

# Mercia No. 1 PLC

## Investor Report

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### Reporting Information

Reporting Date	31/01/2013
Reporting Period	01/12/2012 to 31/12/2012

### Outstanding Issuances

	Issue Date
Mercia No. 1 Plc	12 Dec 2012

### Investor Relations Contacts

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### Retention of 5% net economic interest – CRD II Article 122a & BIPRU 9.15.4R

Godiva Mortgages Limited has undertaken in the Deed of Charge to the Issuer and the Note Trustee, on behalf of the Noteholders, that it will retain at the date of issuance a material net economic interest of at least 5% of the nominal value of the securitised exposures in accordance with Article 122a of Directive 2006/48/EC (as amended by Directive 2009/111/EC) (which does not take into account any implementing rules of the CRD in a relevant jurisdiction), referred to as the Capital Requirements Directive (**CRD II**). As at the Closing Date, such interest comprised an interest in the first loss tranche, in this case the Class Z VFN, as required by Article 122a. Godiva Mortgages Limited can confirm that as at the Report Date, it has not sold or hedged this interest.

### IMPORTANT:

Your attention is drawn to the Terms and Conditions which were brought to your attention when you entered the website containing this document.



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As at: 31/12/2012

Assets	Prior Period	Current Period
Number of mortgage accounts in the Pool	13,794	13,683
Number of loans in the Pool	14,046	13,966
True Balance of mortgage accounts in the Pool	£1,587,087,609	£1,571,343,810
Cash and Authorised Investments	£39,700,000	£62,323,801
Mortgage Collections	n/a	£22,704,936
General Reserve Fund	£39,700,000	£39,700,000
General Reserve Required Amount	£39,700,000	£39,700,000
Class A Principal Deficiency Ledger Balance	£0	£0
Class Z Principal Deficiency Ledger Balance	£0	£0
Retained Principal Ledger	£0	£0
Weighted Average Pre-Swap Mortgage Yield	n/a	4.31%
Excess Spread	n/a	n/a

Reconciliation of movements	Number of loans	Balance (£)
Opening totals	13,794	1,587,087,609
Further advances added to the Pool	-	1,093,144
Loans repurchased from the Pool	-	-
Substitute Loans	-	-
Principal receipts	(111)	(17,054,898)
Additional Loans	-	-
Other movements	-	217,955
Closing totals	13,683	1,571,343,810

### Asset types

Commercial mortgages	Not permitted
ABS	Not permitted
Non-first lien	Not permitted
Non-UK mortgages	Not permitted
% UK residential mortgages	100.0
% First lien	100.0
% Income verification requested	100.0
% Buy-to-let mortgages	100.0

### Principal Payment Rates (PPR)

	Monthly	3 Month Average	Annualised
Current PPR - Total	1.09%	1.09%	13.83%
Previous PPR - Total	n/a	n/a	n/a

The rates shown in this table are calculated from the total Principal Receipts in the month including contractual repayments, unscheduled prepayments and redemptions.

### Constant Prepayment Rates (CPPR)

	Monthly	3 Month Average	Annualised
Current CPPR - Total	0.98%	0.98%	12.46%
Previous CPPR - Total	n/a	n/a	n/a

The rates shown in this table are calculated from the total Unscheduled Principal Receipts in the month from unscheduled prepayments and redemptions only.

### Arrears Analysis (excluding Properties in Possession)

Months in Arrears	Number of Mortgage Accounts	% of total	True Balance (£)	% of total balance	Arrears Balance (£)
Current	13,647	99.7%	1,565,813,831	99.6%	-
>0 and <1	22	0.2%	3,619,050	0.2%	4,468
>=1 and <2	14	0.1%	1,910,929	0.1%	7,988
>=2 and <3	-	-	-	-	-
>=3 and <6	-	-	-	-	-
>=6 and <12	-	-	-	-	-
>=12	-	-	-	-	-
<b>Totals</b>	<b>13,683</b>	<b>100.0%</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>12,456</b>

Capitalised arrears are not included in the above balances.

