OFFERING CIRCULAR

James G. S. Macdonald
Director

£547,581,650 per pro SFM Directors Limited,
as Director 29 Nov 2001

Coronis (European Loan Conduit No. 8) plc

(incorporated with limited liability in England and Wales)

Commercial Mortgage Backed Floating Rate Notes due 2010

Application has been made to the Irish Stock Exchange Limited (the "Irish Stock Exchange") for the £421,650,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2010 (the "Class A Notes"), the £9,580,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2010 (the "Class B Notes"), the £39,700,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2010 (the "Class C Notes"), the £32,300,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2010 (the "Class D Notes"), the £29,550,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2010 (the "Class E Notes"), the £14,801,650 Class F Commercial Mortgage Backed Floating Rate Notes due 2010 (the "Class F Notes" and, together with the Class A Notes, the Class B Notes, the Class C Notes , the Class D and the Class E Notes, the "Notes") of Coronis (European Loan Conduit No. 8) plc (the "Issuer") to be admitted to the Official List of the Irish Stock Exchange. A copy of this Offering Circular, which comprises approved listing particulars with regard to the Issuer and the Notes in accordance with requirements of the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland (the "Regulations"), has been delivered to the Registrar of Companies in Ireland in accordance with the Regulations.

Interest on the Notes will be payable quarterly in arrear in pounds sterling on the 25th day of January, April, July and October in each year, subject to adjustment for non-business days as described herein (each an "Interest Payment Date"). The first Interest Payment Date will be 25th January, 2002. The interest rate applicable to the Notes from time to time will be determined by reference to the London Interbank Offered Rate ("LIBOR") for three-month sterling deposits (or, in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for one and two-month sterling deposits) plus a margin which will be different for each class of Notes as set out under "Margin over LIBOR" below.

The Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes are expected on issue to be assigned the ratings set out opposite the relevant class in the table below by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), Fitch Ratings Ltd. ("Fitch") and Moody's Investors Service, Inc. ("Moody's" and, together with S&P and Fitch, the "Rating Agencies"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations. The ratings from the Rating Agencies only address the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the relevant Maturity Date and do not address the likelihood of receipt by any Noteholder of principal prior to the relevant Maturity Date.

	Expected Ratings								
Class	S&P	Fitch	Moody's[1]	Initial Principal Amount	Margin over LIBOR	Estimated Average Life	Expected Final Interest Payment Date	Maturity Date	Issue Price[2]
A	AAA	AAA	Aaa	£421,650,000	0.45 per cent.	5.2 years	25th October 2008	25th October 2010	100%
B	AAA	AAA	–	£9,580,000	0.48 per cent.	6.9 years	25th October 2008	25th October 2010	100%
C	AA	AA	–	£39,700,000	0.60 per cent.	6.9 years	25th October 2008	25th October 2010	100%
D	A	A	–	£32,300,000	1.00 per cent.	6.9 years	25th October 2008	25th October 2010	100%
E	BBB	BBB	–	£29,550,000	1.50 per cent.	6.9 years	25th October 2008	25th October 2010	100%
F	BB	BB	–	£14,801,650	2.50 per cent.	6.4 years	25th October 2008	25th October 2010	100%

[1] *The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are not being rated by Moody's.*
[2] *Plus accrued interest, if any.*

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Morgan Stanley Dean Witter Bank Limited ("MSDW Bank") or any associated body of MSDW Bank, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank (each as defined herein) or any company in the same group of companies as the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes will be issued simultaneously on the Closing Date. All Notes will be secured by the same security, subject to the priority described herein. Notes of each class will rank pari passu with and without priority over other Notes of the same class. Prior to redemption on the Interest Payment Date falling in October 2010 (the "Maturity Date"), the Notes will be subject to mandatory or optional redemption in certain circumstances. See "Terms and Conditions of the Notes — Redemption and Cancellation".

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW AND UNLESS SO REGISTERED MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE APPLICABLE STATE LAWS.

THE NOTES ARE BEING OFFERED AND SOLD ONLY TO (A) "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (B) PERSONS (OTHER THAN U.S. PERSONS) OUTSIDE THE UNITED STATES PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "TRANSFER RESTRICTIONS". ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DOCUMENT NOR ANY PART HEREOF NOR ANY OTHER OFFERING CIRCULAR, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT, OTHER OFFERING MATERIAL OR OTHER INFORMATION MAY BE ISSUED, DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION (INCLUDING THE UNITED KINGDOM), EXCEPT IN CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, ORDERS, RULES AND REGULATIONS.

If any withholding or deduction for or on account of tax is applicable to payments of interest or principal on the Notes, such payments will be made subject to such withholding or deduction without the Issuer being obliged to pay any additional amounts as a consequence.

The Notes are expected to settle in book entry form through the facilities of DTC, Euroclear and Clearstream, Luxembourg (each as defined herein) on or about 3rd December, 2001 (the "Closing Date") against payments therefor in immediately available funds. The Class F Notes are expected to trade in the Private Offerings, Resales and Trading through Automatic Linkages Market, also known as the PORTAL Market.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.

MORGAN STANLEY

Dexia Capital Markets **Fortis Bank**
Lehman Brothers **NIB Capital Bank N.V.**

The date of this Offering Circular is 29th November, 2001

IMPORTANT NOTICE

The Notes of each class sold in reliance upon Rule 144A under the Securities Act ("**Rule 144A**") will on issue be represented by two global notes in bearer form for each such class of Note (each a "**Rule 144A Global Note**" and together the "**Rule 144A Global Notes**"). The Notes of each class sold in offshore transactions in reliance on Regulation S under the Securities Act ("**Reg S**") will initially be represented by a global note in bearer form for each such class of Note (each a "**Reg S Global Note**" and together the "**Reg S Global Notes**").

The Rule 144A Global Notes and the Reg S Global Notes will be deposited with or to the order of JPMorgan Chase Bank, New York, as book entry depository (the "**Depository**") pursuant to a depository agreement among the Issuer, the Depository and the Trustee (the "**Depository Agreement**"). The Depository will for each class of Notes (a) register a certificateless depository interest in respect of one of the Rule 144A Global Notes in the name of The Depository Trust Company ("**DTC**") or its nominee, (b) register a certificateless depository interest in respect of the other Rule 144A Global Note in the name of JPMorgan Chase Bank, London (the "**Common Depositary**") as common depositary for the account of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and (c) issue a certificated depository interest in respect of the Reg S Global Note to the Common Depositary (each certificateless depository interest and certificated depository interest, a "**CDI**"). The Depository, acting as agent of the Issuer, will maintain a book entry system in which it will register DTC (or a nominee of DTC) as the owner of the certificateless depository interests in respect of the Rule 144A Global Note held by DTC or its nominee and the Common Depositary (or a nominee of the Common Depositary) as the owner of the certificated depository interests and the certificateless depositary interests held by the Common Depositary. Transfer of all or any portion of the interests in the Rule 144A Global Notes or the Reg S Global Notes may be made only through the book entry system maintained by the Depository. Each of DTC, Euroclear and Clearstream, Luxembourg will record the beneficial interests in the CDIs attributable to the relevant Global Notes ("**Book Entry Interests**"). Book Entry Interests in the CDIs will be shown on, and transfers thereof will be effected only through, records maintained in book entry form by DTC, Euroclear or Clearstream, Luxembourg, and their respective participants. Prior to the 40th day after the Closing Date, beneficial interests in the Reg S Global Notes may be held only through Euroclear or Clearstream, Luxembourg. No person who owns a Book Entry Interest will be entitled to receive a Note in definitive form (a ("**Definitive Note**") unless Definitive Notes are issued in the limited circumstances described in "Terms and Conditions of the Notes — Definitive Notes". Definitive Notes will be issued in registered form only. See also "Description of the Notes and the Depository Agreement".

Holders of beneficial interests in the Rule 144A Global Notes who hold such interests directly with DTC or through its participants and who wish payments to be made to them in pounds sterling outside DTC must give advance notice thereof to DTC in accordance with the rules and procedures of DTC prior to each Interest Payment Date. If such instructions are not given, pounds sterling payments on the Rule 144A Global Notes will be exchanged for dollars by the Exchange Agent (as defined herein) prior to their receipt by DTC and the affected holders will receive dollars on the relevant Interest Payment Date. See "Description of the Notes and the Depository Agreement — Payments on Global Notes".

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, MSDW Bank, the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

Other than the approval by the Irish Stock Exchange of this Offering Circular as listing particulars in accordance with the requirements of the Regulations and the delivery of a copy of this Offering Circular to the Registrar of Companies in Ireland for registration in accordance with the Regulations, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction

where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase any of, the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof) see "Notice to U.S. Investors", "Subscription and Sale" and "Transfer Restrictions" below.

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Circular under "Transfer Restrictions".

The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "Description of the Notes" and "Transfer Restrictions".

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Notes are restricted securities within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such holder or beneficial owner of such restricted securities in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such restricted securities or any interest therein, in each case at the request of such holder, beneficial owner or prospective purchaser to the Issuer, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a company incorporated with limited liability in England and Wales. All of the directors of the Issuer currently reside in England and Wales. As a result, it may not be possible to effect service of process within the United States upon such persons to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of the federal or state securities laws of the United States. There is doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE STATE OF NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FORWARD-LOOKING STATEMENTS

Certain matters contained herein are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on prepayment and certain other characteristics of the Loans (as defined below), and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in the UK. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. None of the Managers have attempted to verify any such statements, nor do they make any representation, express or implied, with respect thereto.

All references in this document to "**sterling**" *or* "**pounds**" *or* "**£**" *are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland, references to* "**dollars**" *or* "**$**" *or* "**U.S.$**" *are to the lawful currency for the time being of the United States of America and references to* "**euro**", "**euros**, "**Eur**" or "**€**" *are to the currency introduced at the commencement of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as further amended from time to time.*

In connection with the distribution of the Notes, Morgan Stanley & Co. International Limited may over-allot or effect transactions which stabilise or maintain the market prices of the Notes at levels which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

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SUMMARY

The following information is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this document. Certain terms used in this summary are defined elsewhere in this document. A list of the pages on which these terms are defined is found in the "Index of Principal Defined Terms" at the end of this document.

Transaction Overview

On the Closing Date the Issuer will issue the Notes and with the proceeds will acquire from MSDW Bank a portfolio of loans together with a beneficial interest in the Security Trusts created over the security granted in respect of those loans (together, the "**Loan Pool**"). The Loan Pool will consist of 10 loans (the "**Loans**") to different borrowers (each a "**Borrower**") which, as at 20th October, 2001 (the "**Cut-Off Date**"), had an outstanding aggregate principal amount of £547,581,650. All of the Loans provide for the relevant Borrower to pay a fixed rate of interest and are governed by English law. All of the Loans are denominated in sterling and are full recourse obligations of the relevant Borrowers. All the Loans (other than the Oracle Loan (as defined below)) are secured by first legal mortgages over commercial properties given by a Borrower or a party related to the Borrower (each a "**Mortgagor**"). The Loans (other than the Oracle Loan) are secured over 48[(1)] properties (the "**Properties**"). As indicated above, one of the Loans, having a principal balance of £72,500,000 as at the Cut-Off Date (the "**Oracle Loan**"), is not secured over property but over, *inter alia*, the limited partnership interest of Brookmight Limited ("**Brookmight**") in The Oracle Limited Partnership ("**Oracle LP**"), which itself is the beneficial owner of a retail investment property known as The Oracle (the "**Oracle Property**") (see Appendix 1 below).

The terms of the credit agreements evidencing the Loans (each a "**Credit Agreement**") require each of the Borrowers or Mortgagors (save in relation to the Oracle Loan (as defined above)) to establish an account (each a "**Rent Account**") into which (save in relation to the Orb Loan (as defined below)) net rents payable by the tenants occupying the relevant Property or Properties are to be paid. In relation to the Oracle Loan, the Borrower has established a receipts account (the "**Oracle Loan Receipts Account**") into which partnership income that Brookmight is entitled to receive from Oracle LP (the "**Brookmight LP Income**") is to be paid. In relation to one of the Loans, having an outstanding principal of £71,816,250 (the "**Orb Loan**"), the Borrowers are only obliged to pay a sum into the Rent Account, sufficient to meet all payments that are due to be made out of the Rent Account, five business days prior to each Loan Payment Date (see "Risk Factors — Orb Loan Rent Account" below). On or shortly after each Loan Payment Date, the Security Trustee, acting upon the instructions of the Servicer, will, to the extent it is possible to do so (i.e. funds are available), transfer from each Rent Account and the Oracle Loan Receipts Account (as applicable) to an account with Allied Irish Banks p.l.c. in the name of the Issuer (the "**Transaction Account**"), all amounts due to the Issuer under the relevant Credit Agreement. On each Interest Payment Date under the Notes, the Cash Manager will, on the basis of information provided by the Servicer, identify the source of the funds standing to the credit of the Transaction Account and will, after payment of those obligations of the Issuer having a higher priority, apply such funds in payment, *inter alia*, of interest due on the Notes or, where applicable, in repayment of principal.

In order to protect the Issuer against interest rate risk arising as a result of the Borrowers paying fixed rate interest on the Loans while the Issuer is required to pay floating rates of interest on the Notes, the Issuer will enter into interest rate swap transactions with the Swap Provider whose obligations under such transaction will be guaranteed by the Swap Guarantor.

The Issuer and the Swap Provider have agreed that, upon a downgrade of the Swap Guarantor, they will, subject to the provisions of the Swap Agreement, enter into a collateral agreement pursuant to which the Swap Provider may be required to transfer collateral to an account in the name of the Issuer in support of the obligations of the Swap Provider.

The obligations of the Issuer under the Notes to the Noteholders and to other secured parties will be secured pursuant to a deed of charge and assignment governed by English law. The Issuer will create, *inter alia,* (a) an assignment by way of security of the Loans and the Issuer's rights under the Credit Agreements and an assignment by way of security of the Issuer's beneficial interest in the trust over the Related Security (as defined in "The Loans — The Loan Security"), (b) an assignment by way of security of the Issuer's rights under certain contracts entered into pursuant to this transaction, (c) an assignment by way of security of the Issuer's interests in the Transaction Account and certain other accounts in which the Issuer may place and hold cash and

[(1)] Based on the assumption that certain agreed upon releases and substitution take place (see "The Loan Pool").

(d) a floating charge over the whole of the undertaking and assets of the Issuer (other than those assets that are otherwise secured by way of an effective fixed security interest).

There is no intention to accumulate any surplus assets in the Issuer as security for any future payments of interest or principal on the Notes.

The Parties	
Issuer	Coronis (European Loan Conduit No. 8) plc (the "**Issuer**"), a public company incorporated in England and Wales with limited liability under registration number 4260146.
Originator	All the Loans were originated by Morgan Stanley Dean Witter Bank Limited ("**MSDW Bank**"), whose principal offices are located at 25 Cabot Square, Canary Wharf, London E14 4QA.
Security Trustee	Morgan Stanley Mortgage Servicing Limited ("**MSMS**" and, in such capacity, the "**Security Trustee**") holds all the security granted by each Borrower or Mortgagor on trust (the security trust in respect of each Borrower or Mortgagor is referred to as a "**Security Trust**" and, together, the "**Security Trusts**") as security for the senior liabilities (being liabilities under a Loan and related finance documents to, *inter alios*, MSDW Bank, the Security Trustee and their respective successors and assigns). The beneficiary of the Security Trusts was originally MSDW Bank.
Trustee	J.P. Morgan Trustee and Depositary Company Limited (the "**Trustee**") will act as trustee for the holders of the Notes pursuant to a trust deed (the "**Trust Deed**") between the Trustee and the Issuer to be dated on or prior to the Closing Date.
Servicer	MSMS, whose principal office is located at 25 Cabot Square, Canary Wharf, London E14 4QA, will, pursuant to a servicing agreement (the "Servicing **Agreement**") to be entered into on or prior to the Closing Date between the Servicer, the Trustee, the Issuer, the Security Trustee and the Special Servicer, act as servicer (in such capacity, the "**Servicer**") in respect of the Loans and the Related Security.
Special Servicer	MSMS will, pursuant to the Servicing Agreement, act as special servicer (in such capacity, the "**Special Servicer**") in respect of the Loans and the Related Security. The Special Servicer will only be appointed in relation to any Loan where either of the Interest Cover Percentages of that Loan is equal to or less than 110 per cent. (or, in the case of one Loan, 102 per cent.) on, amongst other dates, each Loan Payment Date. If so appointed, the Special Servicer will become responsible, save for certain limited exceptions, for servicing and administering the relevant Loan and Related Security. The Special Servicer will, subject to the terms of the Servicing Agreement, receive (i) a fee in respect of each Specially Serviced Loan in an amount equal to 0.15 per cent. per annum (exclusive of VAT) of the principal amount outstanding under the Specially Serviced Loan (the "**Special Servicing Fee**"); and (ii) a liquidation fee in respect of a Specially Serviced Loan of an amount not exceeding 1 per cent. (exclusive of VAT) of the proceeds (net of costs and expenses of sale), if any, arising on the sale of a Property in respect of such Specially Serviced Loan (the "**Liquidation Fee**").
Principal Paying Agent, Cash Manager, Agent Bank and Exchange Agent	AIB International Financial Services Limited (in such capacities, the "**Principal Paying Agent**", the "**Cash Manager**", the "**Agent Bank**" and the "**Exchange Agent**", respectively). The Principal Paying Agent, together with any other paying agent(s) appointed pursuant to the Agency Agreement, being the "**Paying Agents**").
Operating Bank	Allied Irish Banks p.l.c. (the "**Operating Bank**").

Depository and Registrar	JPMorgan Chase Bank, New York office (in such capacities, the "**Depository**" and the "**Registrar**", respectively).
Corporate Services Provider	SFM Corporate Services Limited (in such capacity, the "**Corporate Services Provider**") will, pursuant to a corporate services agreement (the "**Corporate Services Agreement**"), provide certain services to the Issuer.
Share Trustee	SFM Corporate Services Limited (in such capacity, the "**Share Trustee**") will, pursuant to the charitable declaration of trust constituting the European Loan Conduit No. 8 Securitisation Trust (the "**Declaration of Trust**"), provide certain services as trustee of the European Loan Conduit No. 8 Securitisation Trust.
Swap Provider and the Swap Agreement	Morgan Stanley Capital Services Inc. (the "**Swap Provider**"), whose principal office is located at 1585 Broadway, New York, New York 10036, USA, will enter into a swap agreement in the form of an International Swaps and Derivatives Association Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) dated on or prior to the Closing Date (the "**Swap Agreement**") with the Issuer. The Issuer and the Swap Provider will, on or prior to the Closing Date, enter into swap confirmations evidencing the terms of swap transactions (the "**Swap Transactions**") to be entered into pursuant thereto in order to protect the Issuer against interest rate risk in respect of the Loans and the Notes. See further "Credit Structure — The Swap Agreement". The Issuer and the Swap Provider have agreed, in the event of a downgrade of the short-term, unsecured, unsubordinated debt obligations of the Swap Guarantor and subject to the provisions of the Swap Agreement, to enter into a collateral agreement in the form of an ISDA Credit Support Document in a form acceptable to the Issuer (the "**Swap Agreement Credit Support Document**"), pursuant to which the Swap Provider will make transfers of collateral in support of its obligations under the Swap Agreement. See further "Credit Structure — Swap Agreement Credit Support Document to be entered into upon Swap Guarantor Downgrade".
Swap Guarantor	Morgan Stanley Dean Witter & Co. ("**MSDW**" and, in such capacity, the "**Swap Guarantor**", whose principal office is located at 1585 Broadway, New York, New York 10036, USA, will, pursuant to, and subject to the terms of, a guarantee in favour of the Issuer (the "**Swap Guarantee**"), guarantee all of the Swap Provider's obligations under the Swap Agreement and the Swap Transactions.
Liquidity Facility Provider and Liquidity Facility Agreement	Lloyds TSB Bank plc, acting through its Corporate and Commercial Banking Division located at St. George's House, 6-8 Eastcheap, London EC3M 1AE, will act as the liquidity facility provider (the "**Liquidity Facility Provider**") under a liquidity facility agreement (the "**Liquidity Facility Agreement**") with an initial maximum aggregate principal amount of £45,000,000 (such amount being subject to reduction in certain specified circumstances) to be dated on or prior to the Closing Date and between the Liquidity Facility Provider, the Issuer and the Trustee. The Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the amount of interest and principal received from Borrowers in respect of particular loans ("**Interest Drawings**" and "**Principal Drawings**",

respectively), as well as shortfalls in the amounts required to pay interest that has accrued on outstanding drawings under the Liquidity Facility Agreement ("**Accrued Interest Drawings**"). In addition, drawings under the Liquidity Facility Agreement will be available to fund shortfalls in Revenue Priority Amounts (as defined below) payable to a third party other than MSDW Bank ("**Expenses Drawings**").

Each drawing under the Liquidity Facility Agreement will be made in sterling.

For a more detailed description of the Liquidity Facility, see "Credit Structure — Liquidity Facility" below.

The Loans

The Loan Pool..... All the Loans are full recourse obligations of the relative Borrowers and (except for the Oracle Loan) are secured by first priority mortgages on commercial properties of which (including for these purposes the Oracle Property) 71.9 per cent. are office properties, 19.2. per cent are retail properties, 5.6 per cent. are warehouse properties, 2.8 per cent. are industrial properties and 0.5 per cent. are mixed use properties, in each case by property value (calculated by reference to the relevant Condition Precedent Valuations). The Loans (other than the Oracle Loan) are secured on 48[(1)] properties which are located in England with a concentration in Central London (65.7 per cent. by property value, calculated by reference to the relevant Condition Precedent Valuations).

All of the Loans were originated by MSDW Bank and met in all material respects the lending criteria as described in "The Loans and the Related Security" as applied by MSDW Bank in advancing loans (the "**Lending Criteria**"), subject to such variations or waivers as would have been acceptable to a reasonably prudent lender of money secured on commercial property (and, in the case of the Oracle Loan, subject to such variations as were required as a result of the structure of the Loan – See Appendix 1 below).

[(1)] Based on the assumption that certain agreed upon releases and substitution take place (see "The Loan Pool").

The following is a summary of certain characteristics of the Loan Pool:

Minimum Cut-Off Date Balance	£702,900
Maximum Cut-Off Date Balance	£103,895,000
Average Cut-Off Date Balance	£54,758,165
Minimum Loan Rate	6.15%
Maximum Loan Rate	7.375%
Weighted Average Loan Rate	6.77%
Minimum Cut-Off Date ICR	117%
Maximum Cut-Off Date ICR	196%
Weighted Average Cut-Off Date ICR	143%
Minimum Last Payment Date ICR	118%
Maximum Last Payment Date ICR	246%
Weighted Average Last Payment Date ICR	153%
Minimum Cut-Off Date DSCR	100%
Maximum Cut-Off Date DSCR	196%
Weighted Average Cut-Off Date DSCR	134%
Minimum Last Payment Date DSCR	100%
Maximum Last Payment Date DSCR	196%
Weighted Average Last Payment Date DSCR	134%
Minimum Cut-Off Date LTV	49.5%
Maximum Cut-Off Date LTV	82.6%
Weighted Average Cut-Off Date LTV	71.7%
Minimum Balloon LTV	49.5%
Maximum Balloon LTV	75.0%
Weighted Average Balloon LTV	66.6%

See further "The Loan Pool" below.

Valuations ..... In relation to each Loan, prior to making the initial advance, MSDW Bank obtained an independent valuation of the Property or Properties charged as security as a condition precedent to the making of the advance to the relevant Borrower (each a "**Condition Precedent Valuation**"). Other than in the context of Appraisal Reductions, no further independent valuations of the Property or Properties will be obtained and accordingly all references herein to valuations (including LTVs and property values) are references to the Condition Precedent Valuations.

Payments on the Loans ..... As at the Cut-Off Date, no payments had been made under one of the Loans, one payment had been made under six of the Loans, two payments had been made under two of the Loans and three payments had been made under one of the Loans since the origination of the Loans. All of the Loans were current as at the Cut-Off Date. The Loans are repayable at their respective final maturity dates, subject to earlier amortisation (except in the case of two Loans (accounting for 26.4 per cent. of the principal balance of the Loan Pool as of the Cut Off Date), which are interest-only Loans). Eight of the Loans have principal repayment obligations arising before their respective final maturity date and all of the loans are prepayable by the related Borrower, in part or in full, on any Loan Payment Date, subject, in most cases, to payment of a Prepayment Fee. The Prepayment Fee is

	dependent on the amount of time left unexpired until the final maturity date. In certain cases, no Prepayment Fee will be payable where the term of the loan left unexpired is relatively short and during the first 18 months of the Oracle Loan (see Appendix 1 below). In the case of one of the Loans which has an outstanding principal of £88,725,000 (the "**City & West End Loan**"), no prepayment fee is payable on the first £44,365,500 of the Loan which is prepaid.
Representations and Warranties	The loan sale agreement (the "**Loan Sale Agreement**") pursuant to which the Issuer will purchase the Loans and the beneficial interests in the Security Trusts from MSDW Bank, contains certain warranties given by MSDW Bank in respect of the Loans and the Related Security, including warranties in relation to the Lending Criteria, which are summarised in "The Loans and the Related Security — Representations and Warranties". MSDW Bank will be required to repurchase any Loans together with the Related Security in relation to which there has been a material breach of warranty by MSDW Bank and such breach (if capable of remedy) has not been remedied within the time specified in the Loan Sale Agreement.
The Loan Security.....	In all of the Loans, the Borrower and (if different) the Mortgagors have executed a debenture over all their assets in favour of the Security Trustee as security for the Borrower's obligations under the relevant Loan and other liabilities owing from time to time to the lender (the "**Debentures**"). In some circumstances, the Borrower and the Mortgagor will be the same legal entity securing the applicable loan. In other circumstances, the Borrower and the Mortgagor will not be the same legal entity; in such cases the Mortgagor will be the owner of the relevant Property and may be a subsidiary or associated company of the Borrower. Alternatively, nominee companies may hold the property as bare trustees for the Borrower or a subsidiary or associated company of the Borrower, typically in the context of loans to limited partnerships. As referred to above, where a Property is owned by a Mortgagor, the Mortgagor has executed a separate Debenture. In relation to the Oracle Loan, Readingview and Brookmight have each executed Debentures over all of their assets, which in the case of Brookmight includes, *inter alia*, its interests in Oracle LP, the beneficial owner of the Oracle Property. Each Debenture incorporates a first legal charge over the relevant Property (save in relation to the Oracle Loan where a first legal charge is taken over the limited partnership interest of Brookmight in Oracle LP). Security for a Loan may also include the benefit of a subordination agreement under which any other debt of the relevant Borrower is subordinated to the lender (a "**Subordination Agreement**"), a duty of care agreement from any managing agent of the relevant Property or Properties (a "**Duty of Care Agreement**") and a charge over shares of the relevant Borrower (a "**Share Charge**"). The Debentures, Subordination Agreements, Duty of Care Agreements, Share Charges and/or any other security (the beneficial interest in the trust over which is to be acquired on the Closing Date by the Issuer) are referred to herein as the "**Related Security**".
Further Advances	None of the Loans contains an obligation upon MSDW Bank and, therefore, the Issuer to make any further advance to a Borrower. The Servicer is not permitted under the Servicing Agreement, subject to the terms of the Servicing Agreement, to agree to an amendment of

	the terms of a Loan that would require the Issuer to make a further advance to a Borrower.
Insurance	Each Property that is charged is either (a) covered by a buildings insurance policy maintained by the relevant Borrower or another person with an appropriate insurable interest in the relevant Property or (b) owned by a Borrower or leased to a tenant which is a Self-Insured Entity (as defined below). In the case of clause (a) above, MSMS's interest in its capacity as Security Trustee has been noted or is in the course of being noted on such policy or its interest is included in the relevant policy under a "*general interest noted*" provision (any such interest will be held on trust for the Issuer). The General Partner of the Oracle LP is obliged to procure that the Oracle Property is insured but neither MSMS nor Brookmight have their interest noted on the policy. For a more detailed description of the insurance arrangements and the risks in relation thereto see "Risk Factors — Insurance" and "The Loans and the Related Security - Lending Criteria - Insurance".
	The Notes
Status and Form	The Notes will be constituted by the Trust Deed. The Notes of each class will rank *pari passu* without any preference or priority among themselves. The Notes will all share the same security, but, in the event of the security being enforced, the Class A Notes will rank higher in priority to the Class B Notes, the Class B Notes will rank higher in priority to the Class C Notes, the Class C Notes will rank higher in priority to the Class D Notes, the Class D Notes will rank higher in priority to the Class E Notes and the Class E Notes will rank higher in priority to the Class F Notes. Definitive Notes will be issued in registered form only in certain limited circumstances (see "Terms and Conditions of the Notes — Definitive Notes" and "Description of the Notes and the Depository Agreement"). So long as the Notes are held by the Depository in global form, the Depository will be deemed for all purposes to be the owner of such Notes and will be entitled to receive all principal, premium (if any), interest and other amounts payable in respect of the Notes but will, for the purposes of forming a quorum for meetings, constitute two persons. The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the holders of the Class A Notes (the "**Class A Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**"), the holders of the Class E Notes (the "**Class E Noteholders**") and the holders of the Class F Notes (the "**Class F Noteholders**" and, together with the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, the "**Noteholders**"), but where there is, in the Trustee's opinion, a conflict between such interests, the Trustee will be required to have regard only to the interests of the most senior class of Notes then outstanding.

Certain Noteholders are restricted in their ability to pass Extraordinary Resolutions. See "Terms and Conditions of the Notes — Condition 3(*A*)(d) and Condition 12".

Limited Recourse ..... Claims against the Issuer by the holders of the Notes will be limited to the Issuer Security (as defined below). The proceeds of realisation of the Issuer Security may after paying or providing for all prior-ranking claims be less than the sums due to Noteholders or certain of the Noteholders. See "Security for the Notes" below.

Interest ..... Each Note will bear interest on its Principal Amount Outstanding (as defined in Condition 6(*f*)) from, and including, the Closing Date. Interest will be payable in respect of the Notes in pounds sterling quarterly in arrear on the 25th day in January, April, July and October in each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each such day being an "**Interest Payment Date**"). The first Interest Payment Date in respect of each class of Notes will be 25th January, 2002.

Interest payments will be made subject to applicable withholding or deduction for or on account of tax (if any), without the Issuer being obliged to pay additional amounts in respect of any such withholding or deduction.

The interest rate applicable to the Notes from time to time will be LIBOR for three-month sterling deposits (or, in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for two and three-month sterling deposits) plus the Relevant Margin. The "**Relevant Margin**" in respect of each class of Notes will be:

Class	*Relevant Margin*
A	*0.45 per cent. per annum*
B	*0.48 per cent. per annum*
C	*0.60 per cent. per annum*
D	*1.00 per cent. per annum*
E	*1.50 per cent. per annum*
F	*2.50 per cent. per annum*

Whenever it is necessary to compute an amount of interest in respect of any of the Notes for any period, such interest will be calculated on the basis of actual days elapsed and a 365-day year.

Failure by the Issuer to pay interest on the most senior class of Notes which is still outstanding when due and payable will result in an Event of Default (as defined in Condition 10) which may result in the Trustee enforcing the Issuer Security. To the extent that funds available to the Issuer on any Interest Payment Date, after paying any interest then accrued due and payable on the most senior class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid but will only be paid in accordance with the order of seniority of the affected classes of Notes, and, in the case of the Class E Notes and the Class F Notes, subject as described below, on subsequent Interest Payment Dates if and when permitted by subsequent cash flow which is available after the Issuer's other higher priority

	liabilities have been discharged. The Issuer's obligation to pay interest in respect of the Class E Notes and the Class F Notes is limited, on each Interest Payment Date, to an amount equal to the lesser of (a) the Interest Amount (as defined in Condition 5(*d*)) in respect of such class of Notes for that Interest Payment Date, and (b) the Adjusted Interest Amount (as defined in Condition 5(*i*)).
Principal Amount Outstanding	The Principal Amount Outstanding of a Note on any date will be its face amount less (a) the aggregate amount of principal repayments that have been paid in respect of that Note and (b) an amount equal to the sum of Applicable Principal Losses applied to that Note.
Principal Final Redemption	Unless previously redeemed, the Notes will be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in October 2010 (the "**Maturity Date**").
Mandatory Redemption in Part	Unless a Note Enforcement Notice has been served, the Notes will be subject to mandatory redemption in part in the manner described in "Available Funds and their Priority of Application — Payments out of the Transaction Account prior to Enforcement of the Notes — Available Principal" below, including upon the Servicer exercising its right to purchase Loans in certain limited circumstances pursuant to the Servicing Agreement. The obligations of the parties under the Swap Agreement will terminate proportionally as the Notes are redeemed. See further "Terms and Conditions of the Notes — Condition 6*(b)*".
Optional Redemption in Full	The Notes will be subject to redemption in full, but not in part, at the option of the Issuer in the following circumstances: (a) if the Issuer satisfies the Trustee that (i) by virtue of a change in tax law from that in effect on the Closing Date the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes or (ii) by virtue of a change in law any amount payable by the Borrowers in relation to any of the Loans is reduced or ceases to be receivable (whether or not actually received); (b) if the aggregate Principal Amount Outstanding of all the Notes then outstanding is less than 10 per cent. of the initial Principal Amount Outstanding of all the Notes issued on the Closing Date and the Issuer exercises its right to redeem the Notes; or (c) if a Tax Event (as defined below) occurs under the Swap Agreement and (i) the Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office, affiliate or suitably rated third party to cure the Tax Event, and (ii) the Issuer is unable to find a replacement swap provider (the Issuer being obliged to use its best efforts to find a replacement swap provider), provided further that in each case the Issuer has certified to the Trustee that it will have sufficient funds available to it on the relevant Interest Payment Date to discharge all of its liabilities in respect of the Notes and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes on such Interest Payment Date, all in accordance with "Available Funds and their Priority of Application — Payments out of the Transaction Account Prior to Enforcement of the Notes" below. See further

"Terms and Conditions of the Notes — Conditions 6*(c)*, 6*(d)* and 6*(e)*".

Ratings ..... The Notes are, upon issue, expected to be rated by the Rating Agencies as follows:

Expected Rating

Class	*S&P*	*Fitch*	*Moody's*
A	AAA	AAA	Aaa
B	AAA	AAA	
C	AA	AA	
D	A	A	
E	BBB	BBB	
F	BB	BB	

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating agencies. The ratings from the Rating Agencies only address the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Maturity Date and do not address the likelihood of receipt by any Noteholder of principal prior to the Maturity Date. Furthermore, the ratings on the Notes only address the credit risks associated with the underlying transaction and do not address the non-credit risks which may have a significant effect on the receipt by Noteholders of interest and principal.

The ratings of the Notes are dependent upon, among other things, the short term unsecured, unsubordinated debt ratings of the Liquidity Facility Provider and the Swap Guarantor. Consequently, a qualification, downgrade or withdrawal of any such rating by a Rating Agency may have an adverse effect on the ratings of the Notes.

Sales Restrictions ..... The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities law and unless so registered may not be offered or sold within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state laws. Accordingly, the Notes are being offered and sold only to (A) "Qualified Institutional Buyers" (as defined in Rule 144A under the Securities Act) and (B) persons (other than U.S. persons) outside the United States pursuant to Regulation S under the Securities Act. For a description of certain restrictions on resales or transfers see "Transfer Restrictions".

Further Issues, new issues ..... The Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders (but subject to the satisfaction of certain conditions including that the then current ratings of the Notes are not adversely affected by the proposed issue), to raise further funds by the creation and issue of further Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes ("**further Notes**") which will carry the same terms and conditions in all respects (save as regards the first Interest Period, the first Interest Payment Date and the first Interest Amount) as, and so that the same will be consolidated and form a single series and rank *pari passu* with, the corresponding

class of Notes issued on the Closing Date and/or further notes of a new class which carry terms which differ from any existing class of Notes and which do not form a single series with any existing class of Notes ("**New Notes**").

Listing ..... Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange.

Settlement ..... DTC, Euroclear and Clearstream, Luxembourg.

Governing Law ..... The Notes and the Trust Deed will be governed by English law.

Available Funds and their Priority of Application

The payment of principal and interest by Borrowers under the Loans will provide the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes.

Funds paid into the Transaction Account ..... On or shortly after each payment date under the Credit Agreements (each a "**Loan Payment Date**"), the Security Trustee, acting on the instructions of the Servicer, will transfer from each Borrower's Rent Account and the Oracle Loan Receipts Account to the Transaction Account an amount in respect of interest, principal and fees and other amounts then due and payable under the Loans. Amounts standing to the credit of the Transaction Account from time to time are referable to, *inter alia*, the following sources:

(a) "***Borrower Interest Receipts***", comprising all payments of interest, fees (other than Prepayment Fees), breakage costs, expenses, commissions and other sums paid by Borrowers in respect of the Loans or the Related Security (other than any payments in respect of principal), including recoveries in respect of such amounts on enforcement of a Loan or Related Security;

(b) "***Amortisation Funds***", comprising all principal received in respect of the Loans and Related Security other than Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds;

(c) "***Prepayment Redemption Funds***", comprising all payments in respect of principal (excluding any Prepayment Fees) received as a result of (i) any prepayment in part or in full prior to final maturity of the relevant Loan, (ii) the repurchase of a Loan by MSDW Bank pursuant to the Loan Sale Agreement, (iii) the purchase of a Loan by the Servicer pursuant to the Servicing Agreement or (iv) insurance proceeds relating to principal received by or on behalf of the Issuer other than those paid to the relevant Borrower or used to reinstate the relevant Property;

(d) "***Final Redemption Funds***", comprising all principal payments received as a result of the repayment of a Loan upon its scheduled final maturity date;

(e) "***Principal Recovery Funds***", comprising all amounts recovered in respect of principal of the Loans as a result of the enforcement of a Loan or its Related Security; and

(f) "***Prepayment Fees***", comprising all fees and costs (except for breakage costs) received as a result of any prepayment described

in paragraph (c) above, including any such fees arising from a prepayment following the enforcement of a Loan, together with breakage costs received from the Swap Provider as a result of any such prepayment and available to the Issuer. Prepayment Fees will not be included in the calculation of Borrower Interest Receipts at any time. Prepayment Fees received during any Collection Period (collectively, the "**Prepayment Amount**" in respect of that Collection Period) will be paid to MSDW Bank (or, in the event that the right to the Prepayment Fees has been assigned to a third party, to the person then entitled to the Prepayment Fees) on the immediately following Interest Payment Date as a component of the Deferred Consideration (as defined herein) then payable.

Payments out of the Swap Collateral Cash Account and the Swap Collateral Custody Account prior to Enforcement of the Notes ..... If the Swap Agreement Credit Support Document is entered into and the Swap Collateral Cash Account (as defined herein) and/or the Swap Collateral Custody Account (as defined herein) opened, the Cash Manager will pay to the Swap Provider amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account and/or amounts equivalent to distributions received on securities held in the Swap Collateral Custody Account as well as any other payments required to be made by the Issuer in accordance with the terms of the Swap Agreement Credit Support Document in priority to any other payment obligations of the Issuer.

Payments out of the Transaction Account prior to Enforcement of the Notes

(a) ***Priority Amounts*** ..... The Cash Manager may, prior to the service of a Note Enforcement Notice, make the following payments out of the Transaction Account in priority to all other amounts required to be paid by the Issuer:

(i) out of Borrower Interest Receipts and, where Borrower Interest Receipts are insufficient, out of the aggregate of Amortisation Funds, Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds (such aggregate amount comprising the "**Borrower Principal Receipts**"), sums due to third parties (other than the Servicer, the Special Servicer, the Liquidity Facility Provider, the Swap Provider, MSDW Bank, the Cash Manager, the Corporate Services Provider, the Trustee, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Exchange Agent, the Depository or the Operating Bank), including the Issuer's liability, if any, to corporation tax and/or value added tax, on a date other than an Interest Payment Date under obligations incurred in the course of the Issuer's business, including costs, expenses, fees and indemnity claims due and payable to any receiver appointed by or on behalf of the Security Trustee in respect of a Loan or its Related Security;

(ii) out of Borrower Interest Receipts, when due, any amount of interest payable by the Issuer to MSDW Bank pursuant to the Loan Sale Agreement (such amounts, together with any amounts described in item (i), being "**Revenue Priority Amounts**"); and

(iii) out of Borrower Principal Receipts, when due, any amount of principal payable by the Issuer to MSDW Bank pursuant to the Loan Sale Agreement ("**Principal Priority Amounts**").

Revenue Priority Amounts and/or Principal Priority Amounts payable to MSDW Bank will occur where there has been a breach of warranty under a Loan Sale Agreement and MSDW Bank has consequently repurchased the relevant Loan. Revenue Priority Amounts (as described in clause (ii) above) and Principal Priority Amounts are any moneys received by the Issuer following the repurchase of the Loan which do not belong to the Issuer, notwithstanding that following the repurchase of the Loan the Security Trustee will operate the Rent Account of the relevant Borrower and/or the Oracle Loan Receipts Account, as the case may be, in favour of MSDW Bank. The funds received by the Issuer on the repurchase of a Loan by MSDW Bank will be classified as Prepayment Redemption Funds and will be applied by the Issuer to redeem the Notes in part in accordance with Condition 6(*b*). The obligations of the parties under the Swap Agreement will terminate proportionally as the Notes are so redeemed.

Revenue and/or Principal Priority Amounts will be paid in sterling using funds standing to the credit of the Transaction Account.

