£462,175,000
European Loan Conduit No. 4 p.l.c.

(incorporated with limited liability in Ireland with registration number 331914)

Commercial Mortgage Backed Floating Rate Notes due 2007

*Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the £328,145,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class A Notes**"), the £40,441,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class B Notes**"), the £39,284,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class C Notes**"), the £42,752,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class D Notes**") and the £11,553,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**") of European Loan Conduit No. 4 p.l.c. (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 the requirements of the Irish European Communities (Stock Exchange) Regulations, 1984 (as amended) (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 1st day of February, May, August and November 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 1st February, 2001. 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, four-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 and Class E Notes are expected on issue to be assigned ratings of AAA, AA, A, BBB and BBB- respectively by Standard & Poor's Ratings Services - a division of The McGraw Hill Companies, Inc. ("**S&P**") and AAA, AA, A, BBB and BBB- respectively by Fitch Ratings Ltd. ("**Fitch**"). 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.*

Class	Initial Principal Amount	Margin over LIBOR	Maturity Date	Issue Price [(1)]
A	£328,145,000	0.40 per cent.	1st November 2007	100 per cent.
B	£40,441,000	0.50 per cent.	1st November 2007	100 per cent.
C	£39,284,000	1.00 per cent.	1st November 2007	100 per cent.
D	£42,752,000	1.90 per cent.	1st November 2007	100 per cent.
E	£11,553,000	3.00 per cent.	1st November 2007	100 per cent.

[(1)] 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 Principal Funding Inc. ("**MSDWPFI**") or any associated body of MSDWPFI, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, 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 the shareholders of the Issuer 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 Parent Company Corporate Services Provider, the Corporate Officers Provider, the Paying Agents, the Interest Rate Agent, the Registrar, the Liquidity Facility Provider, the Parent Company Corporate Services Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer 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 (as defined herein). 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 November 2007 (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 and 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, Clearstream, Luxembourg and Euroclear (each as defined herein) on or about 29th September, 2000 (the "**Closing Date**") against payments therefor in immediately available funds.*

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

MORGAN STANLEY DEAN WITTER

ABN AMRO ***LEHMAN BROTHERS***

ARTESIA BANK N.V. ***BANKGESELLSCHAFT BERLIN AG***

The date of this Offering Circular is 25th September, 2000

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 Notes (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 Notes (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 The Chase Manhattan 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 The Chase Manhattan Bank, London (the "**Common Depositary**") as common depositary for the account 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 Euroclear, Clearstream, Luxembourg or DTC, 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 MSDWPFI, Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, its Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer. 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 the Depository Agreement'' 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 Ireland. All of the directors of the Issuer currently reside in Ireland. 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 Ireland, 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 Loan (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 or Ireland. 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* "**$**" *are to the lawful currency for the time being of the United States of America and references to* ''**euro**'' *or* "**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 amended by the Treaty of Amsterdam.*

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 MSDWPFI a loan (the "**Loan**") together with MSDWPFI's beneficial interest in a security trust created over the security granted in respect of the Loan. The Loan will be made by MSDWPFI to six different borrowers (each a "**Borrower**") on 28th September, 2000 (the "**Loan Closing Date**") in an aggregate principal amount of £462,175,000 and will be evidenced by a credit agreement (the "**Credit Agreement**"). Each of the Borrowers is a limited partnership constituted under English law and formed pursuant to the Limited Partnership Act 1907. Each limited partnership has three partners, one of which is a general partner (each a "**General Partner**") through whom the partnership acts and who is liable for the debts and obligations of the partnership, the other two partners being limited partners (each a "**Limited Partner**") who will generally not be liable for the debts and obligations of the partnership. The General Partner will hold legal title to all partnership assets other than the Properties. In respect of each partnership, one of the Limited Partners is a wholly owned subsidiary company of MEPC plc and the other is a wholly owned subsidiary company of Westfield Holdings Limited and each `Limited Partner has a 49.5 per cent. interest in the partnership. The remaining 1 per cent. interest in the partnership is held by the General Partner. The General Partner in each partnership is a limited company the shares in which are held equally by companies which are wholly owned subsidiaries of, or associated with, MEPC plc and Westfield Holdings Limited.