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### Product Variations

	Number of Mortgage Accounts	% of total	True Balance (£)	% of total balance	Arrears Balance (£)
Arrangements	-	0.00%	-	0.00%	-
Capitalised arrears	-	0.00%	-	0.00%	-
Receiver of rent	-	0.00%	-	0.00%	-
Payment holidays taken	12	0.09%	1,858,366	0.12%	-
Switches to interest only	4	0.03%	273,834	0.02%	-
Maturity extensions	8	0.06%	1,014,480	0.06%	-
Other product switches	20	0.15%	3,130,025	0.20%	-

### Constant Default Rates (CDR)

	Monthly	3 Month Average	Annualised
Current CDR Rate - Total	0.00%	0.00%	0.00%
Previous CDR Rate - Total	0.00%	0.00%	0.00%

### Properties in Possession

	Number of Mortgage Accounts	True Balance (£)	Arrears Balance (£)	Loss Incurred (£)
Possessed (current month)	-	-	-	-
Possessed (to date)	-	-	-	-
Sold (current month)	-	-	-	-
Sold (to date)	-	-	-	-
Property Returned to Borrower (current month)	-	-	-	-
Property Returned to Borrower (to date)	-	-	-	-
Properties in Possession	-	-	-	-

### Net Losses

Losses	Number of Mortgage Accounts	True Balance (£)	Loss (£)
Current month	-	-	-
To date	-	-	-
<b>Totals</b>	-	-	-
Average time from possession to sale in days (to date)			-

### Summary Pool Statistics

	Seasoning (months)	Remaining term (months)	Loan Size (£)	Original LTV (%)	Non-Indexed LTV (%)	Indexed LTV (%)	Arrears Balance (£)
Weighted Average	32.6	183.9	114,839	51.8%	50.3%	48.5%	346*
Min	6.7	0.0	48	5.9%	0.0%	0.0%	0
Max	68.4	411.4	985,395	75.0%	76.3%	76.3%	1,304

\*Weighted Average Arrears Balance is based on accounts in arrears only

### Standard Variable Rates

	CBS Existing Borrower SVR, %	With Effect From
Standard Variable Rate, Current	4.74%	1 Feb 2009
Standard Variable Rate, Historical	4.99%	1 Jan 2008

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### Original Loan to Value ratios

Range of LTV ratios	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<25%	26,053,092	1.7%	468	3.4%
>=25% and <50%	464,608,685	29.6%	4,765	34.8%
>=50% and <55%	383,321,095	24.4%	3,224	23.6%
>=55% and <60%	319,450,922	20.3%	2,406	17.6%
>=60% and <65%	294,336,430	18.7%	2,186	16.0%
>=65% and <70%	81,213,293	5.2%	595	4.3%
>=70% and <75%	1,860,198	0.1%	29	0.2%
>=75% and <80%	500,096	0.0%	10	0.1% **
>=80% and <85%	-	-	-	-
>=85% and <90%	-	-	-	-
>=90% and <95%	-	-	-	-
>=95% and <100%	-	-	-	-
>=100%	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

\*\* These Further Advances have since been repurchased as they do not comply with the Programme's Asset Conditions

### Non-Indexed Loan to Value ratios

Range of LTV ratios	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<25%	44,204,060	2.8%	954	7.0%
>=25% and <50%	554,793,112	35.3%	5,671	41.4%
>=50% and <55%	373,483,209	23.8%	2,988	21.8%
>=55% and <60%	349,745,299	22.3%	2,520	18.4%
>=60% and <65%	203,386,484	12.9%	1,297	9.5%
>=65% and <70%	44,096,522	2.8%	241	1.8%
>=70% and <75%	816,130	0.1%	6	0.0%
>=75% and <80%	818,994	0.1%	6	0.0% **
>=80% and <85%	-	-	-	-
>=85% and <90%	-	-	-	-
>=90% and <95%	-	-	-	-
>=95% and <100%	-	-	-	-
>=100%	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

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### Indexed Loan to Value ratios

Range of LTV ratios	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<25%	47,516,966	3.0%	966	7.1%
>=25% and <50%	666,798,438	42.4%	6,250	45.7%
>=50% and <55%	400,644,635	25.5%	3,060	22.4%
>=55% and <60%	441,316,259	28.1%	3,289	24.0%
>=60% and <65%	11,338,795	0.7%	97	0.7%
>=65% and <70%	2,093,593	0.1%	9	0.1%
>=70% and <75%	816,130	0.1%	6	0.0%
>=75% and <80%	818,994	0.1%	6	0.0% **
>=80% and <85%	-	-	-	-
>=85% and <90%	-	-	-	-
>=90% and <95%	-	-	-	-
>=95% and <100%	-	-	-	-
>=100%	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

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### Geographical Distribution