(b) ***Available Interest Receipts***..... On each Interest Payment Date prior to the service of a Note Enforcement Notice, the Issuer or the Swap Provider, as the case may be, will make any relevant payment then due and payable pursuant to the Swap Agreement. Then, on each such Interest Payment Date, (i) all Borrower Interest Receipts transferred by or at the direction of the Servicer into the Transaction Account during the Collection Period ended immediately before such Interest Payment Date (net of any Borrower Interest Receipts applied during such Collection Period in payment of any of the amounts referred to in "Priority Amounts" above or applied to make any relevant payment pursuant to the Swap Agreement on such date); (ii) any payments (other than any amounts by way of collateral pursuant to the Swap Agreement Credit Support Document) received by the Issuer under the Swap Transaction or the Swap Guarantee (less amounts received by the Issuer on termination of a Swap Transaction following the prepayment or enforcement of a Loan); (iii) an amount equal to the Liquidation Fee, if any, payable on such Interest Payment Date; (iv) the proceeds of any Interest Drawing or Accrued Interest Drawing made under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date; and (v) any interest accrued upon and paid to the Issuer on the Issuer's Accounts and the Stand-by Account (each as defined below), (such amounts being, collectively, the "**Available Interest Receipts**", in respect of such Interest Payment Date, and as determined by the Cash Manager on the basis of, *inter alia*, information provided by the Servicer) will be applied in the following order of priority (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) in payment or discharge to or towards any amounts due and payable by the Issuer on such Interest Payment Date to (A) the Trustee, the Security Trustee and any receiver appointed under a Loan or its Related Security, *pari passu* and *pro rata*; then (B) the Paying Agents and the Agent Bank under the Agency Agreement; then (C) *pari passu* and *pro rata,* any amounts, including any amounts due to the Special Servicer in respect of any Liquidation Fee (other than in respect of the Servicing Fee or the Special Servicing Fee) due to the Servicer and the Special Servicer pursuant to the Servicing Agreement and, until the date on which the aggregate Principal Amount Outstanding of the

Notes (after deduction of any Applicable Principal Losses and after providing for all amounts to be applied in redemption of the Notes or any class thereof on such Interest Payment Date) is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, to the Servicer and the Special Servicer, *pari passu*, in respect of the Servicing Fee and the Special Servicing Fee; then (D) the Cash Manager under the Cash Management Agreement; then (E) the Corporate Services Provider under the Corporate Services Agreement; then (F) the Share Trustee under the Declaration of Trust; then (G) the Operating Bank under the Cash Management Agreement; then (H) the Depository under the Depository Agreement; then (I) the Exchange Agent under the Exchange Rate Agency Agreement; then (J) the Swap Provider under the Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Swap Agreement (other than payments to be made by the Issuer referred to in (x)) below and then (K) the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement in respect of any drawings (other than any repayments of Principal Drawings) made by the Issuer under the Liquidity Facility Agreement and the commitment fee (except to the extent that the commitment fee has been increased pursuant to the imposition of increased costs on the Liquidity Facility Provider), and any Mandatory Costs (as defined in the Master Definitions Agreement) up to a maximum aggregate amount of 0.125 per cent. per annum as provided in the Liquidity Facility Agreement;

(ii) in payment or discharge to or towards sums due to third parties (other than payments made to any third party as described in item (i) of "Priority Amounts" above) under obligations incurred in the course of the Issuer's business, including provision for any such obligations expected to come due in the following Interest Period (as defined in Condition 5(*b*)) and the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(iii) in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class A Notes;

(iv) in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class B Notes;

(v) in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class C Notes;

(vi) in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class D Notes;

(vii) in payment or discharge to or towards interest due on the Class E Notes;

(viii) in payment or discharge to or towards interest due on the Class F Notes;

(ix) in redemption in part of the Class F Notes in an amount equal to the lower of (a) the excess of Available Interest Receipts over the

Priority Revenue Payments (as defined in Condition 6(*b*)) then payable, and (b) the amount equal to (i) the product of (x) 0.2 per cent. and (y) the aggregate Principal Amount Outstanding of the Notes as at the Closing Date minus (ii) the aggregate principal amount of the Class F Notes redeemed on any preceding Interest Payment Date pursuant to the Class F mandatory partial redemption provisions set out in Condition 6(*b*);

(x) in payment or discharge by or towards any amounts due and payable by the Issuer on such Interest Payment Date to the Swap Provider under the Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Swap Agreement as a result of an event of default under the Swap Agreement in respect of which the Swap Provider is the Defaulting Party (as defined in the Swap Agreement);

(xi) to or towards any amounts in respect of any Mandatory Costs due to the Liquidity Facility Provider under the Liquidity Facility Agreement in excess of those amounts referred to under item (i)(K) above and any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation, including, without limitation, any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs;

(xii) if, on such Interest Payment Date, the aggregate Principal Amount Outstanding of the Notes (after deduction of any Applicable Principal Losses and after providing for all amounts to be applied in redemption of the Notes or any class thereof on such Interest Payment Date) is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date to or towards payment of the Servicing Fee;

(xiii) in payment or discharge of any Deferred Consideration payable to MSDW Bank or the person or persons otherwise entitled thereto; and

(xiv) any surplus to the Issuer.

(c) ***Available Principal*** ..... The Cash Manager is required, on the basis of information provided to it by the Servicer, to calculate on each Calculation Date in respect of the Collection Period then ended the Available Amortisation Funds, the Available Prepayment Redemption Funds, the Available Principal Recovery Funds and the Available Final Redemption Funds (each as defined in Condition 6(*b*)).

The Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds calculated on each Calculation Date are collectively referred to as the "**Available Principal**" for the purposes of the Interest Payment Date immediately following such Calculation Date.

On each Interest Payment Date, Available Principal will be applied from the Transaction Account in the following order of priority (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) first, in repaying or paying any amounts due or overdue in respect of the repayment of any Principal Drawings then outstanding, under and in accordance with the Liquidity Facility Agreement;

(ii) second, in repaying principal on the Class A Notes until all of the Class A Notes have been redeemed in full;

(iii) third, in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iv) fourth, in repaying principal on the Class C Notes until all of the Class C Notes have been redeemed in full;

(v) fifth, in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full;

(vi) sixth, in repaying principal on the Class E Notes until all of the Class E Notes have been redeemed in full;

(vii) seventh, in repaying principal on the Class F Notes until all of the Class F Notes have been redeemed in full

(viii) eighth, in paying that component of the Deferred Consideration, if any, that comprises any excess Available Principal; and

(ix) ninth, any surplus to the Issuer.

See "Terms and Conditions of the Notes — Condition *6(b)*".

The Issuer will not be required to accumulate surplus assets as security for any future payments of interest or principal on the Notes. Any temporary liquidity surpluses in the Transaction Account will be invested in Eligible Investments.

Payments paid out of the Transaction Account Post-Enforcement of the Notes**.....** The Issuer Security will become enforceable upon the Trustee giving a Note Enforcement Notice. Following enforcement of the Issuer Security, the Trustee will be required to apply all funds received or recovered by it in accordance with the order of priority described under "Credit Structure — Post-Enforcement Priority of Payments".

Security for the Notes

The obligations of the Issuer to the Noteholders and to each of the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Servicer, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Swap Provider, the Paying Agents, the Agent Bank, the Registrar, the Operating Bank, the Depository, the Exchange Agent and MSDW Bank (all of such persons or entities being, collectively, the "**Secured Parties**") will be secured by and pursuant to a deed of charge and assignment (the "**Deed of Charge and Assignment**") governed by English law to be entered into on the Closing Date.

The Issuer will create, *inter alia*, the following security under the Deed of Charge and Assignment (the "**Issuer Security**"):

(i) an assignment by way of security over the Loans and the Issuer's rights under the Credit Agreements;

(ii) an assignment by way of security over the Issuer's beneficial interest in the Security Trusts created over the Related Security;

(iii) an assignment by way of security over the Issuer's interest in the Related Security not otherwise assigned by way of security under (ii) above;

(iv) an assignment by way of security of the Issuer's rights under, *inter alia*, the Loan Sale Agreement, the Servicing Agreement, the Corporate Services Agreement, the Declaration of Trust, the Cash Management Agreement, the Agency Agreement, the Liquidity Facility Agreement, the Swap Agreement (subject to netting and set-off provisions contained therein), the Swap Guarantee, the Swap Agreement Credit Support Document (if and when executed), the Depository Agreement, the Exchange Rate Agency Agreement and the Master Definitions Agreement;

(v) an assignment by way of security of the Issuer's interests in the Transaction Account, the Swap Collateral Cash Account (if and when opened), the Swap Collateral Custody Account (if and when opened), the Stand-by Account and any other bank account in which the Issuer may place and hold its cash resources, and of the funds from time to time standing to the credit of such accounts and any other Eligible Investments from time to time held by or on behalf of the Issuer; and

(vi) a floating charge governed by English law over the whole of the undertaking and assets of the Issuer (other than any property or assets of the Issuer subject to an effective fixed security set out in paragraphs (i) to (v) above).

Upon enforcement of the Issuer Security, the amounts payable to the Secured Parties (other than the Noteholders) will rank higher in priority to payments of interest or principal on the Class A Notes, except for amounts owed to MSDW Bank under the Loan Sale Agreement and in the case of the Liquidity Facility Provider, any amounts due to it as described in item (viii) of "Credit Structure — Post-Enforcement Priority of Payments". **Upon enforcement of the Issuer Security, all amounts owing to the Class B Noteholders will rank after all payments on the Class A Notes, all amounts owing to the Class C Noteholders will rank after all payments on the Class B Notes, all amounts owing to the Class D Noteholders will rank after all payments on the Class C Notes, all amounts owing to the Class E Noteholders will rank after all payments on the Class D Notes, and all amounts owing to the Class F Noteholders will rank after all payments on the Class E Notes.**

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer will not be available for payment of any shortfall arising therefrom (which will be borne in accordance with the provisions of the Deed of Charge and Assignment). All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the other Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that, except as set out above, (i) in the event of an enforcement of the Issuer Security, its right to obtain payment of interest and

repayment of principal on the Notes is limited to recourse against the assets of the Issuer comprised in the Issuer Security, (ii) the Issuer will have duly and entirely fulfilled its repayment obligation by making available to the Noteholder its relevant proportion of the proceeds of realisation of, or enforcement with respect to, the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of such shortfall will be extinguished, and (iii) if a shortfall in the amount owing in respect of principal of the Notes of any class exists on the Maturity Date of the Notes of any class, after payment on the Maturity Date of all other claims ranking higher in priority to the Notes or the relevant class of Notes, and the Issuer Security has not become enforceable as at the Maturity Date, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

RISK FACTORS

The following is a summary of certain issues of which prospective Noteholders should be aware, but it is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this document. Some of the issues set out in this section are mitigated by certain representations and warranties which MSDW Bank will provide in the Loan Sale Agreement in relation to the Loans, the Related Security, the Properties and other associated matters (see further "The Loans and the Related Security — Representations and Warranties").

Risk factors relating to the Properties, being risks that are generically applicable to properties and property ownership, are applicable to the Oracle Loan in so far as the Brookmight LP Income is derived from property owned by Oracle LP. Risk factors relating to security granted over Property and its enforcement are not directly relevant to the Oracle Loan where no security has been granted over the property, but nevertheless the Brookmight LP Income is derived from a property and therefore comments generally relating to the Properties remain relevant to the Oracle Loan.

Liability under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by MSDW Bank or any associated body of MSDW Bank, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank or any company in the same group of companies as the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Limited Recourse

On enforcement of the security for the Notes, the Trustee and the Noteholders will only have recourse to the Loans and the Related Security and the remaining Issuer Security. In the event that the proceeds of such enforcement are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under the Notes), then the Issuer's obligation to pay such amounts will cease and the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Enforcement of the Deed of Charge and Assignment is the only remedy available for the purpose of recovering amounts owed in respect of the Notes.

The Issuer and the Trustee will have no recourse to MSDW Bank save as provided in the Loan Sale Agreement (see further "The Loans and the Related Security — Representations and Warranties").

The Issuer's Ability to Meet its Obligations under the Notes: Default by Borrowers

The ability of the Issuer to meet its obligations under the Notes will be dependent on the receipt by it of funds from the Borrowers under the Loans and the Related Security, payments under the Swap Agreement and, where necessary and applicable, the Liquidity Facility Agreement. If, on default by the Borrowers and following the exercise by the Servicer and Special Servicer of all available remedies in respect of the Loans and the Related Security, the Issuer does not receive the full amount due from the Borrowers, then Noteholders (or the holders of certain classes of Notes) may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes. The Issuer does not guarantee or warrant full and timely payment by the Borrowers of any sums.

All of the Borrowers (with the exception of the Borrower in the case of the Oracle Loan – see Appendix 1 below) were incorporated or formed for the purposes of acquiring the legal and/or beneficial interests in the property charged as security for the loan to them, or for acquiring the entire issued share capital in other companies owning the legal and/or beneficial interest in such properties. In all cases, other than in respect of the Millennium Loan, the Waterocean Loan, the Hinwood Loan (in each case, as defined below) and the BRE Loan, the Borrower has no material liabilities (other than such as are fully subordinated pursuant to a formal subordination agreement) except in relation to the Property which is security for the relevant Loans.

In relation to two of the Loans, having an outstanding principal of £79,340,000 (the **"Millennium Loan"**) and £10,245,00 (the **"Hinwood Loan"**) respectively, there is in each case a mezzanine lender who has been granted a first charge over a cash deposit. The cash deposit is in the sum of £22 million and £1.75 million respectively (the **"Deposit"**). The Security Trustee, in each case, has a charge over all of the assets of the Borrower, including a first fixed charge over the relevant Property, but it does not have a fixed security over the Deposit. The monies which are held on the deposit accounts have been paid into the accounts by the parent companies of the relevant Borrowers in order to provide cash collateral for advances which have been made by the mezzanine lenders in order to finance the purchase of the relevant Property.

Two of the Loans, having an outstanding principal of £84,400,000 (the "**BRE Loan**") and £702,900 (the "**Waterocean Loan**"), respectively, are subject to deeds of priority between, *inter alios*, the lender under the Loan (MSDW Bank and its successors and assigns) and mezzanine lenders. The deeds of priority provide, in each case, that the lender under the Loan will rank in priority to the mezzanine lender up to a specified amount, which is, in each case, the amount of the loan currently outstanding together with interest accrued thereon and any costs and expenses of enforcement. This limitation is not considered material in view of the fact that the Loans do not permit any further advances to be made to the relevant Borrowers.

In the case of the Waterocean Loan and the BRE Loan the mezzanine lenders have been granted rights of defeasance: the mezzanine lenders are entitled, if there is an event of default under the relevant Credit Agreement or under the mezzanine facility, to prepay the relevant Loan in full. The mezzanine lender may, following such prepayment, request that the Security Trustee novate or assign the Loan to it or that the Loan and any security granted is released. This may result in an early pre-payment of the relevant Loan, which may mean that there is a prepayment of part of the Notes.

Each Credit Agreement contains provisions requiring the relevant Borrower to make a repayment of principal on the final maturity date of the relevant Loan. The Borrower's ability to repay on final maturity may be dependent upon its ability to refinance its Loan or to sell the Property financed by that Loan. Neither the Issuer nor MSDW Bank is under any obligation to provide any such refinancing and there can be no assurance that a Borrower would be able to refinance its Loan or that a Borrower/Mortgagor would be able to sell its Property.

Failure by a Borrower to refinance the relevant Loan at final maturity may result in such Borrower defaulting on such Loan. In the event of such a default, the Noteholders, or the holders of certain classes of Notes, may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

The Issuer's Ability to Meet its Obligations under the Notes: The Properties

The Loans (other than the Oracle Loan) will be secured by, amongst other things, mortgages over the Properties and the repayment of each Loan in part may be, and the payment of interest on each Loan is, dependent on the ability of the applicable property to produce cash flow. However, the income-producing capacity of the Properties (including the Property owned by Oracle LP) may be adversely affected by a large number of factors. Some of these factors relate to a Property itself, such as: (i) the age, design and construction quality of the Property; (ii) perceptions regarding the safety, convenience and attractiveness of the Property; (iii) the proximity and attractiveness of competing properties; (iv) the adequacy of the Property's management and maintenance; (v) increases in operating expenses; (vi) an increase in the capital expenditures needed to maintain the Property or make improvements; (vii) a decline in the financial condition of a major tenant; (viii) an increase in vacancy rates; (ix) a decline in rental rates as leases are renewed or entered into with new tenants; (x) the length of tenant leases; and (xi) the creditworthiness of tenants.

Other factors are more general in nature, such as: (i) national, regional or local economic conditions (including plant closures, industry slowdowns and unemployment rates); (ii) local property conditions from time to time (such as an oversupply or under supply of retail space or office space); (iii) demographic factors; (iv) consumer confidence; (v) consumer tastes and preferences; (vi) retrospective changes in building codes or other regulatory changes; (vii) changes in governmental regulations, fiscal policy, planning/zoning or tax laws; (viii) potential environmental legislation or liabilities or other legal liabilities; (ix) the availability of refinancing; and (x) changes in interest rate levels or yields required by investors in income-producing commercial properties.

In particular, a decline in the property market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources and may lead to higher rates of delinquency or defaults.

Any one or more of the above described factors could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause the relevant Borrower to default on its Loan.

The Issuer's Ability to Meet its Obligations under the Notes: The Tenants

A Borrower's ability to make its payments under a Loan may also be dependent on payments being made by the tenants of the relevant Property (including the Oracle Loan, where such tenant payments are fundamental to the availability of Brookmight LP income). Where a Borrower or Mortgagor as landlord is in default of its obligations under a tenancy, a right of set-off could be exercised by a tenant of the relevant Property in respect of its rental obligations. The terms of many of the tenancies, however, specifically exclude such tenants' right of set-off. In respect of a multi-tenanted Property, a Borrower or Mortgagor would normally be obliged to provide services in respect of the Property irrespective of whether certain parts of the Property are unlet. The Borrower or Mortgagor landlord, in such circumstances, would have to meet any shortfall in recovering the costs of the services or risk the tenants exercising any right of set-off. These same principles apply to Oracle LP as landlord of the Oracle Property which is let to tenants. Tenants' rights of set-off and similar equities, which accrue until such time as the Security Trustee takes possession following enforcement, will also be binding on the Security Trustee as mortgagee following the Closing Date.

In order to ensure that it receives rent payments from the tenants, MSDW Bank has structured the Loans (other than the Oracle Loan) so that, except as described below, rent payments are made, either directly or through a managing agent account or other account, to Rent Accounts charged to the Security Trustee for the benefit of MSDW Bank and controlled by MSMS (in its capacity as Security Trustee). Each Borrower or Mortgagor has agreed not to countermand or vary the instructions as to rent payments. In the case of Loans in respect of which no Managing Agent has been appointed (or where the Managing Agent is associated with the relative Borrower/Mortgagor), tenants have been notified that payments are to be made into an account charged to the Security Trustee for MSDW Bank. However, for business reasons, where an independent Managing Agent is appointed tenants are not advised of the existence of the Rent Accounts, and MSDW Bank relies upon such Managing Agent to collect rents and ensure that they are credited to the Rent Accounts.

In the case of the Orb Loan, the Borrowers are only obliged to pay a sum into the Rent Account which is sufficient to meet all payments that are due to be made out of the Rent Account on the relevant Interest Payment Date. Such a payment must be made five business days prior to the relevant Interest Payment Date (see "Orb Loan Rent Account" and "The Structure of the Accounts – Rent Accounts" below).

Following the Closing Date, in relation to those Loans where tenants are not required to make rent payments directly into Rent Accounts (i.e. those where an independent Managing Agent collects the rent, whether directly from the Borrower or indirectly from a rental collection agent, and pays it into the Rent Accounts or the Orb Loan, where no managing agents have been appointed), there may be a risk of a Borrower or Mortgagor, in breach of its Loan and Related Security, charging or assigning the rents to a third party. Under English law, the right to receive rent payments passes to a mortgagee (including the Security Trustee) on enforcement of the mortgage without the need for any express assignment, and therefore the claim of the Security Trustee under the Debentures would, as a matter of legal priority, defeat any claim by a subsequent chargee or assignee of the rent. There would, however, be no claim against a tenant who had previously responded to notice of the wrongful assignment by paying rent to a third party in ignorance of the Debentures.

The purchase of the Loans and of the beneficial interests in the Security Trusts created over the Related Security has been structured in an attempt to address any risk to the rent payments as outlined in the preceding paragraph by ensuring that payments of rent will continue to be made into the Rent Accounts. On the Closing Date, the Issuer's beneficial interests in the Security Trusts (which includes its interest in the Rent Accounts) will be assigned by way of security to the Trustee. See "The Structure of the Accounts".

In relation to the Oracle Loan, in order to ensure that it receives Brookmight LP Income direct from the general partner of Oracle LP (the "**Oracle General Partner**"), MSDW has structured the Oracle Loan so that payments of Brookmight LP Income are made directly to the Oracle Loan Receipts Account charged to the Security Trustee for MSDW Bank and controlled by the Security Trustee. Readingview and Brookmight have agreed not to countermand or vary the instructions as to these payments. Notice has been given to the Oracle General Partner of the assignment of the Brookmight LP Income requiring the Oracle General Partner to pay all Brookmight LP Income into the Oracle Loan Receipts Account.

The charges over the Rent Accounts and the Oracle Loan Receipts Account are expressed to be fixed charges. However, under English law, whether or not a charge over book debts, such as the Rent Accounts, is fixed or floating will depend on the circumstances of the case, and it is possible that such charges will take effect only as floating charges. The Rent Accounts have been structured with a view to ensuring that the Security Trustee will have sole control over the operation of these accounts, thereby increasing the likelihood that the charge will take effect as a fixed charge. Following the purchase by the Issuer of the Loans and the Related Security on the Closing Date, the Security Trustee will be entitled to withdraw amounts from each Rent Account to meet the interest, principal and other amounts due to the Issuer from the relevant Borrower on each Loan Payment Date.

The terms of the tenancies might affect the realisable value of the Properties or Brookmight's partnership interest in Oracle LP on enforcement. Each Loan (with the exception of the Oracle Loan) provides that no lease may be granted to the Borrower thereunder (or an affiliate of the Borrower) without MSMS's consent. Granting or assigning a lease to any other entity is otherwise unrestricted to the extent permitted by Section 99 of the Law of Property Act 1925 (broadly, this section allows the grant of leases at market rent for terms of up to 50 years). Each Loan also provides that such lease should be granted on normal commercial terms.

In the case of leasehold Properties (or leasehold parts of Properties) which are sublet (by a Borrower or Mortgagor or Oracle LP), there is also a risk of the rents being diverted to a superior landlord by a notice under Section 6 of the Law of Distress Amendment Act 1908 if the relevant Borrower or Mortgagor or Oracle LP fails to pay its rent under the relevant headlease. It may also be diverted voluntarily by the sub-tenant in accordance with Section 21 of that Act. 52.9 per cent. of the Properties, in each case by property value (calculated by reference to the Condition Precedent Valuations), are leasehold properties. The remainder of the Properties are freehold properties.

Any one or more of the factors described above could operate to have an adverse effect on the amount of income derived from a Property or the income capable of being generated from that Property, which could in turn cause the Borrower in respect of such Property to default on its Loan. The same principle applies to the Oracle Loan.

Orb Loan Rent Account

In the case of the Orb Loan, the Borrowers are only obliged to pay a sum into the Rent Account which is sufficient to meet all payments that are due to be made out of the Rent Account on the relevant Interest Payment Date. The Payment must be made five business days prior to the relevant Interest Payment Date. No managing agents have been appointed and the tenants have not been notified that payments should be made directly into the Rent Account. There is a risk that the Borrowers will charge or assign the rental income to a third party. An Escrow Account was set up and the amount of £3.23 million (representing approximately one quarters interest and principal due under the relevant Credit Agreement) was placed on deposit in order to mitigate against this risk. Subsequently a letter of credit was issued in favour of the Security Trustee by The Royal Bank of Scotland for a maximum sum of £3.3 million. The letter of credit is payable on written demand by the Security Trustee. In consideration of the letter of credit, £3.05 million was released from the escrow account, leaving the sum of £182,000 on the account. The letter of credit will be available in order to mitigate against the risk of non payment, and, following such non payment, the Loan will be in default. If an event of default under the Loan is continuing then the Borrowers are required to notify the tenants that payments should be made directly into the Rent Account. The letter of credit expires in June 2002. If the letter of credit is not renewed then the Security Trustee may exercise its right to make a written demand on the Royal Bank of Scotland under the existing letter of credit prior to its expiry and deposit the monies received in an escrow account.

Property Owners' Liability to Provide Services

In relation in particular to large retail developments (such as the Oracle Property) there are parts of certain properties which are not intended to be let to tenants, but instead comprise common areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the property collectively, rather than being attributable to one particular unit or tenant. Occupational tenancies will usually contain provisions for the relevant tenant to make a contribution towards the cost of maintaining common areas calculated with reference, *inter alia*, to the size of the premises demised by the relevant tenancy and the amount of use which such tenant is reasonably likely to make of the common areas. The contribution forms part of the service charge payable to the landlord (in addition to the principal rent) in accordance with the terms of the relevant tenancy.

The liability of the landlord in each case to provide the relevant services is, however, not conditional upon all such contributions being made and consequently any failure by any tenant to pay the service charge contribution on the due date or at all would oblige the landlord to make good the shortfall from its own monies. The landlord would also need to pay from their own monies service charge contributions in respect of any vacant units.

Statutory Rights of Tenants

In certain limited circumstances, tenants of a property may have legal rights to require the landlord of that property to grant them tenancies, for example pursuant to the Landlord and Tenant Act 1954 or the Landlord and Tenant (Covenants) Act 1995. Should such a right arise, the landlord may not have its normal freedom to negotiate the terms of the new tenancy with the tenant, such terms being imposed by the court or being the same as those under the previous tenancy of the relevant premises. Accordingly, while it is the general practice of the courts in renewals under the Landlord and Tenant Act 1954 to grant a new tenancy on similar terms to the expiring tenancy, the basic annual rent will be adjusted in line with the then market rent at the relevant time and there can be no guarantee as to the terms on which any such new tenancy will be granted.

Competition

Large retail developments, such as the Oracle Property, generally compete with other retail centres in nearby urban areas and out-of town areas in the regions they are located. The principal factors affecting such a property's ability to attract and retain tenants are, *inter alia*, the quality of the relevant building, the amenities and facilities offered, the convenience and location of the property, the amount of space available to be let and the identity and nature of its anchor tenants and transport infrastructure (including availability and cost of car parking) in comparison to competing areas and centres.

Compulsory Purchase

Any property in the United Kingdom may at any time be compulsorily acquired by, *inter alia*, a local or public authority or a Governmental Department generally in connection with proposed redevelopment or infrastructure projects. No such compulsory purchase proposals have been revealed in the certificates of title issued by Denton Wilde Sapte (as defined below) to MSDW Bank.

If a compulsory purchase order was made in respect of a Property (or part thereof), compensation would be payable on the basis of the open market value of all of the relevant Borrower's or Mortgagor's or Oracle LP's and the tenants' proprietary interests in the Property (or part thereof) at the time of the relevant purchase. The relevant freehold estate and any tenancy would both be acquired and the tenants would cease to be obliged to make any further rental payments to the Borrower or Mortgagor or Oracle LP (as applicable) under the relevant tenancy. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold, heritable or leasehold estate may be less than the corresponding Principal Amount Outstanding on the Notes together with accrued interest.

There is often a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and entity acquiring the property to agree on the open market value. Should such a delay occur in the case of a Property, then, unless the Borrower has other funds available to it, an event of default may occur under the relevant Credit Agreement. Following the payment of compensation, the Borrower will be required (save in the case of the Oracle Loan) to prepay all or such part of the amounts owing by it under the Credit Agreement as is equivalent to the compensation payment received, such prepayment being used by the Issuer to redeem the Notes (or part thereof).

Frustration

A tenancy could, in exceptional circumstances, be frustrated under English law. Frustration may occur where superseding events radically alter the continuance of a tenancy for a party thereto, so that it would be inequitable for such a tenancy to continue.

Risks relating to Loan Concentration

In relation to any pool of loans, loan losses will be more severe: (i) if the pool is comprised of a small number of loans, each with a relatively large principal amount; or (ii) if the losses relate to loans that account

for a disproportionately large percentage of the pool's aggregate principal balance. As there are only 10 underlying Loans, losses on any Loan may have a substantial adverse effect on the ability of the Issuer to make payments under the Notes. The Loans made to the five largest (by Loan principal balance) Borrowers represent approximately 19.0 per cent., 16.2 per cent., 15.4 per cent., 14.5 per cent. and 13.2 per cent., respectively, of the principal balance of the Loan Pool as of the Cut-Off Date.

In addition, concentrations of Properties in geographic areas may increase the risk that adverse economic or other developments or a natural disaster affecting a particular region could increase the frequency and severity of losses on loans secured by such Properties. Details of the location of the various Properties are set out in "The Loan Pool".

Principal Losses

The Principal Amount Outstanding of each Note will be reduced by the corresponding amount of Applicable Principal Losses that are applied against each Note of the relevant class. Noteholders will have no claim against the Issuer in respect of the amount by which the Principal Amount Outstanding of any Notes has been so reduced. See "Terms and Conditions of the Notes".

Prepayment Risk

A high prepayment rate in respect of the Loans may result in a reduction in interest receipts on the Loans by the Issuer and, therefore, a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes. The prepayment risk, to the extent that prepayments are made by the Borrowers voluntarily or consequent on a default and the enforcement of the Related Security, will be borne initially by the holders of the Class E Notes and the Class F Notes. On each Interest Payment Date, the maximum amount of interest then due and payable on the Class E Notes or Class F Notes, as applicable, will be limited to the amount equal to the lesser of (a) the Interest Amount (as defined in Condition 5(*d*)) in respect of such class of Notes, and (b) the Adjusted Interest Amount (as defined in Condition 5(i)) for such class of Notes on such Interest Payment Date. The debt that would otherwise be represented by the amount by which, on any Interest Payment Date, the Interest Amount in respect of the Class E Notes or the Class F Notes, as applicable, exceeds the Adjusted Interest Amount in respect of such class, will be extinguished on such Interest Payment Date, and the affected Noteholders will have no claim against the Issuer in respect thereof.

Breach of warranty in relation to the Loans and the Related Security

Except as described under "The Loans and the Related Security — Acquisition", neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions as to a Borrower's or Mortgagor's status, and each will rely instead solely on the warranties given by MSDW Bank in respect of such matters in the Loan Sale Agreement (see further "The Loans and the Related Security — Representations and Warranties"). The sole remedy against MSDW Bank of each of the Issuer and the Trustee in respect of any breach of warranty relating to the Loans and the Related Security if the breach is material and is not remedied, will be to require MSDW Bank to repurchase any Loan and its Related Security but this will not limit any other remedies available to the Issuer and/or the Trustee if MSDW Bank fails to repurchase a Loan and its Related Security when obliged to do so.

Insurance

Except in those circumstances where the tenant of a Property is a Self-Insured Entity and in relation to the Oracle Loan, MSMS's interest (in its capacity as Security Trustee) has been noted on each buildings insurance policy maintained in respect of each Property or is in the course of being noted or is otherwise included by the relevant insurers under a "general interest noted" provision in the relevant buildings insurance policy.

A "**Self-Insured Entity**" means an entity:

(i) which is a department, agency or organisation of, or which is supported by, H.M. Government; or

(ii) the long-term unsecured, unsubordinated, unguaranteed debt of which is rated "AA" or higher by S&P, "AA" or higher by Fitch, "Aa2" or higher by Moody's; or

(iii) in respect of which S&P, Fitch and Moody's have confirmed in writing that permitting such entity to self-insure will not cause the ratings of the Notes to be qualified, downgraded or withdrawn thereby.

Noting a party's interest on a policy does not entitle that party to a share in the proceeds, although it is generally the practice for insurers in the United Kingdom to notify the party whose interest is noted if the policy lapses.

On the Closing Date, the Issuer will acquire the beneficial interests in the Security Trusts (which include MSMS's interests in the buildings insurance policies), and the Issuer's beneficial interests in the Security Trusts will form part of the Issuer Security charged to the Trustee for the benefit of, *inter alios*, Noteholders under the Deed of Charge and Assignment. The Servicer will serve notice of the assignment under the Deed of Charge and Assignment on each insurer within fifteen business days of the Closing Date. However, for the reasons described above, the ability of the Security Trustee and/or the Trustee to make a claim under the relevant buildings insurance policies is not certain. See "The Loans and the Related Security - Lending Criteria - Insurance".

Privity of Contract

The Landlord and Tenant (Covenants) Act 1995 (the "**Covenants Act**") provides that, in relation to leases of property in England and Wales granted after 1st January, 1996 (other than leases granted after that date pursuant to agreements for lease entered into before that date), if an original tenant under such a lease assigns that lease (having obtained all necessary consents (including consent of the landlord if required by the lease)), that original tenant's liability to the landlord, under the terms of the lease, ceases. The Covenants Act provides that arrangements can be entered into whereby on assignment of a lease of commercial property, the original tenant can be required to enter into an "authorised guarantee" of the assignee's obligations to the landlord. Such an authorised guarantee relates only to the obligations under the lease of the original assignee of the original tenant and not any subsequent assignees of the original assignee. The same principles apply to an original assignee if it assigns the lease.

Many of the existing leases in respect of the Properties as at the Closing Date were entered into before 1st January, 1996 or pursuant to agreements for lease in existence before 1st January, 1996. Therefore, because the Covenants Act has no retrospective effect, the original tenant of a lease of any such Property in England will remain liable under these leases notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment. In such circumstances the first and every subsequent assignee would normally covenant with his predecessor to pay the rent and observe the covenants in the lease and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, and thereby creating a "*chain of indemnity*".

There can be no assurance that any assignee of a lease of premises within a Property will be of a similar credit quality to the original tenant, or that any subsequent assignees (who in the context of a new tenancy will not be covered by the original tenant's authorised guarantee) will be of a similar credit quality.

Rights Available to Holders of Notes of Different Classes

In performing its duties as trustee for the Noteholders, the Trustee will not be entitled to consider solely the interests of the holders of the most senior class of Notes then outstanding but will need to have regard to the interests of all of the Noteholders. Where, however, there is a conflict between the interests of the holders of one class of Notes and the holders of another class of Notes, the Trustee will only have regard to interests of the holders of the Notes which rank higher in priority in the event of the security held by the Trustee being enforced.

Ratings of Notes

The ratings assigned to the Notes by the Rating Agencies are based on the Loans, the Related Security and the Properties and other relevant structural features of the transaction, including, *inter alia*, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the Swap Guarantor, and reflect only the views of the Rating Agencies. The ratings address the likelihood of full and timely payment to the Noteholders of all payments of interest on the Notes on each Interest Payment Date and the full and timely payment of principal on a date that is not later than the Interest Payment Date falling in October 2010. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by both or either of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes.

Agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Offering Circular are to ratings assigned by the specified Rating Agencies only.

Absence of Secondary Market; Limited Liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange. There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. In addition, the market value of certain of the Notes may fluctuate with changes in prevailing rates of interest. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed facility for drawings to be made in the circumstances described in "Credit Structure — Liquidity Facility". The facility will, however, be subject to an initial maximum aggregate principal amount of £45,000,000 which will in certain specified circumstances be reduced. The amount available to be drawn under the facility in the event of a non-payment with respect of a Loan may, if followed by an Appraisal Reduction in respect of such Loan, be reduced, such that insufficient funds may be available to the Issuer to pay in full interest due on the Notes, such risk being borne initially by the holders of the Class E and Class F Notes as described under "Credit Structure – Liablities under the Notes". The Liquidity Facility Agreement is not available to meet shortfalls in Final Redemption Funds, Principal Recovery Funds or Prepayment Redemption Funds or to fund any Principal Priority Amount.

Appointment of Substitute Servicer

For a termination of the appointment of the Servicer under the Servicing Agreement to be valid, a substitute servicer must have been appointed. See "Servicing". There is no guarantee that a substitute servicer could be found who would be willing to service the Issuer's assets (including the Loans and the Related Security) at a commercially reasonable fee, or at all, on the terms of the Servicing Agreement (even though this agreement provides for the fees payable to a substitute servicer to be consistent with those payable generally at that time for the provision of commercial mortgage administration services). In any event, the ability of such substitute servicer to perform such services fully would depend on the information and records then available to it. The fees and expenses of a substitute servicer performing services in this way would be payable in priority to payment of interest under the Notes.

Risks relating to Conflicts of Interest

Conflicts of interest may arise between the Issuer and MSMS because MSMS or one of its affiliates intends to continue actively to acquire, develop, finance and dispose of real estate-related assets in the ordinary course of their business. During the course of their business activities, MSMS or those affiliates may acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Properties. In such cases, the interests of MSMS or those affiliates may differ from, and compete with, the interests of the Issuer, and decisions made with respect to those assets may adversely affect the value of the Properties and therefore the ability to make payments under the Notes. Likewise, the Special Servicer or affiliates of the Special Servicer may acquire, develop, operate, finance or dispose of real estate-related assets in the ordinary course of their business so causing similar conflicts of interest to arise.

The Special Servicer is responsible for taking action in relation to a Specially Serviced Loan and Related Security. The Special Servicer may, at any time, hold any or all of the most junior class of Notes outstanding from time to time, and the holders of that class may have interests which conflict with the interests of the holders of the other Notes.

Mortgagee in Possession Liability

The Security Trustee may be deemed to be a mortgagee in possession if the Security Trustee physically enters into possession of a Property or performs an act of control or influence which may amount to possession,

such as submitting a demand direct to tenants requiring them to pay rents to the Security Trustee. The enforcement procedures contained in the Debentures contemplate that, following a default, notice would be served on the tenants of a Property requiring all further rents to be paid directly to the Issuer. In each case this could result in the Security Trustee becoming a mortgagee in possession.

A mortgagee in possession has an obligation to account for the income obtained from the relevant property and in the case of tenanted property will be liable to a tenant for any mis-management of the relevant property. A mortgagee in possession may also incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner.

In a case where it is necessary to initiate enforcement procedures against a Borrower, the Servicer is likely to appoint a receiver to collect the rental income on behalf of the Issuer which should have the effect of reducing the risk that the Security Trustee is deemed to be a mortgagee in possession.

Environmental Risks

Certain existing environmental legislation imposes liability for clean-up costs on the owner or occupier of land where the person who caused or knowingly permitted the pollution cannot be found. The term "owner" would include anyone with a proprietary interest in a property. Even if more than one person may have been responsible for the contamination, each person covered by the relevant environmental laws may be held responsible for all the clean up costs incurred.

If any environmental liability were to exist in respect of any Property or Borrower or Mortgagor, the Security Trustee should incur no responsibility for such liability prior to enforcement of the relevant Loan and Related Security, unless it could be established that the Security Trustee (or the Servicer or the Special Servicer on behalf of the Security Trustee) had entered into possession of the affected Property or could be said to be in control of the Property. After enforcement, the Security Trustee, if deemed to be a mortgagee in possession, or a receiver appointed on behalf of the Security Trustee, could become responsible for environmental liabilities in respect of a Property.

If an environmental liability arises in relation to any Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell the Property or in a reduction in the price obtained for the Property resulting in a sale at a loss.

In addition, third parties may sue a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from that site, and the presence of substances on the Property could result in personal injury or similar claims by private plaintiffs.

Legal Title

All of the English Properties comprise registered land. In relation to a limited number of Properties, the relevant Borrower or Mortgagor is not yet registered as legal proprietor of a Property (following its acquisition of that Property) and consequently the Security Trustee is not yet registered as proprietor of the legal mortgage granted to it by the Borrower or Mortgagor over that Property. MSDW Bank has confirmed, following consultation with its external legal advisers, that it is not aware of any reason why in such instances the Borrower or Mortgagor in question should not in due course be registered as legal proprietor of the Property to which they are acquiring legal title or why the Security Trustee should not in due course be registered as proprietor of the mortgage over the Property.

In the case of each Property the completed transfer or transfers or conveyance or conveyances have been duly stamped (save in the case of the BRE Loan, where an application for adjudication has been made for exemption from stamp duty) and appropriate application has been made (or in relation to Properties in England will be made within the appropriate priority period following execution of a transfer) to H.M. Land Registry for registration of transfer of the title and the relevant mortgage. MSDW Bank holds funds sufficient to pay the fees or has received solicitors' undertakings to pay the fees in relation to all necessary applications to H.M. Land Registry to the extent the same have not already been paid. It is expected that all applications will be complete within six months of the date of this Offering Circular.

Due Diligence

The only due diligence (including valuations of properties) that has been undertaken in relation to the Loans and the Properties is referred to below (see "The Loans and the Related Security") and was undertaken in the context of and at the time of the origination of each particular loan by MSDW Bank. Additional non-priority Land Registry searches will be undertaken in respect of the Properties by solicitors to MSDW Bank in the context of the warranties that are being given but, other than this, none of the due diligence previously undertaken will be verified or updated prior to the sale of the Loans and Related Security to the Issuer. The Issuer will rely solely on the representations and warranties of MSDW Bank contained in the Loan Sale Agreement referred to below.

The South Quay Loan

In relation to the South Quay Loan, a number of retentions were held back from the purchase price paid by the Borrower until certain works the subject of the retentions were completed. These included a glazing retention of £1,400,000 held by the vendor's solicitors pending determination by an independent expert as to what proportion is payable to the vendor after completion of any requisite works.

To the extent that the Borrower has an interest in the deposit monies, this is an asset of the Borrower and is therefore subject to the debenture granting security in favour of the Security Trustee. If, therefore, the Borrower was in default under the loan granted by MSDW Bank, and the monies still remained in the joint account, the Security Trustee could appoint a receiver who would be able to take steps in the Borrower's name to recover the amount due to it to enable it to carry out the works.

The Oracle Loan

The Oracle Loan differs significantly from the other nine Loans in the Loan Pool in that the security provided to the Security Trustee does not include a mortgage or other security over real property, but a charge over the limited partnership interest of Brookmight in the Oracle LP, which itself is the beneficial owner of the Oracle Property.

The Oracle Property is subject to a first fixed charge in favour of the entity from which it was acquired by Oracle LP to secure outstanding deferred consideration totalling £14,000,000 payable in instalments on 30th September, 2005 (£2,500,000), 1st September 2006 (£9,000,000) and 30th September, 2010 (£2,500,000) (the "**Existing Loan**")) (See Appendix 1 below). In the event that such payments of deferred consideration are not paid when due the chargee of The Oracle would be entitled to enforce and realise its security. Subject to this charge, the Oracle Property is not charged for the benefit of any other third party and the Credit Agreement provides that, if the Oracle Property were to be sold or the charge referred to above was to be enforced, the Oracle Loan would become immediately repayable. Notwithstanding this, there remains the risk, for example, of a charging order being granted to a creditor (typically one that has supplied goods or services to Oracle LP but has not been paid). The security obtained by a creditor in such circumstances would be direct security over the assets of Oracle LP, including the Oracle Property. If the Oracle Loan had been secured over the Oracle, then the security which would have been granted to the Security Trustee would have ranked higher in priority to the security interest of a supplier of goods and services. While MSDW Bank has concluded that, given the management structure in place in respect of Oracle LP and the Oracle Property as well as the loan-to-value ratio with respect to the Oracle Loan, the likelihood of a supplier of goods and services obtaining a direct security over the assets of Oracle LP is remote, MSDW Bank cannot guarantee that such an event will not occur.

