the period of time beginning on (and including) the Closing Date and ending on (but excluding) the earliest of (i) the Step-up Date, (ii) the date on which, following the occurrence of an Early Amortisation Event, the Revolving Period is ended pursuant to clause 2.4(g) (Early Amortisation Event) of the Variable Funding Note Purchase Agreement, (iii) the date on which exercise of a Call Option occurs and (iv) the date on which exercise of the Seller's VFN Purchase Option occurs;

Right has the meaning given to it in the definition of "Benefit" above;

S&P means Standard & Poor's Credit Markets Services Europe Limited or any successor to its credit rating business;

Sales Agency Form means a form by which the Customer under a PCP Agreement or a Unsecured PCP Agreement requests that the Seller sells the Financed Vehicle on his/her behalf and credits the net sale proceeds to the PCP Agreement or the Unsecured PCP Agreement (as applicable);

Sanctioned Country means a country or territory which is, or whose government is, at any time, the subject or target of comprehensive country-wide or territory-wide Sanctions;

Sanctions means, in relation to any person, any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority with which that person is required to comply;

Sanctions Authority means:

- (a) the Security Council of the United Nations;

- (b) the United States of America;
- (c) the European Union;
- (d) the member states of the European Union;
- (e) the United Kingdom; and
- (f) the governments and official institutions or agencies of any of paragraphs (a) to (e) above, including but not limited to OFAC, the US Department of State, and Her Majesty's Treasury;

Sanctions List means the Specially Designated Nationals and Blocked Persons List, the Sectoral Sanctions Identifications List and the List of Foreign Sanctions Evaders maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by Her Majesty's Treasury, or any other Sanctions-related list maintained by a Sanctions Authority, each as amended, supplemented or substituted from time to time;

Sanctions Requirements means, in relation to any person, any Sanctions with which that person is required to comply;

Santander UK means Santander UK plc (registered number 02294747), whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom in its capacity as the Account Bank;

Scottish Receivables means the Purchased Receivables governed by or otherwise subject to Scots law, and each a **Scottish Receivable**;

Scottish Supplemental Security means each Scots law governed assignment in security entered into on a Purchase Date by the Issuer in favour of the Security Trustee;

Scottish Transfer means each Scots law governed assignment and declaration of trust entered into on the Closing Date and on any Further Purchase Date by the Seller in favour of the Issuer, in the form set out in schedule 3 (Form of Scottish Transfer) to the Receivables Sale Agreement;

Secured Amounts means the aggregate of all monies and Liabilities 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 VFN or the Transaction Documents;

Secured Creditors means the Committed Note Purchaser, the Security Trustee, the VFN Holder, the Servicer, the Seller, the Account Bank, the Cash Administrator, the Registrar, the Subordinated Loan Provider, the Corporate Administrator and any Receiver appointed pursuant to the Deed of Charge;

Secured Obligations means the obligations of the Issuer that are subject to the Security;

Security means the first ranking security interests created by the Issuer pursuant to the Deed of Charge and the Scottish Supplemental Security;

Security Interest means any mortgage, charge, assignment or assignment by way of security, lien, pledge, hypothec, right of set-off (or analogous right), retention of title, flawed asset or blocked deposit arrangement or any other encumbrance or security arrangement whatsoever created or arising under any relevant law or any agreement or arrangement having the effect of or performing the economic function of conferring security howsoever created or arising;

Security Protection Notice means a notice in, or substantially in, the form set out in schedule 2 (Form of Security Protection Notice) to the Deed of Charge;

Security Trustee means U.S. Bank National Association in its capacity as Security Trustee under the Deed of Charge and any of its successors and assignees from time to time;

Seller means Hyundai Capital UK Limited in its capacity as the seller of the Receivables and Related Collateral;

Seller Account means the sterling denominated bank account held in the name of the Seller at Santander UK plc in England to which monies from the Customers under the Underlying Agreements are paid, as well as any other sterling denominated bank account maintained in England specified as such by or on behalf of the Seller in the future in addition to or as substitute for such Seller Account, having account number 90022246, having sort code 09-02-40 and named "Hyundai Capital UK Ltd Receipts Account";

Seller Account Declaration of Trust means the declaration of trust to be dated on or about the Signing Date made by the Seller in relation to the Seller Account;

Seller Amount means any amount received by the Issuer (or by the Servicer on behalf of the Issuer) in respect of any Excluded Right;

Seller Asset Warranty means each representation and warranty set out in clause 7.3 (Seller Asset Warranties) of the Receivables Sale Agreement;