Regions	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
East Anglia	56,565,262	3.6%	649	4.7%
East Midlands	57,231,068	3.6%	787	5.8%
London	699,958,257	44.5%	4,052	29.6%
North	26,236,476	1.7%	406	3.0%
North West	58,310,079	3.7%	818	6.0%
Outer Metropolitan	213,771,882	13.6%	1,730	12.6%
Outer South East	162,865,780	10.4%	1,613	11.8%
South West	152,830,335	9.7%	1,628	11.9%
Wales	23,910,676	1.5%	332	2.4%
West Midlands	67,202,707	4.3%	928	6.8%
Yorkshire and Humberside	52,461,289	3.3%	740	5.4%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Outstanding True Balances

Range of outstanding balances (£)	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<5,000	73,030	0.0%	32	0.2%
>=5,000 and <10,000	308,956	0.0%	40	0.3%
>=10,000 and <25,000	4,968,599	0.3%	248	1.8%
>=25,000 and <50,000	72,631,953	4.6%	1,853	13.5%
>=50,000 and <75,000	183,798,093	11.7%	2,958	21.6%
>=75,000 and <100,000	210,578,859	13.4%	2,436	17.8%
>=100,000 and <150,000	364,042,231	23.2%	3,019	22.1%
>=150,000 and <200,000	250,662,129	16.0%	1,472	10.8%
>=200,000 and <250,000	145,018,900	9.2%	660	4.8%
>=250,000 and <300,000	102,035,584	6.5%	380	2.8%
>=300,000 and <350,000	72,918,571	4.6%	229	1.7%
>=350,000 and <400,000	46,041,943	2.9%	125	0.9%
>=400,000 and <450,000	30,611,864	1.9%	73	0.5%
>=450,000 and <500,000	30,455,172	1.9%	64	0.5%
>=500,000 and <600,000	28,066,241	1.8%	54	0.4%
>=600,000 and <700,000	12,065,165	0.8%	19	0.1%
>=700,000 and <800,000	6,481,939	0.4%	9	0.1%
>=800,000 and <900,000	6,830,964	0.4%	8	0.1%
>=900,000 and <1,000,000	3,753,616	0.2%	4	0.0%
>=1,000,000	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

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### Seasoning of Loans

Age of loans in months	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<12	171,170,156	10.9%	1,538	11.2%
>=12 and <24	378,881,066	24.1%	3,355	24.5%
>=24 and <36	328,517,047	20.9%	2,948	21.5%
>=36 and <48	401,648,972	25.6%	3,269	23.9%
>=48 and <60	232,834,649	14.8%	1,927	14.1%
>=60 and <72	58,291,921	3.7%	646	4.7%
>=72 and <84	-	-	-	-
>=84 and <96	-	-	-	-
>=96 and <108	-	-	-	-
>=108 and <120	-	-	-	-
>=120 and <150	-	-	-	-
>=150 and <180	-	-	-	-
>=180	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Months to maturity of loans

Months to maturity	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<30	14,892,614	0.9%	159	1.2%
>=30 and <60	36,358,603	2.3%	439	3.2%
>=60 and <120	274,502,001	17.5%	2,644	19.3%
>=120 and <180	358,019,744	22.8%	3,334	24.4%
>=180 and <240	495,282,875	31.5%	4,025	29.4%
>=240 and <300	378,390,579	24.1%	2,958	21.6%
>=300 and <360	10,912,273	0.7%	100	0.7%
>=360	2,985,122	0.2%	24	0.2%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Interest Rate Type

Type of rate	True Balance (£)	% of total balance	Number of Loans	% of total accounts
Fixed rate	482,401,892	30.7%	4,357	31.2%
Capped	128,934,843	8.2%	1,036	7.4%
Tracker	218,683,606	13.9%	1,713	12.3%
Administered	741,323,470	47.2%	6,860	49.1%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,966</b>	<b>100.0%</b>

### Repayment terms

Repayment Terms	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Repayment	301,822,688	19.2%	3,807	27.8%
Interest Only	1,251,713,107	79.7%	9,709	71.0%
Combination (Interest Only and Repayment)	17,808,016	1.1%	167	1.2%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Employment status

Employment status	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Employed	816,724,805	52.0%	7,548	55.2%
Self-employed	645,287,163	41.1%	5,151	37.6%
Unemployed	6,600,597	0.4%	61	0.4%
Retired	90,153,240	5.7%	815	6.0%
Guarantor	-	-	-	-
Other	12,578,005	0.8%	108	0.8%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

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### Income verification type

Income verification type	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Income verification requested	1,571,343,810	100.0%	13,683	100.0%
Fast-track	-	-	-	-
Self-certified	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Loan Purpose

Loan Purpose	True Balance (£)	% of total balance	Number of loans	% of total accounts
House Purchase	415,557,511	26.4%	4,153	29.7%
Remortgage	1,155,786,299	73.6%	9,813	70.3%
Other	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,966</b>	<b>100.0%</b>

### Occupancy type

Occupancy type	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Owner-occupied*	229,273	0.0%	4	0.0%
Buy-to-let	1,571,114,537	100.0%	13,679	100.0%
Second home	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

\* These are due to product switches and have since been repurchased.