A breach of trust by the Oracle General Partner and/or the nominees holding the legal title to the Oracle Property resulting in the disposal or charging of the Property is possible. In such circumstances, an injunction to prevent such breach should be available if the wronged parties have sufficient notice of the intended breach, but a bona fide purchaser or mortgagee could acquire or take security over the Oracle Property before such action is taken.

In the event that the Oracle Property is sold or otherwise disposed of (other than by grant of a lease on normal commercial terms) or any security interest is created over the Oracle Property, Brookmight has undertaken to prepay the Oracle Loan. A partner in Oracle LP is able to dispose of all or some of its shares in the partnership. The nature and identity of Brookmight's partner(s) (or following enforcement, the nature and identify of the Security Trustees partner(s)) could therefore change in the future.

On enforcement of its security, the Security Trustee is obliged to take a transfer of the Brookmight limited partnership share and of the relevant shares in the Oracle General Partner. The Security Trustee is required to enter into a deed of covenant on taking security and to enter into a deed of adherence on enforcement. These deeds require the Security Trustee in circumstances of enforcement (when it is obliged to become a limited partner), to comply with all the obligations of a limited partner, including outstanding obligations in relation to partnership capital or loans. While Denton Wilde Sapte have carried out due diligence and concluded that there is no outstanding obligation to contribute partnership capital or advance a partnership loan, this remains a risk. MSDW Bank, while having concluded that the likelihood of the Security Trustee having monetary or other like obligations to the partnership is remote, cannot guarantee that those obligations will not arise.

It should be noted that there are various situations where the Oracle Property can be required to be sold by a limited partner other than Brookmight (or the Security Trustee, as a limited partner, following an enforcement). This could give rise to circumstances where the Brookmight partnership interest is principally in the proceeds of sale of the Oracle Property rather than the underlying property. Such a sale of the Oracle Property could be required notwithstanding that it might be considered (either by Brookmight, or the Security Trustee following an enforcement) to be an inappropriate time (given, for example, prevailing market conditions) to dispose of the underlying property.

The procedures for the disposal of a partnership interest, including the pre-emption rights of other parties, and the mechanism whereby a partner can in certain circumstances require the Oracle Property to be sold are described in Appendix 1. These procedures may have an impact upon the timeframe within which the Goodwill interest could be sold, and could also force the sale of the Oracle itself.

For a more detailed discussed of the above described matters and other important aspects of the Oracle loan, see Appendix 1.

Limited Partnerships and Administration

Pursuant to the Limited Partnership Act 1907 (the "**1907 Act**"), the person or persons who are registered as general partners of a limited partnership in accordance with the 1907 Act are liable for all debts and obligations of the partnership and the person or persons who are limited partners are generally not liable for the debts or obligations of the partnership beyond the sum of capital or property that the limited partners agreed to contribute on entering into the partnership. The principal exception to the above is where a limited partner takes part in the management of the partnership business in which circumstances the limited partner will, pursuant to Section 6 of the 1907 Act, become liable for all debts and obligations of the limited partnership incurred while the limited partner so acts as though the limited partner were a general partner. Limited partnerships registered in England and Wales do not have a legal personality separate from their partners.

By virtue of the Insolvent Partnership Order 1994 (the "**1994 Order**"), the Insolvency Act 1986 applies to an insolvent English partnership, subject to the modifications set out in the 1994 Order. The Insolvency Act 1986 together with the 1994 Order provides a mechanism whereby an insolvent partnership may be put into administration rather than be statutorily wound up i.e. the affairs and business of the partnership and the partnership property are managed by an administrator appointed for the purpose by the court. The effect of an administration order is, amongst other things, to impose a moratorium so that any winding up petition must be dismissed and no steps may be taken to enforce any security over the partnership property. It directs that the affairs and business of the partnership and the partnership property should be managed by the administrator. During the period of an administration order (i) no order may be made for the winding up of the partnership, (ii) no order may be made on the joint petition for bankruptcy of the members as such, (iii) the court may not decree a dissolution of the partnership under the statutory provisions in the Partnership Act 1890, and (iv) most enforcement proceedings including execution and repossession of goods are barred save with the leave of the court.

In respect of the insolvency of a corporate entity, the restrictions referred to above do not prevent a creditor secured by a charge created as a floating charge over the whole or substantially the whole of the company's property from appointing an administrative receiver. Nor do they prevent such receiver, whether appointed before or after presentation of the petition, from carrying out his functions and exercising his powers. If an administrative receiver is appointed under the charge before an administration order is made, and the charge is not capable of being set aside, the Court has no jurisdiction to make an administration order. However, in respect of the insolvency of a limited partnership, the Insolvency Act 1986 as amended by the 1994 Order does not provide for the court to dismiss a petition for the appointment of an administrator on the grounds that an administrative receiver has been appointed.

In relation to the Oracle Loan, Oracle LP was newly formed in 1997 for the purpose of the acquisition of the Oracle Property. Readingview and Brookmight have undertaken that they will not make any application or petition for a winding-up order or administration order of, *inter alios*, either the Oracle General Partner or Oracle LP. In addition, Readingview has undertaken that it will procure that the Oracle General Partner does not, in relation to Oracle LP, carry on any business other than the ownership of its interest in the Oracle Property.

The procedures relating to enforcement of security in relation to the Oracle Loan, where the principal asset secured is a share in a limited partnership rather than a mortgage on a property, are described above and in Appendix 1.

It is not clear to what extent (if at all) the Bills of Sale Acts 1878-1882 render void any non-possessory fixed or floating security over personal chattels (as defined) created under the Debenture by a partnership. The Bills of Sale Acts apply to any person (other than an incorporated company) and any such security must be granted in compliance with such Acts. The Debentures entered into by the partners of such Borrowers do not (and cannot) comply with such Acts. Therefore, no confirmation can be given that such Acts do not so apply. Regardless of whether or not such Acts so apply, there is no restriction under such Acts on any person creating fixed security over, *inter alia*, freehold and leasehold property, shares and choses in action.

Receivers

Pursuant to the Servicing Agreement, the Servicer (and, where relevant, the Special Servicer) is required to take all reasonable steps to recover amounts due from Borrowers, and to comply with the procedures for enforcement of Loans and Related Security current from time to time. See "Servicing". The principal remedies available following a default under a Loan or its Related Security, as contemplated by the Servicer's enforcement procedures, are the appointment of a receiver over the relevant Property or over all of the assets of a corporate Borrower and/or entering into possession of the relevant Property. The Servicer has confirmed to the Issuer that its usual procedure for commercial property would involve the appointment of a receiver. A receiver would invariably require an indemnity to meet his costs and expenses (notwithstanding his statutory indemnity under the Insolvency Act 1986) as a condition of his appointment or continued appointment. Such an indemnity would rank ahead of payments on the Notes.

The procedures relating to enforcement of security in relation to the Oracle Loan, where the principal asset secured is a share in the limited partnership rather than a mortgage on a property, are referred to in detail above and in Appendix 1.

The Servicer's usual practice would be to require the Security Trustee to appoint a "Law of Property Act" receiver ("**LPA Receiver**") rather than an administrative receiver. Such a receiver is so called because his powers derive not only from the fixed charge under which he has been appointed but also from the Law of Property Act 1925. An LPA Receiver is deemed by law to be the agent of the entity providing security until the commencement of liquidation proceedings against such entity and so, for as long as the receiver acts within his powers, he will only incur liability on behalf of the entity providing security. If, however, the Security Trustee, the Servicer or the Special Servicer on behalf of the Security Trustee, unduly directs or interferes with and influences the receiver's actions, a court may decide that the receiver is the Security Trustee's agent and that the Security Trustee should be responsible for the receiver's acts.

United States Tax Characterisation of the Notes

Although all of the Notes are denominated as debt, there is a significant possibility that the Class F Notes (and to a lesser extent, one or more senior classes of Notes) may be treated as equity for United States federal income tax purposes. Such a characterisation could have certain adverse tax consequences to United States investors who hold such Notes. See "United States Taxation — Possible Alternative Characterisation of the Notes".

Adoption of Proposed European Union Directive on the Taxation of Savings

On 18th July, 2001, the European Union published a proposal for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in

relation to such payments. The proposals are not yet final, and they may be subject to further amendment and/or clarification.

Withholding Tax under the Notes

In the event any withholding or deduction for or on account of taxes is imposed on or is otherwise applicable to payments of interest or principal on the Notes to Noteholders the Issuer is not obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction.

Introduction of the Euro

If at any time there is a change of currency in the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of such change and which are expressed in sterling will be translated into, and any amount payable will be paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent. Any such translation will be at the official rate of exchange recognised for that purpose by the Bank of England.

Where such a change in currency occurs, the Notes and the Conditions will be amended in the manner agreed between the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position as if no change in currency had occurred. Such amendments are to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with a change in currency. All such amendments will be binding on the Noteholders. Notification of the amendments will be made in accordance with Condition 15.

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law and New York law and administrative practice in effect as at the date of this document. No assurance can be given as to the impact of any possible change to English law or New York law or administrative practice after the date of this document, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

In particular, it should be noted that significant changes to the English insolvency regime have recently been enacted, although not all these provisions have yet been brought into effect. These include the Insolvency Act 2000 which, when brought fully into force, will allow certain "small" companies (which are defined by reference to certain tests relating to a company's balance sheet, turnover and average number of employees) to seek court protection from their creditors for a period of 28 days with the option for creditors to extend the moratorium for a further two months. The position as to whether or not a company is a "small" company may change from period to period and consequently no assurance can be given that either the Issuer or any of the Borrowers will, at any given time, not be "small" companies. The Secretary of State for Trade and Industry may by regulation modify the eligibility requirements for "small" companies and can make different provisions for different cases. No assurance can be given that any such modification or different provisions will not be detrimental to the interests of Noteholders. It is also possible, however, that the Secretary of State may make regulations excluding special purpose companies from the optional moratorium provisions.

The Government has also, following a recent review of English insolvency law, published a White Paper in which it sets out its intention to introduce legislation the effect of which will be to restrict the right of the holder of a floating charge to appoint an administrative receiver to the holders of a floating charge granted in transactions in the capital markets and give primacy to collective procedures in which all creditors would have an opportunity to influence the outcome. There can be no certainty that such legislation will be introduced (or, if it is introduced, that it will become law), but if it is introduced no assurances can be given that such legislation would not be detrimental to the interests of Noteholders.

Hedging risks

The Loans bear interest at a fixed rate while each class of the Notes bears interest at a rate based on, except in the case of the first Interest Period, three month LIBOR plus a margin (see Condition 5). In order to address interest rate risk, the Issuer will enter into the Swap Transactions pursuant to the Swap Agreement. However,

there can be no assurance that the Swap Transactions will adequately address unforeseen hedging risks. Moreover, in certain circumstances the Swap Agreement may be terminated. In addition, Noteholders may suffer a loss if, as a result of a default by a Borrower under a Credit Agreement, one or more of the Swap Transactions is terminated and the Issuer is, as a result of such termination, required to pay to the Swap Provider amounts due as a result of that early termination. Certain of such amounts payable on an early termination rank senior to any payments to be made to the Noteholders before enforcement of the Issuer Security and after enforcement of the Issuer Security. See "Credit Structure — Post-Enforcement Priority of Payments".

For a more detailed description of the Swap Agreement see "Credit Structure — The Swap Agreement", below.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Offering Circular lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

THE ISSUER

The Issuer, Coronis (European Loan Conduit No. 8) plc, was incorporated in England and Wales on 26th July, 2001 (registered number 4260146), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at Blackwell House, Guildhall Yard, London EC2V 5AE. The Issuer has no subsidiaries.

1. Principal Activities

The principal objects of the Issuer are set out in clause 4 of its Memorandum of Association and are, *inter alia*, to invest in mortgage loans secured on commercial or other properties in the British Isles or elsewhere, to manage and administer mortgage loan portfolios, to issue securities in payment or part payment for any real or personal property purchased, to borrow, raise and secure the payment of money by the creation and issue of bonds, debentures, notes or other securities and to charge or grant security over the Issuer's property or assets to secure its obligations.

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company under the Companies Act 1985, the authorisation of the issue of the Notes and of the other documents and matters referred to or contemplated in this Offering Circular and matters which are incidental or ancillary to the foregoing.

The Issuer will covenant to observe certain restrictions on its activities, which are detailed in Condition 4(A) of the Notes, the Deed of Charge and Assignment and the Trust Deed. In addition, the Issuer will covenant in the Trust Deed to provide written confirmation to the Trustee, on an annual basis, that no Event of Default or Potential Event of Default (or other matter which is required to be brought to the Trustee's attention) has occurred in respect of the Notes.

2. Directors and Secretary

The directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
SFM Directors Limited	Blackwell House, Guildhall Yard, London EC2V 5AE	Provision of directors to special purpose companies
SFM Directors (No.2) Limited	Blackwell House, Guildhall Yard, London EC2V 5AE	Provision of directors to special purpose companies

The company secretary of the Issuer is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 3920255), whose business address is Blackwell House, Guildhall Yard, London EC2V 5AE. The directors of SFM Directors Limited (registered number 3920254), SFM Corporate Services Limited and SFM Directors (No. 2) Limited (registered number 4017430) are Jonathan Eden Keighley and James Garner Smith Macdonald (together with their alternate directors, Kate Louise Hamblin, Helena Päivi Whitaker and Annika Ida Louise Aman-Goodwille), whose business addresses are Blackwell House, Guildhall Yard, London EC2V 5AE, and who perform no other principal activities outside the group which are significant with respect to the group.

3. Capitalisation and Indebtedness

The capitalisation and indebtedness of the Issuer as at the date of this Offering Circular, adjusted to take account of the issue of the Notes, is as follows:

Share Capital

Authorised Share Capital £	Issued Share Capital £	Value of each Share £	Shares Fully Paid Up	Shares Quarter Paid Up	Paid Up Share Capital £
100,000	50,000	1	2	49,998	12,501.50

49,999 of the issued shares (being 49,998 shares of £1 each, each of which is paid up as to 25p and one share of £1 which is fully paid) in the Issuer are held by SFM Corporate Services Limited (the "**Share Trustee**") as trustee of the European Loan Conduit No. 8 Securitisation Trust pursuant to a Declaration of Trust declared by the Share Trustee on 29th November, 2001. The Issuer will, in accordance with the Declaration of Trust, pay the fees and expenses of the Share Trustee. The remaining one share in the Issuer (which is fully paid) is held by Structured Finance Management Limited (registered number 3853947) as nominee for SFM Corporate Services Limited in its capacity as trustee of the European Loan Conduit No. 8 Securitisation Trust.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2010	£421,650,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2010	£9,580,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2010	£39,700,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2010	£32,300,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2010	£29,550,000
Class F Commercial Mortgage Backed Floating Rate Notes due 2010	£14,801,650
Total Loan Capital	£547,581,650

Except as set out above, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities and the Issuer has not created any mortgages or charges nor has it given any guarantees as at the date hereof.

4. Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from Deloitte & Touche, who have been appointed as auditors and reporting accountants to the Issuer. Deloitte & Touche are chartered accountants and registered auditors. The balance sheet contained in the report does not comprise the Issuer's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in England and Wales since the Issuer's incorporation. The Issuer's accounting reference date will be 30 June and the first statutory accounts will be drawn up to 30 June, 2002.

Deloitte & Touche

The Board of Directors
Coronis (European Loan Conduit No. 8) plc
Blackwell House
Guildhall Yard
London
EC2V 5AE
(the "Issuer")

And

The Board of Directors
J.P. Morgan Trustee and Depositary Company Limited
Trinity Tower
9 Thomas More Street
London E1W 1YT
(the "Trustee")

And

The Board of Directors
Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA

(the "Lead Manager" and "Listing Agent")

And

The other Managers as defined in our letter of arrangement dated 13 September 2001

29 November 2001

Dear Sirs

CORONIS (EUROPEAN LOAN CONDUIT NO. 8) plc (the "Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the Offering Circular dated 29 November 2001 of the Company relating to the issue of £421,650,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2010, £9,580,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2010, £39,700,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2010, £32,300,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2010, £29,550,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2010 and £14,801,650 Class F Commercial Mortgage Backed Floating Rate Notes due 2010.

Basis of preparation

The Company was incorporated and registered as a public limited company in England and Wales on 26 July 2001 under the name Coronis (European Loan Conduit No. 8) plc, registered number 4260146.

The Company has issued 50,000 ordinary shares for a total consideration of £12,501.50. The Directors have represented that no material contracts or transactions have been entered into save for those detailed in the Offering Circular. The Directors have represented that the Company has not yet traded and no dividends have been declared or paid.

We have been auditors of the company since our appointment on 29 October 2001.

The financial information set out in this report is based on the audited non-statutory financial statements of the Company for the period from incorporation on 21 June 2001 to 29 November, 2001 to which no adjustments were considered necessary.

No audited statutory financial statements have been prepared for submission to the members of the Company in respect of any period.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The Company is responsible for the contents of the Offering Circular in which this report is included.

It is our responsibility to compile the financial information set out in our report from the non-statutory financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of non-statutory financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the financial information set out below gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Company as at the date stated.

CORONIS (EUROPEAN LOAN CONDUIT NO. 8) plc

BALANCE SHEET as at 29 November 2001

	Note	£
Assets employed:		
Current assets – cash		12,501.50
Financed by:		
Equity shareholders' funds		
Called up share capital	2	12,501.50

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

The financial information set out in this report has been prepared in accordance with applicable accounting standards generally accepted in the United Kingdom.

The financial information and notes have been prepared using the historic cost method of accounting.

2. Called up share capital

On incorporation the authorised share capital of the Company was £100,000 divided into 100,000 ordinary shares of £1 each.

On 31 July 2001, one share of £1 was issued fully paid to SFM Corporate Services Limited and one share of £1 was issued fully paid to Structured Finance Management Limited.

On 31 July 2001, 49,998 ordinary shares of £1 each were issued to SFM Corporate Services Limited and partially called up for cash consideration of £12,499.50.

The shares are held in trust by SFM Corporate Services Limited and Structured Finance Management Limited for the European Loan Conduit No. 8 Securitisation Trust.

3. Profit and loss account

The Directors have represented that the Company has been dormant throughout the period since incorporation on 26 July 2001 to 29 November 2001, consequently no profit and loss account, and no statement of total recognised gains and loses have been prepared.

This information does not constitute statutory financial statements.

Yours faithfully

Deloitte & Touche
Chartered Accountants

THE PARTIES

Morgan Stanley Dean Witter Bank Limited

Morgan Stanley Dean Witter Bank Limited (**"MSDW Bank"**) is a wholly owned subsidiary of Morgan Stanley Dean Witter & Co (**"MSDW"**). MSDW Bank is active in retail lending through the Morgan Stanley Dean Witter credit card as well as wholesale loan origination and securitisation in the UK and Europe. MSDW Bank is incorporated in England and Wales (registered number 3722571) and has its registered office at 25 Cabot Square, London E14 4QA.

Servicer, Special Servicer and Security Trustee

Morgan Stanley Mortgage Servicing Limited (**"MSMS"**) is a specialist loan servicing company and a subsidiary of MSDW, operating mainly in the United Kingdom and Ireland. MSMS is incorporated in England and Wales (registered number 3411668) and has its registered office at 25 Cabot Square, Canary Wharf, London E14 4QA.

Swap Provider

Morgan Stanley Capital Services Inc. (**"MSCS"**) is a Delaware corporation, which conducts forward payment business, including interest rate swaps, currency swaps and interest rate guarantees with institutional clients. The office of MSCS is located at 1585 Broadway, New York, New York 10036.

Swap Guarantor

MSDW is a pre-eminent global financial services firm that maintains leading market positions in each of its three primary businesses: securities, asset management and credit services. MSDW combines global strength in investment banking (including in relation to the origination of underwritten public offerings and mergers and acquisitions advice) and institutional sales and trading, with strength in providing investment and global asset management products and services and, primarily through its Discover Card brand, consumer credit products. MSDW is incorporated in Delaware.

MSCS is a wholly-owned unregulated subsidiary of MSDW. MSCS's obligations under the Swap Agreement benefit from an unconditional, irrevocable guarantee of MSDW under the Swap Guarantee. If MSCS ceases to be the Swap Provider, MSDW will cease to be the Swap Guarantor. The long term, unsecured, unsubordinated debt obligations of MSDW are rated "AA-" by S&P, "AA" by Fitch and "Aa3" by Moody's. The consolidated accounts of MSDW are available on request.

Liquidity Facility Provider

Lloyds TSB Bank plc (**"LTSB"**), acting through its Corporate and Commercial Banking Division located at St. George's House, 6-8 Eastcheap, London EC3M 1AE, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement and is regulated by the Personal Investment Authority and IMRO. The long term, unsecured, unsubordinated debt obligations of LTSB are rated "AA" by S&P, "AA+" by Fitch and "Aaa" by Moody's.

Operating Bank

The principal office of Allied Irish Banks p.l.c. is at Bankcentre, P.O. Box 452, Ballsbridge, Dublin 4. In its capacity as the Operating Bank through its branch at AIB International Centre, International Financial Services Centre, Dublin 1, Allied Irish Banks p.l.c. will act as operating bank pursuant to the Cash Management Agreement in relation to the Transaction Account, Stand-by Account, Swap Collateral Cash Account and Swap Collateral Custody Account (each as defined below). The long term, unsecured, unsubordinated debt obligations of Allied Irish Banks p.l.c. are rated "A+" by S&P, "AA-" by Fitch and Aa3 by Moody's.

Principal Paying Agent, Cash Manager, Agent Bank and Exchange Agent

AIB International Financial Services Limited whose principal office is at P.O. Box 2751, AIB International Centre, I.F.S.C., Dublin 1. It will be appointed as Principal Paying Agent and Agent Bank under the Agency Agreement, as Cash Manager under the Cash Management Agreement and as Exchange Agent under the Exchange Rate Agency Agreement.

Depository and Registrar

JPMorgan Chase Bank, New York office, has its principal office at 15th Floor, 450 West 33rd Street, New York, New York 10001. It will be appointed as Depository under the Depository Agreement and Registrar under the Agency Agreement.

Corporate Services Provider and Share Trustee

SFM Corporate Services Limited has its registered office at Blackwell House, Guildhall Yard, London EC2V 5AE.

Trustee

J.P. Morgan Trustee and Depositary Company Limited is a company incorporated in England and Wales and has its registered office at Trinity Tower, 9 Thomas More Street, London E1W 1YT. The Trustee will be appointed pursuant to the Trust Deed to represent the interests of the Noteholders. The Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Trust Deed on trust for the Noteholders and the security created by or under the Deed of Charge and Assignment for the benefit of, *inter alios*, the Noteholders.

Among other things, the Trust Deed:

(a) sets out when, and the terms upon which, the Trustee will be entitled or obligated, as the case may be, to take steps to enforce the Issuer's obligations under the Notes (or certain other relevant documents) or to enforce the security created by the Issuer under the Deed of Charge and Assignment;

(b) contains various covenants of the Issuer relating to repayment of principal and payment of interest in respect of the Notes, to the conduct of its affairs generally and to certain ongoing obligations connected with its issuance of the Notes;

(c) provides for the remuneration of the Trustee, the payment of expenses incurred by it in the exercise of its powers and performance of its duties and provides for the indemnification of the Trustee against liabilities, losses and costs arising out of the Trustee's exercise of its powers and performance of its duties;

(d) sets out whose interests the Trustee should have regard to when there is a conflict between the interests of different classes of Noteholder;

(e) provides that the determinations of the Trustee will be conclusive and binding on the Noteholders;

(f) sets out the extent of the Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties or agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;

(g) sets out the scope of the Trustee's liability for any breach of duty or breach of trust, negligence or default in connection with the exercise of its duties, including losses resulting from any disposal by the Trustee pursuant to the Deed of Charge and Assignment of the property assigned to it thereunder;

(h) sets out the terms upon which the Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that an Event of Default (as defined in Condition 10) or any event, condition or act, which, with the giving of notice and/or the lapse of time and/or the Trustee issuing any relevant notice, would constitute an Event of Default (any such event, condition or act, a "**Potential Event of Default**") will not be treated as such;

(i) sets out the terms upon which the Trustee may, without the consent of the Noteholders, make or sanction any modification to the Conditions or to the terms of the Trust Deed or certain other relevant documents; and

(j) sets out the requirements for and organisation of Noteholder meetings.

The Trust Deed also contains provisions governing the retirement or removal of the Trustee and the appointment of a successor Trustee. The Trustee may at any time and for any reason resign as Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes of each class,

acting by Extraordinary Resolution, may together remove the Trustee from office. No retirement or removal of the Trustee (or any successor Trustee) will be effective until a trust corporation has been appointed to act as successor Trustee.

The appointment of a successor Trustee will be made by the Issuer or, where the Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, by the Trustee itself. No person may be appointed to act as Trustee unless that person has been previously approved by an Extraordinary Resolution of each class of the Noteholders.

THE LOANS AND THE RELATED SECURITY

1. Origination of the Loans

The Loan Pool consists of 10 Loans (the "**Loan Pool**"), all of which are secured over commercial properties as described below (save for the Oracle Loan – see below). The decision to advance a loan (subject to obtaining satisfactory legal due diligence) is based on compliance with MSDW Bank's lending criteria as described below (the "**Lending Criteria**"). All of the Loans and Related Security contained in the Loan Pool were originated by MSDW Bank between May and October 2001.

There is no right on the part of the Issuer to substitute Loans in the Loan Pool. However, certain Borrowers have the right to substitute a limited number of Properties with other properties in accordance with the terms set out in the relevant Loan and Related Security documentation. See "Disposal and Substitution of Properties", below.

The description of the Loans and the Related Security in this section does not refer to or take account of the Oracle Loan (save in relation to "Acquisition — Representations and Warranties" below which does refer to the Oracle Loan). The Oracle Loan differs significantly from the standard loan structure. References to security being taken over Property are not relevant to the Oracle Loan, where no security has been taken over Property. A summary of the Oracle Loan is set out at Appendix 1, below, and this section is qualified by and should be read together with the summary.

2. Lending Criteria

(A) Lending Philosophy

MSDW Bank's credit policy is to underwrite commercial property loans based on an analysis of the contractual cashflows, occupational tenant covenants and lease terms and the overall quality of the real estate. Risk is assessed by stressing the cashflows derived from underlying tenants and the risks associated with refinancing the amount due upon maturity of the loan. The plans and strategy for the relevant property, as well as the property investment experience and expertise of the relevant borrower's sponsors, are also factors to be taken into consideration.

(B) Types of Borrower/Mortgagor

Borrowers/mortgagors are, typically, special purpose companies or limited partnerships sponsored by experienced property investors. A borrower/mortgagor may be incorporated and/or resident in the United Kingdom or in an overseas jurisdiction. Typical terms of the facilities made available to the Borrowers are described in "Terms of the Loans" below.

Generally, the Borrowers/Mortgagors were incorporated or constituted for the purposes of acquiring the legal and/or beneficial interests in the property charged as security for the loan to them, or for acquiring the entire issued share capital in other companies owning the legal and/or beneficial interest in such properties. In all cases, except as described below, MSDW Bank is satisfied that the Borrower/Mortgagor has no material assets or liabilities (other than such as are fully subordinated pursuant to a formal subordination agreement) save in relation to the Property which is security for the relative loans.

There are certain material variations to the typical structure as described above. In the case of two of the Loans (the Millennium Loan and the Hinwood Loan), a mezzanine lender has in each case been granted a first charge over a cash deposit (see "Risk Factors – the Issuer's Ability to Meet it's Obligations under the Notes: Default by the Borrowers"). In respect of two further Loans (the BRE Loan and the Waterocean Loan) these are subject to deeds of priority between, *inter alios*, the lenders under the Loans and mezzanine lenders. (See "Risk Factors – The Issuer's Ability to Meet its Obligations under the Notes: Default by Borrowers").

(C) Security

MSDW Bank's principal security will be a first ranking charge by way of legal mortgage over freehold or long leasehold land and buildings which are the subject matter of the relevant Loan, and a floating charge over the Borrower's other assets, all held by the Security Trustee for MSDW Bank. The typical security created by borrowers is described in "Terms of the Debenture" below.

(D) Advance Level

MSDW Bank normally advances new loans having a principal amount of between £0.5 million and £500 million and to a maximum of 85 per cent. of the valuation of the underlying properties.

(E) Purpose of the Loan

The purpose of the loan will normally be to assist in the acquisition or re-financing of commercial real estate.

(F) Repayment Terms

The term of the loan may be between one and 30 years, although the majority of loans originated by MSDW Bank have a term of between five and eight years. Loans may be interest only or have defined principal repayment schedules. The principal repayment schedule is structured to take account of the cashflow pattern of the leases in effect at the date of commencement of the loan and the anticipated realisable value of the security at its maturity.

(G) Enforcement

MSDW Bank's enforcement policy is to seek to secure cashflow from security as quickly as is prudent in the event that an event of default under a mortgage has occurred.

(H) Insurance

Except where the relevant property is let to a tenant which is a Self-Insured Entity, each borrower or mortgagor is required to effect or procure prior to drawdown (in each case in form acceptable to the security trustee): (i) insurance of the relevant property, including fixtures and improvements, on a full reinstatement basis, with not less than 3 years loss of rent on occupational tenancies at the relevant property; (ii) insurance against third party liabilities; (iii) insurance against acts of terrorism, which coverage includes loss of rent on the property for a minimum of three years as well as rebuilding costs; and (iv) such other insurance as a prudent company in the business of the relevant borrower would effect. With respect to the Loans, MSMS's interest in its capacity as Security Trustee has been noted or is in the course of being noted on such policy or its interest is included in the relevant policy under a "*general interest noted*" provision (any such interest will be held on trust for the Issuer). See "Risk Factors — Insurance".

Insurance policies are typically renewed on an annual basis and to the extent coverage ceases to be in place, it constitutes an event of default on the relevant loan. In general, insurance costs are recoverable by the borrower as part of the service charge.

3. Legal Due Diligence

Following the approval in principle of a loan facility certain legal due diligence procedures are followed before a loan is advanced. Details of these procedures are set out below.

(A) General Information

MSDW Bank's external English legal advisers in relation to the origination of loans relating to property situated in England and Wales are Messrs. Denton Wilde Sapte ("**Denton Wilde Sapte**"). Denton Wilde Sapte initially obtain (and, where reasonably possible, check) general information relating to a proposed facility including details of a borrower's shareholders; any borrowings that it has entered into; the accounts to be operated in connection with the proposed facility; any managing agents appointed (or to be appointed) in connection with the collection of rents and/or management of the property; and insurance of the property.

(B) Property Title Investigation

An important part of the legal due diligence process is to verify that the prospective borrower/mortgagor has or, if the property is being purchased, will have, good title to the property to be charged, free from any encumbrances or other matters which would be considered to be of a material adverse nature. The process of title verification is slightly different depending upon whether a report on title is prepared

and issued in favour of MSDW Bank by the borrower's solicitors or whether the title investigation is undertaken by Denton Wilde Sapte and a report is issued by them.

(a) *Report on Title Prepared by Borrower's Solicitors:*

If a report is prepared by the borrower's solicitors, Denton Wilde Sapte will check the identity of the solicitors and satisfy themselves on behalf of MSDW Bank that they are of sufficient standing and competence to deliver a report on title in respect of the relevant property.

Denton Wilde Sapte review the draft form of report to ensure that it covers all relevant matters (i.e. the matters that Denton Wilde Sapte would expect to cover in a report (see "Report on Title from Denton Wilde Sapte" below)). Once the draft report has been issued, they will raise requisitions in case of omissions, ambiguities or material disclosures in the report and satisfy themselves in relation to any issues arising from the report.

Denton Wilde Sapte then prepare a summary report for MSDW Bank, confirming (if appropriate) approval of the form and content of the report on title and highlighting any matters contained in the report which Denton Wilde Sapte consider should be drawn to the attention of MSDW Bank and its valuers.

(b) *Report on Title from Denton Wilde Sapte*

Denton Wilde Sapte undertake the usual investigation of title in relation to the relevant property which will include reviewing copies of title documents and Land Registry entries (including any lease under which the property is held). All the usual Land Registry, local authority and any other appropriate searches will be undertaken and preliminary enquiries will be raised of the borrower's solicitors. Where the property is being acquired by the borrower, a review of the replies of enquiries raised by the borrower's solicitors will be undertaken. The terms of all leases and tenancies affecting the property will be reviewed and the basic terms (including, *inter alia*, details of rent reviews and tenants' determination rights) will be included in the report.

Where a borrower is in the course of acquiring a property that is to be charged then the purchase contract and the form of transfer of the relevant property will be reviewed and approved.

Denton Wilde Sapte will also, where the property concerned is owned by another company whose shares are acquired by the relevant borrower or mortgagor, check the terms and conditions of any share sale and purchase agreement and oversee any legal formalities required to be undertaken, for example, ensuring that the requirements of Section 155 of the Companies Act 1985 (where a mortgagor grants financial assistance by charging its assets as security for the purpose of its own shares) are complied with.

The report that Denton Wilde Sapte prepare will highlight any material or unusual matters but otherwise confirm (if correct) that, in their opinion, the prospective borrower or mortgagor has (or would have on completion of any purchase and necessary registration) good title to the property. The report will not normally cover matters relating to the structure or construction of the relevant property, specific environmental surveys or enquiries, or any credit checks on the borrower or occupational tenants.

Denton Wilde Sapte ensure that the valuers providing the valuation of a property have a copy of the report, and they cross check and verify basic details relating to the property (namely tenure and term and rents for any occupational tenancies) set out in any valuation received by them.

(C) Capacity of Borrower/Mortgagor

In relation to any borrower or mortgagor incorporated in England and Wales, Denton Wilde Sapte satisfy themselves that the relevant company is validly incorporated, has sufficient power and capacity to enter into the proposed transaction, whether it is subject to any existing mortgages or charges, whether it is the subject of any insolvency proceedings, and generally that any formalities required to enter into the proposed transaction with MSDW Bank have been (or would be by completion) completed.

In cases where the borrower comprises a limited partnership, Denton Wilde Sapte will also review the terms and conditions of the principal partnership agreement together with other associated documents such as any shareholders agreement (relating to shares in a general partner), management or operating agreement in order to satisfy themselves that:

(a) the partnership is properly constituted; and

(b) the partnership has power and capacity to borrow money, own property, charge its assets as security and other matters relating to the transaction.

In relation to any borrower or mortgagor incorporated outside England and Wales, lawyers competent in the jurisdiction where the company is incorporated (and also, if different, the jurisdiction where the relevant property is situated) are appointed to undertake a similar process to that undertaken by Denton Wilde Sapte. The foreign lawyers are required to deliver an appropriate legal opinion confirming, *inter alia*, that the choice of English law to govern the documentation will be recognised and upheld.

(D) Reliance on Legal Due Diligence

The legal due diligence referred to above is in each case addressed to MSDW Bank; it will not be updated prior to the sale of the Loans and Related Security to the Issuer, nor will it be re-addressed either to the Issuer or the Trustee. The Issuer and the Trustee will instead each rely solely on the Representations and Warranties to be given by MSDW Bank to the Issuer and the Trustee which are contained in the Loan Sale Agreement (see "Acquisition — Loan Sale Agreement" below).

4. Drawdown and Post-Completion Formalities

Denton Wilde Sapte ensure that all necessary English registration formalities and the service of notices are dealt with at drawdown or, as appropriate, within any applicable priority or other time periods following drawdown. In relation to other jurisdictions, appropriate undertakings are obtained from the relevant lawyers to attend to such matters in the same manner.

In relation to registrations at H.M. Land Registry, Denton Wilde Sapte either undertake these registrations or obtain an unconditional undertaking from the borrower's/mortgagor's solicitors to effect the registrations and forward the relevant charge certificate when the registration has been completed (and, in the meantime, to hold the deeds to the order of Denton Wilde Sapte on behalf of the Security Trustee). Where any borrower's/mortgagor's solicitors ask to retain any occupational leases in order to deal with day to day management matters, they are permitted to do so subject to providing an unconditional undertaking to hold them to Denton Wilde Sapte's order and to deliver them on demand.

5. Information on the Loans and the Related Security

The typical loan and security package in relation to a loan comprises a credit agreement; one or more debentures from the borrower/mortgagor company (incorporating a first legal charge over the relevant property; a first fixed charge over the rent account and other accounts; fixed and floating charges over all the borrower's/mortgagor's assets); and a charge over the shares in the borrower (waived in certain cases).

In the case of the Millennium Loan and the Hinwood Loan the Security Trustee has not been granted a fixed charge over the cash deposits referred to at "Risk Factors – The Issuer's Ability to Meet its Obligations under the Notes: Default by Borrowers", above. In the case of the BRE Loan, the Security Trustee has not been granted a fixed charge over a general account into which surplus monies are paid out of the relevant Rent Account.

If the borrower is indebted to any other entity, a subordination agreement will be required. In the cases of the Millennium Loan, the Hinwood Loan, the BRE Loan and the Waterocean Loan, appropriate deeds of priority have been entered into with both those two parties holding security over certain of the assets of the relevant Borrowers (see "Risk Factors – The Issuer's Ability to Meet its Obligations under the Notes: Default by Borrowers"). Where managing agents are employed, a duty of care undertaking in favour of the Security Trustee is obtained from them (relating to rent collection where rent is not paid directly into the rent account and property management).

The standard form security documentation is described in more detail under "Terms of the Debenture" and "Related Security" below.

The Loans all have original maturities of between four and eight years. No Loan is scheduled to be repaid later than 19th October 2008.

All of the Loans are secured by one or more first fixed charges by way of legal mortgage over freehold or long leasehold commercial property. All of the Loans when originated, met the Lending Criteria in all material respects save for certain variations or waivers of the criteria as would have been acceptable to a reasonably prudent lender, and MSDW Bank will provide a warranty to this effect on the Closing Date.

Interest payable in relation to all of the Loans is at a fixed rate, accrues daily and is payable quarterly in arrear. The interest rate is notified to the relevant Borrower by MSDW Bank prior to making the Loan. Voluntary prepayment of the Loans, in full or in part, is only permitted on a scheduled loan payment date or (save as set out below), subject to the payment of a Prepayment Fee and payment of any breakage cost, on not less than 30 days' prior notice to MSDW Bank. In certain cases a prepayment fee is not payable where a limited part of the loan is prepaid or where the term of the loan is close to its expiry date.

In the case of one of the Loans, the Borrower is only required to give 5 business days' notice prior to making a prepayment. In the case of two of the Loans only 10 business days' notice is required and in the case of one Loan 21 business days' notice is required.

In the case of the City and West End Loan, which has an outstanding principal of £88,725,000, no prepayment fee is payable on the first £44,365,500 of the Loan which is prepaid.

All the Properties are let to third party tenants. Certain matters concerning the tenancies could affect the value of a Property; these are part of the normal risks of lending on the security of let property and are referred to at "Risk Factors — The Issuer's Ability to Meet its Obligations under the Notes — The Tenants".

6. Terms of the Loans

Each of the Loans is documented in a credit agreement (a **"Credit Agreement"**) which is governed by English law . Each Credit Agreement contains the types of representations and warranties and undertakings on the part of the Borrower that a reasonably prudent lender would usually require. MSDW Bank is entitled to assign to the Issuer any of its rights under the Credit Agreement without restriction.

A summary of the principal terms of the standard form Credit Agreement is set out below. Material amendments to the standard form are not generally accepted unless they are necessary to reflect the terms and conditions or the structure of the particular loan.

(A) Loan Amount and Drawdown and Further Advances

The maximum amount of a loan is calculated by reference to a pre-agreed percentage (usually between 70 per cent. and 85 per cent. of the value of the property to be charged to the Security Trustee) (calculated by reference to the relevant Condition Precedent Valuation)).

None of the Loans places an obligation on MSDW Bank, and therefore, the Issuer to make any further advance to a Borrower and, following the sale to the Issuer of the Loans and transfer to the Issuer of the beneficial interests in the Security Trusts over the Related Security, the Servicer will not be permitted under the Servicing Agreement, subject to the terms of the Servicing Agreement, to agree to an amendment of the terms of a Loan that would require the Issuer to make any further advances to Borrowers on behalf of the Issuer.

(B) Conditions Precedent

The Conditions Precedent to a drawdown will vary depending upon the terms of the facility and nature of the security to be created. However, certain documents (duly executed) are normally required in all cases such as the borrower's statutes of incorporation and appropriate board minutes (where appropriate); a valuation in respect of the property being financed (and, as appropriate, structural surveys and/or environmental reports); evidence of insurance cover in respect of the property; a report on title in respect of the property; security documents (including those documents referred to above); all appropriate UK and other tax clearances and relevant legal opinions; and notices in connection with the assignment of rental income and charging of bank accounts.

(C) Interest and Amortisation Payments/Repayments

Interest is paid quarterly in arrears on the designated Loan Payment Dates and amortisation payments (where made) are also made on Interest Payment Dates in accordance with a pre-determined Schedule.

A borrower typically has the right to pre-pay the whole or any part of its Loan upon notice (usually thirty days) being given, subject to payment of any breakage cost and to payment of the then applicable prepayment fee (if any).

In the case of one of the Loans, having a current outstanding principal of £103,895,000, the Property which is security for the Loan is divided into three distinct phases, and the Borrower is entitled to request that security be released over a phase to ensure the re-financing of that phase by a third party. Whilst the relevant credit agreement permits such a re-financing of part, subject to usual conditions including payment of break costs, in practice the Borrower will be unable to re-finance a phase without transferring that phase to a new entity since the Borrower covenants not to create security over any of its assets other than that granted in connection with the relevant loan.