Seller Asset Warranty Breach has the meaning given to such term in clause 12.1 (Seller Asset Warranty Breach) of the Receivables Sale Agreement;

Seller Closing Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda to be signed by the Seller on or about the Closing Date;

Seller Corporate Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda to be signed by the Seller on or about the Closing Date;

Seller Covenants means the covenants set out in clause 5 (Seller Covenants) of the Receivables Sale Agreement and given by the Seller;

Seller Funding Account means the bank account held in the name of the Seller at Santander UK plc to which monies for the Seller's own account are paid, as well as any other bank account specified as such by or on behalf of the Seller in the future in addition to or as substitute for such Seller Account, having account number 90022224, having sort code 09-02-40 and named "HCUK Capital UK Ltd – Funding";

Seller Incumbency Certificate means the certificate of that name signed by the Seller on 24 November 2017;

Seller Returns Ledger means a ledger established by the Issuer pursuant to the Cash Administration Agreement to which any Seller Amounts, any required return of a Direct Debit, any amounts due to the Seller in respect of any repurchased Purchased Receivables and any amounts held on trust by the Issuer for the Seller will be credited;

Seller Solvency Certificate means a certificate of that name substantially in the form of schedule 4 (Form of Seller Solvency Certificate) to the Receivables Sale Agreement (a) to be signed on or about the Closing Date and (b) to be updated and delivered semi-annually thereafter in accordance with clause 5.1(a)(iv) (Seller Solvency Certificate) of the Receivables Sale Agreement;

Seller Warranties means the representations and warranties given by the Seller which are not Seller Asset Warranties, set out in clause 7 (Seller's Representations and Warranties) of the Receivables Sale Agreement and **Seller Warranty** means any of them;

Seller Warranty Breach means a breach of a Seller Warranty which has a material adverse effect and which, for the avoidance of doubt, is not also a Seller Asset Warranty Breach;

Seller's VFN Purchase Option means an option in favour of the Seller pursuant to which the Seller shall have the right to purchase the VFN at the VFN Purchase Price, subject to the satisfaction of certain conditions set out in clause 2.4(i) (Seller's VFN Purchase Option) of the Variable Funding Note Purchase Agreement;

Servicer means Hyundai Capital UK Limited and any successor thereof or Successor Servicer appointed by the Issuer in accordance with the Servicing Agreement;

Servicer Closing Certificate means the certificate of that name substantially in the form set out in the Signing and Closing Agenda to be signed by the Servicer on or about the Closing Date;

Servicer Covenant means a covenant of the Servicer contained in clause 7 (Covenants) of the Servicing Agreement and **Servicer Covenants** means all of those covenants;

Servicer Records means the original and/or any copies of all documents and records, in whatever form or medium, relating to the Services, including all computer tapes, files and discs relating to the Services held by or under the control of the Servicer;

Servicer Report means the monthly report provided by the Servicer pursuant to paragraph 2 (Servicer Report) of part 7 (Provision of Information) of schedule 1 (Services to be Provided by the Servicer) to the Servicing Agreement, detailing, among other things, the state of repayment and amounts outstanding on the Purchased Receivables (and, solely to the extent that such information is required for the purposes of determining whether the event set out in paragraph (d) of the definition of "Early Amortisation Event" have occurred, Repurchased Defaulted Receivables), measures taken in respect of overdue payments and enforcement proceedings in respect of any Related Collateral and the status, development and timing of such proceedings and certifying that no Notification Event or Servicer Termination Event has occurred;

Servicer Termination Date means:

- (a) in the case of the termination of the Servicer's appointment by notice from the Servicer in accordance with clause 17.1 (Termination by notice from Servicer) of the Servicing Agreement, the date specified in a notice delivered pursuant to such clause of the Servicing Agreement or, if later, the date on which a Successor Servicer is appointed; and
- (b) in the case of the termination of the Servicer's appointment after the occurrence of a Servicer Termination Event (and so long as the Servicer Termination Event is continuing) pursuant to a Servicer Termination Notice from the Issuer or the Security Trustee (as applicable) in accordance with clause 14.1 (Servicer Termination Notice) of the Servicing Agreement, the date on which all payments in relation to the Purchased Receivables and Related Collateral are made directly into the Transaction Account or into a collection account of the replacement Servicer or alternative payment arrangements have been put in place in relation to those Customers that do not permit a Direct Debit to be made to their respective bank accounts under the Direct Debiting Scheme or if an existing Direct Debit in relation to a Customer is cancelled, or, if earlier, the date on which a Successor Servicer is appointed in accordance with the provisions of the Servicing Agreement;

Servicer Termination Event means the occurrence of any of the following events:

- (a) the Servicer fails to make a payment due under the Servicing Agreement at the latest on the third Business Day after its due date, or, in the event no due date has been determined, if payable, within three Business Days after the written demand for payment;

- (b) following a demand for performance, the Servicer fails within five Business Days to perform its obligations (other than those referred to in paragraph (a) above) owed to the Issuer under the Servicing Agreement and such failure would, in the opinion of the Security Trustee, be materially prejudicial to the interests of the VFN Holder;
- (c) the Servicer is (i) unable to pay its debts when they fall due, or (ii) intends to commence insolvency or reorganisation proceedings or is subject to insolvency or dissolution proceedings and the Servicer fails to remedy or contest in good faith such status within 60 Business Days;
- (d) any material licence, authorisation or registration of the Servicer required with respect to the Servicing Agreement and the Services to be performed thereunder is revoked or restricted;
- (e) it becomes impossible or unlawful for the Servicer to continue its business and/or discharge its obligations as contemplated by the Transaction Documents;
- (f) the Servicer fails to perform or comply with any one or more of its other obligations under the Transaction Documents (and such failure is, in the sole opinion of the VFN Holder, materially prejudicial to its interests) and (except where such failure is not capable of remedy, when no such notice as is hereinafter referred to will be required) such failure continues for more than 30 calendar days (or such longer period as the Security Trustee may permit) following the service by the Security Trustee on the Servicer of notice to be remedied; or
- (g) any representation or warranty of the Servicer under the Transaction Documents is incorrect when made or repeated (and is in a manner which, in the sole opinion of the VFN Holder, materially prejudicial to its interests) and (except where such incorrect representation or warranty is not capable of remedy, when no such notice as is hereinafter referred to will be required) such representation or warranty continues to be incorrect for more than 30 calendar days (or such longer period as the Security Trustee may permit) following the service by the Security Trustee on the Servicer of notice requiring the same to be remedied;

Servicer Termination Notice means a notice to the Servicer from the Issuer or the Security Trustee (as the case may be) delivered in accordance with the terms of clause 14 (Servicer Termination Events, Notification Events) of the Servicing Agreement;

Servicer Warranty means each representation and warranty given by the Servicer and set out in clause 6 (Representations and Warranties) of the Servicing Agreement;

Services means the services to be provided by the Servicer as set out in schedule 1 (Services to be provided by the Servicer) to the Servicing Agreement;

Servicing Agreement means the agreement so named dated on or about the Signing Date between the Issuer, the Servicer, the Seller, the Committed Note Purchaser and the Security Trustee;

Servicing Fee means a fee, payable by the Issuer to the account of the Servicer in relation to the provision of Services by the Servicer, as set out in clause 11.1 (Servicer Fee Payable) of the Servicing Agreement;

Share Declaration of Trust means the discretionary trust dated 5 October 2017 setting out the terms under which the entire issued share capital of the Issuer is held by the Share Trustee;

Share Trustee means Intertrust Corporate Services Limited as share trustee of the Issuer or the trustee or trustees for the time being of the Share Declaration of Trust;

Shared Data means Personal Data in respect of which both Issuer and Servicer are data controllers under the Data Protection Laws;

Signing and Closing Agenda means the document so named dated on or about the Closing Date;

Signing Date means 28 November 2017;

SLF Margin means 1.00% per annum;

Software Licence means, in relation to the Relevant Software, an irrevocable, non-exclusive, royalty free licence under all IP Rights in respect of such software to do all acts restricted by those IP Rights to the extent reasonably required in connection with provision of the Services;

Solicitor means a person who is qualified to act as a solicitor by Section 1 of the Solicitors Act 1974 or the equivalent legislation in Scotland or Northern Ireland;

Specified Party means any of the Agents, the Share Trustee, the Corporate Administrator and the Receiver;

Standard Form Underlying Agreements means those standard documents used by the Seller in originating Underlying Agreements in the respective forms provided to the Issuer on or before the Closing Date and as set out in schedule 14 (Standard Form Underlying Agreements) to the Receivables Sale Agreement, as such standard documents are amended from time to time by the Seller with changes that (a) are not materially adverse to the Issuer and (b) would be made by any reasonably prudent lender lending to borrowers in England, Wales, Scotland and Northern Ireland for the purpose of financing the acquisition of vehicles;

Step-up Date means the Payment Date falling in February 2020;

Sub-contractor means any sub-contractor, sub-agent, delegate or representative;

Subordinated Loan Advance means, each of the Initial Subordinated Loan Advance and any Further Subordinated Loan Advance;