The Loan provides for the Borrowers to pay a fixed rate of interest, is denominated in sterling and is governed by English law. The Loan is not scheduled to amortise and consequently, subject to prepayments, the principal amount of the Loan will become due for repayment on the Interest Payment Date falling in November 2005. Each of the Borrowers will be jointly and severally liable for the Loan on a full recourse basis. The obligations of the Borrowers under the Loan will be secured by, amongst other things, first legal mortgages over six shopping centres situated in the United Kingdom (each a "**Property**" and together the "**Properties**", as more particularly described at the section entitled "The Properties" below). The mortgages over each Property will be given by two separate Jersey incorporated companies (the "**Property Owners**"), two such companies being the legal owners of each of the Properties. The two Property Owners who are the legal owners of a particular Property will each be wholly owned subsidiaries of the General Partner of the relevant Borrower and will, pursuant to a declaration of trust, hold the relevant Property on trust for such Borrower. In addition, each of the General Partners and Borrowers will give first fixed charges over their beneficial interests in the Properties arising under the trust declared by the Property Owners in respect of each of the Properties.

The Property Owners will procure the establishment of an account (the "**Rent Account**") into which net rents payable by the tenants occupying the Properties are to be paid by a managing agent on behalf of the Borrowers. The managing agent, Westfield Shoppingtowns Limited (a company incorporated in England and Wales), is an associated company of Westfield Holdings Limited. On or shortly after each payment date under the Credit Agreement, the Security Trustee will, to the extent possible, transfer from the Rent Account 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 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 Loan whilst the Issuer is required to pay floating rates of interest on the Notes, the Issuer will enter into an interest rate swap transaction 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 and to other secured parties will be secured pursuant to a deed of charge and assignment governed by English law and a deed of charge governed by Irish law. The Issuer will create, *inter alia*, (a) an assignment by way of security of the Loan and the Issuer's rights under the Credit Agreement and an assignment by way of security over the Issuer's beneficial interest in the trust over the Related Security, (b) an assignment by way of security of the Issuer's rights under certain contracts entered into pursuant to this transaction, (c) assignments 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 (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 a fixed security interest).

There is no intention to accumulate any surplus in the Issuer.

The Loan and the Properties

The Loan

The Loan will be a full recourse obligation of the Borrowers and, when drawn, will be secured by, amongst other things, first priority mortgages over properties which together comprise six shopping centres (subject to what is set out below regarding the Consent Property, see "Risk Factors – Legal Title" and "The Loan and the Related Security – Terms of the Loan").

Purpose

The purpose of the Loan is to provide the Borrowers with finance to be applied towards the acquisition of the Properties. The Borrowers and the Property Owners have entered into contracts (the "**Purchase Contracts**") with certain subsidiaries of MEPC plc as vendors to acquire the Properties. Reference to the terms of the Purchase Contracts is made in the section headed "Acquisition and Management of the Properties – Purchase Contracts" below.

Drawdown

Pursuant to the Credit Agreement, the Borrowers may, on the satisfaction of certain conditions, draw the Loan on 28th September, 2000.

Repayment

The Loan is scheduled to be repaid on 1st November, 2005 (the "**Loan Redemption Date**"). The Loan is not subject to early amortisation, but a Borrower may prepay all or part of the Loan on any interest payment date under the Credit Agreement (each a "**Loan Payment Date**") and on the giving of at least 20 days' prior notice. In the event of the prepayment of all or part of the Loan, amounts received by the Issuer will be applied in accordance with Condition 6(*b*). A Borrower shall, on demand by the Security Trustee, prepay part of the Loan if any headlease (being a lease pursuant to which any Property or part of a Property is held) is forfeited for any reason and the relevant Property Owners have not brought an action for relief from forfeiture or, having brought an action, have not diligently proceeded with the action, or such action has been dismissed by a court.