On each Loan Payment Date, moneys are debited from the Rent Accounts to discharge any interest and/or principal payments due under the Credit Agreement. Subject to there being no event of default under the relevant Credit Agreement and the Interest Cover Percentages being at or above a prescribed level (usually 125 per cent., but for one of the loans 105 per cent. and within the range of 110 per cent. and 120 per cent. for five of the remaining nine Loans) of the interest payable pursuant to the relevant Credit Agreement in respect of the relevant period(s), any surplus moneys standing to the credit of the Rent Account on the relevant Interest Payment Date (after payment of certain other prescribed costs, fees and expenses) will be paid to the relevant Borrower.

(D) Rent Accounts

Rental income from a property is paid into a rent account which is charged in favour of the Security Trustee.

In the case of the Orb Loan, the Borrowers are only obliged to pay a sum into the Rent Account which is sufficient to meet all payments that are due to be made out of the Rent Account on the relevant Interest Payment Date. Such payment must be made 5 business days before the relevant Interest Payment Date (see "The Structure of the Accounts – Rent Accounts", below and "Risk Factors — The Issuer's Ability to Meet its Obligations under the Notes — The Tenants" above).

(E) Representations and Warranties

The "standard" representations and warranties given by a borrower typically include a representation to the effect that the borrower is validly incorporated and has the power, capacity and authority to own its assets, to carry on its business and enter into the loan and security documentation.

The borrower also warrants that no event of default or potential event of default under its credit agreement and security documents will occur as a result of the loan being made and that it is not in default under any other document to an extent which would be material; that there is no current material litigation or other legal proceedings against the borrower; and that the information supplied to MSDW Bank (and any valuers) is true, complete and accurate.

(F) Undertakings

The borrower gives various undertakings which take effect so long as any amount is outstanding under the relevant Loan.

The undertakings relate, *inter alia*, to the provision of financial information on an ongoing basis; an obligation to supply MSDW Bank with details of shareholder documentation; details of any material litigation; any potential event of default under the credit agreement; not to permit or allow any charge to arise over any of its assets and not (without MSDW Bank's consent) to sell, transfer, lease or otherwise dispose of all or a substantial part of its assets.

The borrower undertakes to insure all relevant properties in the full reinstatement value (on terms acceptable to MSDW Bank) and within 10 days after each Loan Payment Date, to supply a certificate setting out certain rental and tenancy information relating to each property.

The consent of the Security Trustee is not required for the grant of an occupational tenancy where a unit has been or is to become vacant provided certain conditions are met, including that the occupational tenancy is on normal commercial terms.

With regard to Interest Cover Percentages the borrower undertakes that so long as they remain less than the designated figure (usually 125 per cent. but for one of the Loans 102 per cent. and within the range of 110 and 120 per cent. for five of the remaining nine Loans) not to declare any dividend, issue further shares, repay any principal or pay interest on any other borrowings or repay or redeem any share capital. The borrower undertakes in any event to ensure that the Interest Cover Percentages always exceed a certain prescribed figure (usually 110 per cent., but for one of the Loans 102 per cent.) of the interest payable pursuant to the relevant Credit Agreement in respect of the relevant period(s)).

(G) Events of Default

The Credit Agreement contains usual events of default entitling MSDW Bank to terminate the Loan and/or enforce its security, typically including non-payment of amounts due; breach of the borrower's other obligations under the Credit Agreement and security documents; misrepresentation; and acts of insolvency.

In relation to non-payment and breaches of other obligations grace periods are sometimes agreed but in no instance for periods longer than 2 business days or 10 business days respectively.

7. Terms of the Debenture

The standard form of Debenture secures all obligations of a Borrower to MSDW Bank pursuant to the Credit Agreement and is drafted on a security trust basis, so that the Security Trustee holds the security created pursuant to the Debenture on trust for MSDW Bank. Material amendments to the standard form are not generally accepted unless they are necessary to reflect the terms and conditions or the structure of the particular loan. The company providing the security is referred to below as the "**Chargor**".

(A) Creation of Security

The standard form Debenture grants a first ranking charge by way of legal mortgage over the Property and an equitable charge over any other property, plant and machinery. It grants a first fixed charge over the rent Account and any other account opened in connection with the Loan; over the benefit of any insurance policy relating to the Property; over book and other debts and over the goodwill and uncalled capital of the Chargor.

It grants security over rights in respect of any agreement to purchase the property; a charge over the benefit of any hedging arrangements (subject to netting and set-off provisions contained therein); and a general floating charge over all other assets.

(B) Representations and Warranties

The Chargor typically makes representations and warranties (on the date the Debenture is entered into, the date of any drawdown notice and on each Interest Payment Date) including (where appropriate) to the effect that it is the legal and beneficial owner of the property; that there is no breach of any law or regulation that might materially affect the value of the property; nor any facility or right required for the necessary use and enjoyment of the property that is liable to be terminated; and that the property is in good and substantial repair and complies with all provisions of any applicable environmental law.

The representations and warranties referred to above are qualified (to the extent applicable) by the report on title in relation to the relevant property and to those matters which the Chargor is aware of.

(C) Undertakings

The Chargor typically undertakes, *inter alia*, not to permit or allow any charge or encumbrance to arise over the property or sell or dispose of any asset charged as security (save for assets charged by way of floating security only, and disposed of in the ordinary course of business); that it will keep the property in good and substantial repair and that it will comply with obligations contained in any leases or covenants and all statutes and obligations affecting the property.

(D) Enforceability

The security created by the Debenture is expressed (in the usual manner) to be enforceable immediately upon its execution, but this is qualified by the provisions of the Credit Agreement which provides that the Debenture may only be enforced once an event of default under the Credit Agreement has occurred. The charge confers upon the Security Trustee and any receiver appointed by it a wide range of powers in connection with the sale or disposal of the property and its management, and each of them is granted a power of attorney on behalf of the Chargor in connection with the enforcement of its security.

8. The Related Security

In addition to the Debenture, the borrowers enter into and grant various further related security as referred to above (see "Information on the Loans and the Related Security" above)

In relation to certain (but not all) loans, a charge over shares in the borrower is entered into (the "**Share Charge**") creating a first fixed charge over all shares in the borrower and all associated rights.

The chargor gives the usual representations as to, *inter alia*, its incorporation and authority to enter into the Share Charge and also undertakes in the usual manner, *inter alia*, not to charge further, sell, transfer or otherwise dispose of the shares.

All borrowing obligations of the borrower to a party other than MSDW Bank (the "**Subordinated Lender**") are fully subordinated to all amounts due to MSDW Bank under its Credit Agreement. The borrower typically undertakes, *inter alia*, not to secure any part of the subordinated liabilities and not to repay all or any part of the subordinated liabilities. This is usually qualified to the extent that surplus monies released to the borrower can be used to make such payments. The Subordinated Lender normally gives the usual undertakings, including in particular that it will not take any steps leading to the administration, winding up or dissolution of the borrower.

Where they have been appointed, managing agents of property undertake, pursuant to a duty of care agreement, to collect the rental income from the properties and to pay the net amount into the rent Account (without set-off or counterclaim) when received and to notify MSDW Bank of any material breach or default on the part of a tenant or occupier of the property, or any damage to the property.

In relation to those Loans which Borrowers/Mortgagors have provided security to parties other than MSDW Bank appropriate Deeds of Priority have been entered into (see "Risk Factors – the Issuer's Ability to Meet its Obligations under the Notes: Default by Borrowers" above).

9. Acquisition

Loan Sale Agreement

Consideration

Pursuant to the Loan Sale Agreement, MSDW Bank will agree to sell and the Issuer will agree to purchase the Loans, and MSDW Bank will assign and transfer to the Issuer their respective beneficial interest in the Security Trusts created over the Related Security on the Closing Date. The initial purchase consideration in respect of the Loans and the beneficial interests in the Security Trusts will be approximately £547,581,650 which will be paid on the Closing Date. On each Interest Payment Date prior to enforcement of the Issuer Security, the Issuer will pay to MSDW Bank (or to the person or persons then entitled thereto or any component thereof), to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Loans and their Related Security (the "**Deferred Consideration**"), if any, which is calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date and which is equal to (a) the Prepayment Fees and any other amounts received as a result of the prepayment of a Loan (other than principal of or interest on that Loan) received during that Collection Period, plus (b) the Available Interest Receipts less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (xii) set out in "Summary - Available Funds and their Priority of Application — Payments out of the Transaction Account prior to enforcement of the Notes — Available Interest Receipts" above, plus (c) Available Principal less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (vii) set out in Summary Available Funds and their Priority of Application — Payments out of the Transaction Account prior

to enforcement of the Notes — Available Principal" above less (d) an amount equal to 0.01 per cent. of the Borrower Interest Receipts transferred by the Security Trustee, acting on the instructions of the Servicer, into the Transaction Account during that Collection Period, provided that the resulting amount is greater than nil. For avoidance of doubt, Prepayment Fees payable upon the sale of a Property following enforcement of the relevant Loan and Related Security will be applied as Prepayment Fees only upon satisfaction in full of the principal amount outstanding under such Loan and all interest accrued due and payable thereon. The right to receive the Deferred Consideration or any component of the Deferred Consideration is assignable, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment.

Registration and Legal Title

Within 15 Business Days of the Closing Date, written notice will be given to each Borrower and Mortgagor of the transfer of the Loans to the Issuer and written notice will be given to the Security Trustee of the assignment of MSDW Bank's beneficial interests in the Security Trusts to the Issuer and the Issuer's assignment by way of security of such beneficial interest to the Trustee.

Representations and Warranties

Neither the Issuer nor the Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant security would normally make in relation to the Loans or Related Security purchased on the Closing Date. In addition, neither the Issuer nor the Trustee has made or will make any enquiry, search or investigation at any time in relation to compliance by MSDW Bank, the Servicer or any other person with the Lending Criteria or procedures or their adequacy or in relation to the provisions of the Loan Sale Agreement, the Servicing Agreement or the Deed of Charge and Assignment or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of any Loan or the Related Security purchased on the Closing Date.

In relation to all of the foregoing matters concerning the Loans and the Related Security and the circumstances in which advances were made to Borrowers prior to their purchase by the Issuer, both the Issuer and the Trustee will rely entirely on the representations and warranties to be given by MSDW Bank to the Issuer and the Trustee which are contained in the Loan Sale Agreement.

If there is an unremedied material breach of any representation and/or warranty in relation to any Loan or Related Security, MSDW Bank will be obliged to repurchase such Loan and to accept a reassignment of its beneficial interest in the Related Security from the Issuer for an aggregate amount equal to the outstanding principal amount under the relevant Loan together with accrued interest and costs up to, but excluding, the date of the repurchase. The Issuer will have no other remedy in respect of such a breach unless MSDW Bank fails to purchase the relevant Loan, and to accept a reassignment of its beneficial interest in the Related Security in accordance with the Loan Sale Agreement.

The representations and warranties referred to will include, without limitation, statements to the following effect:

(a) each Property and the Oracle Property constitutes investment property let predominantly for commercial use and is either freehold or leasehold;

(b) in relation to each mortgage, the Mortgagor had, as at the date of that mortgage, a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property and (i) is the legal and beneficial owner of the relevant Property or (ii) where legal and beneficial interests in the Property are split, is the legal owner of the Property and holds the beneficial interest on trust which beneficial interest is either overreached or charged;

(c) in relation to each English and Welsh Property, title to which is registered, the title has been registered at H.M. Land Registry with title absolute in the case of freehold property or absolute or good leasehold title (where the freehold title has been deduced) in the case of leasehold property or, where registration at H.M. Land Registry is pending, an application for registration with such title has been delivered to H.M. Land Registry within the priority period conferred by an official search conducted against the relevant title at H.M. Land Registry before completion of the purchase of the Property;

(d) each English and Welsh Property was, as at the date of the relevant mortgage, held by the Mortgagor free (save for the Mortgage and Related Security) from any encumbrance which would materially adversely

affect such title or the value for mortgage purposes set out in the valuation (including any encumbrance contained in the leases relevant to such Properties);

(f) in relation to any mortgage where registration or recording is pending at H.M. Land Registry, the Security Trustee for MSDW Bank took or is taking all reasonable steps to perfect its title to the mortgage and has an absolute right to be registered or recorded as proprietor or registered owner of the mortgage as first mortgagee or first chargee of the interest in the relevant Property which is subject to that mortgage;

(g) in relation to the Oracle Property, the general partner and a nominee company had, as at the date of drawdown of the Oracle Loan, a good and marketable title to the fee simple absolute in possession or a term of years absolute in the Oracle Property and are the legal owners of The Oracle Property and hold the beneficial interest on trust for Oracle LP.

(h) in relation to the Oracle Property, title has been registered at H.M. Land Registry with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property.

(i) subject as mentioned above (see "Risk Factors – The Oracle Loan") the Oracle Property was, at the date of the drawdown of the Oracle Loan, held by the General Partner and a nominee company free from any Encumbrance which would materially adversely affect such title or the value set out in the valuation referred to below (including any Encumbrance contained in the leases relevant to the Oracle Property).

(j) the debenture entered into by Brookmight (as defined below) constitutes, *inter alia*, a legal valid and binding first legal charge over the limited partnership interest of Brookmight in Oracle LP.

(k) (A) each Loan constitutes a valid and binding obligation of, and is enforceable against, the relevant Borrower; (B) subject only, in the case of mortgages required to be registered or recorded at H.M. Land Registry, to such registration, each mortgage is a valid and subsisting first charge by way of legal mortgage on the Property to which such mortgage relates, (C) subject as set out in (B) above, the Security Trustee has a good title to each mortgage at law and all things necessary to complete the relevant Security Trustee's title to each mortgage have been duly done at the appropriate time or are in the process of being done, (D) the Security Trustee is the legal (subject to necessary registrations), and MSDW Bank is the beneficial, owner of each mortgage, free and clear of all encumbrances, overriding interests (other than those to which the Property is subject), claims and equities and there were at the time of completion of the relevant mortgage no adverse entries of encumbrances, or applications for adverse entries of encumbrances against any title at H.M. Land Registry to any related Property which would rank higher in priority to the relevant Security Trustee's or MSDW Bank's interests therein; and (E) MSDW Bank is the legal and beneficial owner of each Loan free and clear of all encumbrances, claims and equities.

(l) prior to completion of the relevant Loan and mortgage, a report on title or certificate of title (addressed to MSDW Bank) in relation to the relevant Property and the Oracle property in the case of the Oracle Loan was obtained which initially or after further investigation disclosed nothing which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the advance on its agreed terms;

(m) prior to the date of each Loan and mortgage, the nature of, and amount secured by, the relevant Loan and mortgage and the circumstances of that Borrower and Mortgagor satisfied in all material respects MSDW Bank's Lending Criteria so far as applicable subject to such variations or waivers as would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property;

(n) MSDW Bank is not aware of any material default, material breach or material violation under any Loans or Related Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on commercial property would grant such a waiver) or of any outstanding material default, material breach or material violation by a Borrower or a Mortgagor under any Loan or its Related Security, as the case may be, or of any outstanding event which with the giving of notice or lapse of any grace period would constitute such a default, breach or violation;

(o) pursuant to the terms of each Loan, no Borrower is entitled to exercise any right of set-off or counterclaim against MSDW Bank in respect of any amount that is payable under the Loans;

(p) MSDW Bank has not received written notice of any default of any occupational lease granted in respect of the Property or the Oracle Property in the case of the Oracle Loan or of the insolvency of any tenant which would render the relevant Property unacceptable as security for the Loan secured by the relevant mortgage over

that Property in the context of the Lending Criteria or the Oracle Property unacceptable in the context of the Lending Criteria applied to the Oracle Loan;

(q) as at the Closing Date, to the best of MSDW Bank's knowledge:

(i) each Property and the Oracle Property is covered by a buildings insurance policy maintained by the Mortgagor or, in the case of the Oracle Property, by the Oracle General Partner or another person with an interest in the relevant Property in an amount which is equal to or greater than the amount which a qualified surveyor or valuer engaged by MSDW Bank estimated to be equal to such Property's reinstatement value or the Oracle Property's reinstatement value at the time of the original advance and MSDW Bank's interest has been noted or is in the course of being noted on each policy or otherwise included by the insurers under a "general interest noted" provision in the relevant policy (except for the Oracle Property); or

(ii) the relevant tenant of the Property is a Self-Insured Entity;

(r) MSDW Bank has undertaken all due diligence that a prudent commercial lender would undertake to establish and confirm that each of the Borrowers and the General Partner has not engaged since its formation or incorporation in any activity other than those incidental to its formation or incorporation entering into the relevant Loan and related mortgage and other Related Security and has not had since its incorporation nor does it have as at the Closing Date any material liability or assets other than the relevant Loan and related Properties providing security for such Loan.

No warranties will be given in relation to any Related Security given by any Borrower. Therefore, except to the limited extent of the aforementioned warranty, there can be no assurance that there will be any Related Security for a Loan or, if there is, that such Related Security will be of any value in connection with the enforcement of any Loan or will realise any moneys which can be applied in satisfaction of any amounts outstanding from any Borrower under the relevant Loan.

The Loan Sale Agreement contains a warranty from MSDW Bank, in relation to each Loan, to the Trustee to the effect that the information in this Offering Circular with regard to such Loan, the Related Security, the Properties and the relevant buildings insurance policies that is material in the context of the issue and the offering of the Notes, is true and accurate in all material respects and is not misleading in any material respect. Only the Issuer and the Trustee may rely upon this warranty from MSDW Bank.

11. Disposal and Substitution of Properties

Under the terms of some of the Loans (generally those secured upon more than one Property), the relevant Borrower may request the Security Trustee to release a Property from the security and substitute it with other Property ("**Additional Property**") provided that (amongst other conditions) the Interest Cover Percentages for such Loan are no less than 125 per cent. (but for one of the Loans 110 per cent.) and that no default is then subsisting under the Loan.

The consent of the Security Trustee to the substitution of a Property will not be unreasonably withheld where the aggregate value of the Properties released (including the Property to be substituted) from the security does not exceed 15 per cent. of the value of the Properties initially charged as security for such loan, provided that certain further conditions are satisfied including that:

(i) the Additional Property is similar in nature and quality in all respects to the Property being released; and

(ii) the rental income from the remaining Property or Properties and the Additional Property is sufficient to enable the Borrower to meet the requisite Interest Cover Percentages for the relative loans.

If the aggregate value of the Properties does exceed 15 per cent. of the value of the Properties initially charged as security for such loan then the Security Trustee may, with the approval of the Rating Agencies, consent to the release of a Property and the substitution of an Additional Property on such terms and conditions as it considers necessary.

In either case, if the Security Trustee consents to the substitution of a Property then subject to a number of conditions including the receipt of a valuation for the Additional Property, the Security Trustee will release the relevant Property from the security.

Alternatively, if the net sale proceeds of a Property being disposed of exceeds 115 per cent. of the amount initially lent in respect of that Property then the relevant Borrower can dispose of the same without substituting an Additional Property provided that the sum equal to 115 per cent. of the amount originally lent against such Property is paid into a blocked sales account or is used to prepay the whole or part of the loan (if there is a shortfall, the borrower may deposit additional monies into the sales account to make up the sum required).

Under the terms of some of the Loans, the Security Trustee can authorise withdrawals from the blocked sales accounts to pay any amount due under the finance documents (where there are insufficient monies in the rent account), to purchase additional properties which are to be subject to the security, to make a prepayment of the Loan in accordance with the terms of the Credit Agreement or to make capital improvements where the cost is not recoverable from an occupational tenant.

THE STRUCTURE OF THE ACCOUNTS

1. The Rent Accounts

In accordance with the terms of each of the Credit Agreements, each of the Borrowers is required (save in the case of the Oracle Loan) to establish or procure that there is established an account (a "**Rent Account**") into which sums representing the rents payable by the tenants occupying the relevant Property or Properties are to be paid. Each such Rent Account is expressed to be subject to a first fixed charge in favour of the Security Trustee on trust for the benefit of MSDW Bank. The beneficial interests of MSDW Bank in such trusts will be assigned to the Issuer as part of the Related Security. The Borrowers are required to make payments in arrear in respect of their Loans by one of the following methods (save as set out below in relation to the Orb Loan and at "Risk Factors – Orb Loan Rent Account"):

(a) Where a managing agent unconnected with the Borrower or Mortgagor has been appointed on behalf of a Borrower (each, a "**Managing Agent**"), the Managing Agent will collect all rent, service charges and VAT from tenants and promptly pay these (net of any ground rent, service charges and VAT) into a Rent Account in the name of the Borrower or Mortgagor. Each Borrower has agreed to ensure or to procure that any Managing Agent of a Property ensures that all net rental income is paid into the Rent Account, and the Issuer will have the benefit of a duty of care agreement from the Managing Agent under the terms of which the Managing Agent agrees to collect rent and to notify the Issuer of any tenant breach of covenant, any damage to the Property or the termination of its own appointment.

(b) Where no Managing Agent has been appointed on behalf of a Borrower (or the managing agent is connected with the Borrower or Mortgagor), tenants will be required to pay rent directly to the Borrower's Rent Account.

In relation to the Orb Loan, the Borrower is simply obliged to pay into the Rent Account a sum sufficient to discharge its payment obligations under the Credit Agreement as of the next interest payment date. The arrangements are described in detail above (see "Risk Factors – Orb Loan Rent Account").

In each case, MSMS, in its capacity as Security Trustee, is and, following the sale of the Loans and assignment of the beneficial interest in the Security Trusts created over the Related Security to the Issuer, will remain the sole signatory on each Borrower's Rent Account and under the Oracle Receipts Account. Under the Credit Agreements, MSMS, on behalf of the Issuer, will be entitled to withdraw on each Loan Payment Date all amounts due to the Issuer under the applicable Loan before other payments are released to the Borrower from the applicable Rent Account or Oracle Receipts Account. Under the Servicing Agreement, the Servicer is required, following the Closing Date, to notify each of the Borrowers that MSDW Bank has assigned the relevant Loan to the Issuer.

In the case of the Oracle Loan, the Brookmight LP Income (which derives from rental income generated by the Oracle Property) is paid into a "Receipts Account" which is charged in favour of the Security Trustee.

The charges over the Rent Accounts and the Oracle Receipts Account (see Appendix 1) described above are expressed to be fixed charges but may take effect as floating charges. See "Risk Factors".

2. Borrower Blocked Accounts

In some cases, the Borrower is required to maintain a further blocked account into which specific payments are to be made and may only be released either to prepay the Loan or as otherwise agreed by MSDW Bank . In particular, where a Borrower is allowed to dispose of a Property, net sales proceeds may be required to be paid into such an account.

3. The Issuer's Accounts

The Transaction Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Transaction Account**") into which the Servicer will instruct the Security Trustee to transfer all amounts of principal and interest paid by the Borrowers. The Cash Manager will make all other payments required to be made on behalf of the Issuer from the Transaction Account.

The Swap Collateral Cash Account and the Swap Collateral Custody Account

If the Swap Agreement Credit Support Document is entered into, cash amounts received by the Issuer pursuant to the Swap Agreement Credit Support Document will be paid into an interest bearing account in the name of the Issuer with the Operating Bank (the "**Swap Collateral Cash Account**") and securities received by the Issuer pursuant to the Swap Agreement Credit Support Document will be deposited into a custody account (the "**Swap Collateral Custody Account**") with the Operating Bank. From time to time, subject to the conditions to be specified in the Swap Agreement Credit Support Document, the Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Swap Agreement Credit Support Document.

The Swap Collateral Cash Account, the Swap Collateral Custody Account and the Transaction Account are together referred to as the "**Issuer's Accounts**".

The Stand-by Account

Any Stand-by Drawing which the Issuer may require from the Liquidity Facility Provider (see "Credit Structure — Liquidity Facility") will be credited to an account in the name of the Issuer (the "**Stand-by Account**") with the Operating Bank or, if the Operating Bank ceases to have an "A-1+" rating (or its equivalent) by S&P, a "F-1+" rating (or its equivalent) by Fitch or a "P-1" rating (or its equivalent) by Moody's for its short-term, unguaranteed, unsecured and unsubordinated debt obligations (or such other short-term debt rating as is commensurate with the rating assigned to the Notes from time to time) (the "**Requisite Rating**"), the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have the Requisite Rating, any bank which has the Requisite Rating.

THE LOAN POOL

The aggregate of the principal balances within the Loan Pool, as at the Cut-Off Date, was £547,581,650. All of the Loans are current as of the Cut-Off Date.

The Loans had, at origination, a weighted average maturity of approximately 23.4 quarters (approximately 5.8 years). The Loans bear interest quarterly on the current principal balance outstanding. Each Loan may consist of one or more tranches which may differ in terms of interest rate characteristics, principal repayment profile and maturity. In addition, each Loan may be secured by a first fixed charge on more than one Property.

The following pages contain certain tables setting out statistics relating to the Loan Pool. For the purposes of these tables, an amount in respect of the Oracle Property has been used equal to Brookmight's interest in the Oracle Property and, in relation to the Orb Loan, an agreed release and sale of two properties and the substitution in their place of another property is assumed to have taken place (if such releases and substitution were not to take place, there would be no material adverse change to the figures set out in the following tables). The defined terms set forth in and the assumptions behind the tables are as follows:

(a) "**Cut-Off Date**" means the date as at which the information is provided, being 20th October, 2001.

(b) "**Mortgage Rate**" means the contractual rate of interest that the Borrower is required to pay under the relevant Loan.

(c) "**Remaining Term to Maturity**" means the number of quarterly periods remaining to the maturity date of the Loan as of the Cut-Off Date.

(d) "**Last Payment DSCR**" means the Debt Service Coverage Ratio ("**DSCR**") calculated as at origination by reference to the last loan interest and principal payment date before the final payment of the balloon principal at the maturity date (rather than at the Cut-Off Date or any other date). This is because most of the Loans in the Loan Pool will start to amortise on different dates.

(e) "**Last Payment ICR**" means the Interest Cover Ratio ("**ICR**") calculated as at origination by reference to the maturity date (rather than at the Cut-Off Date or any other date).

(f) "**Cut-Off Date LTV**" means the loan to value ratio of the Loan as of the Cut-Off Date and the relevant Property value as set out in the relevant Condition Precedent Valuation. In the case of one Loan (in respect of which one of the relevant Properties has been sold), the Cut-Off Date LTV has been calculated taking into account the sum of £2,048,437 placed in a sales account, which will be used to repay the Loan at Maturity.

(g) "**Balloon LTV**" means the loan to value ratio of the Loan determined by using the value of the relevant Property as set out in the relevant Condition Precedent Valuation and the projected scheduled principal amount of the Loan outstanding as at the maturity date. The balloon payments are expected to be paid on the maturity date.

Because the calculation of the Last Payment DSCR and Last Payment ICR is based on the amount of rent expected on the relevant payment dates, it is important to take into account the method by which the rental cashflows are modelled. The assumptions on which the rental cashflows model is based are the following:

(a) For each lease agreement, the contractual rent from the tenant is received by the Borrower up to the earlier of the maturity date or the break option date, where one is present.

(b) When the lease agreement involves a contractual rent increase or decrease, such contractual rent increase or decrease is taken into account.

(c) The rent received from tenants is net of both ground rent and irrecoverable property expenses.

(d) At either the maturity date or the break option date, where a break option is present in the lease agreement, it is assumed that the tenant leaves/exercises the break option and the space vacates.

(e) The time assumed to re-let a space after an expiry date or break date is six months for all of the Loans.

(f) It is also assumed that the space is re-let for the remainder of the term of the Loan for a rent equal to the lower of the contractual rent immediately prior to the relevant expiry date or break date and the estimated rental value of that space.

(g) When a space is originally vacant, it is assumed that such space remains always vacant.

Cut-Off Date Balances

Cut-Off Date Balances	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percent Aggregate Cut-Off Date Loan Amount	Weighted Average Loan Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off ICR	Weighted Average Last Payment DSCR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
(£)		(£)			(Years)	(Years)				
0 =< 5,000,000	1	702,900	0.1%	7.23%	6.58	6.24	1.17	1.00	74.0%	67.4%
5,000,000 =< 15,000,000	2	17,892,500	3.3%	7.10%	5.96	5.63	1.65	1.33	78.7%	63.1%
15,000,000 =< 30,000,000	1	28,310,000	5.2%	7.375%	7.35	6.99	1.21	1.16	80.3%	73.7%
30,000,000 =< 75,000,000	2	144,316,250	26.4%	6.52%	7.23	6.99	1.74	1.78	62.0%	57.1%
75,000,000 =< 105,000,000	4	356,360,000	65.1%	6.81%	5.47	5.30	1.31	1.18	74.6%	70.1%
Total		**547,581,650**								
Minimum		**702,900**								
Maximum		**103,895,000**								
Weighted Average Cut-Off Date Balance		**54,758,165**								

Loan Rate

Mortgage Rate	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percent Aggregate Cut-Off Date Loan Amount	Weighted Average Loan Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off ICR	Weighted Average Last Payment DSCR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
		(£)			(Years)	(Years)				
6.15% =< 6.25%	1	72,500,000	13.2%	6.15%	7.01	6.99	1.96	1.96	49.5%	49.5%
6.50% =< 6.75%	1	88,725,000	16.2%	6.56%	5.05	4.98	1.46	1.38	75.0%	70.5%
6.75% =< 7.00%	3	235,556,250	43.0%	6.83%	6.44	6.18	1.38	1.26	73.8%	66.2%
7.00% =< 7.25%	4	122,490,400	22.4%	7.05%	5.14	4.87	1.25	1.16	76.6%	73.2%
7.25% =< 8.00%	1	28,310,000	5.2%	7.375%	7.35	6.99	1.21	1.16	80.3%	73.7%
Total		**547,581,650**								
Minimum		**6.15%**								
Maximum		**7.375%**								
Weighted Average Loan Rate		**6.77%**								

Cut-Off Date Loan-to-Value Ratios

Cut-Off Date Loan-to-Value Ratios	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percent by Aggregate Cut-Off Date Loan Amount	Weighted Average Loan Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off ICR	Weighted Average Last Payment DSCR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
		(£)			(Years)	(Years)				
45% =< 60%	1	72,500,000	13.2%	6.15%	7.01	6.99	1.96	1.96	49.5%	49.5%
60% =< 75%	5	253,291,650	46.3%	6.75%	5.75	5.52	1.44	1.37	72.4%	66.3%
75% =< 80%	2	183,235,000	33.5%	6.94%	5.92	5.71	1.23	1.10	77.8%	72.9%
80% =< 85%	2	38,555,000	7.0%	7.30%	6.77	6.45	1.35	1.16	80.9%	71.1%
Total		**547,581,650**								
Minimum		**49.5%**								
Maximum		**82.6%**								
Weighted Average Cut-Off Date LTV		**71.7%**								

Balloon Loan-to-Value Ratios

Balloon Loan-to-Value Ratios	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percent by Aggregate Cut-Off Date Loan Amount	Weighted Average Loan Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off ICR	Weighted Average Last Payment DSCR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
		(£)			(Years)	(Years)				
45% =< 60%	1	72,500,000	13.2%	6.15%	7.01	6.99	1.96	1.96	49.5%	49.5%
60% =< 65%	4	174,108,750	31.8%	6.87%	6.07	5.76	1.45	1.35	71.6%	64.1%
65% =< 70%	1	702,900	0.1%	7.23%	6.58	6.24	1.17	1.00	74.0%	67.4%
70% =< 75%	3	196,375,000	35.9%	6.77%	6.22	6.08	1.36	1.22	77.7%	70.8%
75% =< 80%	1	103,895,000	19.0%	7.04%	4.99	4.73	1.18	1.13	76.3%	75.0%
Total		547,581,650								
Minimum		49.5%								
Maximum		75.0%								
Weighted Average Balloon LTV		66.6%								

Cut-Off Date Interest Coverage Ratios

Initial Interest Coverage Ratios	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percent by Aggregate Cut-Off Date Loan Amount	Weighted Average Loan Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off ICR	Weighted Average Last Payment DSCR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
		(£)			(Years)	(Years)				
115% =< 120%	2	104,597,900	19.1%	7.04%	5.00	4.74	1.18	1.13	76.3%	74.9%
120% =< 130%	2	107,650,000	19.7%	6.95%	7.19	6.99	1.27	1.09	79.9%	71.0%
130% =< 140%	1	84,400,000	15.4%	6.81%	4.92	4.74	1.34	1.15	67.5%	63.7%
140% =< 155%	3	168,188,750	30.7%	6.72%	6.17	5.91	1.49	1.48	74.8%	67.6%
155% =< 200%	2	82,745,000	15.1%	6.27%	6.78	6.75	1.93	1.86	53.6%	51.3%
Total		547,581,650								
Minimum		117%								
Maximum		196%								
Weighted Average Cut-Off Date ICR		143%								

Last Payment Date Debt Service Coverage Ratio

Last Payment Date DSCR	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percent by Aggregate Cut-Off Date Loan Amount	Weighted Average Loan Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off ICR	Weighted Average Last Payment DSCR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
		(£)			(Years)	(Years)				
100% =< 110%	2	80,042,900	14.6%	6.80%	7.13	6.98	1.29	1.07	79.6%	70.1%
110% =< 115%	2	188,295,000	34.4%	6.93%	4.96	4.74	1.25	1.14	72.4%	69.9%
115% =< 130%	2	38,555,000	7.0%	7.30%	6.77	6.45	1.55	1.16	80.9%	71.1%
130% =< 150%	1	88,725,000	16.2%	6.56%	5.05	4.98	1.46	1.38	75.0%	70.5%
150% =< 200%	3	151,963,750	27.8%	6.54%	7.22	6.96	1.73	1.76	62.6%	57.3%
Total		547,581,650								
Minimum		100%								
Maximum		196%								
Weighted Average Last Payment DSCR		134%								

Region

Region	Number of Properties	Aggregate Property Value	Percent by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Amount	Percent by Aggregate Cut-Off Date Loan Amount	Weighted Average Cut-Off Date Allocated LTV
		(£)		(£)		
Central London	16	511,560,000	65.7%	381,869,664	69.7%	74.9%
East Midlands	1	4,000,000	0.5%	2,937,110	0.5%	73.4%
Midlands	7	36,200,000	4.6%	27,628,973	5.0%	76.3%
North East	5	15,030,000	1.9%	11,471,367	2.1%	76.3%
North West	8	10,165,000	1.3%	7,572,507	1.4%	74.5%
South East	8	184,695,000	23.7%	103,127,096	18.8%	58.6%
South West	4	17,000,000	2.2%	12,974,932	2.4%	76.3%
Total	**49**	**778,650,000**	**100.0%**	**547,581,650**	**100.0%**	**71.7%**

Property Type

Property Type	Number of Properties	Aggregate Property Value	Percent by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Amount	Percent by Aggregate Cut-Off Date Loan Amount	Weighted Average Cut-Off Date Allocated LTV
		(£)		(£)		
Car Park	1	200,000	0.03%	146,855	0.02%	73.4%
Industrial	7	21,440,000	2.8%	16,123,073	2.9%	75.2%
Mixed	2	4,240,000	0.5%	3,191,512	0.6%	75.3%
Office	28	559,690,000	71.9%	420,084,160	76.7%	75.3%
Retail	4	149,810,000	19.2%	75,011,031	13.7%	50.4%
Warehouse	7	43,270,000	5.6%	33,025,019	6.0%	76.3%
Total	**49**	**778,650,000**	**100.0%**	**547,581,650**	**100.0%**	**71.7%**

County/Town

County/Town	Number of Properties	Aggregate Property Value	Percent by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Amount	Percent by Aggregate Cut-Off Date Allocated Loan Amount	Weighted Average Cut-Off Date Allocated LTV
		(£)		(£)		
Andover	1	1,400,000	0.2%	1,068,524	0.2%	76.3%
Aylesham	1	3,150,000	0.4%	2,404,179	0.4%	76.3%
Barnsley	3	9,940,000	1.3%	7,586,519	1.4%	76.3%
Bourne End	1	14,600,000	1.9%	11,718,911	2.1%	80.3%
Burgess Hill	1	12,400,000	1.6%	10,245,000	1.9%	82.6%
Chertsey	1	1,200,000	0.2%	963,198	0.2%	80.3%
Coventry	1	1,280,000	0.2%	976,936	0.2%	76.3%
Edgware	1	4,700,000	0.6%	3,587,187	0.7%	76.3%
Finchley	1	13,500,000	1.7%	10,835,980	2.0%	80.3%
Liverpool	1	3,150,000	0.4%	2,404,179	0.4%	76.3%
London	14	493,360,000	63.4%	367,446,497	67.1%	74.7%
Newport Pagnell	1	450,000	0.1%	343,454	0.1%	76.3%
Oldbury	1	2,750,000	0.4%	2,098,886	0.4%	76.3%
Poole	3	15,600,000	2.0%	11,906,408	2.2%	76.3%
Reading	3	150,645,000	19.3%	75,735,084	13.8%	50.7%
Sheffield	8	11,505,000	1.5%	8,595,237	1.6%	74.7%
Ulverston	1	600,000	0.1%	457,939	0.1%	76.3%
Uxbridge	1	2,700,000	0.3%	2,060,725	0.4%	76.3%
West Bromwich	1	4,000,000	0.5%	2,937,110	0.5%	73.4%
Worksop	4	31,720,000	4.1%	24,209,697	4.4%	76.3%
Number of Properties	**49**	**778,650,000**	**100.0%**	**547,581,650**	**100%**	**71.7%**

Amortisation Schedule

Payment Date of Loans	Amortisation Funds due under Loans	
	With Balloon (£)	Without Balloon (£)
January 2002	1,247,100	1,247,100
April 2002	1,277,200	1,277,200
July 2002	1,282,200	1,282,200
October 2002	1,237,200	1,237,200
January 2003	1,177,200	1,177,200
April 2003	1,267,400	1,267,400
July 2003	1,087,400	1,087,400
October 2003	1,072,400	1,072,400
January 2004	1,132,400	1,132,400
April 2004	1,139,900	1,139,900
July 2004	1,179,900	1,179,900
October 2004	1,234,900	1,234,900
January 2005	1,300,000	1,300,000
April 2005	1,305,000	1,305,000
July 2005	1,305,200	1,305,200
October 2005	1,245,200	1,245,200
January 2006	1,250,200	1,250,200
April 2006	1,325,500	1,325,500
July 2006	182,653,000	898,000
October 2006	91,823,900	542,900
January 2007	528,000	528,000
April 2007	573,200	573,200
July 2007	588,200	588,200
October 2007	568,200	568,200
January 2008	1,205,600	565,000
April 2008	6,980,000	505,000
July 2008	510,000	510,000
October 2008	240,076,250	-
Total	**547,581,650**	**27,344,800**

Note: The amortisation schedule stated to be "With Balloon" includes balloon payments made on maturity dates, the amortisation schedule stated to be "Without Balloon" does not.

SERVICING

Introduction

Pursuant to the Servicing Agreement, each of the Issuer, the Security Trustee and the Trustee will appoint MSMS as the Servicer and the Special Servicer to be its agent to provide certain services in relation to the Loans and the Security Trusts comprising the Related Security. Each of the Servicer and the Special Servicer has agreed with the Issuer, the Security Trustee and the Trustee that it will provide the services to be performed under the Servicing Agreement in such a manner as it would be reasonable to expect a reasonably prudent lender of money secured on commercial property to act in servicing mortgages over commercial property which are owned by it and that it will comply with any reasonable directions, orders and instructions which the Issuer, the Security Trustee or the Trustee may from time to time give to the Servicer or the Special Servicer, as the case may be, in accordance with the provisions of the Servicing Agreement.

Each of the Servicer and the Special Servicer is required to adhere to the above standards without regard to any fees or other compensation to which it is entitled, any relationship it may have with any borrower or any other party to the transaction, the different payment priorities among the Notes or the ownership of any Note by the Servicer or Special Servicer or any affiliate thereof. Each of the Servicer and the Special Servicer may become the owner or otherwise hold an interest in the Notes with the same rights as each would have if it were not the Servicer or Special Servicer, as the case may be. Any such interest of the Servicer or Special Servicer in the Notes will not be taken into account by any person when evaluating whether actions of the Servicer or Special Servicer were consistent with above standards.

Payments from Borrowers

Pursuant to the Servicing Agreement, the Servicer is required to calculate from time to time the various amounts which are to be paid out of the Rent Accounts. On each Calculation Date and otherwise as required by the Issuer and the Trustee from time to time, the Servicer will calculate, with respect to the Collection Period then ended:

(a) Borrower Interest Receipts;

(b) Borrower Principal Receipts; and

(c) the Prepayment Amount,

and will determine which portions of Borrower Principal Receipts in the Rent Accounts consist of Amortisation Funds, Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds. The Servicer will, from time to time, determine all Revenue Priority Amounts and all Principal Priority Amounts required to be paid by the Issuer.

As part of its duties to provide services under the Servicing Agreement, the Servicer is required to give instructions to the Security Trustee to transfer payments from the various Rent Accounts into the relevant Transaction Account whereupon such moneys will be applied by the Cash Manager in accordance with the Cash Management Agreement and the Deed of Charge and Assignment. See "Cash Management".

Annual Review Procedure

The Servicer is required to undertake an annual review in respect of each Borrower and its Loan in accordance with its servicing procedures. The Servicer is authorised to conduct this review process more frequently if the Servicer, acting as a reasonably prudent lender of money secured on commercial property, has cause for concern as to the ability of the Borrower to meet its financial obligations under the Credit Agreement. Such a review may include an inspection of Properties and will include consideration of the quality of the cash flow arising from the Properties and a compliance check of all of the Borrower's covenants under the relevant Credit Agreement. The Special Servicer has agreed to assist the Servicer by providing such information as it may have which may be needed by the Servicer for the carrying out of any such review and available to the Special Servicer.