### Property type

Property type	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Detached (includes houses and bungalows)	283,907,923	18.1%	1,854	13.5%
Semi-detached	274,789,399	17.5%	2,749	20.1%
Terraced Houses	465,843,916	29.6%	4,607	33.7%
Flat/Maisonette	530,496,407	33.8%	4,321	31.6%
Other	16,306,166	1.0%	152	1.1%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Number of properties per borrower

Number of properties per borrower	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
1	1,382,469,745	88.0%	11,924	87.1%
2	152,440,068	9.7%	1,430	10.5%
3	36,433,997	2.3%	329	2.4%
>3	-	-	-	-
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Debt Service Coverage Ratio

Debt Service Coverage Ratio	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
<100%	66,020,693	4.2%	684	5.0%
>=100 and <125%	129,705,882	8.3%	1,229	9.0%
>=125 and <150%	231,408,398	14.7%	1,745	12.8%
>=150 and <175%	261,424,279	16.6%	1,871	13.7%
>=175 and <200%	229,656,070	14.6%	1,726	12.6%
>=200%	653,128,488	41.6%	6,428	47.0%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

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### Interest Rate Split

Interest Rate	True Balance (£)	% of total balance	Number of loans	% of total accounts
<=1.5%	-	-	-	-
>1.5% and <=2.0%	18,955,652	1.2%	97	0.7%
>2.0% and <=2.5%	56,139,700	3.6%	478	3.4%
>2.5% and <=3.0%	3,150,995	0.2%	24	0.2%
>3.0% and <=3.5%	125,014,678	8.0%	929	6.7%
>3.5% and <=4.0%	334,687,132	21.3%	2,560	18.3%
>4.0% and <=4.5%	257,286,895	16.4%	2,691	19.3%
>4.5% and <=5.0%	672,595,771	42.8%	6,198	44.4%
>5.0% and <=5.5%	94,709,660	6.0%	892	6.4%
>5.5% and <=6.0%	8,270,639	0.5%	91	0.7%
>6.0%	532,689	0.0%	6	0.0%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,966</b>	<b>100.0%</b>

### Fixed Rate Roll Off

End of Fixed Period	True Balance (£)	% of total balance	Number of loans	% of total accounts
>0 and <=1 year	187,272,778	38.8%	1,563	35.9%
>1 and <=2 years	208,926,480	43.3%	1,840	42.2%
>2 and <=3 years	38,276,206	7.9%	409	9.4%
>3 and <=4 years	30,362,709	6.3%	342	7.8%
>4 and <=5 years	17,424,124	3.6%	202	4.6%
>5 and <=6 years	139,595	0.0%	1	0.0%
>6 and <=7 years	-	-	-	-
>7 and <=8 years	-	-	-	-
>8 and <=9 years	-	-	-	-
>9 and <=10 years	-	-	-	-
>10 years	-	-	-	-
<b>Totals</b>	<b>482,401,892</b>	<b>100.0%</b>	<b>4,357</b>	<b>100.0%</b>

### Originator

	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Coventry Building Society	-	-	-	-
Godiva Mortgages Limited	1,571,343,810	100.0%	13,683	100.0%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Payment frequency

	True Balance (£)	% of total balance	Number of mortgage accounts	% of total accounts
Monthly	1,571,343,810	100.0%	13,683	100.0%
<b>Totals</b>	<b>1,571,343,810</b>	<b>100.0%</b>	<b>13,683</b>	<b>100.0%</b>

### Credit Enhancement

Class	Principal Value (£)	% of total	Current Note Subordination	General Reserve Fund as % of Notes	Principal Deficiency Ledgers (£)
A	1,436,400,000	88.3%	11.7%	2.8%	-
Z	191,200,000	11.7%	0.0%	0.0%	-
<b>Totals</b>	<b>1,627,600,000</b>				