If any of the conditions precedent for the making of the Loan have not been satisfied on or prior to the scheduled drawdown date of the Loan, MSDWPFI may refuse to make the Loan or may, in any event, allow the Loan to be drawn, but require the Borrowers to place the net funds drawn in the Escrow Account (as defined below) pending satisfaction of the outstanding condition(s) precedent. If all the outstanding conditions precedent have not been waived or satisfied on or prior to 25th January, 2001, the Borrowers will be required to repay the

	Loan and the Notes will be redeemed. In addition, if any necessary licence to assign or charge is not obtained in respect of the Property at Tunbridge Wells (the "**Consent Property**") prior to 25th April, 2001 and (i) a new legal mortgage in respect of the Consent Property has not been granted by the relevant Property Owners and (ii) the necessary conditions precedent are not (to the extent not previously) satisfied, then the Security Trustee shall withdraw an amount from the Escrow Account equal to 70 per cent. of the value of the Consent Property as at the Closing Date and will apply such amount towards prepaying the Loan. In the event of any prepayment of the Loan in whole or in part by a Borrower, the relevant Borrower is not required to pay a prepayment fee, but will be required to indemnify the Issuer for any amount the Issuer is legally obliged to pay to the Swap Provider as a result of the termination of the Swap Agreement following the prepayment. See "Risk Factors – Prepayment Risk".
Representations and Warranties	The mortgage sale agreement (the "**Mortgage Sale Agreement**"), pursuant to which the Issuer will purchase the Loan and the beneficial interest in the Security Trust from MSDWPFI, contains certain warranties given by MSDWPFI in relation to the Loan and the Related Security which are summarised in "The Loan and the Related Security – Representations and Warranties". MSDWPFI will be required, if there has been a material breach of warranty and such breach is not capable of remedy or (if capable of remedy) has not been remedied within the time specified in the Mortgage Sale Agreement, to repurchase the Loan together with the Related Security or, if the breach affects fewer than all of the Properties, to repurchase the Loan together with the Related Security or acquire a sub-participation (at MSDWPFI's option) in that portion of the Loan relating to the Property(ies) affected by the breach on such terms as the Issuer and the Trustee shall require. The acquisition price to be paid by MSDWPFI in the event of the repurchase or sub-participation of the Loan will be an amount equal to 70 per cent. of the value of the relevant Property(ies) (calculated in accordance with the valuation carried out by Healey & Baker and referred to in "Valuation" below) in respect of which the breach occurred plus accrued interest. Any such acquisition would result in a redemption of the Notes in accordance with Condition 6(b).
The Loan Security	The General Partners (who will hold legal title to all partnership assets, other than the Properties) of each of the Borrowers and the Borrowers themselves will, pursuant to a debenture to be dated the Loan Closing Date (the "**General Partner Debenture**"), provide the Security Trustee with security for the payment of all obligations of the Borrowers under, *inter alia*, the Credit Agreement. The security provided pursuant to the General Partner Debenture will include fixed charges over all estates or interests of the General Partners and Borrowers in the Properties, all moneys of the General Partners and Borrowers standing to the credit of any account with any person and all benefits in respect of all insurance policies taken out by or on behalf of the General Partners and the Borrowers and a floating