Quarterly Arrears Report

The Servicer has agreed to deliver to the Issuer, the Trustee, the Special Servicer, the Cash Manager and the Rating Agencies within 10 Business Days after the end of each Interest Period, a report in which it will notify the Issuer, the Trustee, the Special Servicer, the Cash Manager and the Rating Agencies of any Loans then known by the Servicer to be in arrears or in respect of which the Borrower or the Mortgagor is known by the Servicer to be in breach of any other term of its Credit Agreement or Related Security. The Special Servicer has agreed to assist the Servicer by providing such information as it may have which may be needed by the Servicer for the production of any such report and available to the Special Servicer. A summary of each such report produced (or, if more than one, the most recent report) will be included in the quarterly investor report available to Noteholders on request from the Trustee. Such report will include, among other things, the following:

(a) a calculation of all collections in respect of the Loans including Borrower Interest Receipts, Borrower Principal Receipts and resales to MSDW Bank pursuant to the Loan Sale Agreement;

(b) a listing of those Loans that were 1-90 days in arrears, 91-180 days in arrears and over 180 days in arrears;

(c) a listing of those Loans in respect of which enforcement had begun at the end of the most recently ended Collection Period, including the individual Loan and total arrears balances, the number of such Loans 1-3 months in arrears, 4-6 months in arrears and more than 6 months in arrears;

(d) details of Loans in which enforcement procedures were completed and the amounts written-off;

(e) details of Loans in which the applicable Borrower or Mortgagor or Mortgagors are known by the Servicer to be in breach of any term of their Loan or Related Security likely to prejudice the value of the relevant Loan or Related Security; and

(f) details of Loans previously written-off on which recoveries were made during the most recently ended Collection Period.

Arrears and Default Procedures

The Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of all Loans. Each of the Servicer and the Special Servicer is required to use all reasonable endeavours to recover amounts due from defaulting Borrowers. Each of the Servicer and the Special Servicer has agreed, in relation to any default under or in connection with a Credit Agreement and its Related Security, to comply with the procedures for enforcement of Loans and Related Security of the Servicer or the Special Servicer, as the case may be, current from time to time (the "**Enforcement Procedures**"). Such procedures for enforcement include the giving of instructions to the Security Trustee as to how to enforce the security held by the Security Trustee pursuant to the Security Trusts.

Upon the instructions of the Issuer, the Trustee, the Servicer or, as the case may be, the Special Servicer (where appointed in respect of a Specially Serviced Loan), the Security Trustee will, subject to the provisions of the relevant Debenture and the Credit Agreement, appoint a receiver and if it does so is authorised by the Issuer, Trustee, Servicer or, as the case may be, Special Servicer to agree with the receiver a strategy for best preserving the Issuer's rights and securing any available money from the relevant Properties, which may in certain circumstances involve the receiver managing all or some of the relevant Properties (including the handling of payments of rent) for a period of time and/or seeking to sell the Properties to a third party.

If a Property is sold pursuant to the implementation of the Enforcement Procedures, the net proceeds of sale (after payment of the costs and expenses of the sale) will, together with any amount payable on any related insurance contracts, be applied against the sums owing from the relevant Borrower to the extent necessary to repay the Loan.

Assignments and Novations

The Servicer or the Special Servicer, as applicable, will be required to determine, in a manner consistent with the servicing standards set forth in the Servicing Agreement, whether to waive the restriction under any Loan on the Borrower's ability to assign, transfer or novate its obligations under such Loan to another borrower

who will be required to be satisfy, in all relevant and material respects, the lending criteria that applied to the original Borrower.

Appointment of the Special Servicer and Operating Adviser

MSMS has agreed with the Issuer, the Security Trustee and the Trustee to act initially as Special Servicer (the "**Special Servicer**") in respect of any Loan which becomes a Specially Serviced Loan. A Loan will become a "**Specially Serviced Loan**" if (a) either of the interest cover percentages (being the proportion (expressed as a percentage) which the net rental income payable to or for the benefit of the Borrower over (i) the immediately preceding interest period and (ii) for the immediately following period of 12 months bears to the amount of interest payable pursuant to the Credit Agreement for the same period) (the "**Interest Cover Percentages**") is equal to or less than 110 per cent. (or, in the case of one Loan, 102 per cent.) and (b) the Controlling Party elects to appoint the Special Servicer to act as such in relation to that Loan.

Notwithstanding the appointment of the Special Servicer in respect of a Loan, the Servicer will continue to have certain limited responsibilities relating to loan administration in respect of the Specially Serviced Loan, but will not be liable for the actions of the Special Servicer (if a person other than itself). If an Interest Cover Percentage of a Loan is equal to or less than 125 per cent. but greater than 110 per cent. (or, in the case of one Loan, 102 per cent.) then the Servicer will promptly give notice thereof to the Special Servicer and will consult with the Special Servicer in relation to the future servicing or exercise of rights in respect of that Loan and/or Related Security.

The Controlling Party may also elect to appoint an operating adviser (the "**Operating Adviser**") to represent its interests and to advise the Special Servicer about the following matters in relation to each Specially Serviced Loan: (a) appointment of a receiver or similar actions to be taken in relation to the Specially Serviced Loan; (b) the amendment, waiver or modification of any term of the applicable Credit Agreement which affects the amount payable by the relevant Borrower or the time at which any amounts are payable, or any other material term of the relevant Loan documents; (c) any action taken in order to ensure compliance with environmental laws at the relevant Property; and (d) the release of any part of a Specially Serviced Loan's Related Security, or the acceptance of substitute or additional Related Security other than in accordance with the terms of the relevant Loan documentation. Before taking any action in connection with the matters referred to in (a) to (d) above, the Special Servicer must notify the Operating Adviser of its intentions and must take due account of the advice and representations of the Operating Adviser, although if the Special Servicer determines that immediate action is necessary to protect the interests of the Noteholders (as a collective whole), the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser's response. If the Special Servicer does take such action and the Operating Adviser objects in writing to the actions so taken within 10 Business Days after being notified of the action and provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Party. The Operating Adviser will be considered to have approved any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within 10 Business Days. Furthermore, the Special Servicer will not be obliged to obtain the approval of the Operating Adviser for any actions to be taken with respect to any Specially Serviced Loan if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to such Loan and, for 60 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be consistent with the standards required to be implemented by the Special Servicer under the Servicing Agreement.

The Operating Adviser and its officers, directors, employees and owners will have no liability to Noteholders for any advice given, or representations made, to the Special Servicer, or for refraining from the giving of advice or making of representations. The Operating Adviser (a) may have special relationships and interests that conflict with those of holders of one or more classes of Notes; (b) may act solely in the interests of the holders of the Controlling Party; (c) has no duties to Noteholders, except for the Controlling Party; (d) may act to favour the interests of the Controlling Party over the interests of other Noteholders; and (e) will violate no duty and incur no liability by acting solely in the interests of the Controlling Party. Notwithstanding the appointment of an Operating Adviser, the Special Servicer must act at all times in accordance with the Servicing Agreement.

Insurance

The Servicer will, on behalf of the Trustee, the Security Trustee and the Issuer, administer the arrangements for insurance in respect of, or in connection with, the Loans and the Related Security. The Servicer will establish and maintain procedures to ensure that all buildings insurance policies in respect of the Properties are renewed on a timely basis.

Upon receipt of notice that any policy of buildings insurance has lapsed or that any Property is otherwise not insured against fire and other perils (including subsidence) under a comprehensive buildings insurance policy or similar policy in accordance with the terms of each Loan, the Servicer or the Special Servicer (in respect of a Specially Serviced Loan) is required, at the cost of the Issuer, to arrange such insurance, except in respect of any Borrower or tenant who is a Self-Insured Entity. Under the terms of the Loans, each Borrower will be required to reimburse the Issuer for such costs of insurance. See also "Risk Factors — Insurance".

Delegation by the Servicer and the Special Servicer

Each of the Servicer and the Special Servicer may, in certain circumstances, without the consent of the Issuer, the Security Trustee or the Trustee, sub-contract or delegate its obligations under the Servicing Agreement. Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Servicing Agreement, the Servicer or the Special Servicer, as the case may be, will not be released or discharged from any liability thereunder and will remain responsible for the performance of its obligations under the Servicing Agreement by any sub-contractor or delegate.

Servicing Fee

Pursuant to the Servicing Agreement, the Issuer will pay to the Servicer (or the person then entitled to the Servicing Fee) on each Interest Payment Date a fee (the "**Servicing Fee**") at the rate of 0.10 per cent. per annum (exclusive of VAT) of the aggregate outstanding principal balance of the Loans (other than Specially Serviced Loans in respect of which the Special Servicer is being paid the Special Servicing Fee) at the beginning of the Collection Period to which that Interest Payment Date relates. The Servicing Fee, or any part of such Servicing Fee, is assignable by the Servicer, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment. Following any termination of MSMS's appointment as Servicer, the Servicing Fee will be paid to any substitute servicer appointed; provided that the Servicing Fee may be payable at a higher rate agreed in writing by the Trustee (but which does not exceed the rate then commonly charged by providers of loan servicing services secured on commercial properties) to any substitute servicer.

Both before enforcement of the Notes and thereafter (subject to certain exceptions), the Issuer will pay the Servicing Fee to the Servicer and will reimburse the Servicer for all costs and expenses incurred by the Servicer in the enforcement of a Loan and its Related Security (including any substitute servicer). Prior to an enforcement of the Issuer Security, the Servicing Fee is payable in priority to payments on the Notes until the Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes, after deduction of any Applicable Principal Losses and after providing for all amounts to be applied in redemption of the Notes or any class thereof on such Interest Payment Date, is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the date of issuance thereof. On each Interest Payment Date following the Interest Payment Date referred to in the previous sentence and prior to enforcement of the Issuer Security, the Servicing Fee will be subordinated to the amounts payable on the Notes. Following enforcement of the Issuer Security, the Servicing Fee will be payable in priority to payments on the Notes. This order of priority has been agreed with a view to procuring the continuing performance by the Servicer of its duties in relation to the Issuer, the Security Trustee, the Trustee, the Loans, the Related Security and the Notes. See "Credit Structure".

Special Servicing Fee and Liquidation Fee

Pursuant to the Servicing Agreement, if the Special Servicer is appointed in respect of a Loan and the Loan is consequently designated as a Specially Serviced Loan, the Issuer is required to pay to the Special Servicer a fee (a "**Special Servicing Fee**") equal to 0.15 per cent. per annum (exclusive of VAT) of the outstanding principal amount of the Specially Serviced Loan, for a period commencing on the date such Loan is designated as a Specially Serviced Loan and ending on the date the Property the subject of such Loan is sold on enforcement or the date on which the Interest Cover Percentages in respect of such Loan has been maintained at or above 110 per cent. (or, in the case of one Loan, 102 per cent.) for a period of three consecutive months, as applicable. The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each Interest Payment Date commencing with the Interest Payment Date following the date on which such period

begins and ending on the Interest Payment Date following the end of such period. No Servicing Fee will be payable in respect of any Specially Serviced Loan in respect of which the Special Servicing Fee is payable. In addition to the Special Servicing Fee, the Special Servicer will be entitled to a fee (a "**Liquidation Fee**") in respect of a Specially Serviced Loan equal to up to 1 per cent. (exclusive of VAT) of the proceeds (net of costs and expenses of sale), if any, arising on the sale of the Property securing such Specially Serviced Loan. The Liquidation Fee will be negotiated (subject to a maximum fee of 1 per cent. of net proceeds, as described above) and agreed by the Controlling Party and the Special Servicer in respect of each relevant Specially Serviced Loan, and notified to the Trustee and the Servicer in writing, and will be payable out of Principal Recovery Funds on the Interest Payment Date immediately following the receipt of such net proceeds, provided that no amount will be payable to the Special Servicer in respect of a Liquidation Fee if and to the extent that, on such Interest Payment Date, no Applicable Principal Loss will be allocable to any class of Notes, other than the most junior class of Notes outstanding immediately prior to such Interest Payment Date, by reason of the deduction of the Liquidation Fee from the net proceeds of sale.

Ability to Purchase Loans and Related Security

The Issuer has, pursuant to the Servicing Agreement, granted to the Servicer the option on any Interest Payment Date under the Notes, to purchase all, but not some only, of the Loans and the Related Security; provided that on the Interest Payment Date on which the Servicer intends to purchase the Loans and Related Security the then aggregate Principal Amount Outstanding of all the Notes would be less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date. The Servicer must give the Issuer and Trustee not more than 60 nor less than 30 day's written notice of its intention to purchase the Loans. The purchase price to be paid by the Servicer to the Issuer will be an amount equal to the then principal amount outstanding of the Loans less an amount equal to any principal that has become due and payable pursuant to the relevant Credit Agreement, but which have not been paid and which has consequently given rise to an Applicable Principal Loss in respect of the Notes, plus accrued but unpaid interest on the Loans.

Termination of Appointment of Servicer or Special Servicer

The appointment of the Servicer or the Special Servicer under the Servicing Agreement may be terminated by the Trustee following a termination event, by voluntary termination or by automatic termination.

The Trustee may terminate the Servicer's or Special Servicer's appointment under the Servicing Agreement upon the occurrence of a termination event in respect of that entity, including, *inter alia*, a default in the payment on the due date of any payment to be made by it under the Servicing Agreement, or, in certain circumstances, a default in performance of any of its other material covenants or obligations under the Servicing Agreement, or in the event that an order is made or an effective resolution passed for its winding up, or if it becomes insolvent. On the termination of the appointment of the Servicer or, as the case may be, the Special Servicer by the Trustee, the Trustee may, subject to certain conditions (including, but not limited to, the prior written approval of the Rating Agencies), appoint a substitute servicer or, as the case may be, substitute special servicer. If the appointment of the Special Servicer is terminated in respect of any Loan (otherwise than by reason of that Loan ceasing to be a Specially Serviced Loan) and a successor is not appointed in accordance with the Servicing Agreement, the Servicer will assume the duties and obligations of the Special Servicer in respect of that Loan.

In addition, upon any reduction to zero of the aggregate Principal Amount Outstanding under the most junior class of Notes outstanding at any time (whether by reason of the allocation of Applicable Principal Losses, redemption of such Notes or otherwise), the holders of the next most junior class of Notes then outstanding will be entitled, by an Extraordinary Resolution passed by the Controlling Party (as defined in Condition 4(*C*)), to require the Trustee to terminate the appointment of the person then acting as Special Servicer and to appoint a successor thereto acceptable to the Controlling Party.

Each of the Servicer and the Special Servicer may terminate its appointment upon not less than three months' prior written notice to each of the Issuer, the Security Trustee, the Trustee and the Servicer or the Special Servicer (whichever is not purporting to give notice) provided that a qualified substitute servicer or substitute special servicer, as the case may be, shall have been appointed and agreed to be bound by the Servicing Agreement (including, but not limited to, those provisions as to the fees, costs and expenses) and the Deed of Charge and Assignment, such appointment to be effective not later than the date of termination, and provided further that the Rating Agencies have provided written confirmation that the then applicable ratings of the Notes will not be qualified, downgraded or withdrawn as a result thereof unless otherwise agreed by an extraordinary resolution of separate class meetings of each class of the Noteholders.

On termination of its appointment, the Servicer or the Special Servicer, as the case may be, will forthwith deliver to the Trustee or, as the Trustee directs, all documents, information, computer stored data and moneys held by it in relation to its appointment as Servicer or the Special Servicer, as the case may be, and will be required to take such further action as the Trustee may reasonably direct to enable the services of the Servicer or the Special Servicer, as the case may be, to be performed by a substitute thereof.

The Servicing Agreement will terminate automatically at such time as neither the Issuer nor the Security Trustee nor the Trustee has any further interest in any of the Loans or the Related Security or, if later, upon discharge of all of the liabilities of the Issuer to the Secured Parties.

Receivers

Pursuant to the Servicing Agreement, the Security Trustee has authorised the Servicer and the Special Servicer, as necessary, to give a receiver appointed pursuant to a Debenture an indemnity on their behalf provided that the indemnity is required by the receiver as a condition of its appointment or continued appointment and reasonable endeavours to appoint a suitably qualified and experienced receiver without the provision of such an indemnity have been taken by the Security Trustee (or the entity giving instructions to the Security Trustee) and provided further that the terms of any indemnity would be acceptable to a reasonably prudent lender of money secured on commercial property.

The Servicer or the Special Servicer, as the case may be, and the Security Trustee are required to use their best endeavours to ensure that the receiver appointed in respect of any Loan and/or Related Security sells any such assets as soon as possible after such receiver's appointment.

General

In addition to the duties described above, the Servicer is required under the Servicing Agreement to perform duties customary for a servicer of mortgage loans such as retaining or arranging for the retention of loan and property deeds and other documents in safe custody and software licensing and sub-licensing.

The Servicer or the Special Servicer (in respect of a Specially Serviced Loan) on behalf of the Issuer, the Security Trustee and the Trustee may agree to any request by a Borrower to vary or to amend certain terms of the relevant mortgage conditions, subject to any such variation or amendment satisfying certain conditions set out in the Servicing Agreement.

Notwithstanding the foregoing, neither the Servicer nor the Special Servicer will be liable for any obligation of a Borrower or a Mortgagor under any Credit Agreement or any Related Security, have any liability to any third party for the obligations of the Issuer or the Trustee under the Notes or any of the documents listed under paragraph 10 of "General Information" (the "**Relevant Documents**") or have any liability to the Issuer, the Trustee, the Noteholders or any other person for any failure by the Issuer to make any payment due by it under the Notes or any of the Relevant Documents unless such failure by the Issuer results from a failure by the Servicer or the Special Servicer, as the case may be, to perform its obligations under the Servicing Agreement.

The Servicer may also advise the Issuer as to whether to exercise its option to redeem the Notes pursuant to Condition 6(*d*).

CASH MANAGEMENT

Cash Manager

Pursuant to an agreement to be entered into on or prior to the Closing Date between the Issuer, the Servicer, the Special Servicer, the Trustee, the Cash Manager, the Operating Bank, MSDW Bank (the "**Cash Management Agreement**"), each of the Issuer and the Trustee will appoint AIB International Financial Services Limited (in this capacity, the "**Cash Manager**") to be its agent to provide certain cash management services in relation to, *inter alia*, the Transaction Account, as are more particularly described below. The Cash Manager will undertake with the Issuer and the Trustee that in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will exercise the same level of skill, care and diligence as it would apply if it were the beneficial owner of the moneys to which the services relate and that it will comply with any directions, orders and instructions which the Issuer or the Trustee may from time to time give to the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Operating Bank and Issuer's Accounts

Pursuant to the Cash Management Agreement, Allied Irish Banks p.l.c. (in this capacity, the "**Operating Bank**") will open and maintain the Transaction Account, if the Swap Agreement Credit Support Document is entered into the Swap Collateral Cash Account, the Stand-by Account and, if required, the Swap Collateral Custody Account in the name of the Issuer. The Operating Bank has agreed to comply with any direction of the Cash Manager, the Issuer or the Trustee to effect payments from the Transaction Account, the Stand-by Account or the Swap Collateral Cash Account if such direction is made in accordance with the mandate governing the applicable account.

Calculation of Amounts and Payments

Under the Servicing Agreement, the Servicer and the Special Servicer are required to instruct the Security Trustee to transfer all Borrower Interest Receipts, Borrower Principal Receipts and Prepayment Fees from the Rent Accounts (and, if relevant, the Swap Collateral Cash Account) into the Transaction Account; all payments required to be made by the Issuer to the Swap Provider under the Swap Agreement will be deducted from the Transaction Account. In addition, all payments made by the Swap Provider and/or the Swap Guarantor, other than those contemplated by the Swap Agreement Credit Support Document and all drawings under the Liquidity Facility will be paid into the Transaction Account. See "Servicing" and "Credit Structure — The Swap Agreement" and "— Liquidity Facility". Once such funds have been credited to the Transaction Account, the Cash Manager shall invest such sums in Eligible Investments and is required to apply such funds in accordance with the Deed of Charge and Assignment and the Cash Management Agreement, as described below.

On each Calculation Date (being the second business day prior to the relevant Interest Payment Date), the Cash Manager is required to determine, from information provided by the Servicer, the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer, and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding and the Pool Factor (each as defined in Condition 6(*f*)) for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date and the amount of each Note Principal Payment due on the next following Interest Payment Date, in each case pursuant to Condition 6(*f*).

On each Interest Payment Date, the Cash Manager will determine and pay on behalf of the Issuer, out of the Available Interest Receipts and Available Principal determined by the Cash Manager to be available for such purposes as described above, each of the payments required to be paid pursuant to and in the priority set forth in the Deed of Charge and Assignment. In addition, the Cash Manager will, from time to time, pay on behalf of the Issuer all Revenue Priority Amounts and all Principal Priority Amounts required to be paid by the Issuer, as determined by the Servicer.

The Cash Manager will make all payments required to carry out an optional redemption of Notes pursuant to Condition 6(*c*), Condition 6(*d*) or Condition 6(*e*), in each case according to the provisions of the relevant Condition. See further "Terms and Conditions of the Notes".

In the event that the Cash Manager determines, on any Calculation Date, that a shortfall in Scheduled Interest Receipts or Scheduled Principal Receipts will arise in respect of a particular Loan on the next following

Interest Payment Date or that there will be a shortfall in the amount required to pay any interest that has accrued on existing drawings under the Liquidity Facility or if certain Revenue Priority Amounts which fall due on a date other than an Interest Payment Date and cannot be met by the application of other funds available for the purpose, the Cash Manager is required to submit a notice of drawdown under the Liquidity Facility Agreement. If the Cash Manager fails to submit a notice of drawdown when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may submit the relevant notice of drawdown.

Ledgers

The Cash Manager will maintain the following ledgers:

(a) the Interest Ledger;

(b) the Principal Ledger;

(c) the Liquidity Ledger; and

(d) the Prepayments Ledger.

The Cash Manager will from time to time in accordance with the payments made:

(a) credit the Interest Ledger with all Borrower Interest Receipts transferred and credited to the Transaction Account and debit the Interest Ledger with all payments made out of Borrower Interest Receipts;

(b) credit the Principal Ledger with all Borrower Principal Receipts transferred and credited to the Transaction Account and debit the Principal Ledger with all payments made out of Available Scheduled Amortisation Amounts, Available Prepayment Redemption Amount, Available Final Redemption Amounts and Available Principal Recovery Funds;

(c) credit the Liquidity Ledger with any transfer made pursuant to item (i)(K) or item (xi) in "Summary — Available Funds and their Priority of Application — Payments out of the Transaction Account prior to Enforcement of the Notes — (b) Available Interest Receipts", or item (i) in "Summary — Available Funds and their Priority of Application — Payments out of the Transaction Account prior to Enforcement of the Notes — (c) Available Principal" and debit the Liquidity Ledger with all drawings under the Liquidity Facility; and

(d) credit the Prepayments Ledger with all Prepayment Fees and debit the Prepayment Ledger with all payments made out of Prepayment Fees.

Cash Manager Quarterly Report

Pursuant to the Cash Management Agreement, the Cash Manager has agreed to deliver to the Issuer, the Trustee, the Servicer and the Rating Agencies a report in respect of each Calculation Date in which it will notify the recipients of, *inter alia*, all amounts received in the Issuer's Transaction Account and payments made with respect thereto and all entries made in the relevant ledgers.

Delegation by the Cash Manager

The Cash Manager may, in certain circumstances, without the consent of the Issuer or the Trustee, sub-contract or delegate its obligations under the Cash Management Agreement. Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Cash Management Agreement, the Cash Manager will not be released or discharged from any liability thereunder and will remain responsible for the performance of its obligations under the Cash Management Agreement by any sub-contractor or delegate.

Fees

Pursuant to the Cash Management Agreement, the Issuer will pay to the Cash Manager on each Interest Payment Date a cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager for all costs and expenses properly incurred by the Cash Manager in the performance of the Cash Management Services. Any successor cash manager will receive remuneration on the same basis.

Both before enforcement of the Notes and thereafter (subject to certain exceptions), the Issuer will pay the cash management fee to the Cash Manager and the operating bank fee to the Operating Bank and will reimburse the Cash Manager for its costs and expenses, all in priority to payments due on the Class A Notes. This order of priority has been agreed with a view to procuring the continuing performance by each of the Cash Manager and the Operating Bank of its duties in relation to the Issuer, the Trustee, the Loans, the Related Security and the Notes.

Termination of Appointment of the Cash Manager

The appointment of AIB International Financial Services Limited as Cash Manager under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Trustee. The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, *inter alia*, (i) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer, or (ii) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for ten Business Days, or (iii) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, examiner or similar official. On the termination of the Cash Manager by the Trustee, the Trustee may, subject to certain conditions, appoint a successor cash manager.

The Cash Manager may resign as Cash Manager upon not less than six months' written notice of resignation to each of the Issuer, the Servicer, the Special Servicer, MSDW Bank, the Operating Bank and the Trustee provided that a suitably qualified successor Cash Manager shall have been appointed.

Termination of Appointment of the Operating Bank

The Cash Management Agreement requires that the Operating Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If Allied Irish Banks p.l.c. ceases to be an Authorised Entity (as defined below), the Operating Bank will give written notice of such event to the Issuer, the Servicer, the Special Servicer, the Cash Manager and the Trustee and will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer, the Special Servicer and the Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement, procure the transfer of the Transaction Account and each other account held by the Issuer with the Operating Bank to another bank which is an Authorised Entity. If at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the accounts need not be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

An "**Authorised Entity**" is an entity the short-term unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least at the Requisite Rating or, if at the relevant time there is no such entity, any entity approved in writing by the Trustee.

If, other than in the circumstances specified above, the Cash Manager wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Cash Manager is required to obtain the prior written consent of the Issuer and the Trustee, and the transfer of such account will be subject to the same directions and arrangements as are provided for above.

CREDIT STRUCTURE

The composition of the Loans and the Related Security and the structure of the transaction and the other arrangements for the protection of the Noteholders, in the light of the risks involved, have been reviewed by the Rating Agencies. The ratings assigned by the Rating Agencies to each class of Notes are set out in "Summary — The Notes — Ratings". A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The ratings of the Notes are dependent upon, among other things, the short-term unsecured, unguaranteed, unsubordinated debt ratings of the Liquidity Facility Provider and the long term unsecured, unsubordinated debt rating of the Swap Guarantor. Consequently, a qualification, downgrade or withdrawal of either such ratings may have an adverse effect on the ratings of the Notes.

The principal risks associated with the Notes and the manner in which they are addressed in the structure are set out below. Attention is also drawn to the section of this Offering Circular entitled "Risk Factors" for a description of the principal risks in respect of the Loans and Related Security.

1. Liquidity, Credit and Basis Risk

The Issuer is subject to:

(a) the risk of delay arising between the receipt of payments due from Borrowers and the scheduled Loan Payment Dates. This risk is addressed in respect of the Notes through drawings under the Liquidity Facility Agreement to cover certain third party expenses, Borrower Interest Receipts and certain amounts in respect of Amortisation Funds and by the liquidity support provided to classes of Notes by those classes of Notes (if any) ranking lower in priority to that class;

(b) the risk of default in payment and the failure by the Security Trustee, the Servicer or the Special Servicer, on behalf of the Issuer, to realise or to recover sufficient funds under the enforcement procedures in respect of the relevant Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrower under a Loan. This risk is addressed in respect of the Notes by the credit support provided to classes of Notes by those classes of Notes (if any) ranking lower in priority to that class; and

(c) the risk of the interest rates payable by the Borrowers on the Loans being less than that required by the Issuer in order to meet its commitments under the Notes and its other obligations. This risk is addressed by the Interest Rate Swap Transaction (see "The Swap Agreement" below), and by drawings under the Liquidity Facility Agreement to cover certain third party expenses and shortfalls in Borrower Interest Receipts.

2. Liabilities under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by MSDW Bank or any associated body of MSDW Bank, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank or any company in the same group of companies as those parties listed above and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

On each Interest Payment Date, payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, respectively, will be due and payable only if and to the extent that there are sufficient funds available to the Issuer to pay interest on the Class A Notes and other liabilities of the Issuer ranking higher in priority to interest payments on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, respectively, as provided in "Summary — Available Funds and their Priority of Application— Payments out of the Transaction Account prior to Enforcement of the Notes — Available Interest Receipts", and which have been paid or provided for in full. To the extent that there are insufficient funds available to the Issuer on any Interest Payment Date to pay in full interest otherwise due on any one or more classes of junior-ranking Notes then outstanding, after making the payments and provisions ranking higher in priority to the relevant interest payment, as the case may be, such interest will not then be due and payable but subject, in the case of the Class E Notes and the Class F Notes, to the following paragraph, will

become due and payable, together with accrued interest thereon, on subsequent Interest Payment Dates, but only if and to the extent that funds are available therefor.

The Issuer's obligation to pay interest in respect of each of the Class E Notes and the Class F Notes is limited, on each Interest Payment Date, to an amount equal to the lesser of (a) the Interest Amount (as defined in Condition 5(*d*)) in respect of such class of Notes for that Interest Payment Date, and (b) the result of (i) the Available Interest Receipts in respect of such Interest Payment Date (including, for avoidance of doubt, the amount available for drawing by way of Interest Drawings and Accrued Interest Drawings under the Liquidity Facility Agreement on such Interest Payment Date), minus (ii) the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to the payment of interest on such class of Notes (the amount calculated under (b) in respect of an Interest Payment Date being the "**Adjusted Interest Amount**" for such class of Notes on that Interest Payment Date). No amount will be payable by the Issuer in respect of the amount, on any Interest Payment Date, by which the Interest Amount in respect of the Class E Notes and/or the Class F Notes, as applicable, exceeds the Adjusted Interest Amount in respect of such class, the debt that would otherwise be represented by such shortfall will be extinguished, and the affected Noteholders will have no claim against the Issuer in respect thereof.

The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will provide credit support for the Class A Notes. Funds which are available in respect of payments of principal on the Notes as described in the definitions of Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds in Condition 6(*b*) will be applied first, in paying the aggregate of all Liquidity Facility Repayment Amounts (as defined in the Master Definitions Agreement) applicable to Principal Drawings then outstanding under the Liquidity Facility Agreement, second, in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full and only then will payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes become payable, as provided in "Summary — Available Funds and their Priority of Application — Payments out of the Transaction Account prior to Enforcement of the Notes — Available Principal".

3. Post-Enforcement Priority of Payments

The Issuer Security will become enforceable upon the Trustee giving a Note Enforcement Notice. Following enforcement of the Issuer Security, the Trustee will be required to apply all funds received or recovered by it in accordance with the following order of priority (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) in or towards satisfaction of any amounts due and payable by the Issuer to (a) *pari passu* and *pro rata*, the Trustee, the Security Trustee and any receiver appointed in respect of the Deed of Charge and Assignment and any amounts due and payable to any receiver appointed under a Loan and/or its Related Security; then (b) to the Swap Provider in respect of amounts due or overdue to it under the Swap Agreement and, if entered into, the Swap Agreement Credit Support Document; then (c) *pari passu* and *pro rata*, the Paying Agents, the Exchange Agent and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency Agreement or the Exchange Rate Agency Agreement; then (d) the Servicer in respect of the Servicing Fee (or any other person then entitled thereto) and the Special Servicer in respect of any Special Servicing Fees and any other amounts (including any amounts due to the Special Servicer in respect of any Liquidation Fee) due to the Servicer and the Special Servicer pursuant to the Servicing Agreement, in each case as between the Servicer and the Special Servicer *pari passu* and *pro rata*; then (e) the Cash Manager under the Cash Management Agreement; then (f) the Corporate Services Provider under the Corporate Services Agreement; then (g) the Share Trustee under the Declaration of Trust; then (h) amounts due to the Depository under the Depository Agreement; then (i) the Operating Bank under the Cash Management Agreement; and then (j) the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement in respect of Principal Drawings, Interest Drawings, Accrued Interest Drawings and Expenses Drawings (each as defined below) and the commitment fee (except to the extent that the commitment fee has been increased pursuant to the imposition of increased costs on the Liquidity Facility Provider); and any Mandatory Costs, up to a maximum aggregate amount of 0.125 per cent. per annum, due or overdue to the Liquidity Facility Provider under the Liquidity Facility Agreement;

(ii) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class A Notes; and after payments of all such sums (b) all amounts of principal due or overdue on the Class A Notes and all other amounts due in respect of the Class A Notes until the outstanding principal balance of the Class A Notes is reduced to zero;

(iii) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class B Notes; and after payments of all such sums (b) all amounts of principal due or overdue on the Class B Notes and all other amounts due in respect of the Class B Notes until the outstanding principal balance of the Class B Notes is reduced to zero;

(iv) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class C Notes; and after payments of all such sums (b) all amounts of principal due or overdue on the Class C Notes and all other amounts due in respect of the Class C Notes until the outstanding principal balance of the Class C Notes is reduced to zero;

(v) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class D Notes; and after payments of all such sums (b) all amounts of principal due or overdue on the Class D Notes and all other amounts due in respect of the Class D Notes until the outstanding principal balance of the Class D Notes is reduced to zero;

(vi) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class E Notes; and after payments of all such sums (b) all amounts of principal due or overdue on the Class E Notes and all other amounts due in respect of the Class E Notes until the outstanding principal balance of the Class E Notes is reduced to zero;

(vii) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class F Notes; and after payments of all such sums (b) all amounts of principal due or overdue on the Class F Notes and all other amounts due in respect of the Class F Notes until the outstanding principal balance of the Class F Notes is reduced to zero;

(viii) any amounts in respect of any Mandatory Costs due to the Liquidity Facility Provider under the Liquidity Facility Agreement in excess of those amounts referred to under item (i)(j) above and any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation, including, without limitation, any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs;

(ix) in or towards satisfaction of all amounts then owed or owing to MSDW Bank under the Loan Sale Agreement on any account whatsoever; and

(x) any surplus to the Issuer or other persons entitled thereto.

All Prepayment Fees will be paid to MSDW Bank or the person or persons then entitled thereto. Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer to the Loans and the Related Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreement for material breach of warranty in relation to the Loans and, in certain limited circumstances, the Related Security (as to which, see further "The Loans and the Related Security — Representations and Warranties") and breach of other provisions specified therein, and (b) in relation to the Servicing Agreement and the Subscription Agreement for breach of the obligations of MSMS or MSDW Bank set out therein, the Issuer and/or the Trustee will have no recourse to MSMS or MSDW Bank.

The terms on which the Issuer Security will be held will provide that, upon enforcement, certain payments (including all amounts payable to any receiver and the Trustee, all amounts due to the Servicer or any other person in respect of the Servicing Fee and to the Special Servicer in respect of the Special Servicing Fee and Liquidation Fees, the Cash Manager, the Corporate Services Provider, the Share Trustee, the Operating Bank, the Depository, all payments due to the Swap Provider under the Swap Transactions and all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of amounts specified at item (viii) above) will be made in priority to payments in respect of interest and principal on the Class A Notes. Upon enforcement of the Issuer Security, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders. All amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders. All amounts owing to the Class C Noteholders will

rank higher in priority to all amounts owing to the Class D Noteholders. All amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders. All amounts owing to the Class E Noteholders will rank higher in priority to all amounts owing to the Class F Noteholders.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom (which will be borne in accordance with the terms of the Deed of Charge and Assignment). All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that, save as aforesaid, (i) upon enforcement of the Issuer Security, its right to obtain repayment in full is limited to the Issuer Security, and (ii) the Issuer has duly and entirely fulfilled its repayment obligation by making available to the Noteholder its relevant part of the proceeds of realisation or enforcement with respect to the Issuer Security in accordance with the Deed of Charge and Assignment and all claims in respect of such shortfall will be extinguished.

4. Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Trustee, whereby the Liquidity Facility Provider will provide the Liquidity Facility a 364-day committed loan facility, which will be renewable as described below and which will permit drawings to be made by the Issuer of up to an initial aggregate amount of £45,000,000. However, on any Interest Payment Date on which 10 per cent. of the then outstanding aggregate principal amount of the Loans equals less than £45,000,000 the liquidity facility commitment will be reduced to such an amount, provided that the liquidity facility commitment will not at any time be less than the lesser of £20,000,000 and 25 per cent. of the then outstanding aggregate principal amount of the Loans.

If on any Business Day the Cash Manager determines that an Expenses Shortfall will arise, the Cash Manager may, on behalf of the Issuer, make a Liquidity Drawing on the next Business Day in an amount equal to the relevant Expenses Shortfall.

On each Calculation Date, the Cash Manager will determine whether an Interest Shortfall, Principal Shortfall or Accrued Interest Shortfall (each as defined below) will arise in respect of any of the Loans on the next following Interest Payment Date and, if so, will make Interest Drawings, Principal Drawings and Accrued Interest Drawings as required on the day immediately preceding that Interest Payment Date. Each such drawing will be in an amount equal to the relevant shortfall (subject to any "**Appraisal Reduction**", as described below) and will be credited to the Transaction Account.

An "**Interest Shortfall**" will arise in respect of a Loan on an Interest Payment Date if the "**Borrower Interest Receipts**" received in respect of such Loan during the relevant Collection Period (other than voluntary prepayments of interest) were less than the Scheduled Interest Receipts for that Collection Period.

A "**Principal Shortfall**" will arise in respect of a Loan on an Interest Payment Date if the Borrower Principal Receipts received in respect of such Loan during the relevant Collection Period (other than Principal Recovery Funds) were less than the Scheduled Principal Receipts for that Collection Period. The Liquidity Facility will not be available to fund shortfalls in the amount of Final Redemption Funds, Principal Recovery Funds or Prepayment Redemption Funds or to fund any Principal Priority Amount.

An "**Accrued Interest Shortfall**" will arise in respect of a Loan on an Interest Payment Date if the Borrower Interest Receipts received in respect of a Loan during a Collection Period are insufficient to cover (a) the Scheduled Interest Receipts for that Loan in that Collection Period; plus (b) the outstanding amount of any Interest Drawings previously made in respect of that Loan; plus (c) the amount of any interest which will have accrued on Interest Drawings, Principal Drawings and Accrued Interest Drawings previously made in relation to that Loan.

The "**Scheduled Interest Receipts**" for a Loan in a Collection Period include all payments of interest, fees (other than Prepayment Fees) breakage costs, expenses, commissions and other sums due and payable by the Borrower during that Collection Period (other than any payments in respect of principal). The "**Scheduled Principal Receipts**" for a Loan in a Collection Period include all payments of principal, excluding Final Redemption Funds, scheduled to be paid by the relevant Borrower during that Collection Period. The amount

of "**Scheduled Interest Receipts**" and Scheduled Principal Receipts due in a Collection Period will be calculated on the assumption that the Borrower has made all prior payments under the applicable Credit Agreement when due. However, if on any Interest Payment Date there are insufficient funds available under the Liquidity Facility to enable the Issuer to draw the amount it would otherwise be entitled to draw in respect of an Interest Shortfall or a Principal Shortfall (i.e. there is a "**Liquidity Facility Deficiency**"), the "Scheduled Interest Receipts" and/or "Scheduled Principal Receipts" due from the Borrower during the Collection Period immediately following that Interest Payment Date will be calculated on the assumption that the Borrower Interest Receipts or Borrower Principal Receipts, as the case may be, for the prior Collection Period were reduced by the amount of the Liquidity Facility Deficiency.

If completion of the Enforcement Procedures takes place in respect of a Shortfall Loan during a Collection Period, the Liquidity Drawings associated with that Shortfall Loan will be repaid in full on the next following Interest Payment Date. If completion of the Enforcement Procedures does not take place in respect of a Shortfall Loan, the relevant Liquidity Drawings will be repaid on each Interest Payment Date as follows:

(1) Interest Drawings made in respect of a particular Shortfall Loan will be repayable in an amount equal to the amount (if any) by which the Borrower Interest Receipts received in respect of such Shortfall Loan during the immediately preceding Collection Period exceed the Scheduled Interest Receipts due in respect thereof in such Collection Period; provided however that the amount repayable on any Interest Payment Date will not exceed the aggregate of all Interest Drawings then outstanding in respect of the relevant Shortfall Loan on such Interest Payment Date;

(2) Principal Drawings made in respect of a particular Shortfall Loan will be repayable in an amount equal to the amount (if any) by which the Borrower Principal Receipts received in respect of such Shortfall Loan during the relevant Collection Period exceed the Scheduled Principal Receipts due and payable in respect thereof in such Collection Period; provided however that the amount repayable on any Interest Payment Date will not exceed the aggregate of all Principal Drawings then outstanding in respect of the relevant Shortfall Loan;

(3) Accrued Interest Drawings will be repayable on the Interest Payment Date on or following the Interest Payment Date on which all Interest Drawings and Liquidity Drawings relating to the same Shortfall Loan as the Accrued Interest Drawings in question have been repaid in full, provided that the amount repayable on any Interest Payment Date will not exceed the aggregate of all Accrued Interest Drawings then outstanding in respect of the relevant Shortfall Loan; and

(4) Expenses Drawings are repayable in full on the Interest Payment Date immediately following the date on which they were drawn.

Not later than the earlier of (i) the date 120 days after the occurrence of any non-payment with respect to a Loan if such non-payment remains uncured, (ii) the date 90 days after an order is made or an effective resolution is passed for the winding up of the relevant Borrower or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the relevant Borrower or a related Property, provided such order, resolution or appointment is still in effect, (iii) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of a Loan, other than the extension of the date that a final principal payment is due for a period of less than six months and (iv) the date 30 days following the date a Loan becomes a Specially Serviced Loan, the Special Servicer is required to obtain an appraisal by a member of the Royal Institute of Chartered Surveyors (if the outstanding principal balance of the Mortgage Loan is greater than £5,000,000) or an internal valuation (if the outstanding principal balance of the loan is equal to or less than £5,000,000) of the relevant Property, unless such an appraisal or valuation had previously been obtained within the preceding twelve months. As a result of such appraisal or internal valuation, an "**Appraisal Reduction**" may be created, being an amount, calculated as of the first Calculation Date that is at least 15 days after the date on which the appraisal or valuation is obtained or performed, equal to the excess, if any, of (a) the sum of (i) the outstanding principal balance of such Loan, (ii) all unpaid interest on such Loan, (iii) all currently due and unpaid taxes and assessments (net of any amount escrowed for such items), insurance premiums, and, if applicable, ground rents in respect of the relevant Property, over (b) 90 per cent. of the appraised value of such Property as determined by such appraisal or valuation. An Appraisal Reduction will be reduced to zero as of the date that the relevant Loan is brought current under the then current terms of the relevant Credit Agreement for at least three consecutive months, paid in full, liquidated, repurchased or otherwise disposed of. Notwithstanding the foregoing, if an internal valuation of the Property is performed, the Appraisal Reduction will equal the greater of (a) the amount calculated in the second preceding sentence and (b) 25 per cent. of the outstanding principal

balance of the Loan. The creation of an Appraisal Reduction will proportionately reduce the amount available to be drawn by way of Principal Drawings and Interest Drawings under the Liquidity Facility Agreement.