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As at: 31/12/2012

Key Parties	Current Long Term Rating (S&P / Moody's / Fitch)	Current Short Term Rating (S&P / Moody's / Fitch)	Role(s)
Coventry Building Society	NR* / A3 / A	NR* / P-2 / F1	Servicer, Cash Manager, Mortgage Sale Agreement Guarantor, Interest Rate Swap Guarantor, Class Z VFN Registrar
Godiva Mortgages Limited	NR*	NR*	Seller, Class Z VFN Holder, Interest Rate Swap Provider
Mercia No. 1 PLC	NR*	NR*	Issuer
Mercia No. 1 Holdings Limited	NR*	NR*	Holdings
Lloyds TSB Bank plc	A / A2 / A	A-1 / P-1 / F1	Account Bank
Citicorp Trustee Company Ltd	NR*	NR*	Security Trustee, Note Trustee, Principal Paying Agent and Agent Bank
Structured Finance Management Ltd	NR*	NR*	Back-Up Servicer Facilitator and Corporate Services Provider
SFM Corporate Services Ltd	NR*	NR*	Share Trustee

\*NR = Not Rated

	Class A1 Notes	Class A2 Notes	Class Z VFN
Notes In Issue			
Issue Date	12 Dec 2012	12 Dec 2012	12 Dec 2012
Original rating (Fitch/Moody's)	AAA sf / Aaa (sf)	AAA sf / Aaa (sf)	Not Rated
Current rating (Fitch/Moody's)	AAA sf / Aaa (sf)	AAA sf / Aaa (sf)	Not Rated
Currency	GBP	GBP	GBP
Issue size	718,200,000	718,200,000	191,200,000
Current Period Balance	718,200,000	718,200,000	191,200,000
Cancellations	0	0	0
Previous Period Balance	718,200,000	718,200,000	191,200,000
Current Period Pool Factor	1.000000	1.000000	1.000000
Previous Period Pool Factor	1.000000	1.000000	1.000000
Further Sale Period end	7 Dec 2016	7 Dec 2016	n/a
Step-up and Call Date	7 Mar 2022	7 Mar 2022	n/a
Legal final maturity date	7 Dec 2050	7 Dec 2050	7 Dec 2050
ISIN	XS0864239529	XS0864240295	n/a
Stock exchange listing	LSE	LSE	Unlisted
Interest Payments			
01/12/2012 - 31/12/2012			
Interest Payment Frequency	Quarterly	Quarterly	Quarterly
Accrual Start Date	12 Dec 2012	12 Dec 2012	12 Dec 2012
Accrual End Date	7 Mar 2013	7 Mar 2013	7 Mar 2013
Accrual Day Count	85	85	85
Coupon Reference Rate	3m LIBOR	3m LIBOR	3m LIBOR
Relevant Margin	0.90000%	1.10000%	0.00000%
Current Period Coupon Reference Rate	0.51674%	0.51674%	0.51674%
Current Period Coupon	1.41674%	1.61674%	0.51674%
Current Period Coupon Amount	2,369,528	2,704,033	230,084
Current Interest Shortfall	n/a	n/a	n/a
Cumulative Interest Shortfall	n/a	n/a	n/a
Principal Payments			
Next Interest Payment Date	7 Mar 2013	7 Mar 2013	7 Mar 2013
Bond Structure	Revolving	Revolving	VFN

# Mercia No. 1 PLC

## Investor Report

As at: 07/03/2013

Interest Payment Date			7 Mar 2013
Collection Period for Mortgagees	1 Dec 2012	to	31 Jan 2013
Calculation Period for Notes	12 Dec 2012	to	7 Mar 2013

The first waterfall will be processed on 7 March 2013

AVAILABLE REVENUE RECEIPTS	(£)
(a) Revenue Receipts - Interest received from Borrowers	
(a) Revenue Receipts - Fees charged to Borrowers	
(b) Interest received	
(c) Amounts received under the Interest Rate Swap Agreement	
(d) General Reserve Fund	
(e) Other net income receipts	
(f) Surplus Principal Receipts	
(g) Retained revenue during a Determination Period	
(h) Reconciliation Amounts during a Determination Period	
LESS	
(i) Amounts Belonging to Third Parties	
PLUS	
(j) Principal used to fund a Revenue Deficiency	
<b>Total Available Revenue Receipts</b>	