Subordinated Loan Agreement means the subordinated loan agreement dated on or about the Signing Date and entered into by the Issuer, the Subordinated Loan Provider, the Committed Note Purchaser and the Security Trustee;

Subordinated Loan Balance means, on any date of determination, the aggregate outstanding principal amount of the Subordinated Loan Advances advanced to the Issuer in accordance with the Subordinated Loan Agreement calculated on a daily basis less any payments of principal to be made on such date in accordance with the applicable Priority of Payments;

Subordinated Loan Provider means the Seller, or any successor or assignee thereof;

Subsidiary means, in relation to a company or corporation, any other company or corporation which is a "subsidiary" of such company or corporation as defined pursuant to Section 1159 of the Companies Act 2006;

Successor Servicer means an entity appointed as a successor servicer in accordance with clause 21 (Appointment of Successor Servicer) of the Servicing Agreement to perform the Services;

Swap Agreement means any agreement entered into by the Issuer for the purpose of hedging GBP LIBOR (via a swap or cap) pursuant to clause 27 (Hedging) of the Variable Funding Note Purchase Agreement;

Swap Counterparty means any counterparty under any Swap Agreement or any replacement entity which acts in such capacity;

Systems means any computer hardware or software or related IP Rights;

Target Day means any day on which TARGET2 is open for the settlement of payments in euro;

TARGET2 means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

Tax shall be construed so as to include any present or future tax and any levy, impost, duty, charge, fee, deduction or withholding in the nature of tax (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority and Taxes, taxation, taxable and comparable expressions shall be construed accordingly;

Tax Authority means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, HMRC);

Tax Confirmation has the meaning given to it in clause 10 (Taxes) of the Variable Funding Note Purchase Agreement;

Tax Credit means a credit against, relief or remission for, or repayment of, any Tax;

Tax Deduction means any deduction or withholding for or on account of Tax, other than a FATCA Withholding;

Tax Payment means the increase in a payment made pursuant to the Transaction Documents by a Paying Transaction Party due to a Tax Deduction;

TCF means treating customers fairly in accordance with (i) Principle 6 of the FCA's Principles for Businesses; and (ii) the six outcomes of treating customers fairly, as set out in 'The FCA's approach to advancing its objectives 2015' published in December 2015;

Transaction means the issuance of the VFN and the other transactions contemplated by the Transaction Documents;

Transaction Account means the sterling denominated interest-bearing bank account held in the name of the Issuer with the Account Bank, to which monies from the Seller Account are paid, as well as any other bank account specified as such by or on behalf of the Issuer with the consent of the Security Trustee in the future in addition to or as substitute for such transaction account;

Transaction Account Mandate means the resolutions, instructions and signature authorities relating to the Transaction Account in the form of the document set out in schedule 1 (Transaction Account Mandate) to the Account Bank Agreement;

Transaction Documents means the Receivables Sale Agreement, the Servicing Agreement, each Notice of Sale, the Deed of Charge, each Scottish Transfer, each Scottish Supplemental Security, the Subordinated Loan Agreement, the Cash Administration Agreement, the Account Bank Agreement, the Seller Account Declaration of Trust, the Variable Funding Note Purchase Agreement, the VFN Certificate, the Corporate Administration Agreement and any amendments, restatements, terminations, replacements or supplements relating to any such document;

Transaction Party means the Issuer, the Seller, the Servicer, the Account Bank, the Cash Administrator, the Corporate Administrator, the Registrar, the Subordinated Loan Provider, the Security Trustee, the VFN Holder, the Committed Note Purchaser or any other person who is party to a Transaction Document and **Transaction Parties** means some or all of them;

Transfer Period means a period of 30 days from the termination of the appointment of a Servicer;

Treaty State has the meaning given to it in clause 10 (Taxes) of the Variable Funding Note Purchase Agreement;

Treaty VFN Holder has the meaning given to it in clause 10 (Taxes) of the Variable Funding Note Purchase Agreement;

Trust Document means the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Deed of Charge and expressed to be supplemental to the Deed of Charge (as applicable);

Trust Property means the Covenant to Pay, the Issuer Covenants, the Seller Covenants, the Issuer Warranties, the Seller Warranties, the Servicer Warranties, the Security and all proceeds of the Security;

Underlying Agreement means, in relation to any Purchased Receivable, a Conditional Sale Agreement, PCP Agreement, Unsecured PCP Agreement or Fixed Sum Loan Agreement entered into between the Seller and any Customer for the purpose of financing the acquisition of a Financed Vehicle;

Undrawn Commitment means, with respect to the VFN, on any date of determination during the Revolving Period, an amount equal to the Purchase Commitment minus the VFN Principal Amount Outstanding;