	charge over all the assets of the General Partners other than those assets that will be charged pursuant to another provision of the General Partner Debenture. The Property Owners (who will hold legal title to the Properties) will, pursuant to a debenture to be dated the Loan Closing Date (the "**Third Party Debenture**"), also provide the Security Trustee with security for the payment of all obligations of the Borrowers under, *inter alia*, the Credit Agreement. The security provided pursuant to the Third Party Debenture will include legal mortgages over the Properties and fixed and floating charges in a similar form to those given by the General Partners in the General Partner Debenture. In respect of the Property situated in Northern Ireland, the Property Owners who will hold the legal title to the Property comprising the Castle Court Shopping Centre in Belfast will, in addition to the Third Party Debenture, enter into a further debenture (the "**Northern Irish Third Party Debenture**" and, together with the General Partner Debenture and the Third Party Debenture, the "**Debentures**"). Pursuant to the Northern Irish Third Party Debenture, the relevant Property Owners will provide the Security Trustee with security equivalent to that provided pursuant to the Third Party Debenture, but such security will be governed by and construed in accordance with the laws of Northern Ireland. None of the Limited Partners will provide security in their own capacity in respect of the obligations of the Borrowers under the Credit Agreement; no security will be taken over any assets other than the assets of the limited partnerships themselves. Security for the Loan also includes the benefit of a subordination agreement (the "**Subordination Agreement**") under which the Limited Partners will subordinate any claim they may have against the Borrowers, General Partners or Property Owners to the claims of the Issuer and the Security Trustee. In addition, the managing agent of the Properties will enter into a duty of care agreement (the "**Duty of Care Agreement**") in favour of the Security Trustee, under the terms of which the managing agent will agree to collect rent payable in respect of the Properties and to give notice of any breach of covenant by a tenant or of any damage to the Properties. The Debentures, Subordination Agreement, Duty of Care Agreement and/or any other security are referred to herein as the "**Related Security**". The beneficial interest in the trust over the Related Security will be acquired by the Issuer on the Closing Date.
No Further Advances	The Loan contains no obligation upon MSDWPFI and, therefore, the Issuer, to make any further advance to a Borrower. The Servicer is not permitted under the Servicing Agreement to agree to any amendment of the terms of the Credit Agreement that would require the Issuer to make a further advance to a Borrower.
The Properties	The six Shopping Centres are the Castle Court Shopping Centre in Belfast, the Mill Gate Shopping Centre in Bury, the Eagle Centre in Derby, the Friary Shopping Centre in Guildford, the Brunel Centre in Swindon and Royal Victoria Place in Tunbridge Wells.
Building Works	The Purchase Contracts for the acquisition of the Mill Gate Shopping Centre in Bury and the Eagle Centre in Derby oblige the relevant seller to procure: (a) completion of the building

	works currently being undertaken at such shopping centre in accordance with their current specification; and (b) the payment of rent in respect of the units affected by such building works until such time as these are the subject of formal lettings and any relevant rent free period has expired. The obligations of the relevant selling company are guaranteed by MEPC plc. It is anticipated that the building works in respect of the Mill Gate Shopping Centre, Bury (being redevelopment works for the formation of four new retail units, a new service yard and public garden costing an amount estimated to be £3,962,000 based on estimates received by MEPC plc) will be completed in September 2000 and those in respect of the Eagle Centre, Derby (being redevelopment works to 12 new units and the refurbishment of malls costing an amount estimated to be £3,976,000 based on estimates received by MEPC plc) in late October or early November 2000. Under each of the Purchase Contracts for the sale of each of the Properties to the relevant Property Owners, the seller has various obligations relating, *inter alia*, to contractors' warranties for building work and any defects in such work. See further "Acquisition and Management of the Properties — Building Works."
Valuation	As at 31st July, 2000, the aggregate open market value of the Properties as determined by Healey & Baker, the external valuers of the Properties, was £660,250,000. On the assumption that there is no change in the value of the Properties or the rental income derived from the Properties by the date of drawdown of the Loan, the Loan to value ratio (expressed as a percentage) will be 70 per cent. and the interest cover ratio (calculated on the basis of Net Rental Income prior to the deduction of any management fees or expenses) will be 1.16 times as at such date. An event of default under the Credit Agreement will occur if either of the Interest Cover Percentages are below 100 per cent. on, *inter alia*, any Loan Payment Date (as defined below) or any date on which the Issuer notifies the Borrowers that it reasonably believes a breach in respect of Interest Cover Percentages subsists unless, within seven days of their being notified of the breach of their obligations in relation to Interest Cover Percentages, the Borrowers take suitable remedial action pursuant to the Credit Agreement.
Insurance	Each Property will, on or prior to the Loan Closing Date, be covered by a buildings insurance policy maintained by the applicable Property Owners and the related Borrowers. MSMS's interest in its capacity as Security Trustee (as defined below) has been noted or will, on or prior to the Loan Closing Date, be noted on such policy and any such benefit will be held on trust for the Issuer pursuant to the Debentures. For a more detailed description of the insurance arrangements and the risks in relation thereto see "The Properties – Insurance" and "Risk Factors – Insurance".
Management	The management of all the Properties will, with effect from the Loan Closing Date, be undertaken by Westfield Shoppingtowns Limited, an affiliate of one of the Limited Partners in each of the