PRE-ACCELERATION REVENUE PRIORITY OF PAYMENTS	(£)
(a) Fees due to Note Trustee and Security Trustee	
(b) Fees due to Agent Bank, Corporate Services Provider, Back up Servicer Facilitator and Account Bank	
(c) Fees due to Class Z VFN Registrar	
(d) Other Third Party expenses	
(e) i) Fees due to the Servicer	
ii) Fees due to Cash Manager	
(f) Amounts payable under the Interest Rate Swap Agreement	
(g) Interest due on the Class A Notes	
(h) Credited to General Reserve Ledger	
(i) Credit to cure Class A Principal Deficiency Ledger	
(j) Credit to cure Class Z VFN Principal Deficiency Ledger	
(k) Interest due on the Class Z VFN	
(l) Issuer Profit Amount	
(m) Interest Rate Swap Excluded Termination Amounts	
(n) Retained Revenue during a Determination Period	
(o) If all Class A Notes have been repaid, Principal Amounts due for Class Z VFN	
(p) Deferred Consideration	

REVENUE LEDGER	(£)
Opening Revenue Ledger Balance	
Available Revenue Receipts	
Distribution of Available Revenue Receipts	
<b>Closing Revenue Ledger Balance</b>	

GENERAL RESERVE LEDGER	(£)
Proceeds of Class Z VFN	
Transferred to Revenue Ledger	
Received from Revenue Ledger	
Further Class Z VFN Funding	
<b>Closing General Reserve Ledger Balance</b>	

AVAILABLE PRINCIPAL RECEIPTS	(£)
(a) Amounts received from Borrowers	
Cash paid by Seller to repurchase loans	
Less Further Advances made	
(b) Excess funds from proceeds of the Notes	
(c)(i) Reduction in Class A Principal Deficiency Ledger	
(c)(ii) Reduction in Class Z Principal Deficiency Ledger	
(d) Reconciliation Amounts during a Determination Period	
(e) Release of Ported Loan Repurchase Ledger balances	
(f) Retained Principal Ledger balance	
LESS	
(g) Amounts utilised to Pay Revenue Deficiency	
(h) Amounts already used to purchase Additional Loans	
<b>Total Available Principal Receipts</b>	

PRE-ACCELERATION PRINCIPAL PRIORITY OF PAYMENTS	(£)
(a)(i) To pay for the purchase of further Additional Loans	
(a)(ii) To credit the Retained Principal Ledger for up to six months	
(b) Principal amounts due on the Class A1 Notes	
(c) Principal amounts due on the Class A2 Notes	
(d) Principal amounts due on the Class Z VFN	
(e) Any further amounts to be applied as Available Revenue Receipts	

RETAINED PRINCIPAL LEDGER	(£)
Opening Balance	
Transferred to Available Principal Receipts	
Retained from the Principal Priority of Payments	
<b>Closing Balance</b>	

PRINCIPAL LEDGER	(£)
Opening Principal Ledger Balance	
Available Principal Receipts received by the Issuer	
Distribution of Available Principal Receipts	
<b>Closing Principal Ledger Balance</b>	

PRINCIPAL DEFICIENCY LEDGERS	CLASS A (£)	CLASS Z (£)
Opening Principal Deficiency Ledger Balance	-	-
Losses on the Portfolio	-	-
Principal Receipts used to pay a Revenue Deficiency	-	-
Revenue Priority of Payment (h) and (j)	-	-
<b>Closing Principal Deficiency Ledger Balance</b>	-	-

# Mercia No. 1 PLC

## Investor Report

As at: 31/12/2012

### Swaps<sup>1</sup>

	Maturity	Currency	Notional	Counterparty	Receive reference rate	Receive margin	Receive rate	Pay rate	Payments (made)/received (£)
<b>Interest Rate (Asset) Swap</b>	7 Dec 2050	GBP	1,587,087,609	Godiva Mortgages Limited	3m LIBOR	2.50000%	3.01674%	Basket of rates	n/a

<sup>1</sup>Data in this table is presented in relation to payments made in the Reporting Period

### Collateral Received

	Counterparty Rating (Moody's / Fitch)		Required Rating (Initial Rating Event: Moody's / Fitch)		Breached (Y/N)	Breach Remedy (if applicable)	Collateral Posting (£)	Valuation*
	Long-term	Short-term	Long-term	Short-term				
<b>Interest Rate (Asset) Swap Guarantor</b> Coventry Building Society	A3 / A	P-2 / F1	A2 / A	P-1 / F1	Y	Post collateral	-	(130,767,490)