United Kingdom, UK or U.K. means the United Kingdom of Great Britain and Northern Ireland;

United States, US or U.S. means the United States of America;

Unsecured PCP Agreements means unsecured fixed interest rate loan agreements where the loan amortises to an amount equal to the Guaranteed Future Value Payment specified in such agreement and in respect of which the Seller guarantees the amount for which the applicable Financed Vehicle can be sold as being at least equal to the Guaranteed Future Value Payment;

Unsecured PCP Loss means, on any date of determination and in respect of a Handback Receivable which arises under an Unsecured PCP Agreement, the Guaranteed Future Value Payment less the sum of (a) an amount equal to the realised value of the Vehicle in respect of the relevant Handback Receivable and (b) any wear and tear, excess usage or other amount payable by the Customer;

Up Front Participation Fee means a fee of £450,000 plus VAT (if applicable);

Used Vehicles means, on any Business Day, a Financed Vehicle which, from time to time, has been designated as "used" by the Seller at the origination of the corresponding Receivable or by the Servicer in accordance with the Arrears Management Policy;

UTCCR means the Unfair Terms in Consumer Contracts Regulations 1999;

Variable Funding Note Purchase Agreement means the agreement for the purchase of the VFN dated on or about the Signing Date and entered into between the Committed Note Purchaser, the Cash Administrator, the Issuer, the Seller, the Servicer, the Registrar, the Security Trustee and the Purchaser;

VAT means: (a) any tax imposed in compliance with the VAT Directive (including, in relation to the United Kingdom, value added tax imposed by VATA and legislation and regulations supplemental thereto); and (b) any other tax of a similar nature, whether imposed in a Member State in substitution for, or levied in addition to, such tax referred to in (a) above, or imposed elsewhere;

VAT Directive means the Council Directive of 28 November 2006 on the common system of value added tax (Council Directive 2006/112/EC);

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, (b) the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931) and (c) any similar provisions relating to VAT outside the United Kingdom;

VATA means the Value Added Tax Act 1994;

VFN means the variable funding note having a maximum principal amount equal to the Purchase Commitment, issued by the Issuer on the Closing Date in an initial principal amount equal to the Initial VFN Principal Amount Outstanding;

VFN Certificate means the certificate issued in respect of the VFN, substantially in the form set out in exhibit D (*Form of VFN Certificate*) to the Variable Funding Note Purchase Agreement;

VFN Holder means the person in whose name the VFN is for the time being registered in the Register;

VFN Principal Amount Outstanding means, on (and including) any date of determination and in respect of the VFN, the amount of principal owed by the Issuer to the VFN Holder calculated in accordance with the records of the Registrar;

VFN Purchase Price means, on the relevant Early Redemption Date, the then VFN Principal Amount Outstanding plus accrued but unpaid interest thereon, provided that the VFN Purchase Price must be sufficient to fully satisfy all amounts owed to the Seller under or in connection with the VFN;

VFN Retained Interest Amount has the meaning given to it in clause 2.4(a) (Payment of the Noteholder's Interest Distributable Amount) of the Variable Funding Note Purchase Agreement;

VFN Retained Interest Amount Payment Date has the meaning given to it in clause 2.4(a) (Payment of the Noteholder's Interest Distributable Amount) of the Variable Funding Note Purchase Agreement;

VFN Retained Interest Ledger means a ledger in the Transaction Account to which VFN Retained Interest Amounts are credited;

Voluntary Termination means, in respect of Conditional Sale Agreements and PCP Agreements, the exercise by the relevant Customer of a statutory right to voluntarily terminate the related Underlying Agreement by written notice, provided that such Underlying Agreement has not been previously terminated by the Seller or by payment in full or otherwise;

Weighted Average Spread means:

- (a) in respect of the Closing Date, an amount expressed as a percentage equal to:
 - (i) the weighted average annual interest rate of all Purchased Receivables that are Eligible Receivables comprising the Initial Portfolio (such weighting being according to the then Asset Amount Outstanding of each such Purchased Receivable); *minus*
 - (ii) 1.50%; *minus*
 - (iii) the Hedge Rate; *minus*
 - (iv) the Applicable Margin; and
- (b) in respect of a Calculation Date, with respect to the Interest Period in which the relevant Calculation Date falls, an amount expressed as a percentage equal to:

- (i) the weighted average annual interest rate of all Purchased Receivables that are Eligible Receivables (such weighting being according to the then Asset Amount Outstanding of each Purchased Receivable); *minus*
- (ii) 1.50%; *minus*
- (iii) the Hedge Rate; *minus*
- (iv) the Applicable Margin.