The Liquidity Facility Agreement may be renewed until the earlier of October 2010 or such date the principal balance of the Loans have been reduced to zero. The Liquidity Facility Agreement will provide that if at any time the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below the Requisite Rating, or the Liquidity Provider refuses to renew the Liquidity Facility Agreement, then the Issuer will require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the "**Stand-by Account**") maintained with an appropriately rated bank an amount (a "**Stand-by Drawing**") equal to its undrawn commitment under the Liquidity Facility Agreement. In the event that the Cash Manager makes a Stand-by Drawing, the Cash Manager is required, prior to the expenditure of the proceeds of such drawing as described above, to invest such funds in Eligible Investments.

"**Eligible Investments**" means (i) sterling denominated government securities or (ii) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one business day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated "A-1+" by S&P, "F-1+" by Fitch or "P-1" by Moody' or are otherwise acceptable to the Rating Agencies.

Amounts standing to the credit of the Stand-by Account will be available to the Issuer for drawing in respect of an Interest Drawing, a Principal Drawing, an Accrued Interest Drawing or an Expenses Drawing, as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement.

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than in respect of any amounts due thereunder which are described in item (xi) of "Summary — Available Funds and their Priority of Application — Payments out of Transaction Account prior to Enforcement of the Notes — Available Interest Receipts") will rank higher in priority to payments of interest and principal on the Notes.

5. Principal Losses

If, on any Calculation Date, the amount of principal determined by the Servicer to be outstanding in respect of the Loans (taking into account Borrower Principal Receipts in prior Collection Periods and Principal Amounts written off by the Servicer following a Borrower's default) is less than the Principal Amount Outstanding of the Notes on such Calculation Date, a "**Principal Loss**" will have occurred.

On the Interest Payment Date following the occurrence of a Principal Loss, the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by an amount equal to the excess of the Principal Loss over the aggregate principal amount of the Class F Notes redeemed pursuant to the Class F mandatory partial redemption provisions set out in Condition 6(*b*) as follows: first, the Principal Amount Outstanding of the Class F Notes will be reduced until the Principal Amount Outstanding of the Class F Notes is zero; second, the Principal Amount Outstanding of the Class E Notes will be reduced until the Principal Amount Outstanding of the Class E Notes is zero; third, the Principal Amount Outstanding of the Class D Notes will be reduced until the Principal Amount Outstanding of the Class D Notes is zero; fourth, the Principal Amount Outstanding of the Class C Notes will be reduced until the Principal Amount Outstanding of the Class C Notes is zero; fifth, the Principal Amount Outstanding of the Class B Notes will be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and sixth, the Principal Amount Outstanding of the Class A Notes will be reduced until the Principal Amount Outstanding of the Class A Notes is zero.

6. The Swap Agreement

On or before the Closing Date, the Issuer will enter into the Swap Agreement with the Swap Provider and the Swap Transactions pursuant thereto (each as described below). The obligations of the Swap Provider under the Swap Agreement will be guaranteed by the Swap Guarantor.

The Issuer will enter into the Swap Transaction, pursuant to the Swap Agreement, with the Swap Provider in order to protect itself against interest rate risk arising in respect of the Loans. The Swap Transactions to be entered into are interest rate swap transactions (the "**Interest Rate Swap Transactions**") in order to protect the Issuer against interest rate risk arising in respect of the Loans.

Under the terms of the Interest Rate Swap Transaction, the Issuer will pay to the Swap Provider on each Interest Payment Date an amount equal to the excess (if any) of an amount determined by reference to the fixed rate payments payable by the Borrowers during the relevant Collection Period ("X") over an amount determined by reference to three-month sterling LIBOR (or, in the case of the first Interest Period, an amount determined by the linear interpolation of two and three-month sterling LIBOR) ("Y") and the Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y over X.

The Swap Transactions may be terminated in accordance with certain termination events and events of default, some of which are more particularly described below.

Subject to the following, the Swap Provider and the Swap Guarantor are obliged only to make payments under the Swap Transactions to the extent that the Issuer makes the corresponding payments thereunder. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Swap Transactions will constitute a default thereunder and entitle the Swap Provider to terminate the Swap Transactions.

The Swap Provider will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required or, if such withholding or deduction is a withholding or deduction which will or would be or become the subject of any tax credit, allowance, set-off, repayment or refund to the Swap Provider, to use all reasonable endeavours to reach agreement to mitigate the incidence of tax on the Issuer. The Issuer is similarly obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law and is similarly obliged to pay additional amounts or use reasonable endeavours to reach agreement to mitigate the incidence of tax on the Swap Provider. Such additional amounts will be payable in priority to amounts payable on the Notes.

The Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law either the Issuer or the Swap Provider will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (a "**Tax Event**"), the Swap Provider will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Tax Event. If no such transfer can be effected, the Swap Agreement and the Swap Transactions may be terminated. If the Swap Agreement is terminated and the Issuer is unable to find a replacement swap provider, the Issuer may redeem all of the Notes in full. Such redemption will be made by the Issuer to the extent of an amount equal to the then aggregate Principal Amount Outstanding of each class of Notes then outstanding plus interest accrued and unpaid thereon. See "Terms and Conditions of the Notes — Condition 6(*e*)". The Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate it.

The Swap Provider may, at its own discretion and at its own expense, novate its rights and obligations under the Swap Agreement (including the Swap Transactions) to any third party provided the Rating Agencies have provided written confirmation that such third party's (or its guarantor's) long-term unsecured, unsubordinated debt obligations are such that the then applicable ratings of the Notes will not be qualified, downgraded or withdrawn and provided further that such third party agrees to be bound by, *inter alia*, the terms of the Deed of Charge and Assignment, on substantially the same terms as the Swap Provider.

7. Swap Guarantor Downgrade Event

If the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A-1" by S&P, "F-1 by Fitch or "P-1" by Moody's at any time, then the Swap Provider is required to comply with the requirements set out in the Swap Agreement which may require the execution of the Swap Agreement Credit Support Document, if it has not already been executed, and the delivery to the Security Trustee of collateral (which collateral may be in the form of cash or securities) in respect of its obligations under the Swap Transactions in an amount or value determined in accordance with the most recent applicable swap collateral guidelines published by the Rating Agencies.

8. Swap Agreement Credit Support Document to be entered into upon Swap Guarantor Downgrade

If at any time the Swap Provider is required to provide collateral in respect of any of its obligations under the Swap Agreement, the Issuer and the Swap Provider will enter into a collateral agreement in the form of a 1995 ISDA Credit Support Annex (Bilateral Form — Transfer) or in such other form acceptable to the Issuer (the "**Swap Agreement Credit Support Document**"). The Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in the Swap Agreement Credit Support Document, the Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Swap Agreement Credit Support Document. References in this Offering Circular to the Swap Agreement Credit Support Document are references to such agreement as and when entered into between the Issuer and the Swap Provider.

Collateral amounts that may be required to be posted by the Swap Provider pursuant to the Swap Agreement Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into the Swap Collateral Cash Account and securities will be transferred to the Issuer's Swap Collateral Custody Account. References in this Offering Circular to the Swap Collateral Cash Account and to the Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to and to payments from such accounts as and when opened by the Issuer.

If the Swap Collateral Cash Account and the Swap Collateral Custody Account are opened, amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account, or equivalent to distributions received on securities held in the Swap Collateral Custody Account, are required to be paid to the Swap Provider in accordance with the terms of the Swap Agreement Credit Support Document and the Deed of Charge and Assignment in priority to any other payment obligations of the Issuer, other than to the Trustee and for a receiver following the enforcement of the Notes. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the Swap Agreement Credit Support Document in the form of a 1995 ISDA Credit Support Annex (Bilateral Form — Transfer) is to return "equivalent securities".

9. Swap Guarantee

The Swap Provider's obligations under the Swap Transactions are guaranteed pursuant to, and subject to the terms of, the Swap Guarantee provided by the Swap Guarantor. In the event that MSCS ceases (other than by virtue of its own default) to be the Swap Provider or it is replaced by a suitably rated third party, MSDW will cease to be the Swap Guarantor.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted as the actual rate at which Loans will be repaid or prepaid and a number of other relevant factors are unknown.

Calculations of possible average lives of the Notes can be made based on certain assumptions. For example, based on the assumptions that:

(a) no Loans are sold by the Issuer;

(b) no Loans default, prepay or are enforced and no loss arises; and

(c) the Swap Agreement will not be terminated,

then the approximate percentage of the initial principal amount outstanding of the Notes on each payment date of the Notes and the approximate average lives of the Notes would be as follows:

Payment Date of Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
			(per cent.)			
3rd December, 2001	100.0	100.0	100.0	100.0	100.0	100.0
25th January, 2002	99.7	100.0	100.0	100.0	100.0	92.6
25th April, 2002	99.4	100.0	100.0	100.0	100.0	92.6
25th July, 2002	99.1	100.0	100.0	100.0	100.0	92.6
25th October, 2002	98.8	100.0	100.0	100.0	100.0	92.6
25th January, 2003	98.5	100.0	100.0	100.0	100.0	92.6
25th April, 2003	98.2	100.0	100.0	100.0	100.0	92.6
25th July, 2003	98.0	100.0	100.0	100.0	100.0	92.6
25th October, 2003	97.7	100.0	100.0	100.0	100.0	92.6
25th January, 2004	97.4	100.0	100.0	100.0	100.0	92.6
25th April, 2004	97.2	100.0	100.0	100.0	100.0	92.6
25th July, 2004	96.9	100.0	100.0	100.0	100.0	92.6
25th October, 2004	96.6	100.0	100.0	100.0	100.0	92.6
25th January, 2005	96.3	100.0	100.0	100.0	100.0	92.6
25th April, 2005	96.0	100.0	100.0	100.0	100.0	92.6
25th July, 2005	95.7	100.0	100.0	100.0	100.0	92.6
25th October, 2005	95.4	100.0	100.0	100.0	100.0	92.6
25th January, 2006	95.1	100.0	100.0	100.0	100.0	92.6
25th April, 2006	94.8	100.0	100.0	100.0	100.0	92.6
25th July, 2006	51.4	100.0	100.0	100.0	100.0	92.6
25th October, 2006	29.7	100.0	100.0	100.0	100.0	92.6
25th January, 2007	29.5	100.0	100.0	100.0	100.0	92.6
25th April, 2007	29.4	100.0	100.0	100.0	100.0	92.6
25th July, 2007	29.3	100.0	100.0	100.0	100.0	92.6
25th October, 2007	29.1	100.0	100.0	100.0	100.0	92.6
25th January, 2008	28.8	100.0	100.0	100.0	100.0	92.6
25th April, 2008	27.2	100.0	100.0	100.0	100.0	92.6
25th July, 2008	27.1	100.0	100.0	100.0	100.0	92.6
25th October, 2008	0.0	0.0	0.0	0.0	0.0	0.0
Average Life (years)	5.2	6.9	6.9	6.9	6.9	6.4
First Principal Payment Date	25th January, 2002	25th October, 2008	25th October, 2008	25th October, 2008	25th October, 2008	25th January 2002
Last Principal Payment Date	25th October, 2008	25th October, 2008	25th October, 2008	25th October, 2008	25th October, 2008	25th October, 2008

Assumptions (a), (b) and (c) relate to circumstances which are not predictable.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

The day count fraction used for the above was "30/360", being the number of days in the relevant period divided by 360 (the number of days being calculated on the basis of a year of 360 days with 12 30-day months).

DESCRIPTION OF THE NOTES AND THE DEPOSITORY AGREEMENT

General

Each class of Notes will be represented by a Reg S Global Note and two Rule 144A Global Notes in bearer form (all such Global Notes being herein referred to as the "**Global Notes**"). The Global Notes will be deposited with or to the order of JPMorgan Chase Bank, New York as Depository pursuant to the terms of the Depository Agreement. The Depository will (i) register a certificateless depository interest in respect of one of the Rule 144A Global Notes for each class of Notes in the name of DTC or its nominee, (ii) register a certificateless depository interest in respect of the other Rule 144A Global Note for each class of Notes in the name of JPMorgan Chase Bank, London, as common depositary (the "**Common Depositary**") for the account of Euroclear and Clearstream, Luxembourg and (iii) issue a certificated depository interest in respect of each Reg S Global Note to the Common Depositary. All of the certificated and certificateless depository interests ("**CDIs**") will represent a 100 per cent. interest in the underlying Global Note relating thereto. The Depository, acting as agent of the Issuer, will maintain a book entry system in which it will register DTC or its nominee as the owner of the certificateless depository interests referred to in (i) above and the Common Depository or a nominee of the Common Depositary as owner of the certificated depository interests and the certificateless depositary interests referred to in (ii) and (iii) above.

Upon confirmation by the Common Depositary that the Depository has custody of the Reg S Global Notes and the Rule 144A Global Notes to be held by the Common Depositary, Euroclear or Clearstream, Luxembourg, as the case may be, will record Book-Entry Interests representing beneficial interests in the relevant CDIs attributable to the Reg S Global Notes and the Rule 144A Global Notes relating thereto.

Upon confirmation by DTC that the Depository has custody of the Rule 144A Global Notes to be held by or on behalf of DTC or its nominee and upon acceptance by DTC of the CDIs pursuant to the DTC Letter of Representations sent by the Depository and the Issuer to DTC, DTC will record Book-Entry Interests representing beneficial interests in the relevant CDIs attributable to the Rule 144A Global Notes relating thereto.

For the avoidance of doubt, all references in this section to a "**Book Entry Interest**" in a Global Note are construed as a reference to a Book Entry Interest in the CDI attributable to such Global Note.

Book-Entry Interests in respect of Global Notes will be recorded in original denominations of £50,000 and integral multiples of £50 in excess thereof. Ownership of Book-Entry Interests in respect of Global Notes will be limited to persons that have accounts with DTC, Euroclear or Clearstream, Luxembourg or persons that hold interests in the Book-Entry Interests through participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with DTC, Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect participants will also include persons that hold beneficial interests through such indirect participants. Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective Book-Entry Interests beneficially owned by such participants on each of their respective book-entry registration and transfer systems. The accounts to be credited will be designated by Morgan Stanley & Co. International Limited. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by DTC, Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdiction or otherwise subject to the laws thereof to own, transfer or pledge Book-Entry Interests.

So long as the Depository or its nominee is the holder of the Global Notes underlying the Book Entry Interests, the Depository or such nominee, as the case may be, will be considered the sole Noteholder for all purposes under the Trust Deed. Except as set forth below under "Issuance of Definitive Notes", participants or indirect participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive bearer or registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of the Depository and DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the participant or indirect participants through which such person owns its interest in the relevant Book-Entry Interests to exercise any rights and obligations of a holder of Notes under the Trust Deed (see "Action in Respect of the Global Notes and the Book-Entry Interests" below).

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default (as defined in Condition 10) under the Notes, holders of Book-Entry Interests will be restricted to acting through DTC, Euroclear, Clearstream, Luxembourg and the Depository unless and until Definitive Notes are issued in accordance with the Terms and Conditions. There can be no assurance that the procedures to be implemented by DTC, Euroclear and Clearstream, Luxembourg and the Depository under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

The CDIs issued in representation of the Reg S Global Notes and the Rule 144A Global Notes held by the Common Depositary may not be transferred except as a whole by the Common Depository to a successor of the Common Depositary or its nominee. The CDIs issued in representation of the Rule 144A Global Notes held by or on behalf of DTC may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of DTC or a nominee of such successor.

Purchasers of Book-Entry Interests in a Global Note pursuant to Rule 144A will hold Book-Entry Interests in the Rule 144A Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Rule 144A Global Note directly through (i) DTC if they are participants in such system, or indirectly through organisations which are participants in such system; Euroclear and Clearstream, Luxembourg are such participants, or (ii) Euroclear and Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. All Book-Entry Interests in the Rule 144A Global Notes held by or on behalf of DTC will be subject to the procedures and requirements of DTC and all Book-Entry Interests in the Rule 144A Global Notes held by the Common Depositary will be subject to the procedures and requirements of Euroclear and Clearstream, Luxembourg.

Purchasers of Book-Entry Interests in a Global Note pursuant to Reg S will hold Book-Entry Interests in the Reg S Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Reg S Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "Transfer and Transfer Restrictions" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. After the expiration of the Note Distribution Compliance Period (as defined under "Transfer and Transfer Restrictions" below) but not earlier, investors may also hold such Book-Entry Interests through organisations, other than Euroclear or Clearstream, Luxembourg, that are participants in the DTC system. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each Reg S Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfer of Book-Entry Interests among participants of DTC and account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on Global Notes

Payment of principal of and interest on the Global Notes will be made to the Depository as the holder thereof. All such amounts will, subject as provided below, be payable by a paying agent, in pounds sterling. Upon receipt of any payment of principal of or interest on a Global Note, the Depository will distribute all such payments to (in the case of the Reg S Global Notes and Rule 144A Global Notes held by the Common Depositary) the nominee for the Common Depositary and (in the case of the Rule 144A Global Notes held by or on behalf of DTC) the nominee for DTC. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Depository to the Common Depositary, the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or of Clearstream, Luxembourg. In the case of DTC, upon receipt of any payment from the Depository, DTC will promptly credit its participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown on the records of DTC. The Issuer expects that payments by participants to owners of interests in Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee or any other agent of the Issuer or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a participant's ownership of Book-Entry Interests.

DTC is unable to accept payments denominated in pounds sterling in respect of the Global Notes. Accordingly, holders of beneficial interests in Rule 144A Global Notes held through DTC who wish payments to be made to them outside DTC must, in accordance with the Depository Agreement, notify DTC not less than 15 days prior to each Interest Payment Date (i) that they wish to be paid in pounds sterling and (ii) of the relevant bank account details into which such pounds sterling payments are to be made.

If such instructions are not received by DTC, the Exchange Agent will, pursuant to the Exchange Rate Agency Agreement, exchange the relevant pounds sterling amounts for which it has not received contrary instructions from the Depository (acting on the instructions of DTC) into dollars at the highest exchange rate offered for such pounds sterling by three recognised foreign exchange dealers (which may include the Exchange Agent) in New York City chosen by the Exchange Agent and approved by the Issuer, and the relevant Noteholders will receive the dollar equivalent of such pounds sterling payment converted at such exchange rate. In the event that bid quotations for exchange rates are unavailable, the Exchange Agent will, upon notifying the Issuer, cease to have any further responsibility with respect to such payments. In addition, in certain cases, the appointment of the Exchange Agent may be terminated without a successor being appointed. In such cases, Noteholders may experience delays in obtaining payment.

Information Regarding DTC, Euroclear and Clearstream, Luxembourg

DTC, Euroclear and Clearstream, Luxembourg have informed the Issuer as follows:

DTC is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations, some of whom (and/or their representatives) own DTC.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

The Issuer understands that under existing industry practices, if either the Issuer or Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed, DTC, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the participants owning the relevant Book-Entry Interests to give instructions or take such action, and such participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Depository will deliver all amounts received by it in respect of the redemption of such Global Note to the nominee of the Common Depositary (in the case of a Reg S Global Note and the Rule 144A Global Note held by Euroclear and Clearstream, Luxembourg) and to the nominee of DTC (in the case of a Rule 144A Global Note held by DTC or its nominee) and, upon a final payment, surrender such Global Note to or to the order of a Paying Agent for cancellation. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Depository in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of a Global Note in part, selection of the Book-Entry Interests relating thereto to be redeemed will be made by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such other basis as DTC, Euroclear or Clearstream, Luxembourg deems fair and appropriate) provided that only Book-Entry Interests in the original principal amount of £50,000 and integral multiples of £100 in excess thereof or integral multiples of such original principal amount will be redeemed. Upon any redemption in part, the Depository will cause the relevant Paying Agent to mark down or to cause to be marked down the schedule to such Global Note by the principal amount so redeemed.

Transfer and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants. See "General" above.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing in paragraph (3) under "Transfer Restrictions", and no Rule 144A Global Note nor any Book-Entry Interest in such Rule 144A Global Note may be transferred except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same class, whether before or after the expiration of the Note Distribution Compliance Period, only upon receipt by the Depository of a written certification from the transferor (in the form provided in the Depository Agreement) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Reg S or Rule 144 under the Securities Act (if available) and that, if such transfer occurs prior to the expiration of the Note Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

Each Reg S Global Note will bear a legend substantially identical to that appearing in paragraph (5) under "Transfer Restrictions". Until and including the 40th day after the later of the commencement of the offering of the Notes and the closing date for the offering of the Notes (the "**Note Distribution Compliance Period**"), Book-Entry Interests in a Reg S Global Note may be held only through Euroclear or Clearstream, Luxembourg, unless transfer and delivery is made through a Rule 144A Global Note of the same class. Prior to the expiration of the Note Distribution Compliance Period, a Book-Entry Interest in a Reg S Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in a Rule 144A Global Note of the same class only upon receipt by the Depository of written certification from the transferor (in the form provided in the Depository Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a qualified institutional buyer within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest in a Reg S Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in a Rule 144A Global Note of the same class will, upon transfer, cease to be represented by a Book-Entry Interest in such Reg S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it

remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Reg S Global Note as long as it remains such a Book-Entry Interest.

Issuance of Definitive Notes

Holders of Book-Entry Interests in a Global Note will be entitled to receive Definitive Notes representing Notes of the relevant class in registered form in exchange for their respective holdings of Book-Entry Interests only if:

(i) (in the case of CDIs in Reg S Global Notes and Rule 144A Global Notes held by the Common Depositary) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is in existence; or

(ii) (in the case of CDIs in Rule 144A Global Notes held by or on behalf of DTC) DTC has notified the Issuer that it is at any time unwilling or unable to continue as the holder with respect to the CDIs, or is at any time unwilling or unable to continue as, or ceases to be, a clearing agency registered under the Exchange Act and a successor to DTC registered as a clearing agency under the Exchange Act is not appointed by the Issuer within 90 days of such notification or cessation; or

(iii) the Depository notifies the Issuer at any time that it is unwilling or unable to continue as Depository and a successor Depository previously approved by the Trustee in writing is not appointed by the Issuer within 90 days of such notification; or

(iv) the owner of a Book-Entry Interest requests such exchange in writing delivered through either DTC, Euroclear or Clearstream, Luxembourg to the Issuer, following an Event of Default under the Notes; or

(v) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction or of any political sub-division thereof or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

Any Definitive Notes issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Depository instructs the Registrar based on the instructions of Euroclear or Clearstream, Luxembourg (in the case of Reg S Global Notes and Rule 144A Global Notes held by the Common Depositary) or DTC (in the case of Rule 144A Global Notes held by and on behalf of DTC). It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, Luxembourg from their participants with respect to ownership of the relevant Book-Entry Interests. In no event will Definitive Notes be issued in bearer form.

Action in Respect of the Global Notes and the Book Entry Interests

Not later than 10 days after receipt by the Depository of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes or holders of Book Entry Interests, the Depository will deliver to DTC, Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date DTC, Euroclear and Clearstream, Luxembourg will be entitled to instruct the Depository as to the consent, waiver or other action, if any, pertaining to the Book Entry Interests or the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of DTC, Euroclear and Clearstream, Luxembourg, as applicable, the Depository is required to endeavour, insofar as practicable, to take such action regarding the requested consent, waiver or other action in respect of the Book Entry Interests or the Global Notes in accordance with any instructions set forth in such request. DTC, Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "General" above with respect to soliciting instructions from their respective participants. The Depository will not exercise any

discretion in the granting of consents or waivers or the taking of any other action in respect of the Book Entry Interests or the Global Notes.

Reports

The Depository will immediately, and in no event later than 10 days from receipt, send to DTC, Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received in relation to the Issuer, the Global Notes or the Book Entry Interests. All notices regarding the Global Notes will be sent to Euroclear, Clearstream, Luxembourg, DTC and the Depository. In addition (so long as the Notes are admitted to trading on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require), notices regarding the Notes will be published in a leading newspaper having a general circulation in Ireland, which is expected to be The Irish Times and (for so long as the Notes are admitted to the Official List and the rules of the Irish Stock Exchange require) notices regarding the Notes will be notified to the Company Announcement Office.

Action by Depository

Subject to certain limitations, upon the occurrence of an Event of Default with respect to the Notes while represented by Global Notes the Depository will notify the holders thereof and, if requested in writing by DTC, Euroclear or Clearstream, Luxembourg, as applicable, (acting on the instructions of their respective participants in accordance with their respective procedures) the Depository will take any such action as requested by them, subject to, if required by the Depository, such reasonable security or indemnity from the participants against the costs, expenses and liabilities that the Depository might properly incur in compliance with such request.

Charges of Depository and Indemnity

The Issuer has agreed to pay all charges of the Depository under the Depository Agreement. The Issuer has also agreed to indemnify the Depository against certain liabilities incurred by it under the Depository Agreement.

Amendment and Termination

The Depository Agreement may be amended by agreement among the Issuer, the Depository and the Trustee and without the consent of the holders of Book Entry Interests (i) to cure any inconsistency, omission, defect or ambiguity in such Agreement; (ii) to add to the covenants and agreements of the Depository or the Issuer; (iii) to effect the assignment of the Depository's rights and duties to a qualified successor; (iv) to comply with the Securities Act, the Exchange Act or the U.S. Investment Company Act 1940, as amended; or (v) to modify, alter, amend or supplement the Depository Agreement in any other manner that is not adverse to the holders of Book Entry Interests. Except as set forth above, no amendment that adversely affects the holders of the Book Entry Interests may be made to the Depository Agreement without the consent of the holders of the Book Entry Interests.

Upon the issuance of Definitive Notes, the Depository Agreement will terminate.

Resignation or Removal of Depository

The Depository may at any time resign as Depository upon 90 days' written notice delivered to each of the Issuer and the Trustee. The Issuer may remove the Depository at any time upon 90 day's written notice. No removal of the Depository and no appointment of a successor Depository will become effective until (i) the acceptance of appointment by a successor Depository or (ii) the issuance of Definitive Notes.

Obligation of Depository

The Depository will only be liable to perform such duties as are expressly set out in the Depository Agreement. The Depository Agreement contains provisions relieving the Depository from liability and permitting it to refrain from acting in certain circumstances. The Depository Agreement also contains provisions permitting any entity into which the Depository is merged or converted or with which it is consolidated or any successor in business to the Depository to become the successor depository.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed.

The £421,650,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2010 (the "**Class A Notes**"), the £9,580,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2010 (the "**Class B Notes**"), the £39,700,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2010 (the "**Class C Notes**"), the £32,300,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2010 "**Class D Notes**"), the £29,550,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2010 (the "**Class E Notes**"), the £14,801,650 Class F Commercial Mortgage Backed Floating Rates due 2010 (the "**Class F Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Notes**" (as more fully defined below)) of Coronis (European Loan Conduit No. 8) plc (the "**Issuer**") are constituted by a trust deed dated on or about 3rd December, 2001 the "**Trust Deed**", which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and J.P. Morgan Trustee and Depositary Company Limited (the "**Trustee**", which expression includes its successors or any further or other trustee under the Trust Deed) as trustee for the holders for the time being of the Notes (as defined below). Any reference to a "**class**" of Notes or of Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes or any or all of their respective holders, as the case may be.

The security for the Notes is created pursuant to, and on terms set out in, a deed of charge and assignment dated on or about 3rd December, 2001 (the "**Deed of Charge and Assignment**", which expression includes such Deed of Charge and Assignment as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, *inter alios*, the Issuer and the Trustee. By an agency agreement dated on or about 29th November, 2001 (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, *inter alios*, the Issuer, the Trustee and AIB International Financial Services Limited, in its separate capacities under the same agreement as principal paying agent (the "**Principal Paying Agent**", which expression shall include any other principal paying agent appointed in respect of the Notes), agent bank (the "**Agent Bank**", which expression shall include any other agent bank appointed in respect of the Notes) and registrar (the "**Registrar**", which expression shall include any other registrar appointed in respect of the Notes) (the Principal Paying Agent being, together with any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**" and, together with the Agent Bank and the Registrar, the "**Agents**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Terms and Conditions (the "**Conditions**" and any reference to a "**Condition**" shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the Depository Agreement, the Exchange Rate Agency Agreement and the Master Definitions Agreement (each as defined below). Copies of the Trust Deed, the Agency Agreement and the Deed of Charge and Assignment are available for inspection by the Noteholders at the principal office for the time being of the Trustee, being at the date hereof at 9 Thomas More Street, London E1W 1YT and at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of and definitions contained in the Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the depository agreement dated on or about 3rd December, 2001 between the Issuer, the Trustee and JPMorgan Chase Bank, New York Office, in its capacity as Depository (the "**Depository Agreement**" which expression includes such depository agreement as from time to time so modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified and the "**Depository**", respectively), the exchange rate agency agreement dated on or about 3rd December, 2001 between the Issuer, AIB International Financial Services Limited, in its capacity as exchange agent (the "**Exchange Agent**", which expression shall include any other exchange agent appointed in respect of the Notes), the Trustee and the Depository (the "**Exchange Rate Agency Agreement**", which expression includes such exchange rate agency agreement as from time to time so modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and a master definitions agreement dated on or about 3rd December, 2001 made between, *inter alios*, the Issuer and the Trustee (the "**Master Definitions Agreement**", which expression includes such master definitions agreement as from time to time modified in accordance with the provisions therein contained and any

agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and the documents referred to in each of them.

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 29th November, 2001.

1. Global Notes

(a) Rule 144A Global Notes

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes initially offered and sold in the United States of America (the "**United States**") to qualified institutional buyers (as defined in Rule 144A ("**Rule 144A**")) under the United States Securities Act of 1933, as amended, (the "**Securities Act**") in reliance on Rule 144A will initially be represented by two separate global notes in bearer form for each class of Note (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with or to the order of the Depository pursuant to the terms of the Depository Agreement. The Depository will register (i) a certificateless depository interest in respect of one of the Rule 144A Global Notes of each class of Notes in the name of The Depository Trust Corporation ("**DTC**") or its nominee and (ii) a certificateless depository interest in respect of the other Rule 144A Global Note of each class of Notes in the name of JPMorgan Chase Bank, London ("**Common Depositary**") for the account of Euroclear Bank S.A./N.A. (as operator of the Euroclear System) ("**Euroclear**", which term includes any successor operator of the Euroclear System) and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

(b) Reg S Global Notes

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Reg S**") under the Securities Act will initially be represented by a separate global note in bearer form for each class of Note (collectively, the "**Reg S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Reg S Global Notes will each be deposited with or to the order of the Depository pursuant to the terms of the Depository Agreement. The Depository will issue a certificated depository interest in respect of each Reg S Global Note to the Common Depositary for the account of Euroclear and Clearstream, Luxembourg.

(c) Form and Title

Each Global Note will be issued in bearer form without coupons or talons.

The Depository or its nominee shall, for so long as it is holder of the Global Notes and, except as otherwise required by law, be treated as its absolute owner for all purposes (including the making of any payments), regardless of any notice of ownership, theft or loss thereof, or of any trust or other interest therein or of any writing thereon.

Ownership of interests in the Rule 144A Global Notes ("**Restricted Book-Entry Interests**") will be limited to persons that have accounts with DTC and/or Euroclear and/or Clearstream, Luxembourg or persons that hold interests through such participants. Ownership of interests in the Regulation S Global Notes (the "**Unrestricted Book-Entry Interests**") and, together with the Restricted Book-Entry Interests, the ("**Book Entry Interests**") will be limited to persons who have accounts with Euroclear and/or Clearstream, Luxembourg or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry by DTC, Euroclear and Clearstream, Luxembourg and their participants and in accordance with the provisions of the Depository Agreement.

2. Definitive Notes

(a) Issue of Definitive Notes

A Global Note will be exchanged for definitive Notes of the relevant class in registered form ("**Definitive Notes**") in an aggregate principal amount equal to the Principal Amount Outstanding (as

defined in Condition 6(*f*)) of the relevant Global Note only if, 40 days or more after the Closing Date, any of the following circumstances apply:

(i) in the case of a Reg S Global Note or a Rule 144A Global Note in respect of which the Depository has issued a certificated depository interest to, or registered a certificateless depository interest in the name of, Euroclear or Clearstream, Luxembourg or the Common Depositary for their account, either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is in existence; or

(ii) in the case of a Rule 144A Global Note in respect of which the Depository has registered a certificateless depository interest in the name of DTC or its nominee, DTC has notified the Issuer that it is unwilling or unable to continue as the holder with respect to such certificateless depository interest, or is at any time unwilling or unable to continue as, or ceases to be, a clearing agency registered under the Securities Exchange Act of 1934 of the United States of America (the "**Exchange Act**") and a successor to DTC registered as a clearing agency under the Exchange Act is not appointed by the Issuer within 90 days of such notification or cessation; or

(iii) the Depository notifies the Issuer at any time that it is unwilling or unable to continue as depository and a successor to the Depository previously approved by the Trustee in writing is not appointed by the Issuer within 90 days of such notification; or

(iv) the owner of a Book-Entry Interest requests such exchange in writing delivered through either DTC, Euroclear or Clearstream, Luxembourg to the Issuer, following an Event of Default (as defined in Condition 10(*a*)); or

(v) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

If Definitive Notes are issued, the Book-Entry Interests represented by the Reg S Global Note of each class will be exchanged by the Issuer for Definitive Notes ("**Reg S Definitive Notes**") of that class and the Book-Entry Interests represented by each Rule 144A Global Note of each class will be exchanged by the Issuer for Definitive Notes ("**Rule 144A Definitive Notes**") of that class. The aggregate principal amount of the Reg S Definitive Notes and the Rule 144A Definitive Notes of each class will be equal to the Principal Amount Outstanding of the Reg S Global Note or, as the case may be, the Rule 144A Global Notes of the corresponding class, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Depository Agreement, the Trust Deed and the relevant Global Note.

(b) Title to and Transfer of Definitive Notes

Title to a Definitive Note will pass upon registration in the register which the Issuer will procure to be kept by the Registrar. A Definitive Note will have an original principal amount of £50,000 or any integral multiple of £100 in excess thereof and will be serially numbered. Definitive Notes may be transferred in whole or in part (provided that any partial transfer relates to a Definitive Note in the original principal amount of £50,000 or any integral multiple of £50 in excess thereof upon surrender of the relevant Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. All transfers of Definitive Notes are subject to any restrictions on transfer set forth in such Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Note to be issued upon transfer of a Definitive Note will, within five Business Days (as defined in Condition 5(*b*)) of receipt at the specified office of the Registrar of such Definitive Note (duly endorsed) for transfer, be available for delivery at the specified office of the Registrar or be

posted at the risk of the holder entitled to such new Definitive Note to such address as may be specified in the form of transfer.

Registration of a Definitive Note on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other government charges which may be imposed in relation to it.

No transfer of a Definitive Note will be registered in the period beginning fifteen Business Days before, or ending on the fifth Business Day after, each Interest Payment Date (as defined in Condition 5(*b*)).

(c) "**Noteholders**" means (i) in respect of each Global Note, the bearer thereof, and (ii) in respect of a Definitive Note issued under Condition 2(*a*) above, the person in whose name such Definitive Note is registered, subject as provided in Condition 7(*b*); and related expressions are to be construed accordingly.

(d) References to "**Notes**" include the Global Notes and the Definitive Notes.

3. Status, Security and Priority

(A) Status and relationship between the Notes

(a) The Notes constitute direct, secured and unconditional obligations of the Issuer and are secured by the same security that secures each of the Notes. The Notes of each class rank *pari passu* without preference or priority among themselves.

(b) As between the classes of the Notes, in the event of the Issuer Security (as defined in the Master Definitions Agreement) being enforced, the Class A Notes will rank *pari passu*; the Class A Notes will rank higher in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes; the Class B Notes will rank higher in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes; the Class C Notes will rank higher in priority to the Class D Notes, the Class E Notes and the Class F Notes; the Class D Notes will rank higher in priority to the Class E Notes and the Class F Notes; and the Class E Notes will rank higher in priority to the Class F Notes. Save as described in Condition 6, prior to enforcement of the Issuer Security, payments of principal of and interest on the Class F Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; payments of principal of and interest on the Class E Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; payments of principal of and interest on the Class D Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes and the Class C Notes; payments of principal of and interest on the Class C Notes will be subordinated to payments of principal of and interest on the Class A Notes and the Class B Notes; payments of principal of and interest on the Class B Notes will be subordinated to payments of principal of and interest on the Class A Notes.

(c) The Trust Deed and the Deed of Charge and Assignment each contains provisions requiring the Trustee to have regard to the interests of the holders of Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), provided that (except in the case of an Extraordinary Resolution relating to the appointment or termination of the appointment of the Special Servicer, in which case the Controlling Party, as defined in Condition 4(*C*), will prevail):

(i) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) holders of the Class A Notes (the "**Class A Noteholders**") (for so long as the Class A Notes are outstanding (as defined in the Trust Deed)); and

(B) holders of the Class B Notes (the "**Class B Noteholders**") and/or holders of the Class C Notes (the "**Class C Noteholders**") and/or holders of the Class D Notes (the "**Class D Noteholders**") and/or holders of the Class E Notes (the "**Class E Noteholders**") and/or holders of the Class F Notes (the "**Class F Noteholders**")

then the Trustee shall have regard only to the interests of the Class A Noteholders;

(ii) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class B Noteholders (for so long as the Class B Notes are outstanding); and

(B) the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders,

then the Trustee shall, subject to (i) above, have regard only to the interests of the Class B Noteholders;

(iii) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class C Noteholders (for so long as the Class C Notes are outstanding); and

(B) the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders;

then the Trustee shall, subject to (i) and (ii) above, have regard only to the interests of the Class C Noteholders;

(iv) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class D Noteholders (for so long as any Class D Notes are outstanding); and

(B) the Class E Noteholders and/or Class F Noteholders,

then the Trustee shall, subject (i), (ii), and (iii) above, have regard only to the interests of the Class D Noteholders.

(v) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class E Noteholders (for so long as any Class E Notes are outstanding); and

(B) the Class F Noteholders,

then the Trustee shall, subject (i), (ii), (iii) and (iv) above, have regard only to the interests of the Class E Noteholders.

Except where expressly provided otherwise, so long as any of the Notes remains outstanding, the Trustee is not required to have regard to the interests of any other persons entitled to the benefit of the Issuer Security.

(d) The Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the Class A Noteholders, (ii) the Class C Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders or the Class B Noteholders, (iii) the Class D Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, (iv) the Class E Noteholders, *inter alia*, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders, and (v) the Class F Noteholders, *inter alia*, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders or the Class E Noteholders. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders,

irrespective of the effect thereof on their interests. Except in certain circumstances, the exercise of their powers by (i) the Class B Noteholders will be binding on the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, irrespective of the effect thereof on their interests, (ii) the Class C Noteholders will be binding on the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, irrespective of the effect thereof on their interests, (iii) the Class D Noteholders will be binding on the Class E Noteholders and the Class F Noteholders, irrespective of the effect thereof on their interests, and (iv) the Class E Noteholders will be binding on the Class F Noteholders, irrespective of the effect thereof on their interests.

(B) Security and Priority of Payments

The security in respect of the Notes is set out in the Deed of Charge and Assignment. The Deed of Charge and Assignment also contains provisions regulating the priority of application of the Available Interest Receipts (as defined in the Master Definition Agreement) and Available Principal (as defined in the Master Definition Agreement) among the persons entitled thereto prior to the service of a Note Enforcement Notice (as defined in Condition 10(*a*)), and of the Available Interest Receipts, the Available Principal and the proceeds of enforcement or realisation of the Issuer Security by the Trustee after the service of a Note Enforcement Notice.

The Issuer Security may be enforced following the service of a Note Enforcement Notice provided that, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes, or (ii) the Trustee is of the opinion, which will be binding on the Noteholders, reached after considering at any time and from time to time the advice, upon which the Trustee will be entitled to rely, of such professional advisers as are selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes, or (iii) the Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been indemnified to its satisfaction.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne in accordance with the provisions of Condition 16 and the Deed of Charge and Assignment. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the other Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that (i) in the event of an enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the assets of the Issuer comprised in the Issuer Security, (ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished, and (iii) in the event that a shortfall in the amount available to pay principal of the Notes of any class exists on the Interest Payment Date falling in October 2010 (the "**Final Interest Payment Date**") or on any earlier redemption in full of the Notes or the relevant class of Notes, after payment on the Final Interest Payment Date or such date of earlier redemption of all other claims ranking higher in priority to or *pari passu* with the Notes or the relevant class of Notes, and the Issuer Security has not become enforceable as at the Final Interest Payment Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall shall cease and all claims in respect of such shortfall shall be extinguished.

4. Covenants

(A) Restrictions

Save with the prior written consent of the Trustee (which consent shall not be given without the prior resolution of Noteholders, the required majority for such consent being not less than 50.1 per cent. of the Principal Amount Outstanding of Notes then outstanding) or unless otherwise provided in or envisaged by these

Conditions or the Relevant Documents (as defined in the Master Definitions Agreement), the Issuer shall not, so long as any Note remains outstanding:

(a) Negative Pledge

create or permit to subsist any mortgage, sub-mortgage, assignment, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignation or other security interest whatsoever over any of its assets, present or future (including any uncalled capital);

(b) Restrictions on Activities

(i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Relevant Documents provide or envisage that the Issuer will engage in;

(ii) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment; or

(iii) amend, supplement or otherwise modify its Memorandum or Articles of Association or other constitutive documents;

(c) Disposal of Assets

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(d) Dividends or Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Deed of Charge and Assignment;

(e) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, further Notes or New Notes, the Swap Transactions (as defined in the Master Definitions Agreement) or the Liquidity Facility Agreement (as defined in the Master Definitions Agreement) or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) Variation

permit the validity or effectiveness of any of the Relevant Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, these Conditions, the Deed of Charge and Assignment or any of the other Relevant Documents, or permit any party to any of the Relevant Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security;

(h) Bank Accounts

have an interest in any bank account other than the Issuer's Accounts (as defined in the Master Definitions Agreement), unless such account or interest therein is charged to the Trustee on terms acceptable to it;

(i) Assets

own assets other than those representing its share capital, the funds arising from the issue of the Notes, further Notes or New Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Relevant Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time; and

(j) VAT

apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Relevant Documents or may impose such other conditions or requirements as the Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders, provided that the Rating Agencies (as defined in Condition 15) provide written confirmation to the Trustee that the then applicable ratings of the Notes will not be qualified, downgraded or withdrawn as a result of such modifications or additions.