\*The mark to market value of this swap is out of the money for Mercia No. 1 PLC

# Mercia No. 1 PLC

## Investor Report

As at: 31/12/2012

### Summary of Tests & Triggers

Event	Trigger	Prospectus	Breached	Consequence if Trigger Breached	
<b>Cash Manager Trigger</b>	Cash Manager's ratings fall below required levels	Moody's long-term: Baa3	73	No	Appoint Back-up Cash Manager within 60 days
<b>Seller Trigger (a)</b>	CBS ratings fall below required levels	Moody's short-term: P-2 , Fitch short-term: F-2	73	No	Provide Solvency Certificate to the Issuer and the Security Trustee when additional mortgages are sold
<b>Seller Trigger (b)</b>	CBS ratings fall below required levels	Moody's long-term: Baa3, Fitch long-term: BBB-	74	No	Provide Security Trustee details of Borrowers and draft notice of assignment on a monthly basis
<b>Servicer Trigger</b>	Servicer's ratings fall below required levels	Moody's long-term: Baa3, Fitch long-term: BBB-	74	No	Appoint Back-up Servicer within 60 days
<b>Interest Rate Swap Guarantor Trigger</b>	Guarantor's ratings fall below required levels	Moody's short-term: P-1 and long-term: A2 (or A1 if long-term only), Fitch short-term: F1 and long-term: A	74	Yes	Post collateral or obtain guarantee
<b>Account Bank Trigger</b>	Account Bank's ratings fall below required levels	Moody's short-term: P-1 and long-term: A2 (or A1 if long-term only), Fitch short-term: F1 and long-term: A	75	No	Replace Account Bank within 30 days
<b>Perfection Events</b>	The Seller enters into insolvency	Insolvency	77	No	Perfection of title on the loans
<b>Asset Conditions</b>	Quality of the pool of loans declines beyond given percentages	Arrears > 3%; Further Advances > 3%; WA OLTV > 60%; Interest Only > 85%	94 - 95	No	Must repurchase any loans subject to Further Advances or Product Switches and cannot sell further Substitute Loans or Additional Loans
<b>Principal Shortfall</b>	Principal receipts are insufficient to fund Further Advances in the period	Shortfall	158	No	The loans subject to the Further Advances must be repurchased or a drawing made under the Class Z VFN
<b>Utilisation of General Reserve</b>	General Reserve Fund is below General Reserve Required Amount	Shortfall	158	No	Class Z VFN Holder required to further fund the Class Z VFN up to the Maximum Class Z VFN Amount of £500,000,000
<b>Further Sale Period end</b>	Event of Default or Quality of Pool declines beyond given levels	Class Z PDL > 50% Class Z Principal Outstanding; Aggregate Losses > 5% initial Current Balance; Arrears > 5%	44	No	Further Sale Period ends

# Mercia No. 1 PLC

## Investor Report

As at: 31/12/2012

### Glossary

**Additional Loans**

Additional Loans may be sold to the Issuer during the Further Sale Period to the extent that there are sufficient Principal Receipts to fund such sale and subject to the Additional Loan Conditions, the Loan Warranties and the Estimated Revenue Deficiency condition.

**Administered Rates**

The Seller operates a number of variable administered rates including a Standard Variable Rate.

**Arrears Balance**

Arrears includes any fees and insurance premiums that are past due and interest on arrears. Capitalised arrears are excluded from the Arrears Balance.

**Authorised Investments**

Authorised Investments comprise short term cash deposits maturing before the next Interest Payment Date. The deposits are only made with counterparties that meet the strict ratings criteria set out in the Transaction Documents. Investments must either (a) mature within 90 days and be rated at least F1+ by Fitch and P-1 by Moody's and, if the investments have a long-term rating, AA- by Fitch and Aa3 by Moody's or (b) mature within 30 days and be rated at least F1 by Fitch and P-1 by Moody's and, if the investments have a long-term rating, A by Fitch and A2 by Moody's

**Class Z Variable Funding Notes (VFNs)**

Class Z Variable Funding Notes are unrated notes which are not publicly issued, listed or traded and are held by Godiva Mortgages Limited. The Class Z notes are subordinated to the General Reserve Fund and have been established to provide credit and, given their subordination, yield enhancement to the programme. The Prospectus provides that the General Reserve Fund shall not be available to meet any deficit of interest on Class Z notes or meet a deficit caused by a debit balance on the Class Z Principal Deficiency Ledger.

**Constant Default Rates (CDR)**

Constant Default Rate is calculated from the current mortgage balance of loans entering into default in the month.

**Constant Prepayment Rates (CPPR)**

The Constant Prepayment Rate is calculated from the total Unscheduled Principal Receipts. This is consistent with the ESF definition for Constant Prepayment Rates.

