Bumper 5 (UK) Finance Plc

Presale

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Related Presale Appendix

Bumper 5 (UK) Finance Plc

Capital Structure

Class	Expected Rating[a]	Expected Outlook	Amount (ISOm)	CE (%)	Interest Rate (%)	Final Maturity	TT (%)	TTLM (x)
A1	AAAsf	Stable	EUR[][a]	32.0	1m EURIBOR + [ ]%	June 2022	69.5	6.6
A2	AAAsf	Stable	GBP[][a]	32.0	1m LIBOR + [ ]%	June 2022	69.5	6.6
B	AAsf	Stable	GBP46.1	26.5	1m LIBOR + [ ]%	June 2022	5.5	0.5
C	NR	n.a	GBP209.5	1.5	1m LIBOR + [ ]%	June 2022	25.0	n.a
Default reserve			GBP12.6					
Total								

[a] The A1 and A2 sub-classes combined will be issued for an amount equivalent to around GBP582m, but the breakdown between each sub-class is yet to be defined.
Expected ratings do not reflect final ratings and are based on preliminary pool cut information provided by the issuer as of 29 February 2012.These expected ratings are contingent on final documents conforming to information already received. Ratings are not a recommendation to buy, sell or hold any security. The offering circular and other material should be reviewed prior to any purchase.

Transaction Summary

The notes are backed by a pool of lease receivables and residual value (RV) claims arising from auto leases originated in England and Wales by LeasePlan UK Limited (LPUK), a wholly-owned subsidiary of LeasePlan Corporation N.V. (LPC) (‘A-’/Stable/’F2’). The leases are extended to corporate, SME, retail and public sector obligors.

Key Rating Drivers

Performance of Lease Receivables: Fitch Ratings expects a lifetime default rate of 8.1% of the transaction balance, cumulative recoveries of 75% of defaults, and residual value losses (to be borne by LPUK) of 1.9% of the transaction balance. Credit analysis assumptions were derived from LPUK’s historical default, recovery and car resale proceeds history, as well as LPUK’s internal ratings. In particular, the agency analysed obligor default risk using its proprietary Portfolio Credit Model (PCM).

Owing to the uncertain outlook for the UK economy, Fitch’s asset analysis also assumes some performance deterioration in the auto loan and lease sector over the medium term.

Revolving Portfolio: The portfolio is expected to replenish until February 2013, according to certain criteria pertaining to the lessees, industry concentration, lease maturity and the amount of residual value (RV) claims (up to 45% of the portfolio discounted balance). Fitch’s asset analysis is based on an assumed worst-case portfolio.

Counterparty Risk on LPUK: LPUK acts as initial servicer and also coordinates the provision of maintenance services to the lessees. The transaction’s counterparty risk to LPUK is adequately mitigated by various structural features, such as a liquidity reserve, a commingling reserve funded for as long as LPC is rated below ‘A/F1’, and the obligation to appoint a back-up servicer within 120 days of LPC’s downgrade below ‘BBB-‘.

The transaction also comprises a maintenance reserve which would, together with the collected service components of the lease payments, enable the issuer to fund maintenance services to the lessees after LPUK’s default.

Analysts

Nicolas Ardoint
+44 20 3530 1106
nicolas.ardoint@fitchratings.com

Juraj Lord
+44 20 3530 1490
juraj.lord@fitchratings.com

Surveillance

Nicolas Ardoint
+44 20 3530 1106
nicolas.ardoint@fitchratings.com

Transaction Parties

Figure 1

Counterparties to Bumper 5 (UK) Finance plc

Role	Name	Rating
Issuer	Bumper 5 (UK) Finance plc	
Originators	Leaseplan UK Limited (LPUK) and subsidiaries Network Vehicles Limited, Dial Vehicle Management Services Limited, Dial Contracts Limited, Automative Leasing Limited	NR
Seller, servicer, realisation agent	LPUK	100% subsidiary of Leaseplan Corporation N.V. (LPC), rated 'A-'/Stable/'F2'
Cash manager and back-up servicer facilitator	BNP Paribas Securities Services, London Branch (BNPPSS)	100% subsidary of BNP Paribas, rated 'A+'/Stable/'F1+'
Back-up sub-maintenance coordinator	KPMG LLP (KPMG)	NR
Arranger	The Royal Bank of Scotland plc (RBS)	'A'/Stable/'F1'
Interest rate swap counterparty	DZ Bank AG Deutsche Zentral-Genossenschaft (DZ Bank AG)	'A+'/Stable/'F1+'
Currency swap counterparty	HSBC Bank plc (HSBC)	'AA'/Negative/'F1+'
Collection account bank	RBS	'A'/Stable/'F1'
Transaction account bank	HSBC	'AA'/Negative/'F1+'
Principal paying agent	HSBC	'AA'/Negative/'F1+'

Source: Fitch

Transaction and Legal Structure

Transaction and Legal Structure

The issuer will purchase lease receivables and associated residual value (RV) claims on lease contracts originated by LPUK. The issuer is a bankruptcy-remote, limited liability special-purpose company incorporated under the laws of England and Wales for the sole purpose of issuing the notes and using the proceeds to purchase the lease receivables and RV claims, and other incidental activities.

The title to the underlying vehicles shall be retained by LPUK. The retention of title by LPUK presents the following risks: (i) the cooperation of LPUK or its insolvency administrator shall be required to sell the vehicle at lease maturity or following repossession; and (ii) a third-party creditor of LPUK may seek to enforce debts due to it against the title to the vehicles held by LPUK. The first issue is mitigated by the insolvency administrator incentive fee structure.

The second issue is mitigated by the provision to the issuer of a charge over the vehicles' title held by LPUK. This security over the vehicles is held by BNP Paribas Trust Corporation UK Limited, as the LPUK security trustee, for the benefit of the issuer. This floating charge will crystallise upon events such as: (i) any person levying or attempting to levy against the charged vehicles in an amount equal to at least GBP10m at any given point in time; (ii) if LPC's ownership in LPUK falls below 50%; (iii) LPUK ceases to pay its creditors; (iv) application for the making of an administration order in relation to LPUK; or (v) petition for the winding-up of LPUK.