	Borrowers, pursuant to a management and leasing agreement to be entered into in respect of each Property (each a "**Management Agreement**") to be dated on or before completion of the acquisition of the Properties. A summary of the material terms of the Management Agreement is set out at "Acquisition and Management of the Properties – Management and Leasing Agreement".
	The Parties
Issuer	European Loan Conduit No. 4 p.l.c. (the "**Issuer**"), a public company incorporated in Ireland with limited liability under registration number 331914.
Loan Originator	The Lender under the Credit Agreement on the date of drawdown of the Loan will be Morgan Stanley Dean Witter Principal Funding Inc. ("**MSDWPFI**"), whose principal offices are located at 1585 Broadway, New York, New York 10036, USA.
Security Trustee	Morgan Stanley Mortgage Servicing Limited (in such capacity, "**MSMS**" or the "**Security Trustee**") will hold all the security granted by each Borrower, General Partner and Property Owner on trust (the "**Security Trust**") as security for the Senior Liabilities (as defined in the Credit Agreement).
Trustee	Chase Manhattan Trustees 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	Morgan Stanley Mortgage Servicing Limited (in such capacity, "**MSMS**" or the "**Servicer**"), whose principal office is located at 25 Cabot Square, Canary Wharf, London E14 4QA, will, pursuant to a credit management and agency agreement (the "**Servicing Agreement**") to be entered into on or prior to the Closing Date between MSDWPFI, the Servicer, the Trustee, the Issuer, the Security Trustee and the Special Servicer (as referred to below), act as servicer in respect of the Loan and the Related Security. The credit management and agency services to be provided by the Servicer include, without limitation, the collection of payments of principal and interest on the Loan, the operation of the agreed enforcement procedures, the transfer of Borrower Interest Receipts, Borrower Principal Receipts and Indemnity Payments to the Transaction Account and the calculation of the amount of interest payable by the Borrowers on each Loan Payment Date. The Servicer will, (a) subject to the terms of the Servicing Agreement, receive an annual fee payable quarterly in arrear calculated at the rate of 0.10 per cent. per annum (exclusive of VAT) on the outstanding principal balance of the Loan (unless the Loan is then a Specially Serviced Loan in respect of which the Special Servicer is being paid the Special Servicer Fee (as defined below)) and (b) subject to the terms of the Servicing Agreement, receive a management fee, if any, on each Interest Payment Date prior to the enforcement of the security, in respect of the provision by it of certain management services, calculated as set out in the Servicing Agreement.