(B) Cash Manager and Servicer

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a cash manager and a servicer in respect of the monies from time to time standing to the credit of the Transaction Account (as defined in the Master Definitions Agreement) and any other account of the Issuer from time to time. Neither the Cash Manager nor the Servicer (each as defined in the Master Definitions Agreement) will be permitted to terminate its appointment unless a replacement cash manager or servicer, as the case may be, acceptable to the Issuer and the Trustee has been appointed. The appointment of the Cash Manager and the Servicer may be terminated by the Trustee if, *inter alia*, the Cash Manager or the Servicer, as applicable, defaults in any material respect (in the case of the Servicing Agreement) or in any respect (in the case of the Cash Management Agreement) in the observance and performance of any obligation imposed on it under the Cash Management Agreement or the Servicing Agreement, as applicable, which default is not remedied (i) within ten Business Days, in the case of the Cash Management Agreement, after the earlier of the Cash Manager becoming aware of such default and written notice of such default being served on the Cash Manager by the Trustee (except in respect of a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer, in which case the appointment of the Cash Manager may be terminated immediately), or (ii) within thirty Business Days, in the case of the Servicing Agreement, after written notice of such default shall have been served on the Servicer by the Issuer or the Trustee.

(C) Special Servicer

In certain circumstances set out in the Servicing Agreement, the holders of the most junior class of Notes outstanding at any time (such class of Noteholders being, for these purposes, the "**Controlling Party**") may appoint a Special Servicer (as defined in the Master Definitions Agreement) in respect of one or more Loans (as defined in the Master Definitions Agreement). Upon any reduction to zero of the aggregate Principal Amount Outstanding under the most junior class of Notes outstanding at any time (whether by reason of the allocation of Applicable Principal Losses, redemption of such Notes or otherwise), the holders of the next most junior class of Notes then outstanding will become the Controlling Party and will be entitled, by an Extraordinary Resolution passed by the holders of such class of Notes, to require the Trustee to terminate the appointment of the person then acting as Special Servicer and to appoint a successor thereto acceptable to the Controlling Party.

5. Interest

(a) Period of Accrual

Each Note will bear interest on its Principal Amount Outstanding from (and including) 3rd December, 2001 (the "**Closing Date**"). Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or

refused. In such event, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder thereof (either in accordance with Condition 15 or individually) that, upon presentation thereof being duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) Interest Payment Dates and Interest Periods

Subject to Condition 16(*a*), interest on the Notes is payable quarterly in arrear on the 25th day of January, April, July and October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an "**Interest Payment Date**") in respect of the Interest Period ending immediately prior thereto. The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling in January 2002.

In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or, in respect of the payment of the first Interest Amount (as defined in Condition 5*(d)* below), the Closing Date) to (but excluding) the next following Interest Payment Date (or, in respect of the payment of the first Interest Amount, the Interest Payment Date falling in January 2002) and "**Business Day**", in these Conditions (other than Condition 7), means a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and New York.

(c) Rate of Interest

Subject, in the case of the Class E Notes and the Class F Notes, to Condition 5(*i*) below, the rates of interest payable from time to time in respect of each class of Notes (each a "**Rate of Interest**") will be determined by the Agent Bank on a date which is two London Business Days prior to each Interest Payment Date or, in the case of the first Interest Period, two London Business Days prior to the Closing Date (each an "**Interest Determination Date**"). For the purposes of these Conditions, "**London Business Day**" means a day, other than a Saturday or a Sunday, on which banks are open for general business in the City of London.

Each Rate of Interest for the Interest Period next following the relevant Interest Determination Date shall be the aggregate of:

(i) the Relevant Margin (as defined below); and

(ii) (1) the arithmetic mean of the offered quotations to leading banks (rounded to five decimal places with the mid-point rounded up) for three month sterling deposits (or, in the case of the first Interest Determination Date, the linear interpolation of one and two-month sterling), in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the "**Screen Rate**") (rounded to five decimal places with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or

(2) if the Screen Rate is not then available, the arithmetic mean (rounded to five decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 5*(h)* below) as the rate at which three month sterling deposits in an amount of £10,000,000 (save, in the case of the first Interest Determination Date, the linear interpolation of one and two-month sterling deposits) are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London inter-bank market at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. If on any such Interest Determination Date, two or three only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate will be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks

providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provide the Agent Bank with such an offered quotation, the Agent Bank will forthwith consult with the Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (ii) shall have applied.

For the purposes of these Conditions the "**Relevant Margin**" shall be:

(A) in respect of the Class A Notes, 0.45 per cent. per annum;

(B) in respect of the Class B Notes, 0.48 per cent. per annum;

(C) in respect of the Class C Notes, 0.60 per cent. per annum;

(D) in respect of the Class D Notes, 1.00 per cent. per annum;

(E) in respect of the Class E Notes, 1.50 per cent. per annum; and

(F) in respect of the Class F Notes, 2.50 per cent. per annum.

There shall be no minimum or maximum Rate of Interest.

(d) Determination of Rates of Interest and Calculation of Interest Amounts for Notes

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Trustee, the Cash Manager and the Paying Agents in writing of (i) the Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Interest Payment Date (or, in respect of the first Interest Amount, the Closing Date) in respect of the Notes of each class, and (ii) the sterling amount (the "**Interest Amount**") payable, subject to Condition 16(*a*) and Condition 5(*i*), in respect of such Interest Period in respect of the Notes of each class. Each Interest Amount in respect of the Notes shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes of each class, multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure downward to the nearest penny.

(e) Publication of Rates of Interest for the Notes, Interest Amounts and other Notices

As soon as practicable after receiving notification thereof, the Issuer shall cause the Rate of Interest and Interest Amount applicable to the Notes of each class for each Interest Period and the Interest Payment Date in respect thereof to be notified in writing to Irish Stock Exchange Limited (the "**Irish Stock Exchange**") (for so long as the Notes are listed on the Irish Stock Exchange) and shall cause notice thereof to be given to the Noteholders in accordance with Condition 15. The Interest Amounts and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes or in the circumstances referred to in Condition 5(*i*).

(f) Determination or Calculation by the Trustee

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for each class of the Notes in accordance with the foregoing Conditions, the Trustee shall (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances, and/or (as the case may be), (ii) calculate the Interest Amount for each class of the

Notes in the manner specified in Condition 5*(d)* above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(g) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Trustee, the Servicer, the Special Servicer, the Cash Manager, the Paying Agents and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there are, at all times, four Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of four major banks in the London interbank market (the "**Reference Banks**") chosen by the Agent Bank. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Trustee to act as such in its place. Any purported resignation by the Agent Bank shall not take effect until a successor so approved by the Trustee has been appointed.

(i) Interest on the Class E Notes and the Class F Notes

The interest due and payable on the Class E Notes and the Class F Notes is subject, on any Interest Payment Date, to a maximum amount equal to the lesser of (i) the Interest Amount in respect of such class of Notes, as calculated pursuant to Condition 5*(d)*, and (ii) the amount (the "**Adjusted Interest Amount**") equal to (x) the Available Interest Receipts (as defined in the Master Definitions Agreement) in respect of such Interest Payment Date (including, for the avoidance of doubt, the amount available for drawing by way of Interest Drawings and Accrued Interest Drawings (each as defined in the Master Definitions Agreement) under the Liquidity Facility Agreement on such Interest Payment Date) minus (y) the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to the payment of interest on such class of Notes in accordance with the Deed of Charge and Assignment. The debt that would otherwise be represented by the amount by which, on any Interest Payment Date, the Interest Amount in respect of the Class E Notes or the Class F Notes exceeds the Adjusted Interest Amount in respect of such class of Notes, shall be extinguished on such Interest Payment Date, and the affected Noteholders shall have no claim against the Issuer in respect thereof.

6. Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed in full and cancelled as provided in this Condition 6, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in October 2010.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in this Condition but without prejudice to Condition 10.

(b) Mandatory Redemption in Part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds

Subject as provided in Conditions 6*(c)*, 6*(d)* and 6*(e)*, prior to the service of a Note Enforcement Notice and subject as provided below, the Class A Notes or, if no Class A Notes are outstanding, the most senior class of Notes then outstanding shall be subject to mandatory redemption in part on each Interest Payment Date if on the Calculation Date (as defined below) relating thereto there are any Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds or Available Principal Recovery Funds (each as defined below), after paying any and all amounts payable

out of such funds in priority to payments on such class of Notes, and if the amount of such Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds, after paying any and all amounts payable out of such funds in priority to payments on such class of Notes, is not less than £1. If on any Interest Payment Date, the Class A Notes or the then most senior class of Notes then outstanding is redeemed in full pursuant to the foregoing, any remaining Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds shall be applied in mandatory redemption in part of the next most senior class of Notes then outstanding and on that class of Notes being redeemed in full each next most senior class of Notes then outstanding until all Notes are redeemed.

Notwithstanding the above, subject as provided in Conditions 6(*c*), 6(*d*) and 6(*e*), prior to the service of a Note Enforcement Notice, the Notes then outstanding shall be subject to mandatory redemption in part on each Interest Payment Date if on the Calculation Date relating thereto there are any Available Prepayment Redemption Funds.

Provided, in each case, that such funds shall only be applied after paying any and all amounts payable out of such funds in priority to payments on the Notes as specified below, and if the amount of such Available Prepayment Redemption Funds, after paying any and all amounts payable out of such funds in priority to payments on the Notes, is not less than £1.

If on any Interest Payment Date, the most senior class of Notes then outstanding is redeemed in full pursuant to the foregoing, any remaining Available Prepayment Redemption Funds shall be applied in mandatory redemption in part of the next most senior class of Notes then outstanding and on that class of Notes being redeemed in full each next most senior class of Notes then outstanding until all Notes are redeemed.

The "**Calculation Date**" means the second Business Day prior to the relevant Interest Payment Date save in respect of the Interest Payment Date falling in October 2010 when it means the actual Interest Payment Date in October 2010.

For the purposes of these Conditions:

(A) "**Amortisation Funds**" means the aggregate amount of principal received by or on behalf of the Issuer in respect of the Loans (as defined in the Master Definitions Agreement) other than any Prepayment Redemption Funds, Final Redemption Funds or Principal Recovery Funds (each as defined below) and "**Available Amortisation Funds**" means, in respect of any Calculation Date, the sum of (i) the Amortisation Funds received by or on behalf of the Issuer during the period from (and including) the preceding Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (and including) the Closing Date to (but excluding) such first Calculation Date) (each a "**Collection Period**"), plus (ii) the aggregate principal amount available for drawing by way of Principal Drawings under the Liquidity Facility Agreement in respect of Scheduled Principal Receipts falling due during the Collection Period ended on such Calculation Date and unpaid, less (iii) the aggregate amount of Amortisation Funds applied by the Issuer in respect of any Principal Priority Amounts and Revenue Priority Amounts (as defined in the Master Definitions Agreement) during that Collection Period in accordance with the Deed of Charge and Assignment;

(B) "**Prepayment Redemption Funds**" means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loans as a result of any prepayment in part or in full made by the Borrowers pursuant to the terms of the relevant Credit Agreements, and (ii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of a repurchase of a Loan by MSDW Bank pursuant to the Loan Sale Agreement, (iii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of a Loan by the Servicer pursuant to the Servicing Agreement, and (iv) all insurance proceeds relating to principal received by or on behalf of the Issuer other than those required to be paid to the relevant Borrower or used to reinstate the relevant Property (each as defined in the Master Definitions Agreement) and "**Available Prepayment Redemption Funds**" means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Prepayment Redemption Funds applied by the Issuer in respect of any Principal Priority Amounts

and Revenue Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

(C) "**Final Redemption Funds**" means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loans as a result of the repayment of the relevant Loan upon its scheduled final maturity date, and "**Available Final Redemption Funds**" means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Final Redemption Funds applied by the Issuer in respect of Principal Priority Amounts and Revenue Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment; and

(D) "**Principal Recovery Funds**" means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of actions taken in accordance with the enforcement procedures in respect of a Loan and/or the Related Security (as defined in the Master Definitions Agreement), and "**Available Principal Recovery Funds**" means, in respect of any Calculation Date, the Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended less (i) the aggregate amount of Principal Recovery Funds applied by the Issuer in respect of any Principal Priority Amounts and Revenue Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment and (ii) any amount to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Interest Payment Date;

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds or Available Principal Recovery Funds, as applicable, on any preceding Calculation Date. Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds determined on each Calculation Date shall, save in the circumstances set out above, be applied, on the immediately following Interest Payment Date, first, in paying the Liquidity Facility Repayment Amount (as defined in the Master Definitions Agreement) applicable to all Principal Drawings (excluding any interest accrued due and unpaid thereon) to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (each, as defined in the Master Definitions Agreement); second, in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full; third, in paying principal on the Class B Notes until all the Class B Notes have been redeemed in full; fourth, in paying principal on the Class C Notes until all the Class C Notes have been redeemed in full; fifth, in paying principal on the Class D Notes until all the Class D Notes have been redeemed in full; sixth, in paying principal on the Class E Notes until all the Class E Notes have been redeemed in full; seventh, in paying principal on the Class F Notes until all the Class F Notes have been redeemed in full, eighth, in paying any portion of Deferred Consideration; and ninth, in paying any surplus to the Issuer; provided that if on any Calculation Date the Trustee receives written confirmation from the Rating Agencies that the then applicable ratings of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will not be qualified, downgraded or withdrawn thereby, the Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds may, at the option of the Issuer, be applied on any Interest Payment Date to redeem in whole or in part the Principal Amount Outstanding of any other class or classes of Notes that would not otherwise be entitled to redemption on such Interest Payment Date.

In addition to the foregoing, if, on any Interest Payment Date, the Available Interest Receipts calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date exceeds the Priority Revenue Payments (as defined below) payable on such Interest Payment Date, the Class F Notes outstanding on such Interest Payment Date shall be subject to mandatory redemption in part in an amount equal to sum of (1) the lower of (a) the excess of such Available Interest Receipts over such Priority Revenue Payments, and (b) the amount equal to (i) the product of (x) 0.2 per cent. and (y) the aggregate Principal Amount Outstanding of the Notes as at the Closing Date minus (ii) the aggregate principal amount of the Class F Notes redeemed on any preceding Interest Payment Date pursuant to this paragraph. For these purposes, "**Priority Revenue Payments**" means those payments scheduled to be made on the applicable Interest Payment Date pursuant to Clauses 6.2.2(a) to (q) of the Deed of Charge and Assignment.

(c) Optional Redemption for Tax or Other Reasons

If the Issuer at any time satisfies the Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes) (other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in law from that in effect on the Closing Date, any amount payable by the Borrowers in relation to the Loans is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Interest Payment Date and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the Trustee that it will have the necessary funds on such Interest Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 6(*c*) and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, which certificate shall be conclusive and binding, and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice has been served, then the Issuer may, but shall not be obliged to, on any Interest Payment Date on which the relevant event described above is continuing, having given not more than 60 nor less than 30 days' written notice ending on such Interest Payment Date to the Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15, redeem:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon; and

(E) all Class F Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class F Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 6*(c)*. Once redeemed to the full extent provided in this Condition 6*(c)*, the Notes shall cease to bear interest.

(d) Optional redemption in full

On giving not more than 60 nor less than 30 days' written notice to the Trustee and to the Noteholders in accordance with Condition 15 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served, and further provided that the Issuer has, prior to giving such notice, certified to the Trustee, that it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 6(*d*) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or *pari passu* with, the Notes, which certificate will be conclusive and binding, and further provided that the then aggregate Principal Amount Outstanding of all of the Notes would be less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date, the Issuer may redeem on such Interest Payment Date:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon; and

(E) all Class F Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class F Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any such Note other than by way of redemption pursuant to this Condition 6*(d)*. Once redeemed to the full extent provided in this Condition 6*(d)*, the Notes shall cease to bear interest.

(e) Optional Redemption in Full Swap Transactions

If, at any time, one or more of the Swap Transactions is terminated by reason of the occurrence of a Tax Event (as defined below) under the Swap Agreement (as defined in the Master Definitions Agreement) and the Issuer is unable to find a replacement swap provider (the Issuer being obliged to use its best endeavours to find a replacement swap provider) then, on giving not more than 60 nor less than 30 days' written notice to the Trustee and to the Noteholders in accordance with Condition 15 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Event in relation to the Notes has been served and further provided that the Issuer has, prior to giving such notice, certified to the Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 6(*e*) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or *pari passu* with, the Notes, which certificate will be conclusive and binding, the Issuer may, but will not be obliged to, redeem on such Interest Payment Date:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon;

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon; and

(E) all Class F Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class F Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 6(*e*). Once redeemed to the full extent provided in this sub-paragraph, the Notes shall cease to bear interest.

For these purposes, a "**Tax Event**" means:

(i) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to the Swap Agreement); or

(ii) the enactment, promulgation, execution or ratification of, or change in or amendment to, any law (or in the application or interpretation of any law),

as a result of which, on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any government or taxing authority, either the Issuer or the Swap Provider (as defined in the Master Definitions Agreement) will, or there is a substantial likelihood that it will, be required to pay additional amounts or make an advance in respect of tax under the Swap Agreement or the Swap Provider will, or there is a substantial likelihood that it will, receive a payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax and no additional amount or advance is able to be paid by the Issuer.

(f) Note Principal Payments, Principal Amount Outstanding and Pool Factor

The principal amount (if any) to be redeemed in respect of each Note (the "**Note Principal Payment**") on any Interest Payment Date under Condition 6*(b)* or Condition 6*(c)* or Condition 6(*d*) or Condition 6(*e*), as applicable, will, in relation to the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Condition 6*(b)* or Condition 6*(c)* or Condition 6*(d)* or Condition 6*(e)*, as applicable, (rounded down to the nearest penny) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

On each Calculation Date, the Cash Manager shall determine (i) the amount of any Note Principal Payment (if any) due on the next following Interest Payment Date, (ii) the Principal Amount Outstanding of each Note on the next following Interest Payment Date (after deducting any Note Principal Payment to be paid on that Interest Payment Date) and (iii) the fraction expressed as a decimal to the sixth place (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding (after deducting any Note Principal Payment to be paid on that Interest Payment Date) of a Note of the relevant class (calculated on the assumption that the face amount of such Note on the date of issuance thereof was £50,000 and the denominator is 50,000. Each determination by the Cash Manager of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The "**Principal Amount Outstanding**" of a Note of any class on any date shall be the nominal amount thereof on the date of issuance thereof less (a) the aggregate amount of all Note Principal Payments in respect of such Note that have been paid since the Closing Date and on or prior to the date of calculation and (b) the aggregate amount of all Applicable Principal Losses in respect of such Note that have arisen since the Closing Date and on or prior to the date of calculation. For the purposes of these Conditions, "**Applicable Principal Losses**" means on any Interest Payment Date, in relation to the Notes of a particular class, a pro rata share of the amount equal to the aggregate amount of Principal Losses required to be applied to the Notes of that class on such Interest Payment Date in accordance with the following sentence (rounded down to the nearest penny or cent, as the case may be). On the Interest Payment Date following the occurrence of a Principal Loss in respect of a Loan, the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by an amount equal to the excess of the Principal Loss over the aggregate principal amount of the Class F Notes redeemed pursuant to the Class F mandatory partial redemption provisions set out in Condition 6(*b*) as follows: first, the Principal Amount Outstanding of the Class F Notes will be reduced until the Principal Amount Outstanding of the Class F Notes is zero; second, the Principal Amount Outstanding of the Class E Notes shall be reduced until the Principal Amount Outstanding of the Class E Notes is zero; third, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero; fourth, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero; fifth, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and sixth, the Principal Amount Outstanding of the Class A Notes shall be reduced until the Principal Amount Outstanding of the Class A Notes is zero. Unless

otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Principal Amount Outstanding of a Note shall be made on the assumption that the face amount of such Note on the date of issuance thereof was £50,000.

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and (for so long as the Notes are admitted to trading on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be given to the Noteholders in accordance with Condition 15 as soon as reasonably practicable.

If the Issuer or the Cash Manager on behalf of the Issuer does not at any time for any reason determine a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this Condition (6)*(f)*), such Note Principal Payment, Principal Amount Outstanding and Pool Factor may be determined by the Trustee, in accordance with this Condition 6*(f)*, and each such determination or calculation will be conclusive and will be deemed to have been made by the Issuer or the Cash Manager, as the case may be.

(g) Notice of Redemption

Any such notice as is referred to in Condition 6*(c)*, *(d)*, *(e)* and *(f)* above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class in the amounts specified in these Conditions.

(h) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions shall be cancelled forthwith and may not be resold or re-issued.

7. Payments

(a) Global Notes

Payments of principal and interest in respect of any Global Note will be made only against presentation (and, in the case of final redemption of a Global Note or in circumstances where the unpaid principal amount of the relevant Global Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Global Note), surrender) of such Global Note at the specified office of any Paying Agent. A record of each payment so made, distinguishing, in the case of Global Notes, between payments of principal and payments of interest and, in the case of partial payments, of the amount of each partial payment, will be endorsed on the schedule to the relevant Global Note by or on behalf of the relevant Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made.

Payments in respect of the Rule 144A Global Notes will be paid (i) in sterling to holders of interests in such Notes who hold such interests through Euroclear and/or Clearstream, Luxembourg (the "**Rule 144A Euroclear/Clearstream Holders**"), and (ii) subject to the provisions below, in U.S. dollars to holders of interests in such Notes who hold such interests through DTC (the "**DTC Holders**"). Payments in respect of the Reg S Global Notes will be paid in sterling to holders of interests in such Notes (such holders being, together with the Rule 144A Euroclear/Clearstream Holders, the "**Euroclear/Clearstream Holders**").

At present, DTC can only accept payments in U.S. dollars. As a result, DTC Holders will receive payments in U.S. dollars as described above unless they elect, in accordance with DTC's customary procedures, to receive payments in sterling.

A Euroclear/Clearstream Holder may receive payments in respect of its interest in any Global Notes in U.S. dollars in accordance with Euroclear's and Clearstream, Luxembourg's customary procedures. All costs of conversion from any such election will be borne by such Euroclear/Clearstream Holder.

(b) Definitive Notes

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the relevant Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note, in which case the relevant payment of principal or interest, as the case may be, will be made against surrender of such Note)) in respect of Definitive Notes will be made by sterling cheque drawn on a branch of a bank in London posted to the holder (or to the first-named of joint holders) of such Definitive Note at the address shown in the Register not later than the due date for such payment. If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, paid. For the purposes of this Condition 7, the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (the "**Record Date**").

Upon application by the holder of a Definitive Note to the specified office of the Registrar not later than the Record Date for payment in respect of such Definitive Note, such payment will be made by transfer to a sterling account maintained by the payee with a branch of a bank in London. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

(c) Laws and Regulations

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) Overdue Principal Payments

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 5*(a)* will be paid against presentation of such Note at the specified office of any Paying Agent, and in the case of any Definitive Note, will be paid in accordance with Condition 7*(b)*.

(e) Change of Agents

The Principal Paying Agent is AIB International Financial Services Limited at its offices at PO Box 2751, AIB International Centre, I.F.S.C., Dublin 1, Ireland. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and the Agent Bank and to appoint additional or other Agents. The Issuer will at all times maintain a Paying Agent with a specified office in, for so long as the Notes are listed on the Irish Stock Exchange, Dublin. The Issuer shall cause at least 30 days' notice of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15.

(f) Presentation on Non-Business Days

If any Note is presented (if required) for payment on a day which is not a business day in the place where it is so presented and (in the case of payment by transfer to an account as referred to in Condition 7*(b)* above) in London or New York City, as the case may be, payment will be made on the next succeeding day that is a business day and no further payments of additional amounts by way of interest, principal or otherwise will be due in respect of such Note. No further payments of additional amounts by way of interest, principal or otherwise will be payable in respect of the late arrival of any cheque posted to a Noteholder in accordance with the provisions of Condition 7*(b)*. For the purposes of Condition 6 and this Condition 7, "**business day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(g) Accrual of Interest on Late Payments

If interest is not paid in respect of a Note of any class on the date when due and payable (other than by reason of non-compliance with Condition 7*(a)* or *(b)*), then such unpaid interest shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and

notice thereof has been duly given to the Noteholders in accordance with Condition 15, provided that such interest and interest thereon are, in fact, paid.

(h) Redenomination in Euro

(i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling will be translated into, and/or any amount becoming payable under the Notes thereafter as specified in these Conditions will be paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent.

Any such translation will be made at the official rate of exchange recognised for that purpose by the Bank of England.

(ii) Where such a change in currency occurs, the Global Notes in respect of the Notes then outstanding and these Conditions will be amended in the manner agreed by the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 7*(h)* will be binding upon holders of such Notes.

(iii) Notification of the amendments made to Notes pursuant to this Condition 7*(h)* will be made to the Noteholders in accordance with Condition 15 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.

8. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. **Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.**

9. Prescription

Claims for principal in respect of Global Notes will become void unless the relevant Global Notes are presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of Global Notes will become void unless the relevant Global Notes are presented for payment within five years of the appropriate relevant date.

Claims for principal and interest in respect of Definitive Notes will become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 9, the "**relevant date**" means the date on which a payment in respect thereof first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15.

10. Events of Default

(a) Eligible Noteholders

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**") the Trustee may, and if so requested in writing by the "**Eligible Noteholders**", being:

(1) the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; or

(2) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or

(3) if there are no Class A Notes and Class B Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding; or

(4) if there are no Class A Notes, Class B Notes and Class C Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class D Notes then outstanding; or

(5) if there are no Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class E Notes then outstanding; or

(6) if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class F Notes then outstanding;

or if so directed by or pursuant to an Extraordinary Resolution (as defined in the Trust Deed) of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders, shall, and in any case aforesaid, subject to the Trustee being indemnified and/or secured to its satisfaction, give notice (a "**Note Enforcement Notice**") to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

(i) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, any Class A Note; or if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class B Notes outstanding, any Class C Note; or, if there are no Class C Notes outstanding, any Class D Note; or, if there are no Class D Notes outstanding, any Class E Note, or, if there are no Class E Notes outstanding, any Class F Notes, in each case when and as the same becomes due and payable in accordance with these Conditions.

(ii) default is made by the Issuer in the performance or observance of any other obligation binding upon it under any of the Notes of any class, the Trust Deed, the Deed of Charge and Assignment or the other Relevant Documents to which it is party and, in any such case (except where the Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10*(a)*(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time); or

(iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Eligible Noteholders; or

(v) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer takes possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process is levied or enforced upon or sued against

all or any part of the undertaking, property or assets of the Issuer and such possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally;

provided that, in the case of each of the events described in Condition 10*(a)*(ii), the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders.

(b) Effect of Declaration by Trustee

Upon any declaration being made by the Trustee in accordance with Condition 10*(a)* above, all classes of the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Deed of Charge and Assignment.

11. Enforcement

Subject to the provisions of Condition 16, the Trustee may, without notice, take such proceedings against the Issuer or any other person as are appropriate to enforce the provisions of the Notes and the Relevant Documents and may, at any time after the Issuer Security has become enforceable, without notice, take possession of the Issuer Security or any part thereof and may in its discretion sell, call in, collect and convert into money the Issuer Security or any part thereof in such manner and upon such terms as the Trustee may think fit to enforce the Issuer Security, but it will not be bound to take any such proceedings or steps unless:

(*a*) subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the Class F Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, then outstanding; and

(*b*) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT thereon) which it may incur by so doing,

PROVIDED THAT:

(i) the Trustee shall not be bound to act at the direction of the Class B Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the interests of the Class A Noteholders or the Trustee has been directed to take such action by an Extraordinary Resolution of the Class A Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding;

(ii) the Trustee shall not be bound to act at the direction of the Class C Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders and the Class B Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes then outstanding;

(iii) the Trustee shall not be bound to act at the direction of the Class D Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes then outstanding;

(iv) the Trustee shall not be bound to act at the direction of the Class E Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes then outstanding.

(v) the Trustee shall not be bound to act at the direction of the Class F Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders or the Class E Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes then outstanding.

Enforcement of the Issuer Security will be the only remedy available to the Trustee and the Noteholders for the repayment of the Notes and any interest thereon. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Relevant Documents or to enforce the Issuer Security unless the Trustee, having become bound to do so, fails to do so within 90 days from the date it becomes so bound and such failure shall be continuing; provided that no Class B Noteholder (for so long as there are any Class A Notes outstanding), no Class C Noteholder (for so long as there is any Class A Note or Class B Note outstanding), no Class D Noteholder (for so long as there is any Class A Note, Class B Note or Class C Note outstanding), no Class E Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note or Class D Note outstanding) and no Class F Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note, Class D Note or Class E Note outstanding), will be entitled to take proceedings for the winding up or administration of the Issuer. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Secured Party under (and as defined in) the Deed of Charge and Assignment.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes (if any), the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom (which shall be borne in accordance with the provisions of the Deed of Charge and Assignment). All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, shall be extinguished and the Trustee, the Noteholders and the other Secured Parties shall have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that, in the event of an enforcement of the Issuer Security, (i) its right to obtain repayment in full is limited to recourse against the assets of the Issuer comprised in the Issuer Security and (ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished.

12. Meetings of Noteholders, Modification and Waiver

(*a*) The Trust Deed contains provisions for convening meetings of the Noteholders of any class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, *inter alia*, the removal of the Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Relevant Documents.

(*b*) An Extraordinary Resolution passed at any meeting of the Class A Noteholders will be binding on all Class B Noteholders, Class C Noteholders, Class D Noteholders, Class E Noteholders and Class F Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C

Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.

(*c*) An Extraordinary Resolution passed at any meeting of Class B Noteholders (other than as referred to in Condition 12(*b*)) shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders will be binding on all Class C Noteholders, Class D Noteholders, Class E Noteholders and Class F Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.

(*d*) An Extraordinary Resolution passed at any meeting of Class C Noteholders (other than as referred to in Conditions 12(*b*) or 12 (*c*)) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders.

An Extraordinary Resolution passed at any meeting of the Class C Noteholders will be binding on all Class D Noteholders, Class E Noteholders and Class F Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class D Noteholders, the Class E Noteholders and the Class F Noteholders or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.

(*e*) An Extraordinary Resolution passed at any meeting of the Class D Noteholders (other than as referred to in Conditions 12(*b*), 12(*c*) or 12(*d*)) shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders.

An Extraordinary Resolution passed at any meeting of the Class D Noteholders will be binding on all Class E Noteholders and Class F Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class E Noteholders and the Class F Noteholders or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class E Noteholders and the Class F Noteholders.

(*f*) An Extraordinary Resolution passed at any meeting of the Class E Noteholders (other than as referred to in Conditions 12(*b*), 12(*c*), 12(*d*) or 12(e)) shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

An Extraordinary Resolution passed at any meeting of the Class E Noteholders will be binding on all Class F Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class F Noteholders or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class F Noteholders.

(*g*) An Extraordinary Resolution passed at any meeting of the Class F Noteholders (other than as referred to in Conditions 12(*b*), 12(*c*), 12(*d*) , 12*(e)* or 12*(f)*) shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.

(*h*) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes (whether being Definitive Notes or represented by a Global Note) of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification (as defined in the Trust Deed) will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, 33 1/3 per cent. in Principal Amount Outstanding of the Notes of such class for the time being outstanding.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

(*i*) The Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Relevant Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or (ii) to any modification of the Notes (including these Conditions) or any of the Relevant Documents which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders of any class, determine that an Event of Default will not, subject to specified conditions, be treated as such, provided always that the Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

(*j*) Where the Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(*k*) The Trustee shall be entitled to assume without further enquiry, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders or any class of Noteholders if the Rating Agencies have provided written confirmation that the then current ratings of the Notes or, as the case may be, the Notes of such class will not be qualified, downgraded or withdrawn as a result by such exercise.

13. Indemnification and Exoneration of the Trustee

The Trust Deed and certain of the Relevant Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Relevant Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Trustee.

The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Relevant Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Relevant Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also relieves the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge and Assignment. The Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified to its satisfaction or to supervise the performance by the Servicer, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor or any other person of their obligations under the Relevant Documents and the Trustee will assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of Global Notes and Definitive Notes

If any Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar or the Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

15. Notice to Noteholders

(*a*) All notices, other than notices given in accordance with the following paragraphs of this Condition 15, to Noteholders shall be deemed to have been validly given if published in a leading daily newspaper printed in the English language with general circulation in Dublin (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. For so long as the Notes of any class are represented by Global Notes, notices to Noteholders will be validly given if published as described above or, for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so allow, at the option of the Issuer, if delivered to the Depository for communication by it to Euroclear and/or Clearstream, Luxembourg and/or to DTC for communication by them to their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg and/or DTC as aforesaid shall be deemed to have been given on the day on which it is delivered to the Depositary.

(*b*) Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount or a Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be previously approved in writing by the Trustee and notified to the Noteholders pursuant to Condition 15*(a)*. Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 15*(a)*.

(*c*) A copy of each notice given in accordance with this Condition 15 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange and at all times to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Fitch Ratings Ltd. ("**Fitch**") and Moody's Investors Service, Inc. ("**Moody's**" and, together with S&P and Fitch, the "**Rating Agencies**", which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to "rating" and "ratings" in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

(*d*) The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. Subordination

(*a*) *Interest*

Subject to Condition 10 and for so long as any Class A Note is outstanding, in the event that, on any Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (m) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes); items (a) to (n) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes) and items (a) to (o) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class D Notes, respectively (each such amount with respect to the relevant class of Notes, an "**Interest Residual Amount**"), are not sufficient to satisfy in full the Interest Amount due and, subject to this Condition 16*(a)*, payable on the Class B Notes, the Class C or the Class D Notes, respectively, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note and/or Class C Note and/or Class D Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant class or classes of Notes on such Interest Payment Date, calculated by dividing the original principal amount of each such Class B Notes, Class C Notes or Class D Notes as the case may be, by the aggregate principal amount of the Class B

Notes, Class C Notes or Class D Notes as at the Closing Date, as the case may be, and multiplying the result by the relevant Interest Residual Amount, and then rounding down to the nearest penny.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes, Class C Notes or Class D Notes as the case may be, on any Interest Payment Date in accordance with this Condition 16*(a)* falls short of the Interest Amount due on the Class B Notes, the Class C Notes or the Class D Notes, as the case may be, on that date pursuant to Condition 5. Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes, the Class C Notes or the Class D Notes, as applicable, and shall be payable together with such accrued interest on any succeeding Interest Payment Date and any such unpaid interest and accrued interest thereon shall be paid, but only if and to the extent that, on such Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (m) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes); items (a) to (n) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes); and items (a) to (o) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class D Notes), respectively, are, in any such case, sufficient to make such payment.

In the event that no Class A Note is outstanding, the provisions in this Condition 16(*a*) shall apply, *mutatis mutandis*, save that reference to the most senior class of Notes outstanding at that time and all classes of Notes that were, prior to their redemption, senior to that class of Notes shall be deleted.

(*b*) *Principal*

Subject to Condition 6(*b*), Condition 6(*c*), Condition 6(*d*) and Condition 6(*e*), Condition 10 and Condition 11, while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, respectively. Subject to Condition 6*(b)*, while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, respectively. Subject to Condition 6*(b)*, while any Class C Notes are outstanding, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class D Notes, the Class E Notes or the Class F Notes, respectively. Subject to Condition 6*(b)*, while any Class D Notes are outstanding, the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class E Notes. Subject to Condition 6*(b)*, while any Class E Notes are outstanding, the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class F Notes.

(*c*) *General*

In the event that the Issuer Security is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking higher in priority thereto or *pari passu* therewith under the Deed of Charge and Assignment, to pay in full all principal and interest and other amounts whatsoever due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, then the holders of such Notes shall have no further claim against the Issuer in respect of any such unpaid amounts, as described in Condition 11. In the event that a shortfall in the amount available to pay principal of the Notes of any class exists on the Final Interest Payment Date, after payment of all other claims ranking higher in priority to or *pari passu* with the Notes, or the Notes of such class, and the Issuer Security has not become enforceable as at such Final Interest Payment Date, the liability of the Issuer to make any payment in respect of such shortfall shall cease and all claims in respect of such shortfall shall be extinguished.

(*d*) *Notification*

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes, the Class C Notes or the Class D Notes, as the case may be, will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class B Noteholders, the Class C Noteholders or the Class D Noteholders, as the case may be, in accordance with Condition 15 and, for so long as the Class B Notes, the Class C Notes and the Class D Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

17. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. Further Issues and New Issues

(a) Further Issues

The Issuer shall be at liberty, without the consent of Noteholders, but subject always to the provisions of these Conditions and the Trust Deed, and provided that the Trustee shall not have given a Note Enforcement Notice, to raise further funds, from time to time, on any date, by the creation and issue of further Class A Notes (the "**further Class A Notes**") carrying the same terms and conditions in all respects (except in relation to the first Interest Period, the first Interest Payment Date and the first Interest Amount) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A Notes and/or the creation and issue of further Class B Notes (the "**further Class B Notes**") carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class B Notes and/or the creation and issue of further Class C Notes (the "**further Class C Notes**"), carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class C Notes and/or the creation and issue of further Class D Notes (the "**further Class D Notes**"), carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class D Notes and/or the creation and issue of further Class E Notes (the "**further Class E Notes**"), carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class E Notes and/or the creation and issue of further Class F Notes (the "**further Class F Notes**", together with the further Class A Notes, the further Class B Notes, the further Class C Notes, the further Class D Notes and the further Class E Notes, the "**further Notes**"), carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class F Notes, provided that (i) the aggregate principal amount of all further Notes to be issued on such date is not less than £1,000,000, (ii) the then current ratings of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are not adversely affected by such issue, (iii) the further Notes are assigned the same ratings as are then applicable to the relevant class of Notes; (iv) the net proceeds of any such issue are applied by the Issuer towards payment to MSDW Bank in respect of the purchase of further secured loans or advances made by MSDW Bank to entities that as at the Closing Date were existing borrowers or mortgagors in respect of the Loans or were entities who had the same ultimate holding company as such borrowers or mortgagors and (v) the further Notes are listed on the Irish Stock Exchange. Except in relation to the first Interest Period, the first Interest Payment Date and the first Interest Amount, all references in these Conditions to the "Class A Notes", "Class B Notes", "Class C Notes", "Class D Notes", "Class E Notes" and "Class F Notes" shall include any further Class A Notes, further Class B Notes, further Class C Notes, further Class D Notes, further Class E Notes and further Class F Notes, respectively in issue from time to time; and all references in these Conditions to the "Notes" shall include any further Notes in issue from time to time.

(b) New Issues

The Issuer shall be at liberty, without the consent of the Noteholders (but subject always to the provisions of the Trust Deed), to raise further funds from time to time and on any date by the creation and issue of new notes (the "**New Notes**") carrying terms which differ from the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes and which do not form a single series with the Class A Notes or the Class B Notes or the Class C Notes or the Class D Notes or the Class E Notes or the Class F Notes; provided that the conditions to the issue of further Notes as set out in Condition 18(*a*), (ii) and (iv) are met in respect of the issue of such New Notes.

(c) Supplemental Trust Deeds and Security

Any further Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of security pursuant to a further deed or deeds supplemental to the Deed of Charge and Assignment.

19. Governing Law

The Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Relevant Documents and the Notes are governed by, and shall be construed in accordance with, English law other than the Depository Agreement and the Exchange Rate Agency Agreement, which are governed by and shall be construed in accordance with the laws of the State of New York.

20. U.S. Tax Treatment and Provision of Information

(*a*) It is the intention of the Issuer, each Noteholder and beneficial owner ("**Owner**") of an interest in the Notes that the Notes will be indebtedness of the Issuer for United States federal, state and local income and franchise tax purposes and for the purposes of any other United States federal, state and local tax imposed on or measured by income (the "**Intended U.S. Tax Treatment**"). To the extent applicable and absent a final determination to the contrary, the Issuer and each Noteholder and Owner, by acceptance of a Note, or a beneficial interest therein, agree to treat the Notes, for purposes of United States federal, state and local income or franchise taxes and any other United States federal, state and local taxes imposed on or measured by income, consistent with the Intended U.S. Tax Treatment and to report the Notes on all applicable tax returns in a manner consistent with such treatment.

(*b*) For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or Owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser designated by such holder or Owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

USE OF PROCEEDS

The proceeds from the issue of the Notes will be approximately £547,581,650 and this sum will be applied by the Issuer towards payment to MSDW Bank of the purchase consideration in respect of the Loans and interest accrued thereon, and MSDW Bank's beneficial interests in the Security Trusts comprising the Related Security to be purchased on the Closing Date pursuant to the Loan Sale Agreement. See "The Loans and the Related Security". Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Morgan Stanley & Co. International Limited.

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and Inland Revenue practice as at the *date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It* is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. Withholding tax on payments of interest on the Notes

For so long as the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Irish Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on each of the Notes will be treated as a "payment of interest on a quoted Eurobond" within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a "recognised stock exchange", an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or in circumstances where the exemption for payments between certain companies contained in section 349A of the Income and Corporation Taxes Act 1988 applies.

2. Further United Kingdom income tax issues for non-United Kingdom resident Noteholders

Interest on the Notes constitutes United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a branch or agency in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax and obtain relief as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

1. Taxation of chargeable gains

It is expected that the Notes will not be regarded by the Inland Revenue as constituting "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of

the UK taxation of chargeable gains. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the "accrued income scheme" described in 2 below.

2. ***Accrued income scheme***

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the "accrued income scheme" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and SDRT

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes or of a Definitive Note.

Proposed EU Directive

On 18th July, 2001, the European Union published a proposal for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments. The proposals are not yet final, and they may be subject to further amendment and/or clarification.

UNITED STATES TAXATION

The following is a summary of certain United States federal income tax considerations for original purchasers of the Notes that use the accrual method of accounting for United States federal income tax purposes and that hold the Notes as capital assets. This summary does not discuss all aspects of United States federal income taxation that might be important to particular investors in light of their individual investment circumstances, such as investors subject to special tax rules (e.g., financial institutions, insurance companies, tax-exempt institutions, non-United States persons engaged in a trade or business within the United States, or persons the functional currency of which is not the United States dollar). In particular, investors not using the accrual method of accounting for United States federal income tax purposes may be subject to rules not described herein. In addition, this summary does not discuss any non-United States, state, or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), and administrative and judicial authorities, all as in effect on the date hereof and all of which are subject to change, possibly on a retroactive basis. Prospective investors should consult their tax advisors regarding the federal, state, local, and non-United States income and other tax considerations of owning the Notes. No rulings will be sought from the United States Internal Revenue Service (the "**IRS**") with respect to the United States federal income tax consequences described below.