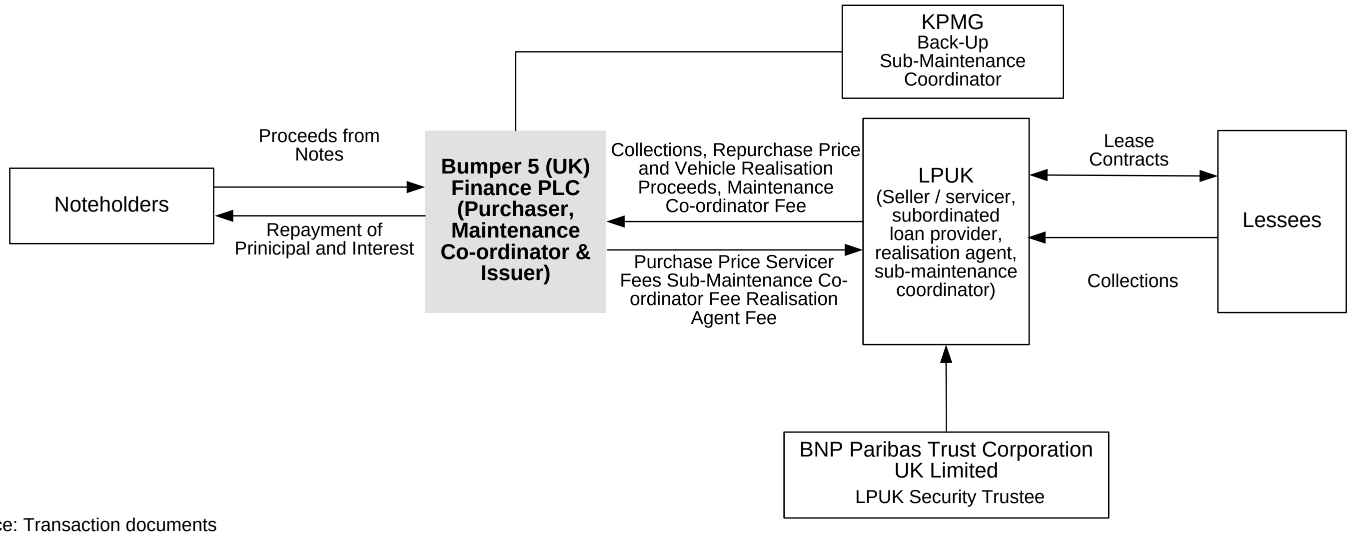
Once the charge is crystallised, third-party creditors cannot exercise any claims over the vehicles. Although third parties can in principle exercise levies for an amount of up to GBP10m over the cars related to the lease portfolio prior to any crystallisation of the floating charge, Fitch does not believe that these competing claims (representing up to 1.3% of the portfolio closing balance) would materially impair the security package of the transaction.

Related Criteria

Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLOs) (June 2011)
Counterparty Criteria for Structured Finance Transactions (March 2011)
Counterparty Criteria for Structured Finance Transactions – Derivative Addendum (March 2011)
Servicer Continuity Risk Criteria for Structured Finance Transactions (August 2011)
EMEA Consumer ABS Rating Criteria (July 2011)
EMEA Consumer ABS Rating Criteria – Auto Residual Value Addendum (14 July 2011)

Figure 2

Transaction and Legal Structure



Source: Transaction documents

It is also worth noting that creditors obtaining a judgement against LPUK can satisfy their claims over the vehicles covered by the charge while still floating. Such judgement would have to be as a result of LPUK's continuous failure to pay one or several creditors without triggering insolvency proceedings; although theoretically possible as a matter of law, this seems unlikely in practice.

The purchase price will be equal to the present value of the future lease instalments (interest and principal) and the residual value claims at the discount rate of 8% per year. The maintenance component of the lease instalments shall not form part of the purchase price, but shall be transferred to the issuer along with the corresponding vehicle maintenance obligations. The maintenance component will then be retransferred to LPUK, unless LPUK fails to provide the sub-maintenance services.

Capital Structure & Credit Enhancement

Four classes of notes shall be issued. The class A2, B, and C notes shall be issued in GBP while the class A1 note shall be issued in EUR.

Credit enhancement is provided by the subordination of the junior notes and a default reserve in cash. The default reserve is sized at 2% of the closing balance of the class A and B notes, or 1.5% of the total notes' balance. The cash reserve is funded at closing via a subordinated loan provided by LPUK, and can be replenished under the priority of payments. The default reserve shall amortise in line with the note balance, subject to a floor amount equal to GBP4m (around 0.48% of the transaction's closing balance).

Under the priority of payments the cash reserve is topped up senior to the class C notes' interest and the payment of the notes' principal; upon amortisation of the default reserve however, the amounts released would be allocated to the redemption of the notes, as described in the *Priority of Payments* section below, therefore covering portfolio defaults.

Liquidity Support

In addition to the default reserve described above, the transaction also benefits from a specific liquidity reserve funded at closing at around GBP9m; this is the equivalent of around 1.58% of the class A and B notes, or 1.18% of the transaction closing balance. The reserve can be drawn to cover shortfalls for the payment of senior items, interest swap payments, and interest on the A and B notes; in the event of an interruption of the lease payments, Fitch believes that the reserve could cover these items for a period of four months. The liquidity reserve amortises in line with the class A and B notes, down to a floor of GBP3m, or around 0.36% of the transaction closing balance.

Eligibility Criteria & Concentration Limits

The transaction documentation provides, among others, the following eligibility criteria and representations regarding the transaction assets:

- the lease receivable and RV claim are freely assignable;
- the leased vehicle is in good repair;
- the lessee is obliged under the terms of the lease agreement to take out a third-party liability insurance;
- at least one lease instalment has been received and the lease is not in arrears for more than 31 days;
- the lease agreement does not allow the lessee to terminate in the event of the insolvency of LPUK or LPC;
- the lease contracts are originated in LPUK's ordinary course of business and at arm's length;
- lessees are neither member of the Leaseplan group nor employees of the Leaseplan group;
- the original maturity of the leases is no longer than 90 months;
- the remaining maturity of the leases is no longer than 60 months;
- the relevant lessee, if an individual, is a resident, or in case of a corporate body, fully incorporated in England and Wales;
- the terms of each lease stipulate that as long as the lessor fulfils all its obligations, the lessee cannot waive the termination payment in the event of an early termination on the mere grounds of an insolvency of LPUK;
- the title of the vehicles is held by LPUK;
- no lease agreement has a final maturity beyond September 2019; and
- all lease agreements relate to passenger vehicles or light commercial vehicles (defined as vans with no more than eight passengers seats and with no more than 3,500kg of maximum authorised mass). Fitch understands that a closing certificate in relation to the transaction will exclude any vehicle with specialist conversions, such as ambulances.

More details on the representations, warranties and enforcement mechanisms (RW&E) in respect of the originator and the sold assets are available in the appendix report entitled *Bumper 5 (UK) Finance plc – Representations and Warranties – Presale Report Appendix* and available on *www.fitchratings.com*.

During the period until the payment date falling in January 2013, and unless an amortisation event occurs (or revolving period), the issuer will apply any principal excess collection, after payment of interest on A and B notes, and replenishment of the liquidity reserve and default reserves, to the purchase of further leases and RV claims, or trap these collections on a dedicated replenishment ledger than can be drawn for future lease purchases. Such purchase of further leases is subject to the fulfilment of the following conditions:

- each of the top one to five lessees do not account for more than 2% of the aggregate portfolio balance;
- each of the top six to ten lessees do not account for more than 1.5% of the aggregate portfolio balance;

- each of the top eleven to 15 lessees do not account for more than 1% of the aggregate portfolio balance;
- each lessee, other than the top 15 lessees of the portfolio, does not account for more than 0.50% of the aggregate portfolio balance;
- RV claims do not account for more than 45% of the aggregate portfolio discount balance;
- lease agreements of each specific industry group do not account for more than 23% of the aggregate portfolio discount balance;
- lease agreements with a remaining term of more than 48 months do not account for more than 10% of the aggregate discount balance;
- regulated conditional sale agreements or hire purchase agreements with an option to voluntarily terminate do not account for more than 6% of the aggregate discount balance; and
- lease agreements and RV claims to SME/retail customers do not account for more than 69% of the aggregate discount balance.