**Default**

For the purposes of this report a loan is identified as being in default where the Months in Arrears is six or more.

**Employment Status**

Employment status of the primary applicant. People employed by a company of which they are also a director are included as Self-Employed.

**Excess Spread**

This is defined as the revenue amounts stated in the most recent waterfall junior to the General Reserve Fund applied to the outstanding 'A' notes.

**Further Sale Period**

During this period the Seller may sell Additional Loans to the Issuer to the extent that there are sufficient Principal Receipts to fund such sale and subject to the Additional Loan Conditions, the Loan Warranties and the Estimated Revenue Deficiency condition. The Further Sale Period will end early if certain performance triggers occur, if there is an Event of Default or at the option of the Seller.

**General Reserve Required Amount**

The value disclosed at the month end is equal to the value calculated on the calculation date immediately preceding the month end.

**Geographical Distribution**

This uses the regions in the HPI Regional Series published by Nationwide Building Society. The definition of those regions is available at <http://web.archive.org/web/20100815095614/http://www.nationwide.co.uk/hpi/regions.htm>. This definition differs from the standard NUTS 1 regions used in other reporting.

**Income Verification Requested**

Income verification has been requested on all mortgages in the pool at application. With certain low-risk low-LTV loans, proof of income is only required for a random selection of loans. The performance of the loans and decline/withdrawal rates on the random selection is closely monitored.

**Indexed**

Indexation is applied to house price valuations on a regional basis using non-seasonally adjusted data. The indexation is applied as at the end of March, June, September and December.

**Interest Payments**

Payments received in a reporting period are applied first to interest and then to principal.

**Months in Arrears**

Months in Arrears is calculated as the Arrears balance divided by the normal contractual payment due, ignoring any temporary arrangement or payment holiday.

**Mortgage Account**

A mortgage account consists of one or more underlying loans all secured with equal priority by a first charge on the same property and thereby forming a single mortgage account. All items are disclosed at mortgage account level with the exception of Interest Rate Type, Loan Purpose and Interest Rate Split which are reported at an individual loan level.

**Mortgage Collections**

The aggregate amount of scheduled and unscheduled principal, and interest collected during the reporting period.

**Principal Deficiency Ledger**

Losses are allocated to the Class Z PDL first and then to the Class A PDL. A debit balance on the Principal Deficiency Ledger will be eliminated to the extent there are excess revenue receipts available during the period. Any uncured debit balance on the notes appears on page 2

**Principal Payment Rates (PPR)**

Principal Payment Rates are calculated from the total Principal Receipts in the month including redemptions, contractual repayments and unscheduled prepayments. The ESF uses the term "Principal Payment Rates" for this value.

**Principal Receipts**

Payments received in a reporting period are applied first to interest and then to principal.

**Properties in Possession - Possessed**

Balances and arrears for this entry are taken as of the possession date.

**Properties in Possession - Property Returned to Borrower**

Balances and arrears for this entry are taken as of the date the property is returned.

**Receiver of Rent**

In these cases the Servicer receives rent directly from the tenant as part of the mortgage payment under the Law of Property Act (LPA).

**Retained Principal Ledger**

Principal Receipts may be retained in this ledger during the Further Sale Period for up to six months to fund Additional Loans.

**Scheduled Principal Receipts**

The element of Principal Receipts that are included in the contractual payment for a Borrower who has a Repayment or Combination mortgage.

**Substitute Loans**

Under the terms of the programme, the Seller may sell additional assets into the pool in exchange for assets that have been repurchased under the terms of the Asset Conditions.

**Step Up and Call Date**

The Step Up Date occurs on the first Interest Payment Date after the fifth anniversary of the end of the Further Sale Period. The issuer may call the Class A notes at any time on or after the Step Up Date.

**True Balance**

As at the given date, the aggregate (but avoiding double counting) of (i) the original principal amount advanced to the relevant Borrower and any further amount advanced, (ii) any interest, fees or charges which have been properly capitalised and (iii) any other amount (including Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid and has not been capitalised.

**Unscheduled Principal Receipts**

The element of Principal Receipts that are not Scheduled Principal Receipts.

**Waterfall**

Available Revenue Receipts and Available Principal Receipts are allocated in accordance with the "Cashflows" section of the Base Prospectus to enable the payments on the Notes to be made on the relevant dates, subject to there being sufficient available revenue and principal receipts. Note payment dates fall quarterly on 7 March, June, September and December or the next business day. Waterfalls reported in the Investor Report refer to the latest quarter that has been calculated.