For purposes of this summary, a "United States holder" means a beneficial owner of a Note that is, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organised in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust described in section 7701(a)(30) (D) or (E) of the Code (taking into account effective dates, transition rules and elections in connection therewith). A "non-United States holder" means a beneficial owner of a Note that is not a United States holder.

Characterisation of the Notes

The Issuer intends to take the position that the Notes are debt for United States federal income tax purposes. However, the Issuer will not obtain any rulings or opinions of counsel on the characterisation of the Notes and there can be no assurance that the IRS or the courts will agree with the position of the Issuer. In particular, because of the subordination and other features of the Class F Notes (and to a lesser extent, a more senior class of Notes), there is a significant possibility that the IRS could contend that they should be treated as equity. See "Possible Alternative Characterisation of the Notes" below. Absent a final determination to the contrary, the Issuer and each Noteholder and Owner, by acceptance of a Note or a beneficial interest therein, agree to treat the Notes as debt for purposes of United States federal, state and local income or franchise taxes and any other United States, federal, state and local taxes imposed on or measured by income and to report the Notes on all applicable tax returns in a manner consistent with such treatment. Unless otherwise indicated, the discussion in the following paragraphs assumes this characterisation of the Notes is correct for United States federal income tax purposes. The following paragraphs are also based on the assumption that the Issuer will not be engaged in a trade or business within the United States to which the income from the Notes is effectively connected.

Interest Income of United States Holders

In General

Assuming the Notes are not issued with original issue discount ("**OID**") for United States federal income tax purposes (as discussed below), interest on such Notes will be taxable to a United States holder as ordinary income at the time it is accrued prior to the receipt of cash attributable to that income.

A Note will be considered issued with OID if its "stated redemption price at maturity" exceeds its "issue price" (i.e., the price at which a substantial portion of the respective class of Notes is first sold (not including sales to the Managers)) by an amount equal to or greater than 0.25 per cent. of such Note's stated redemption price at maturity multiplied by such Note's weighted average maturity ("**WAM**"). In general, a Note's "stated redemption price at maturity" is the sum of all payments to be made on the Note other than payments of "qualified stated interest." The WAM of a Note is computed based on the number of full years each distribution of principal (or other amount included in the stated redemption price at maturity) is scheduled to be outstanding. The schedule of such likely distributions should be determined in accordance with the assumed rate of prepayment (the "**Prepayment Assumption**") used in pricing the Notes. The pricing of the Notes is calculated on the basis of the scheduled amortisation payments (see "The Loan Pool") on the assumption that there will be no prepayments.

In general, interest on the Notes will constitute "qualified stated interest" only if such interest is "unconditionally payable" at least annually at a single fixed or qualifying variable rate (or permitted combination of the foregoing) within the meaning of applicable United States Treasury Regulations. Interest will be considered "unconditionally payable" for these purposes if legal remedies exist to compel timely payment of such interest or if the Notes contain terms and conditions that make the likelihood of late payment or non-payment "remote." Although the Conditions of the Notes provide that a holder cannot compel the timely payment of any interest accrued in respect of the Notes (other than the Class A Notes) and that interest due on the Class E Notes and Class F Notes is limited to specified amounts, Treasury Regulations provide that in determining whether interest is unconditionally payable the possibility of non-payment due to default, insolvency or similar circumstances is ignored. Accordingly, the Issuer intends to take the position that interest payments on the Notes constitute "qualified stated interest." It is possible that the IRS could take a contrary position.

A United States holder of any class of Notes issued with OID generally will be required to accrue OID on the Note into income for United States federal income tax purposes for each day on which the United States holder holds such instrument. Special rules applicable to debt instruments such as the Notes as to which the repayment of principal may be accelerated as a result of the prepayment of other obligations securing the debt instruments provide that the periodic inclusion of OID is determined by taking into account the prepayment assumption used in pricing the debt instrument and actual prepayment experience. Under these rules, the OID accruing in any accrual period will likely equal the amount by which (a) the sum of (i) the present value of all remaining distributions , if any, to be made on the Note as of the end of the accrual period plus (ii) the payments made during such period included in the Note's stated redemption price at maturity, exceeds (b) the "adjusted issue price" of the Note as of the beginning of such period. The present value of the remaining distributions to be made on a Note is calculated based on (x) a discount rate equal to the original yield to maturity of such instrument based on its issue price and the value of LIBOR on the issue date, (y) events (including actual prepayments) that have occurred prior to the end of the period and (z) the Prepayment Assumption. Differences between the assumed LIBOR rate and the actual value in any accrual period will be taken into account as a current increase (or decrease) in income with respect to that accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period generally is the sum of the issue price of the Note and the amount of OID previously accrued on the Note, less the amount of any payments (other than payments of qualified stated interest) made in all prior accrual periods. The OID accruing in any period generally will increase if prepayments on the Loans exceeds the Prepayment Assumption and decrease if prepayments are slower than the Prepayment Assumption. The OID accruing during any accrual period will be ratably allocated to each day during such period to determine the daily portion of OID.

Sourcing

Interest on a Note will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations, United Kingdom withholding tax, if any, imposed on payments on the Notes will generally be treated as foreign tax eligible for credit against a United States holder's United States federal income tax (unless such tax is refundable under the relevant treaty). For foreign tax credit purposes, interest will generally be treated as foreign source passive income (or, in the case of certain United States holders, financial services income).

Foreign Currency Considerations

A United States holder that receives a payment of interest in sterling with respect to the Notes will be required to include in income the United States dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to the Notes during an accrual period. The United States dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. In addition, such United States holder will recognise additional exchange gain or loss, treated as ordinary income or loss, with respect to accrued interest income on the date such income is actually received or the applicable Note is disposed of. The amount of ordinary income or loss recognised will equal the difference between (i) the United States dollar value of the sterling payment received (determined at the spot rate on the date such payment is received or the applicable Note is disposed of) in respect of such accrual period and (ii) the United States dollar value of interest income that has accrued during such accrual period (determined at the average rate as described above). Alternatively, a United States holder may elect to translate interest income into United States dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the interest accrual period is within five business days of the date of receipt,

the spot rate on the date of receipt. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Disposition of Notes by United States Holders

In General

Upon the sale, exchange or retirement of a Note, a United States holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the United States holder's adjusted tax basis in the Note. For these purposes, the amount realised does not include any amount attributable to accrued interest on the Note (which will be treated as interest as described under "Interest Income of United States Holders" above). A United States holder's adjusted tax basis in a Note generally will equal the cost of the Note to the United States holder, decreased by any payments (other than payments of qualified stated interest) received on the Note (and increased in the case of a Note deemed to bear OID by any accrued OID).

In general, except as described below, gain or loss realised on the sale, exchange or redemption of a Note will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in a Note, and the amount of any subsequent adjustment to such United States holder's tax basis, will be the United States dollar value of the sterling amount paid for such Note, or of the sterling amount of the adjustment, determined at the spot rate on the date of such purchase or adjustment. A United States holder that purchases a Note with previously owned sterling will recognise ordinary income or loss in an amount equal to the difference, if any, between such United States holder's tax basis in the sterling and the United States dollar value of the sterling on the date of purchase.

Gain or loss realised upon the receipt of a principal payment on, or the sale, exchange or retirement of, a Note that is attributable to fluctuations in currency exchange rates will be treated as ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the United States dollar value of the applicable sterling principal amount of such Note, and any payment with respect to accrued interest, translated at the spot rate on the date such payment is received or such Note is disposed of, and (ii) the United States dollar value of the applicable sterling principal amount of such Note, on the date such holder acquired such Note, and the United States dollar amounts previously included in income in respect of the accrued interest received at the spot rate on that day. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a United States holder on the sale, exchange or retirement of the Note. The source of such sterling gain or loss will be determined by reference to the residence of the United States holder or the qualified business unit of the United States holder on whose books the Note is properly reflected.

A United States holder will have a tax basis in any sterling received on the receipt of principal on, or the sale, exchange or retirement of, a Note equal to the United States dollar value of such sterling, determined at the time of such receipt, sale, exchange or retirement. Any gain or loss realised by a United States holder on a subsequent sale or other disposition of sterling (including its exchange for United States dollars) will generally be ordinary income or loss.

Realised Losses

It is likely that the Notes will be treated as a "security" as defined in section 165(g)(2) of the Code. Accordingly, any loss with respect to the Notes as a result of one or more realised losses on the Loans will be treated as a loss from the sale or exchange of a capital asset at that time. In addition, no loss will be permitted to be recognised until the Notes are wholly worthless.

Each United States holder will be required to accrue interest and any OID with respect to a Note without giving effect to any reductions attributable to defaults on the assumption that no defaults or delinquencies occur with respect to the Loans until it can be established that those payment reductions are not receivable. Accordingly, particularly with respect to the more subordinated Notes, the amount of taxable income reported during the early years of the term of the Notes may exceed the economic income actually realised by the holder during that period. Although the United States holder of a Note would eventually recognise a loss or reduction

in income attributable to the previously accrued income that is ultimately not received as a result of such defaults, the law is unclear with respect to the timing and character of such loss or reduction in income.

Possible Alternative Characterisation of the Notes

In General

Although, as described above, the Issuer intends to take the position that the Notes will be treated as debt for United States federal income tax purposes, such position is not binding on the IRS or the courts and therefore no assurance can be given that such characterisation will prevail. In particular, because of the subordination and other features of the Class F Notes (and to a lesser extent, a more senior class of Notes), there is a significant possibility that the IRS could contend that they should be treated as an equity interest in the Issuer. The following discussion sets forth the United States federal income tax treatment of the Notes if the Notes are treated as an equity interest in the Issuer.

If the IRS successfully asserted that all or a portion of the Notes should be treated as equity interests in the Issuer (any such Note, a "**Recharacterised Note**"), a United States holder of a Recharacterised Note would be required to include in income (with no dividends received deduction available to corporate United States holders) payments of "interest" as dividends to the extent of current or accumulated earnings and profits of the Issuer, as determined for United States federal income tax purposes. "Dividend" payments on the Recharacterised Note, in excess of current or accumulated earnings and profits of the Issuer, generally would reduce the United States holder's tax basis in the Note and, to the extent the aggregate amount of dividends exceeded the United States holder's basis, such excess would generally constitute capital gain. "Dividend" income derived by a United States holder with respect to a Recharacterised Note generally would constitute foreign source income that would be treated as passive income for foreign tax credit purposes. Each United States holder should consult its own tax advisors as to how it would be required to treat this income for purposes of its particular United States foreign tax credit calculation.

Classification of Issuer as Passive Foreign Investment Company

The Issuer will likely be treated as a passive foreign investment company ("**PFIC**") for United States federal income tax purposes. As a result, a United States holder of any Recharacterised Notes might be subject to potentially adverse United States federal income tax consequences as the holder of an equity interest in the Issuer. A United States holder of an equity interest in a PFIC that receives an "excess distribution" must allocate the excess distribution ratably to each day in the holder's holding period for the stock and will be subject to a "deferred tax amount" with respect to each prior year in the holding period. The total excess distribution for any taxable year is the excess of (a) the total distributions for the taxable year over (b) 125 per cent. of the average amount received in respect of such equity interest by the United States holder during the three preceding taxable years. In addition, any gain recognised on the sale, retirement or other taxable disposition of such Notes would be recharacterised as ordinary income and would further be treated as having been recognised *pro rata* over such United States holder's entire holding period. The amount of gain treated as having been recognised in prior taxable years would be subject to tax at the highest tax rate in effect for such years, with interest thereon calculated by reference to the interest rate generally applicable to underpayments with respect to tax liabilities from such prior taxable years.

Although, United States shareholders of a PFIC can mitigate any adverse tax consequences of the PFIC rules by filing an election to treat the PFIC as a qualified electing fund ("**QEF**") if the PFIC complies with certain reporting requirements, the Issuer does not intend to comply with such reporting requirements necessary to permit United States holders to elect to treat the Issuer as a QEF.

A United States holder that holds "marketable stock" in a PFIC may also avoid certain unfavourable consequences of the PFIC rules by electing to mark the Recharacterised Notes to market as of the close of each taxable year. A United States holder that made the mark-to-market election would be required to include in income each year as ordinary income an amount equal to the excess, if any, of the fair market value of the Recharacterised Notes at the close of the year over the United States holder's adjusted tax basis in the Recharacterised Notes. For this purpose, a United States holder's adjusted tax basis generally would be the United States holder's cost for the Recharacterised Notes, increased by the amount previously included in the United States holder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the United States holder as a deduction pursuant to such election (as described below). If, at the close of the year, the United States holder's adjusted tax basis exceeded the fair market value of the Recharacterised Note, then the United States holder would be allowed to deduct any such excess from ordinary

income, but only to the extent of net mark-to-market gains on such Recharacterised Notes previously included in income. Any gain from the actual sale of the Recharacterised Notes would be treated as ordinary income, and to the extent of net mark-to-market gains previously included in income any loss would be treated as ordinary loss. Recharacterised Notes would be considered "marketable stock" in a PFIC for these purposes only if they were regularly traded on an exchange which the IRS determines has rules adequate for these purposes. Application has been made to the Official List of the Irish Stock Exchange for listing of the Notes. However, there can be no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange, that they will be "regularly traded" or that such exchange would be considered a qualified exchange for these purposes.

Depending on the percentage of deemed equity interests of the Issuer held by United States holders, it is possible that the Issuer might be treated as a "controlled foreign corporation" or "foreign personal holding company" for United States federal income tax purposes. In such event, United States holders that own a certain percentage of Recharacterised Notes might be required to include in income their *pro rata* shares of the earnings and profits of the Issuer, and generally would not be subject to the rules described above relating to PFICs. Prospective investors should consult with their tax advisors concerning the potential effect of the controlled foreign corporation and foreign personal holding company provisions.

Information Reporting Requirements

The Treasury Department has issued regulations with regard to reporting requirements relating to the transfer of property (including certain transfers of cash) to a foreign corporation by United States persons or entities. In general, these rules require United States holders who acquire Notes that are characterised (in whole or in part) as equity of the Issuer to file a Form 926 with the IRS and to supply certain additional information to the IRS. In the event a United States holder fails to file any such required form, the United States holder may be subject to a penalty equal to 10 per cent. of the fair market value of the Notes as of the date of purchase (up to a maximum penalty of $100,000). In addition, if (i) U.S. holders acquire Notes that are recharacterised as equity of the Issuer and (ii) the Issuer is treated as a "controlled foreign corporation" or a "foreign personal holding company" for United States federal income tax purposes, certain of those United States holders will generally be subject to additional information reporting requirements (e.g., certain United States holders will be required to file a Form 5471). Prospective investors should consult with their tax advisors concerning the additional information reporting requirements with respect to holding equity interest in foreign corporations.

Non-United States Holders

Interest paid (or accrued) to a non-United States holder will generally not be subject to U.S. withholding unless such interest is effectively connected to that non-United States holder's conduct of trade or business within the United States.

If the interest, gain or income on a Note held by a Non-United States holder is effectively connected with the conduct of a trade or business in the United States, the holder may be subject to United States federal income tax on the interest, gain or income at regular income tax rates.

Any capital gain realised on the sale, exchange or retirement of a Note by a non-United States holder will be exempt from United States federal income and withholding tax provided that (i) such gain is not attributable to an office or other fixed place of business the non-United States holder maintains in the United States and (ii) in the case of a non-United States holder who is a natural person, the non-United States holder is not present in the United States for 183 days or more in the taxable year and certain other conditions are met.

Backup Withholding and Information Reporting

Information reporting to the IRS generally will be required with respect to payments of principal or interest (including any OID) or to distributions on the Notes and to proceeds of the sale of the Notes that, in each case, are paid by a United States payor or intermediary to United States holders other than corporations and other exempt recipients. A 30.5 per cent. (which rate is scheduled to be reduced periodically through 2006) "backup" withholding tax will apply to those payments if such United States holder fails to provide certain identifying information (including such holder's taxpayer identification number) to such payor, intermediary or other withholding agent or such holder is notified by the IRS that it is subject to backup withholding. Non-United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding tax is not an additional tax and generally may be credited against a holder's

United States federal income tax liability provided that such holder provides the necessary information to the IRS.

U.S. ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as "**ERISA Plans**"), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on ERISA Plans and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other plans and arrangements are hereinafter referred to as "Plans"). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), generally are not subject to the requirements of ERISA. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA prohibited transaction considerations described below, subject to the provisions of other applicable federal and state law.

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimize the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plans (collectively, "Parties in Interest"). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realized by the Plan or profits realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons.

Certain transactions involving the purchase, holding or transfer of the Notes might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Plan. Under regulations issued by the United States Department of Labor, set forth in 29 C.F.R. § 2510.3-101 (the "Plan Asset Regulations"), the assets of the Issuer would be treated as plan assets of a Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquires an equity interest in the Issuer and none of the exceptions contained in the Plan Asset Regulations is applicable. An equity interest is defined under the Plan Asset Regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is no authority directly on point, it is anticipated that the Class A Notes, Class B Notes, Class C Notes and Class D Notes should be treated as indebtedness under local law without any substantial equity features for purposes of the Plan Asset Regulations. By contrast, the Class E Notes and Class F Notes may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class E Notes and Class F Notes may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code.

However, without regard to whether the Class A Notes, Class B Notes, Class C Notes and Class D Notes are treated as an equity interest for such purposes, the acquisition or holding of the Class A Notes, Class B Notes, Class C Notes or Class D Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA or Section 4975 of the Code if the Issuer, MSDW Bank, the Managers, the Trustee or any of their respective affiliates is or becomes a Party in Interest with respect to such Plan. However, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the fiduciary making the decision to acquire the Class A Notes, Class B Notes, Class C Notes or Class D Notes. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager", PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager", PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest, PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest and PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest (collectively, the "Exemptions"). Even if the conditions specified in one or more of the Exemptions are

met, the scope of the relief provided by the Exemptions might or might not cover all acts which might be construed as prohibited transactions.

Nevertheless, even if an Exemption applies, a Plan generally should not purchase the Class A Notes, Class B Notes, Class C Notes or Class D Notes if the Issuer, MSDW Bank, the Managers, the Trustee, the Servicer, the Special Servicer, the Paying Agents, the Cash Manager, the Operating Bank, the Agent Bank, the Exchange Agent, the Security Trustee, the Share Trustee, the Registrar, the Depository, the Swap Provider, the Swap Guarantor, the Liquidity Facility Provider, the Corporate Services Provider or any of their respective affiliates either (a) has investment discretion with respect to the investment of assets of such Plan; (b) has authority or responsibility to give or regularly gives investment advice with respect to assets of such Plan, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

An insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to ERISA and Section 4975 of the Code. On 5th January, 2000, the DOL issued a final regulation which provides guidance for determining, in cases where insurance policies supported by an insurer's general account are issued to or for the benefit of a Plan on or before 31st December, 1998, which general account assets are plan assets. That regulation generally provides that, if certain specified requirements are satisfied with respect to insurance policies issued on or before 31st December, 1998, the assets of an insurance company general account will not be plan assets. Nevertheless, certain assets of an insurance company general account may be considered to be plan assets. Therefore, if an insurance company acquires Notes using assets of its general account, certain of the insurance company's assets may be plan assets and the provisions of ERISA and Section 4975 of the Code could apply to such acquisition and the subsequent holding of the Notes. An insurance company using assets of its general account may not acquire Class E Notes or Class F Notes if any of such general account assets are considered to be plan assets.

The sale of any Class A Notes, Class B Notes, Class C Notes or Class D Notes to a Plan is in no respect a representation by the Issuer, MSDW Bank, the Manager or the Trustee that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Each purchaser of the Class A Notes, Class B Notes, Class C Notes and Class D Notes will be deemed to have represented and agreed that (i) either it is not purchasing such Notes with the assets of any Plan or that one of more exemptions applies such that the use of such assets will not constitute a prohibited transaction under ERISA or the Code, and (ii) with respect to transfers, it will either not transfer such Notes to a transferee purchasing such Notes with the assets of any Plan, or one or more exemptions applies such that the use of such assets will not constitute a prohibited transaction. The Class E Notes and Class F Notes may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code. Any Plan fiduciary that proposes to cause a Plan to purchase such instruments should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment and whether any exemption or exemptions have been satisfied.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International Limited, Dexia Capital Markets, Fortis Bank nv-sa, Lehman Brothers International (Europe) and NIB Capital Bank N.V. (together, the "**Managers**"), pursuant to a subscription agreement dated 29th November 2001 (the "**Subscription Agreement**"), between the Managers, the Issuer, MSMS, MSDW Bank, agreed, jointly and severally, subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of the principal amount of such Notes, the Class B Notes at 100 per cent. of the principal amount of such Notes, the Class C Notes at 100 per cent. of the principal amount of such Notes, the Class D Notes at 100 per cent. of the principal amount of such Notes, the Class E Notes at 100 per cent. of the principal amount of such Notes and the Class F Notes at 100 per cent. of the principal amount of such Notes.

The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 41 days after the later of the commencement of the offering of the Notes and the Closing Date (for the purposes only of this section "Subscription and Sale", the "***Distribution Compliance Period***") within the United States or to, or for the account or benefit of, U.S. Persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

United Kingdom

Each of the Managers has further represented and agreed that:

(a) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to the expiry of the period of six months from the Closing Date except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(b) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 (the "**FSA**") and, after they come into force, all applicable provisions of the Financial Services and Markets Act 2000 ("**FSMA**"), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(c) it has only issued or passed on and will only issue or pass on in the United Kingdom, before the repeal of Section 57 of the FSA, any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on. After the repeal of Section 57 of the FSA it will only

communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of such Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

General

Except for listing the Notes on the Official List of the Irish Stock Exchange and delivery of this document to the Registrar of Companies in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

Attention is drawn to the information set out under "Important Notice".

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Each purchaser of an interest in the Notes will be deemed to have acknowledged, represented and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein).

(1) The purchaser either (A)(i) is a qualified institutional buyer, (ii) is aware that the sale of interests in the Notes to it is being made in reliance on Rule 144A and (iii) is acquiring such interest in the Notes for its own account or for the account of a qualified institutional buyer, as the case may be, or (B) is not a U.S. person and is acquiring the Notes outside the United States.

(2) Each purchaser described in subclause (A) of paragraph (1) above understands that the Notes have not been and will not be registered under the Securities Act and that interests therein may be reoffered, resold, pledged or otherwise transferred only (A)(i) to the Issuer, (ii) a person whom the purchaser reasonably believes is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the States of the United States.

(3) The Notes that represent interests sold to purchasers described in subclause (A) of paragraph (1) above will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(A) TO THE ISSUER, OR (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (C) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) AND (2) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES.

(4) Each purchaser described in subclause (B) of paragraph (1) above understands that the Notes have not been and will not be registered under the Securities Act and that any offers, sales or deliveries in the United States or to U.S. persons of its interest in the Notes prior to the date that is 40 days after the later of the commencement of the offering of the Notes and the original issue date of the Notes may constitute a violation of United States law.

(5) The Notes that represent interests sold to purchasers described in subclause (B) of paragraph (1) above will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE DATE OF ORIGINAL ISSUANCE OF THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(6) The purchaser is duly authorised to purchase its interest in the Notes and its purchase of investments having the characteristics of the Notes is authorised under, and not directly or indirectly in contravention of, any

law, charter, trust investment or other operative document, investment guidelines or list of permissible or impermissible investments which is applicable to the purchaser.

(7) (a) Either (i) the purchaser is not an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (each, a "**Plan**"), or an entity whose underlying assets are considered, for any purpose of ERISA or Section 4975 of the Code, to be assets of any Plan by reason of any Plan's investment in the entity (a "**Plan Asset Entity**") or (ii) the purchaser is acquiring its interest in the Class A Notes, Class B Notes, Class C Notes or Class D Notes and the acquisition and holding of such interest by the purchaser is not prohibited by either Section 406 of ERISA or Section 4975 of the Code, and (b) it will not transfer any Notes or interest therein to a Plan or a Plan Asset Entity unless the Notes that are the subject of the transfer are not Class E Notes or Class F Notes and the acquisition and holding of an interest in such Notes by the transferee is not prohibited by either Section 406 of ERISA or Section 4975 of the Code.

(8) The purchaser will furnish the Issuer such information regarding payment and notification instructions and such tax forms (including, to the extent appropriate, Internal Revenue Service Form W-8, W-9 or 4224) as the Issuer may require.

(9) The purchaser acknowledges that the Issuer, each of the Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements, and agrees that if any of the acknowledgements, representations, warranties or agreements deemed to have been made by it by its purchase of an interest in the Notes are no longer accurate, it will promptly notify the Issuer and the Managers. If it is acquiring an interest in any Note as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such account.

(10) Each purchaser described in subclause (A) of paragraph 1 above acknowledges that the Depository will not be required to transfer any interests in Rule 144A Global Notes for interests in Reg S Global Notes, except upon written certification to the Depository that the restrictions set forth in clause (c) of the legend contained in paragraph 3 above have been complied with.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 29th November, 2001.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 3rd December, 2001, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction. The Class F Notes are expected to be eligible for trading in the PORTAL Market, the National Association of Securities Dealers' screen-based automated market for trading of securities eligible for resale under Rule 144A; however, no assurance can be given as to the liquidity of, or trading market for, the Class F Notes.

3. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg as follows:

	Common Code (for Reg S Notes)	ISIN (for Reg S Notes)	CUSIP (for Rule 144A Notes)	Common Code (for Rule 144A Notes)	ISIN (for Rule 144A Notes)
Class A	013953040	XS0139530405	219855AA1	013953112	XS0139531122
Class B	013953201	XS0139532013	219855AB9	013953210	XS0139532104
Class C	013953309	XS0139533094	219855AC7	013953333	XS0139533334
Class D	013953392	XS0139533920	219855AD5	013953406	XS0139534068
Class E	013953490	XS0139534902	219855AE3	013953503	XS0139535032
Class F	013953520	XS0139535206	219855AF0	013953562	XS0139535628

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

5. The Issuer is not, and has not been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.

7. Deloitte & Touche, auditors of the Issuer, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its report and references to its name in the form and context in which they are included and has authorised the contents of that part of the listing particulars for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

8. Denton Wilde Sapte has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of reference to its views, opinions and name in the form and context in which they are included and has authorised the content of those part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

9. Save as disclosed herein, since 26th July, 2001 (being the date of incorporation of the Issuer), there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.

10. Copies of the following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at Blackwell House, Guildhall Yard, London EC2V 5AE and at the specified offices of the Principal Paying Agent in Dublin during the period of 14 days from the date of this document:

(i) the Memorandum and Articles of Association of the Issuer;

(ii) the balance sheet of the Issuer as at 29th November, 2001 and the auditors report thereon;

(iii) the Subscription Agreement referred to in paragraph 6 above; and

(iv) drafts (subject to modification) of the following documents:

(a) the Trust Deed;

(b) the Loan Sale Agreement;

(c) the Deed of Charge and Assignment;

(d) the Declaration of Trust;

(e) the Servicing Agreement;

(f) the Cash Management Agreement;

(g) the Swap Agreement and the Swap Guarantee;

(h) the Corporate Services Agreement;

(i) the Liquidity Facility Agreement;

(j) the Depository Agreement;

(k) the Exchange Rate Agency Agreement; and

(l) the Master Definitions Agreement.

APPENDIX 1
THE ORACLE LOAN

1. Limited Partnership Interest

The Oracle Loan that MSDW Bank has made to Readingview Nominees Limited ("**Readingview**") differs from all other loans in the Loan Pool in that it is not secured by a charge over property.

Instead of security granted over property, the principal security provided by Readingview for the loan is a third party charge given by an associated company (namely, Brookmight, as referred to below) over Brookmight's interest (as a partner of Oracle LP) in the assets of Oracle LP (see "Security" below) which include the retail shopping centre referred to above as The Oracle (the "**Oracle Property**").

A generic description of the manner in which a limited partnership operates appears elsewhere in this document (see Risk Factors "Limited Partnerships and Administration"). Note that the Oracle LP is not providing any security for the Oracle Loan but that Brookmight is charging, *inter alia*, its partnership share.

2. Lending Philosophy

Whilst direct security is not given over the Oracle Property, MSDW Bank has nevertheless analysed the overall quality of the real estate comprising the Oracle Property, in the same way that it would if it were to provide direct security for the loan. This approach is taken on the basis that the income available to Brookmight to service the Oracle Loan derives entirely from the Oracle Property (the "**Brookmight LP Income**"). The Brookmight LP Income constitutes 49.5 per cent. of the income generated by the Oracle LP. The "Lending Criteria" have therefore been applied to the Oracle Loan as if security were to be given over the Oracle Property notwithstanding that such security is not provided.

The "Lending Philosophy" is more particularly described above (see "Loans and the Related Security").

3. Loan Structure

Readingview is a special purpose company incorporated in England and Wales on 26th February, 1997 for the purpose of acquiring the shareholding in the general partner of Oracle LP. Readingview will use the proceeds of the Oracle Loan to on lend to Brookmight to finance its capital contributions and partnership loan to Oracle LP in the context of its acquisition of a partnership share in Oracle LP as referred to below.

Brookmight Limited ("**Brookmight**") was incorporated in England and Wales on 6th February, 2001 and became a limited partner in Oracle LP on 23rd October, 2001 and thereby acquired an interest in the assets of Oracle LP (including, but not limited to, the Oracle Property and the Brookmight LP Income). The partnership interest of Brookmight comprises a 49.5 per cent. share in Oracle LP (the "**Brookmight Interest**"). There are currently two limited partners of Oracle LP and the other limited partner also holds a 49.5 per cent. share. Brookmight is a special purpose company incorporated for the sole purpose of acquiring a partnership share in Oracle LP.

Brookmight and the other limited partner in Oracle LP will not be liable for the debts and obligations of Oracle LP beyond the sum of money that they have contributed to the partnership. The principal exception to this limited liability arises if a limited partner takes part in the management of the partnership business in which case it will become liable for the limited partnership's debts (see "Risk Factors – Limited Partnerships and Administration" above). It is not intended that Brookmight or the other limited partner will take part in the management of Oracle LP.

The Oracle Shopping Centre Limited (the "**Oracle General Partner**"), was incorporated in England and Wales on 9th December, 1996 and is the general partner of Oracle LP. The Oracle General Partner holds a 1 per cent. share in Oracle LP. Readingview owns 50 per cent. of the shares of the Oracle General Partner. The remaining 50 per cent. of the shares in the Oracle General Partner are owned (indirectly) by the other limited partner in Oracle LP (referred to together with Brookmight as, the "**Oracle Limited Partners**").

The Oracle General Partner is a special purpose company incorporated in England and Wales for the sole purpose of the management of Oracle LP.

MSDW Bank is satisfied that Readingview and Brookmight have no material assets or liabilities save in relation to the 50 per cent. shareholding in the Oracle General Partner and the 49.5 per cent. share in Oracle LP respectively.

4. Credit Agreement

The Credit Agreement entered into by Readingview (the "**Readingview Loan Credit Agreement**") follows broadly the form of the standard Credit Agreement described above (see "The Loans and the Related Security") save for the necessary amendments to take account of the specific nature of the Oracle Loan which differs from other loans in the pool. Certain of the material variations are as follows:-

Conditions Precedent

The documentation required by way of condition precedent in relation to the Oracle Loan includes constitutional documentation relating not only to Readingview but also Brookmight and Oracle LP.

The valuation of the Oracle Property that is required also includes a report on the marketability of the Brookmight Interest.

Interest and Amortisation Payments/Repayments

There are no amortisation payments under the terms of the Oracle Loan and the repayment date is 19 January 2008. There is no prepayment fee during the period of the first 18 months following drawdown.

Receipts Account

The Brookmight LP Income (which derives from rental income generated by the Oracle Property) is paid into a "Receipts Account" (which is charged in favour of MSMS) to satisfy payments of interest under the Oracle Loan. This contrasts with the usual arrangement of a "Rent Account".

Deposit Account

On each Loan Payment Date after payment of, *inter alia*, amounts due under the finance documents, the sum of £375,000 is required to be paid into a deposit account (the "**Deposit Account**"). This payment is to be made until (a) the balance of the Deposit Account is £6,000,000; (b) the security in respect of the Existing Loan (see "Partnership Indebtedness" below) is discharged; or (c) the balance of the Deposit Account is equal to the then liability of Brookmight in relation to the Existing Loan (as defined in "Risk Factors – The Oracle Loan").

The amounts in the Deposit Account are available to the Security Trustee to meet any shortfall in the Receipts Account (the Borrower being obliged to deposit an amount on the next Interest Payment Date equivalent to the sum withdrawn) and for Brookmight to make payment as and when due in relation to its obligations to contribute to the repayment of the Existing Loan.

Representations and Warranties

The standard representations and warranties as referred to above (see "The Loans and The Related Security") are given but extend to cover the valid incorporation, power, capacity and authority of not only Readingview as Borrower, but Oracle LP, the Oracle General Partner and Brookmight.

In addition it is warranted that Oracle LP is not, nor in the future will it be deemed to be, a collective investment scheme for the purposes of the Financial Services Act 1986. A warranty is also given to the effect that the Partnership Deed (as described below) and Declaration of Trust (as described below) are in full force and effect and that none of the Partners are in breach of their obligations in the Partnership Deed in a manner which might have a material adverse affect on the ability of the Borrower or any of the Borrower's subsidiaries to perform their obligations under the Credit Agreement or other finance documents.

Undertakings

The usual undertakings are extended to the provision of financial information in relation not only to Readingview but also Oracle LP, the subsidiaries and the Oracle General Partner.

Brookmight undertakes not to amend or vary any material provisions in the Partnership Deed or Management Agreement and not to permit the partners or nominees of Oracle LP to do anything likely to have a material adverse effect on compliance with the finance documents. Brookmight also undertakes that in the event that the Oracle Property is sold or otherwise disposed of (other than by grant of a lease on normal commercial terms) or any Security Interest is created over the Oracle Property, that it will prepay the Oracle Loan.

Readingview and Brookmight undertake to use their best endeavours to procure that the Oracle General Partner will not be dismissed except with the prior written consent of the Security Trustee and not to make any application or petition for a winding-up order or administration order of any of Oracle LP, the Oracle General Partner or themselves.

Events of Default

The usual events of default as are referred to above (see "The Loans and the Related Security") are extended to include, *inter alia*, insolvency of the Oracle General Partner, Oracle LP and the nominee company in which (along with the Oracle General Partner) legal title to the Oracle Property is vested.

5. **Security**

The security provided in connection with the Oracle Loan is as described below. The principal matter that should be noted is the absence of security over the real property comprising the Oracle Property and the issues that arise from this.

Readingview and Brookmight have both executed Debentures providing fixed and floating charges over all of their assets. The Readingview debenture is essentially in the standard form (see "The Loans and Related Security" above) but amended to reflect the structure of the Oracle Loan. Readingview charges, *inter alia*, its 50 per cent. shareholding in the General Partner.

The Brookmight debenture, *inter alia*, charges by way of assignment all of its interest in the Partnership Agreement (i.e. the Brookmight Interest) together with all monies payable to Brookmight under the Partnership Agreement. In addition, monies standing to the credit of the Receipts Account and the Deposit Account are charged.

A charge is given over the shares of each of Readingview and Brookmight by their parent company, together with the parent company's beneficial interest in the Oracle LP, the Partnership Agreement (and moneys payable thereunder), its interest in the Shareholders Agreement and its beneficial interest in the shares of the General Partner (see above).

The nature of the security granted over the Brookmight Interest and the manner in which it can be enforced is linked to the structure of the Oracle LP arrangements which are explained in detail below. There are particular features of the Partnership Deed and Shareholders Agreement that give rise to issues that Noteholders should be aware of in the context of enforcement of security and possible prepayment of the Oracle Loan and these are referred to both in the following section and above (see "Risk Factors – The Oracle Loan").

6. **The Oracle Limited Partnership**

The source of the Brookmight LP Income is the assets of Oracle LP. The structure and mechanics of Oracle LP are determined, principally, by the terms of the Partnership Deed and the Shareholders Agreement.

The General Partner appoints and monitors the performance of the Asset Manager (which itself delegates management of the Oracle Property to a managing agent). The General Partner does not receive a fee but is entitled to be reimbursed for all proper costs and expenses, and has a 1 per cent. interest in the Partnership.

Partnership Indebtedness

The total indebtedness of Oracle LP is currently £14,000,000 by way of outstanding deferred consideration payable in connection with the acquisition of the Oracle Property (see reference to the Existing Loan below) and approximately £227,304,000 by way of partnership capital and partnership loans to Oracle LP owed equally to each limited partner. Repayment of these partnership loans, when it occurs, is to be in such a manner that partnership loans that remain outstanding are in proportion to the partnership shares then held. Brookmight has provided security over the benefit of its Loan to Oracle LP (see "Security" above).

The Existing Loan referred to above (as defined in "Risk Factors – The Oracle Loan" above) relates to outstanding deferred consideration payable by Oracle LP in connection with its acquisition of the Oracle Property. The deferred consideration is secured by a first fixed charge granted by Oracle LP over the Oracle Property and totals £14,000,000 payable in instalments on 30th September, 2005 (£2,500,000); 1st September 2006 (£9,000,000); and 30th September, 2010 (£2,500,000). Funds are accumulated in the Deposit Account, see above, to meet Brookmight's obligation to fund its share of such payments of deferred consideration. It is calculated that not more than £6,000,000 will be due and payable during the period of the Oracle Loan.

Partnership Profits

The net profit (to the extent that there is such a profit) for each partnership year is distributed in accordance with the partnership interests (referred to above), and the General Partner is obliged to distribute profit at quarterly intervals in an amount equal to 90 per cent. of the estimated partnership profits for the immediately preceding three month period. The quarterly distributions are to be made within three days of the preparation of management accounts for the relevant quarter. A final adjustment is made after formal annual audited accounts have been prepared.

Security over Partnership Interests

A limited partner may grant security over the whole (but not a part) of its partnership interest (including its interest in any partnership loan and/or shares in the Oracle General Partner) subject to (i) the other limited partner or partners approving in writing the form of security given; (ii) the mortgagee entering into a Deed of Covenant with the other limited Partners agreeing to be bound by the provisions of the Partnership Agreement; and (iii) agreeing on enforcement of its security to become a limited Partner (and enter into the associated Deed of Adherence) in place of the mortgagor.

Note therefore that on enforcement the mortgagee, as a limited partner, would assume partnership obligations as well as rights.

It is confirmed by the due diligence undertaken by DWS that there are no outstanding requirements to contribute capital or partnership loans to Oracle LP and therefore the possibility of MSMS being exposed to additional obligations in such circumstances is not considered a significant risk (see "Risk Factors – The Oracle Loan").

Sale of Property/Partnership Interest

The sale or transfer of a limited partner's interest in the Partnership can take place when one or more of the following apply: (i) all the partners agree; (ii) one partner commits a default (which includes entering into insolvency proceedings) in which case the other partners have a right to purchase the "Defaulting" Partner's interest; and (iii) in a non-default situation a limited Partner may also sell its interest subject to certain conditions (see below).

In addition, before a third party can acquire an interest in the partnership (i) the Selling Partner's shares in the General Partner must also be transferred; (ii) the Assignee/Transferee must not be a person carrying on investment business for the purposes of Section 1 of the Financial Services Act 1986 and must wish to acquire the partnership interest for commercial purposes relating to its business; (iii) any transferee must assume any outstanding partnership liabilities of the Selling Partner; and (iv) the General Partner's consent to the identity of the third party purchaser must be obtained (the General Partner must act reasonably and without unreasonable delay).

The sale or transfer of a limited partnership interest will also require the transfer of the selling partner's interest in the partnership loan (which is not repayable until such time as the partnership is dissolved).

The timing and procedure for such a sale differs in the case of a "default" or "non-default" situation.

Default Sale

If a Partner defaults (a "Defaulting Partner") in relation to its obligations to the Partnership then any other Partner (an "Innocent Partner") can require the Defaulting Partner to sell its partnership interest to the Innocent Partner.

The amount to be paid to the Defaulting Partner is the amount which represents the Defaulting Partner's share of the open market value of the Oracle Property (plus or minus any net tangible asset value or net asset deficiency of the Partnership) less also the amount of any losses or damage suffered arising as a result of such default.

An Innocent Partner can, as an alternative to requiring the Defaulting Partner's interest in the Partnership to be sold, require that the property be sold instead.

Non-Default Sale

A limited partner (the "Seller") wishing to sell its partnership interest (or its defined part interest) must, prior to offering its interest on the open market, offer to sell its interest to the other limited partner(s) at the price specified by the Seller (and such limited partners have a right of pre-emption should the price be reduced substantially).

If, following six months of marketing the Partnership share, no bona fide third party purchaser offer has been received, the Seller may request an expert valuation as to whether the value of its Partnership interest is less than the equivalent proportion of the open market value of the Oracle Property. If this is determined to be the case, the Seller may require the property to be sold in which case the General Partner must take steps to sell the Oracle Property on the open market.

If the General Partner receives an offer which it considers to be the best price reasonably obtainable, each recipient has the right to purchase the Oracle Property at the same price (subject to a best bids procedure); otherwise the General Partner is free to proceed with the open market sale.

Where Brookmight and its current limited partner are the only limited partners, as is currently verified to be the case by DWS, then there is an additional right for the non-selling limited partners to require the sale of the Oracle Property itself at the best price reasonably obtainable.

Implication of Sale Provisions

The provisions referred to above relating to the sale of a partnership share directly affect (following an enforcement) the manner and timing of the realisation of the security granted to MSMS by Brookmight. In addition, the right of other limited partner(s) to require the sale of the Oracle Property in certain circumstances has the potential to remove from MSMS a discretion as to when the security should be realised following enforcement as well as the potential to precipitate an early repayment of the Oracle Loan.

APPENDIX 2
INDEX OF PRINCIPAL DEFINED TERMS

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