For its credit analysis of the transaction, Fitch has assumed a "worst case" portfolio using fully all the above described allowances.

Amortisation Events

The revolving period referred to above would irreversibly end upon the occurrence of any of the following:

- the amount deposited in the replenishment ledger exceeds 10% of the portfolio aggregate discount balance on two consecutive interest payment dates;
- the cumulative default ratio exceeds 3%;
- (i) the sum of the performing portfolio discount balance, default reserve, and replenishment ledger is less than (ii) the amount of the class A, B and C notes;
- insolvency or default of LPUK or LPC under any of their obligations under the transaction documents, including the replenishment of the commingling and maintenance reserves;
- termination of the servicing agreement, realisation agency agreement or sub-maintenance coordinator agreement;
- event of default or early termination event under the swap agreements;
- leases between 61 and 90 days in arrears represent more than 0.40% of the discounted balance of the performing portfolio;
- if the liquidity reserve is not funded to its required amount; and
- delivery of a note acceleration notice following the occurrence of an issuer event of default.

Fitch notes that the above performance criteria allow for a full depletion of the default reserve before the revolving period ends. To reflect the relative leniency of these performance triggers, Fitch assumes in its analysis a full depletion of the default reserve at the end of the revolving period; please see the *Financial Structure and Cash Flow Modelling* section for more details.

Priority of Payments

The following is a summary of the priority of payments applicable during the revolving period.

Figure 3

Combined Priority of Payments – Revolving Period

1	Taxes due by the issuer, as the case may be
2	Senior deferred purchase price, being the aggregate service components of the lease instalments, until occurrence of an insolvency or default of LPUK under its obligations
3	Senior fees to the trustees, sub-maintenance coordinator and its back-up, servicer and its back-up, realisation agent and its back-up
4	An amount of GBP9,630 on each payment date falling in 2012, and GBP85 on each payment date thereafter, to be retained by the issuer as profit
5	Amounts payable to the interest rate swap counterparty (other than subordinated termination payments)
6	Pro-rata: • amounts payable to the currency swap counterparty in relation to interest if in place, or the spot GBP equivalent of the EUR amount of interest to be paid on the A1 notes otherwise; • amounts of interest due under the A2 notes
7	Interest due on the class B notes
8	Replenishment of the reserve liquidity ledger up until the required amount
9	Payment of the purchase price of new leases to the seller, and credit of excess principal collections as a credit to the replenishment ledger
10	Replenishment of the default reserve up until the required amount
11	Interest due on the class C notes
12	Interest due under the subordinated loan
13	Principal due under the subordinated loan
14	Subordinated amounts due under the interest rate swap agreement and the currency swap agreement, pro-rata
15	Indemnity payments due to any secured transaction party
16	Deferred consideration to the seller, if performing all its obligations under the transaction documents

Source: Transaction documents, Fitch

Amounts referred to in item 2 above are the service components of the leases. The issuer receives these collections as it is committed to provide in relation to the leased vehicles certain maintenance obligations stipulated in the lease contracts. These collections are retransferred to LPUK, which is committed to coordinate the provision of these maintenance services; the service components of the leases would be retained by the issuer nevertheless if LPUK fails under its obligations. Please see the section *Counterparty Risk, Maintenance* for more details.

Monies applied towards item 9 above are: (i) those lease collections after the payment of junior items, up to an amount equal to the difference between: (a) the aggregate discounted balance of non-defaulted leases and RV claims as of the end of the asset collection period; and (b) the aggregate amount of class A, B and C notes outstanding; and (ii) the balance of the replenishment ledger at the end of the previous payment date, if any.

In effect, the target amortisation of the notes includes the defaulted leases, which implies a provisioning for defaults. Leases are classified as defaulted upon the earlier of: (i) insolvency of the lessee; and (ii) instances of arrears by more than 90 days for leases to retail/SME customers, or whenever the servicer deems that no reasonable chance exist to collect any further payments for leases to corporate customers.

The priority of payments applicable after the end of the revolving period is similar to the one described above, save that amounts falling under item 9 above are applied towards the pro-rate redemption of the class A1 and A2 notes. The class B and C notes are redeemed sequentially after the full redemption of the A1 and A2 notes.

Upon enforcement, portfolio collections would be used to pay in priority the interest and principal, until full redemption of the most senior notes outstanding.

Interest Rate Swap

To mitigate the interest rate mismatch between: (i) the assets that will yield a fixed rate of interest equal to the discount rate; and (ii) the floating rate notes, the issuer shall enter into an interest rate swap.

Under the interest rate swap, the issuer shall pay a fixed interest rate equal to []% of the balance of the class A and class B notes. In return, the issuer shall receive the one-month Libor rate of the notes, on the same notional.

At closing, the interest rate swap counterparty shall be DZ Bank AG Deutsche Zentral-Genossenschaft (DZ Bank AG, 'A+'/Stable/'F1+'). The transaction features standard replacement triggers in the event of a downgrade of the interest rate swap counterparty.

Currency Swap

The currency swap hedges exchange rate risk on the class A1 note by converting the proceeds of issuance in EUR into GBP, and converting the GBP interest and principal payments to noteholders back into EUR, according to an exchange rate of [] EUR per GBP. The swap also covers cross currency basis risk, by paying Euribor one month against GBP Libor one month plus []bps over the notional of the class A1 notes.

At closing, the currency swap counterparty shall be HSBC Bank plc (HSBC, 'AA'/Negative/'F1+'). The transaction features standard remedies should the currency swap counterparty be downgraded.

Maintenance

Under certain leases the lessee elects to enter into an agreement whereby the vehicle will receive specific maintenance, repairs and servicing in return for the payment of an additional instalment amount. The obligation to provide such repairs, maintenance and servicing is transferred to the issuer. The issuer will receive the corresponding component of the lease instalments and re-transfer them to LPUK.

At closing, the issuer will engage LPUK to coordinate and undertake the repair, maintenance and servicing obligations, acting as sub-maintenance coordinator. The issuer will receive the maintenance component of the lease instalments and shall re-transfer them to LPUK at a senior level in the priority of payments, provided LPUK keeps performing in its duties of sub-maintenance coordinator.

In the event that a lessee is not provided with the contractual servicing, then they could be entitled to terminate the lease agreement. The structure is designed to ensure that the services are funded and provided on a continuous basis. Upon termination of the sub-maintenance coordinator agreement with LPUK, KPMG LLP (KPMG, NR) as the back-up sub-maintenance coordinator, will be committed to provide substantially similar services. The issuer will also retain the lease servicing components and use these, along with the balance of the maintenance reserve, to pay for the provision of maintenance services.

Impact of Banking Act 2009

As a bank, the originator is subject to the provisions of the Banking Act 2009 (the Act). The Act confers wide-ranging powers on the UK financial authorities in the event that they may need to intervene in order to rescue a financial institution in distress. The greatest element of uncertainty triggers from the provisions in the act which empowers the authorities to potentially override the ongoing contractual obligations of a financial institution in a structured finance transaction. This could have potential implications for the enforceability of contractual or servicing arrangements within structured finance transactions.

In Fitch's opinion, the Act is not expected to impact ratings for structured finance transactions. This is based on a number of factors including the government commitment to reviving the mortgage-backed or other security markets, which are considered important in reviving the capacity of lenders to provide funding in the economy.

Notwithstanding Fitch's view that it does not expect the ratings to be impacted, the agency will continue to monitor future developments with respect to the Act and will assess the specific nature and extent of reservations included in transaction legal opinions to determine whether there could be any rating impact to the transaction.

Further detail on Fitch's opinion on the impact of the Banking Act 2009 on UK structured finance transactions can be found on its web-site (*Impact of the UK Banking Act 2009 on Structured Finance and Covered Bond Ratings*, published on 19 February 2009).

Disclaimer

For the avoidance of doubt, Fitch relies, in its credit analysis, on legal and/or tax opinions provided by transaction counsel. As Fitch has always made clear, Fitch does not provide legal and/or tax advice or confirm that the legal and/or tax opinions or any other transaction documents or any transaction structures are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Asset Analysis

LPUK is the one of the largest players in the UK vehicle leasing market, operating under the brand names of LeasePlan, Automotive Leasing, Network and Fleet Line. As of end of December 2011, the fleet managed by LPUK comprised around 131,000 vehicles, with an aggregate lease value of around GBP1.3bn. LPUK is a wholly-owned subsidiary of LPC, which is an entity regulated and supervised by Dutch Central Bank. LPC was founded in the Netherlands in 1963 but has since expanded to over 30 countries.

The following LPUK products are included in the lease portfolio:

1. **Contract Hire, Closed Calculation:** this lease product is essentially a traditional operating lease contract. As such, LPUK retains the RV risk at the lease contract's maturity when the vehicle is returned. Under closed calculation agreements, the implied yield on the lease contract is not disclosed to the customer, and the lessee is not entitled to receive a refund if expected costs have exceeded actual costs. This product represents 57.7% of the aggregate portfolio discount balance at closing.
2. **Contract Hire, Open Calculation:** this lease product is similar to a traditional operating lease, except that it provides the lessee with transparent pricing relating to the implied yield of the lease contract. At the maturity of the lease contract the lessee will return the vehicle, hence LPUK bears the RV risk. On an annual basis, if estimated costs have been higher than actual costs, the lessee may be entitled to a refund. Open calculation is especially popular with corporate customers. This product represents 24.4% of the aggregate portfolio discount balance at closing.
3. **Hire Purchase:** this product is essentially a traditional hire purchase agreement. Under these contracts, the lessee has the option of purchasing the vehicle at the maturity of the contract by paying the final balloon. Alternatively, the customer can return the vehicle to LPUK; hence LPUK retains the RV risk. Contract purchase agreements can be either open calculation- or closed calculation-type contracts. This product represents 7.6% of the aggregate portfolio discount balance at closing.
4. **Finance Lease:** these agreements function in a similar fashion to traditional finance leases. At the end of the lease contract the lessee has the obligation to pay the final balloon; consequently, LPUK is not exposed to RV risk on this product. This product represents 10.3% of the aggregate portfolio discount balance at closing.

Lease instalments, which are usually payable in advance of each monthly lease period, include:

1. an interest component;

2. a principal component; and
3. a service component. This can include, inter alia, the following: (a) management fee; (b) replacement car; (c) road tax; (d) roadside assistance; (e) fuel; (f) and servicing, maintenance and repair. The lease service component of the leases is however not funded by the securitisation.

All lessees must take out third-party insurance and LPUK is required to ensure all vehicles are appropriately insured. A back-up servicer is expected to have the same obligation. Furthermore, the eligibility criteria also states that only vehicles covered by third-party liability insurance can form part of the eligible vehicle balance.

The characteristics of the closing portfolio are shown in *Appendix A*.

Origination and Underwriting

Fitch performed a review of the origination, underwriting and servicing capabilities of LPUK in September 2011. In the agency's view, both the policies and procedures of the company, and its implementation and control, are in line with industry norms.

The credit proposals are initiated either by the credit risk management department or the sales department, but any decision as to whether to proceed with an application or renewal remains with the credit team. Sales for large corporate customers are originated by LPUK's own sales force; however, for retail customers and smaller companies, LPUK uses brokers to originate most of the business.

Once the credit team has received a new application or renewal it will conduct a risk evaluation and subsequently issue a recommendation. As part of the internal approval process, the following factors, among others, are taken into account:

1. the exposure (number of cars, amount);
2. profitability of the lease contract for LeasePlan;
3. the key ratios of the corporate customer, or key personal or company data for retail and SME customers (using external providers such as Experian); and
4. for corporate customers, the credit score and LeasePlan rating, assigned according to models and methodologies defined and maintained by LPC, the parent company. For retail and SME customers, an internal score defined according to the most relevant of the six available scorecards, which themselves partially rely on the Delphi score (from Experian) and the information on outstanding financial commitments and past arrears available on Credit Account Information Sharing (CAIS).

While the underwriting of corporate customers is largely manual, and often consists of reviewing the situation of existing clients, that for SME retail customers is more automated and based on scorecard results. The approval rate for SME retail customers has fluctuated between 55% and 65% between 2008 and 2011.

Overall, the credit risk team of LPUK comprises a total of two credit risk managers (heading each of the corporate and consumer segments) as well as five analysts and four administrators.

If the requested exposure exceeds 250 vehicles or a book value of GBP7.5m, the proposal also needs to be signed by a credit committee at LPC, the mother company in the Netherlands.

Servicing and Recoveries

Corporate and public sector accounts are serviced by an LPUK team of nine people; collections from SME and retail clients are managed by a team of around 50 employees, largely outsourced to Bluestone Credit Management, a service provider working in close collaboration with LPUK.

Most lease instalments are due one month in advance and most lessees pay via direct debit or e-invoicing (where invoices are uploaded in larger clients' back-offices, facilitating automatic payment).

The collection procedure for corporate and public sector and retail and SME is somewhat different. Corporate and public sector collections are mostly managed in-house, due to the bespoke nature of these contracts, while retail and SME collections are mostly outsourced, due to the standardised nature of these agreements. Nevertheless, the default process will begin at 90 days and will be carried out in similar ways for both types of customers.

The collections department will take direct action to collect the outstanding claim, including interest due and collection costs. If the lessee still fails to settle the outstanding balance, LPUK may decide to repossess the leased vehicle. Being the owner of the vehicle, LPUK is allowed to repossess the vehicle without any court decision or authorisation from any public body. Historically, the vast majority of defaults and repossessions have been related to SME retail customers; according to LPUK, corporate clients tend to run down their fleet when in financial difficulty and as a result, outright defaults in this segment are very rare.

Residual Value Setting

LPUK sets residual values with the objective of matching the expected future market value of the vehicle with the contractual mileage of the lease agreement. This estimate is based on data from CAP Black Book, and checked against Eurotax Glass's guide and LPUK's recent disposal experience. Fitch sees LPUK's RV setting and review process as well controlled. On average, LPUK has historically achieved sale proceeds in line with RVs, although RV performance in the second half of 2008 began to come under strain as the recession impacted second-hand car values. More details on historical RV losses can be found in *Portfolio Credit Analysis* and *Residual Value Risk* below.

LPUK is entitled to recalculate and adjust the payment schedule when:

- for contract hire open calculation-type contracts and the majority of contract hire closed calculation-type contracts, the mileage or other terms deviate from the contractual mileage or agreed terms (for instance, if the mileage exceeds 15% of the agreed amount); or
- an early termination of the lease occurs. When a contract is terminated more than three months prior to the end date it will be classified as an early termination. The calculation of the fee due upon early termination, as defined in the lease agreement, generally depends on the type of customer. Corporate customers are typically charged the difference between the market value of the vehicle and the book value of the lease, hence bearing directly the RV risk resulting from early termination. In lease contracts with SME and retail lessees, early termination fees are generally defined as a percentage of the remaining lease instalments. Historical data shows that average early termination fees charged to customers in these cases almost always cover the difference between the average book value of the terminated leases and the average resale price of the related vehicles.

For the majority of contracts, the RV is recalculated at least once during the contract life, which helps LPUK mitigate RV risk; in these cases, the lease term and instalments can be changed when the RV is recalculated.

Portfolio Credit Analysis

Default Risk

The agency assigned a transaction benchmark one year probability of default (PD) of 1.7% to the corporate and government segment (weight of approximately 31% in the overall worst-case portfolio); the agency assigned a benchmark one year PD of 4.2% to SME/retail customers in the closing portfolio (weight of approximately 49% in the worst-case portfolio) and 6.4% to those replenished in the transaction during the revolving period (weight of approximately 20%

Figure 4

Default Rate Assumptions

Portfolio (%)	RDR (%)
AAAsf	33.7
AAsf	31.4

Source: Fitch

in the worst-case portfolio). Assumptions for SME/retail customers are based on an analysis of historical default data. Given the very limited amount of default observations for LPUK's corporate book, Fitch's default assumptions for the corporate segment were based on ratings from external rating agencies and a mapping of LPUK's internal ratings to the Fitch rating scale.

Fitch identified obligor concentration as the primary driver of default risk in the portfolio. According to the replenishment criteria, the top 30 lessees can represent up to 30% of the portfolio notional. Fitch accounted for the idiosyncratic risk of default of the largest obligors by applying an Obligor Correlation Uplift (OCU) to obligors representing more than 50bp of portfolio notional in the Portfolio Credit Model (PCM).

When defining its default probability assumptions, Fitch assumed that replenishment during the revolving period would make full use of the limits allowed by the replenishment criteria. The "worst case portfolio" underlying Fitch's default stresses assumes that, subject to constraints embedded in the transaction documentation, principal collections during the revolving period are reinvested in longer leases and granted to riskier SME/retail customers, in a way that maximises concentration in terms of individual lessees and industries.

Fitch used its proprietary PCM, tailored specifically for SMEs and corporate obligors, in its analysis of the portfolio. The PCM results show the rating default rates (RDR) at the expected ratings of the notes. The RDR indicates the percentage of the portfolio that is expected to default under a given rating stress over the life of the transaction.

Recoveries Upon Default

Fitch was provided with LPUK's historic recovery data. The data showed historic cumulative recovery rates were ranging from 64% to 84% depending on the default vintage. Fitch assumed a base case recovery rate of 75% for both the corporate and public sector book and the retail and SME book. The base case recovery rate was reduced by 2% assumed repossession costs (since these are not reflected in LPUK's historical recovery data) and "haircut" according to Figure 5.

Figure 5

Recovery Rate Stress

(%)	Rating recovery rates	Haircut
Base case	75.0	0
AAAsf	39.3	45
AAsf	46.5	35

Source: Fitch

Residual Value (RV) Risk

The transaction is exposed to the RV risk of the vehicles. RV loss arises when there is a difference between the estimated residual value and the actual sales proceeds of the vehicle.

Fitch applied its Residual Value criteria to calculate expected RV losses and incorporated this, along with default expectations, into its cash flow modelling to assess the adequacy of the credit enhancement. RV losses were calculated as 11.5% of the aggregate closing portfolio balance in a 'AAA' scenario and 9.9% in an 'AA' scenario, as detailed in Figure 6.

Figure 6

Residual Value Risk

(%)	AAAsf	AAsf
Base case sale proceeds as % of RV	97	97
Selling costs	1	1
Base RV proceeds after selling costs	96	96
RV rating stress haircut	35	29
Stressed sale proceeds as % of RV	**62**	**68**
Less: administrator incentive fee	1	1
Net stressed sales proceeds as % of RV	**61**	**67**
Loss as % of RV claims outstanding at lease maturity	**39**	**33**
Cumulative gross defaults	33.7	31.4
Cumulative prepayments	None assumed	None assumed
RV claims outstanding at lease maturity, as a % of original RV claims	**66.30**	**68.60**
Max RV claims as a percentage of the closing portfolio	**45**	**45**
RV loss as % of closing portfolio	**11.5**	**10.2**

Source: Fitch

The sales proceeds assumption was derived based on an analysis of LPUK's sales proceeds over the past five years. Apart from the second half of 2008 and the first half of 2009, the sale proceeds achieved by LPUK were generally 5% higher than the RV exposure at maturity, which seems to confirm the accuracy of LPUK's RV settings. RV losses were incurred over the distressed period from Q308 to Q109; on average, car sales proceeds have been 11% lower than the contractual RVs of maturing leases. Fitch does not expect RV losses experienced over such a short period of acute economic stress to take place over the lifetime of the transaction. The agency has assumed average base case sales proceeds in the transaction at 97% of the contractual RV of maturing leases, which is still lower than the historical average.

Fitch's base case sales proceeds are adjusted by selling costs (outside repossession) of 1%; the agency also reflects in these assumptions the 1% fee paid to the insolvency administrator as an incentive to enable the resale of the cars, in the event LPUK becomes insolvent.

RV risk is only applied against expected maturities. Expected maturities are calculated as 100% of the pool less cumulative defaults. Given the historically low levels of prepayments (between 2.5% and 3.5% a year), Fitch conservatively did not assume any prepayments in reduction of the portfolio's RV exposure. The total RV losses on the closing portfolio are the product of the assumed loss severity of RV claims at lease maturity, times the share of RV claims outstanding at lease maturity, relative to RV claims at closing, times the maximum share of RV claims in the overall portfolio as allowed by the replenishment criteria (45%).

The underlying lease portfolio is highly diversified by manufacturer: Volkwagen has the largest share, with 13.7% of all vehicles in the transaction, followed by BMW (12.8% of vehicles in the pool), Audi (11.7%) and Ford (11.5%); all other brands represent less than 10% of the closing portfolio each. In Fitch's opinion this brand diversity is a strength, as the transaction is less exposed to the market share decline of a particular brand or manufacturer.

The RV stresses applied by Fitch also account for the presence of light commercial vehicles (23.6% of the closing lease portfolio relate to such vehicles), which in the agency's opinion bear a greater risk of decline in value than cars (the remaining 76.4% of the closing portfolio).

It should be noted that the transaction becomes exposed to RV risk only if LPUK becomes insolvent; prior to this, the transaction documents oblige LPUK to repurchase the RV claims upon maturity of the lease contracts, to the extent that these lease contracts are not defaulted.

Voluntary Termination Risk

22.5% of the portfolio discounted balance is made of leases regulated under the Consumer Credit Act (CCA). However, the right for lessees to terminate without any compensation (save for unfair wear and tear and excess mileage) after the payment of 50% of scheduled lease instalments exists in relation to only 5.2% of the portfolio discounted balance. The replenishment criteria limit the proportion of CCA leases with such a termination option to 6% of the discounted portfolio balance.

Historical data suggests that around 22% of CCA-regulated leases with this option have effectively used it, with some limited variance across vintages. When used, this generally resulted in a loss of around 5% of the discounted lease value, excepted over the period from Q308 to Q109, when such losses increased to 15% of the discounted lease value. Fitch assumed base case sales proceeds upon voluntary termination of 90% of the discounted lease value; this is lower than the assumption retained for RV risk because the borrower could well choose to terminate the lease at the trough of the used car market. The agency also assumed termination rates of 60% at ‘AAAsf’ and 50% at ‘AAsf’.

Overall, Fitch assumed losses related to CCA voluntary termination of 0.62% of the portfolio closing balance at ‘AAAsf’ and 0.47% at ‘AAsf’.

Figure 7 provides an overview of all credit losses, RV losses and voluntary termination losses assumed by Fitch at each rating scenario.

Figure 7
Loss Assumptions Overview

(%) of closing balance	AAAsf	AAsf
Defaults	33.7	31.4
Recoveries upon default	39.3	46.5
Credit losses	**20.5**	**16.8**
RV losses	**11.5**	**10.2**
Voluntary termination losses	**0.6**	**0.5**
Total losses assumed	**32.6**	**27.4**

Source: Fitch

Financial Structure and Cash Flow Modelling

Fitch used its ABS cash flow model to simulate the transaction cash flows during the amortisation period and verify that the credit enhancement levels for each class of note were sufficient to enable timely payment of interest and ultimate payment of principal by final maturity.

The capital structure was modelled as per the anticipated closing tranching. The portfolio amortisation was modelled based upon the current remaining terms of the lease contracts within the pool. Interest income was generated on non-delinquent receivables at a rate equal to the transaction discount rate of 8%. Defaults and recoveries were applied as per above assumptions and Fitch criteria (please see *Related Criteria* on page 2).

Available cash was distributed in line with the transaction priority of payments. As highlighted in the *Amortisation Events* section, Fitch assumes in its analysis a depletion of the reserve at the end of the revolving period to reflect the relative leniency of the replenishment criteria.

Rating Sensitivity[1]

This section of the report provides a greater insight into the model-implied sensitivities the transaction faces when one or several risk factors are stressed. The tables below show the

[1] These sensitivities only describe the model-implied impact of a change in one of the input variables. This is designed to provide information about the sensitivity of the rating to model assumptions. It should not be used as an indicator of possible future performance

ratings that could be assigned to each class of notes if stresses on defaults, recoveries upon default, or car resale proceeds were to be conservatively revised. Fitch performed this analysis using its proprietary cash flow model and taking into account the structural features of the transaction. The results below should only be considered as one potential outcome given that the transaction is exposed to multiple risk factors that are all dynamic variables.

Rating Sensitivity to Default Rate Assumptions

Note class	A	B
Original expected rating	AAA	AA
Default rate up by 10%	AA+	AA
Default rate up by 25%	AA+	AA-
Default rate up by 50%	AA-	A+

Source: Fitch

Rating Sensitivity to Recovery Rate Assumptions

Note class	A	B
Original expected rating	AAA	AA
Recovery rate down by 10%	AA+	AA
Recovery rate down by 25%	AA+	AA-
Recovery rate down by 50%	AA-	A

Source: Fitch

Rating Sensitivity to Car Sale Proceeds Assumptions

Note class	A	B
Original expected rating	AAA	AA
Car sale proceeds upon lease maturity down by 10%	AA+	AA
Car sale proceeds upon lease maturity down by 20%	AA+	AA-
Car sale proceeds upon lease maturity down by 30%	AA	A+

Source: Fitch

Rating Sensitivity to Multiple Factors

Note class	A	B
Original expected rating	AAA	AA
Default rate up by 10%, recovery rate down by 10% and car sales proceeds upon lease maturity down by 10%	AA+	A+
Default rate up by 25%, recovery rate down by 25% and car sales proceeds upon lease maturity down by 20%	A	BBB+
Default rate up by 50%, recovery rate down by 50% and car sales proceeds upon lease maturity down by 30%	BBB-	BB

Source: Fitch

Criteria Application, Model and Data Adequacy

The transaction is backed by a pool of lease receivables and residual value claims. The lessees are a mix of corporate, public sector, SME and retail obligors. Given that obligor exposures are predominantly corporate and SME, Fitch applied its SME criteria to analyse default risk (*Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLOs)*, dated June 2011). To analyse the residual value risk, Fitch applied its RV criteria (*EMEA Consumer ABS Rating Criteria – Auto Residual Value Addendum*, dated July 2011).

To assess the ability of the transaction to make timely payments of interest and ultimate payment of principal by legal final maturity, Fitch modelled the transaction using its proprietary ABS cash flow model, configured to replicate the structure of the transaction.

In Fitch's opinion, the quality of the data received was high. LPUK provided in particular the following data.

- A detailed transaction pool-cut, comprising all the lease-by-lease data expected by Fitch for its rating analysis of such transaction, including internal LPUK ratings.

- Cumulative defaults per vintage for each of the SME/retail and corporate segments, over the period Q206 to Q411, as per LPUK's standard default definition (the earlier of 90 days in arrears or the consideration from LPUK's servicer that no reasonable chance of upcoming lease payment exists).
- Cumulative recoveries per vintage of default, as per the same definition.
- Evolution in car sales proceeds as a percentage of the contractual value of terminated leases, with a distinction between scheduled and early terminations, over the period Q206 to Q211.
- Historical evolution of the ratio between the contractual RV amount and the car purchase price for two to three year leases, over the period Q105 to Q411.

The historical default data for the more granular retail and SME portfolios showed higher default probabilities than that of the larger but lumpier corporate portfolio. The public sector portfolio is small and showed virtually no historic defaults. Fitch applied its SME criteria to the whole portfolio and used its PCM to size the default risk in different rating scenarios.

In Fitch's opinion, the quantity of data was adequate. The detailed residual value data in particular allowed Fitch to capture the current market performance within it base case assumptions.

Counterparty Risk

The primary counterparty exposure of the issuer is to LPUK. Exposure results from: (i) servicing; (ii) maintenance; (iii) subordinated loan; and (iv) representations and warranties provided as the seller. Counterparty exposure also exists with respect to the account bank provider and the swap counterparty.

Servicing

In the event: (i) the rating of LPC falls below 'BBB-'; or (ii) if LPC's ownership in LPUK falls below 50%; or (iii) any person levies or attempts to levy against the charged vehicles in an amount equal to at least GBP2.5m (an appointment trigger), LPUK is required to appoint a back-up servicer with 120 days, under terms substantially similar to those of the servicing agreement. If at the end of the 120 day period, or upon the termination of the servicing agreement, no back-up servicer has been appointed, BNP Paribas Securities Services (BNPPSS) as the back-up servicer facilitator will approach a suitable institution to fulfil the role. Failure by LPUK to appoint a back-up servicer within 120 days of the above described event would be an event of termination of the servicing agreement. The replacement of LPUK in its duties as the realisation agent (organising the resale of the vehicles) follows similar rules.

The obligation of LPUK to name a back-up servicer if its financials deteriorate is seen positively by Fitch. The agency also believes that the liquidity reserve alone enables the servicing of senior items and class A and B note interest for a period of up to four months of interruption in the lease collections.

Commingling

Payments are due to be transferred on a twice weekly basis, every Tuesday and Thursday of each week; the documentation nonetheless enables LPUK to change this to a monthly transfer. The lessees will not be notified of the transfer of the leases to the purchaser until the insolvency of the seller-servicer, or upon a failure by LPC to replenish the commingling or maintenance reserves.

In the event of any insolvency of LPUK, Fitch believes that up to three weeks of lease collections could be lost in LPUK's insolvency estate; this assumes a time to notify lessees of two weeks, a grace period of three days from the termination of the servicing agreement, and two to three business days of collections sitting on the account, given the timing of the re-transfer of collections. This exposure would increase by one month if LPUK elected to switch the periodicity of transfer back to a monthly basis. LPUK is not entitled to receive car sales proceeds following the termination of a servicing or realisation agreement and as a result, only those proceeds sitting on the collection account at the time of LPUK's insolvency are at risk of being lost in the insolvency estate.

At closing, a commingling reserve will be funded and maintained by LPUK on each payment date, at an amount equal to the aggregate of: (i) 89% of the collections scheduled for the following month (89% is the maximum share of collections over three weeks in the relevant monthly collections, as assessed from historical data); and (ii) 25% of GBP[]m — this amount being the maximum amount of leases scheduled to mature on any given month of the transaction's lifetime. The transaction documents stipulate an increase in the percentages of (i) and (ii) above to 189% and 125%, respectively, if the periodicity of transfer of the collections from the collections account to the issuer account switches to monthly. Fitch believes that this reserve adequately mitigates the risk of commingling losses; the agency did not contemplate any additional commingling loss in its analysis of the transaction.

Set-Off Risk

LPUK represents that no deposit has been made by any lessee in relation to vehicles in the portfolio. Under some "open calculation"-type lease contracts however, LPUK may owe customers a refund at the end of each year, typically resulting from the leased vehicle being under-used compared to the terms of the agreement. These amounts could give rise to set-off risk. To mitigate this risk, a set-off reserve will be funded on closing, sized at GBP 2m, which is slightly over the maximum amount refunded every month to customers since January 2009; this can be as a result of vehicle under-mileage, open calculation settlements (essentially, a share of the car sales proceeds in excess of the residual lease balances) and lease recalculation settlements (essentially, historical excess payments returned to the customer following lease extensions). Fitch believes that open calculation settlements in particular are likely to be significantly reduced in the context of severe RV losses, as contemplated in its stress scenarios. The agency sees this reserve as adequate to mitigate against set-off risk in the transaction, and did not assume any further set-off loss in its analysis.

Maintenance

Under certain leases the lessee elects to enter into an agreement whereby the vehicle will receive specific maintenance, repairs and servicing in return for the payment of an additional instalment amount. The obligation to provide such repairs, maintenance and servicing is transferred to the issuer, which receives the corresponding component of the lease instalments. LPUK is committed to coordinating the provision of maintenance services as a sub-contractor of the issuer; correspondingly, it receives the service components back from the issuer to fulfil these obligations.

If not provided with the committed maintenance services, a lessee could be entitled to terminate the lease agreement without compensation. The structure is designed to ensure that the services are funded and provided on a continuous basis. The issuer will retain the lease servicing components and use these, along with the balance of the maintenance reserve, to pay for the provision of maintenance services.

The maintenance reserve is funded at closing at approximately GBP15.1m (or 1.8% of the closing discounted portfolio balance), and will be maintained dynamically by LPUK during the revolving period, at an amount equal to the difference between: (i) the aggregate amounts of service payments, minus; (ii) the aggregate amount of maintenance costs incurred in relation to the lessees in the portfolio to date. Fitch believes that the mitigants in place adequately protect the transaction against the risk of an interruption of maintenance services provided to lessees.

Subordinated Loan

Under the transaction structure, the cash reserves held by the issuer are funded by a subordinated loan advanced from LPUK. Such reserves include the liquidity reserve, default reserve, commingling reserve, set-off reserve and maintenance reserve. The liquidity and default reserves are fully funded at closing and only topped up under the priority of payments.

Additional advances may be required to the commingling and maintenance reserve accounts. Fitch notes that the obligation of LPUK to make advances under the loan agreement to fund the reserves is guaranteed by LPC. Failure to replenish the maintenance reserve will trigger a notification of the lessees, the termination of the servicing and sub-maintenance coordination agreements, and the end of the revolving period; this will in effect freeze the commingling and maintenance risk exposures of the transaction.

Account Bank

HSBC Bank plc (rated 'AA'/Negative/'F1+') will act as the account bank. The documentation stipulates remedial actions in the event of certain downgrades in the rating of this counterparty, in line with Fitch's criteria expectations.

Swap Counterparties

At closing, the interest rate swap counterparty shall be DZ Bank AG ('A+'/Stable/'F1+') and the currency swap counterparty shall be HSBC Bank plc. The documentation stipulates remedial actions in the event of certain downgrades in the rating of these counterparties, in line with Fitch's criteria expectations.

Asset Outlooks

Figure 8

Asset Outlooks as of Fitch's Latest Outlook Report

Asset class	Asset performance outlook	Ratings outlook
Auto operating leases (for Europe)	Stable	Stable
UK auto loans	Stable	Stable

Source: Fitch, 2012 Outlook: European Structured Finance, December 2011; available on www.fitchratings.com

Fitch expects the performance of auto leases to be sensitive to the broader economic environment. Owing to the uncertain outlook for the UK economy, Fitch has assumed some performance deterioration in the auto loan and lease sector over the medium term.

Performance Analytics

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Fitch's performance analysis will focus on the following:

- delinquency and default performance will be monitored and compared to: (i) historical performance; (ii) Fitch's expectations; and (iii) the transaction trigger levels. If performance deviates from Fitch's expectations this may result in negative rating actions;
- Fitch will monitor the RV recoveries as reported by the servicer each month. Performance below base case expectations may result in negative rating actions;
- Fitch will monitor the credit ratings of the transaction counterparties, particularly LPC, DZ Bank AG and HSBC. In the event of a counterparty downgrade, Fitch will expect remedial action to be implemented, as outlined in the transaction documentation and summarised in the *Counterparty Risk* section of this report; and
- Fitch will monitor the reported balance of the various reserve accounts and compare these to the amounts required under the documentation.

Please call the Fitch analysts listed on the first page of this report with any queries regarding the initial analysis or the ongoing performance.

Details of the transaction's performance are available to subscribers at www.fitchresearch.com. Further information on this service is available at www.fitchratings.com.

Appendix A: Transaction Comparison

Figure 9

Comparison of Bumper Transactions Rated by Fitch

Transaction	Bumper 2 [a]	Bumper 3	Bumper 5
Country	Germany	UK	UK
Closing date	Mar 08	Apr 09	[]
Date of rating assignment, if not closing	Mar 11	-	-
Portfolio discounted balance GBPm eq.)[b]	761.4	887.1	837.6
Number of leases	46,887	82,708	67601
Number of unique lessees	1,897	30,877	30915
Average number of leases per lessee	24.7	2.7	2.2
Average discounted balance per lessee (GBP eq.)[b]	401,370	28,731	27,093
WA lease yield (%)	6.0	8.8	7.1
Transaction discount rate (%)	5.81	8	8
WA original term (months)	42.5	35	40.6
Average seasoning per lease (months)	21.9	16	11.3
Total expected RV at maturity of leases (GBPm)	456.8	381.4	320.2
RV claims (% of closing portfolio discounted balance)	58	43	38
Total discounted value of balloon payments (GBPm)			19.3
Balloon payments (% of closing portfolio discounted balance)			2
Duration of the replenishment period	Two years	One year	9 months
Max allowance of RV claims in replenishment (% of portfolio discounted balance)	60	46	45
AAAsf default rate (%)	30	21.5	33.7
AAAsf recovery rate (%)	41.3	53.0	39.3
AAAsf credit loss (%)	17.6	10.1	20.5
AAAsf RV loss (%)	16.1	11.6	11.5
AAAsf voluntary termination loss (%)	0,0	0.0	0.6
Overall AAAsf loss (%)	32.7	21.7	32.6
CE of AAAsf rated class	33.5	25.8	32.0

[a] Around rating assignment date for Bumper 2 (Germany), as of closing for other transactions

[b] Assuming for Bumper 2 (Germany) the exchange rate as of March 2011 of 1.15 EUR per GBP

Source: Transaction documents and Fitch

Appendix B: Transaction Overview

Bumper 5 (UK) Finance plc — ABS/UK

Figure 10

Capital Structure

Class	Expected Ratings[a]	Expected Rating Outlook	Size (ISOm)[a]	Size (%)	CE[a] (%)	PMT freq	Final maturity	TT (%)	TTLM (x)
A1	AAA	Stable	EUR[][a]	34.7	32.0	Monthly	June 2022	69.5	6.6
A2	AAA	Stable	GBP[] [a]	34.7	32.0	Monthly	June 2022	69.5	6.6
B	AA	Stable	GBP46.1	5.5	26.5	Monthly	June 2022	5.5	0.5
C	NR	Stable	GBP209.5	25.5	1.5	Monthly	June 2022	25.0	n.a

Total					
Default Reserve	**Initial**	**GBP12.6m**	**Liquidity reserve**	**GBP9.9m**	**Amortising to GBP3m**
	Floor	**GBP4m**	**Commingling reserve**	**GBP23.4m**	**Dynamic adjustment**
Transaction discount rate (%)	**8**		**Maintenance reserve**	**GBP15.1m**	**Dynamic adjustment**
Scheduled revolving period		**Ending in March 2013 (around one year from closing)**	**Set-off reserve**	**GBP2m**	**Static**

[a] The A1 and A2 sub-classes combined will be issued for an amount equivalent to around GBP582m, but the breakdown between each sub-class is yet to be defined.
Source: Fitch

Key Information

Details		Parties	
Closing date	[]	**Seller/originator**	Leaseplan UK Limited (LPUK) and subsidiaries; LPUK is a wholly-owned subsidiary of Leaseplan Corporation N.V. (LPC), rated 'A+/F2/Stable'
Country of assets and type	UK – auto operating leases	**Servicer**	LPUK
Country of SPV	UK	**Back-up servicer**	None at closing
Analyst	Nicolas Ardoint nicolas.ardoint@fitchratings.com	**Collection account provider**	The Royal Bank of Scotland plc (RBS, 'A'/Stable/'F1')
	Juraj Lord juraj.lord@fitchratings.com	**Issuer account provider**	HSBC Bank plc (HSBC), 'AA/F1+/Negative'
		Interest rate swap counterparty	DZ Bank AG Deutsche Zentral-Genossenschaft (DZ Bank AG), ‚A+/F1+/Stable'
		Currency swap counterparty	HSBC
		Principal paying agent	HSBC
		Arranger	RBS

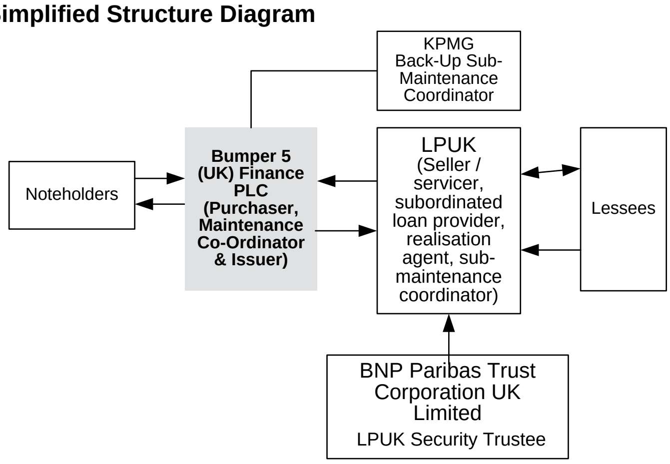
Source: Fitch

Key Rating Drivers

- Fitch's assumptions on defaults, recoveries and residual value losses are based on LPUK's historical data, and the distribution of ratings to corporate obligors in the portfolio.
- The receivables are assigned to the issuer but LPUK retains the title over the vehicles. The issuer benefits from a floating charge over the vehicles, and the transaction provides for a fee structure to incentivise the insolvency administrator to resell the vehicles.
- Commingling risk, set-off risk and maintenance risk are all covered by specific reserves. To editing: please update diagram

Source: Fitch

Simplified Structure Diagram



Source: Transaction documents

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.