Special Servicer	As at the Closing Date, MSMS will act as special servicer pursuant to the Servicing Agreement, but thereafter any person may be appointed as Special Servicer in substitution for MSMS pursuant to the provisions of the Servicing Agreement. The Special Servicer will only be appointed in relation to the Loan where the Actual Interest Cover Percentage or Projected Interest Cover Percentage of the Loan is less than 100 per cent. on, amongst other dates, each Loan Payment Date and the Borrowers, having been notified of a breach of the relevant Interest Cover Percentage, do not within seven days of being so notified pay amounts into the Rent Account to ensure that the Interest Cover Percentages equal or exceed 100 per cent. If so appointed, the Special Servicer will become responsible, save for certain limited exceptions, for servicing and administering the Loan and Related Security. The Special Servicer will, subject to the terms of the Servicing Agreement, receive (i) a fee in respect of the 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 Servicer Fee**"); and (ii) a liquidation fee in respect of the 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 any Property (the "**Liquidation Fee**").
Cash Manager, Interest Rate Agent, Principal Paying Agent, Corporate Services Provider and Exchange Agent	AIB International Financial Services Ltd. (in such capacities, the "**Cash Manager**", the "**Interest Rate Agent**", the "**Principal Paying Agent**" (and, together with any other Paying Agent appointed pursuant to the Agency Agreement, the "**Paying Agents**"), the "**Corporate Services Provider**" and the "**Exchange Agent**", respectively).
Corporate Officers Provider	Structured Finance Management (Ireland) Limited (the "**Corporate Officers Provider**") whose registered office is at 11 Percy Place, Dublin 4.
Parent Company Corporate Services Provider	SFM Corporate Services Limited (the "**Parent Company Corporate Services Provider**") whose registered office is at Blackwell House, Guildhall Yard, London EC2V 5AE
Operating Bank	Allied Irish Banks p.l.c., (the "**Operating Bank**") whose registered office is at Bankcentre, P.O. Box 452, Ballsbridge, Dublin 4 acting through its branch located at AIB International Centre, International Financial Services Centre, Dublin 1.
Depository and Registrar	The Chase Manhattan Bank, New York office (in such capacities, the "**Depository**" and the "**Registrar**", respectively).
Swap Provider and the Swap Agreement	Morgan Stanley Capital Services Inc. ("**MSCS**" or 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 a swap confirmation (the "**Swap Confirmation**") evidencing the terms of the swap transaction (the "**Swap Transaction**") to be entered into pursuant thereto in order to

	protect the Issuer against interest rate risk arising in respect of the Loan. See further "Credit Structure – The Swap Agreement". The Issuer and the Swap Provider have agreed, upon 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**" or 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 Transaction.
Liquidity Facility Provider and Liquidity Facility Agreement	Lloyds TSB Bank plc ("**LTSB**" or the "**Liquidity Facility Provider**"), acting through its Corporate and Institutional Financial Services Division located at St Georges 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 a maximum aggregate principal amount of £20,000,000 to be dated on or prior to the Closing Date and between the Liquidity Facility Provider, the Issuer and the Trustee. LTSB is a wholly owned banking subsidiary of Lloyds TSB Group plc. The Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time in respect of any shortfall in Borrower Interest Receipts in an amount equal to the difference between the Borrower Interest Receipts actually received during a Collection Period (as defined below) and the amount of interest scheduled to be paid ("**Scheduled Interest Receipts**") on the Loan during such Collection Period (an "**Interest Drawing**"). In addition, the facility will be available to fund Revenue Priority Amounts payable to a third party other than MSDWPFI which fall due on a date other than an Interest Payment Date (an "**Expense Drawing**"). See further "Credit Structure – Liquidity Facility".
	The Notes
Status and Form	The £328,145,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class A Notes**"), the £40,441,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class B Notes**"), the £39,284,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class C Notes**"), the £42,752,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class D Notes**") and the £11,553,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**") will be constituted by the Trust Deed. The Notes of each class will rank *pari passu* and rateably 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 in priority to the Class B Notes, the Class B Notes will rank in priority to the Class C Notes, the Class C Notes will rank in priority to the Class D Notes and the Class D Notes will rank in priority to the Class E Notes.

The Notes of each class offered and sold in the United States in reliance on Rule 144A will initially be represented by two Rule 144A Global Notes in respect of each class, in bearer form, each of which will be deposited with The Chase Manhattan Bank, New York in its capacity as Depository. The Depository will 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, and a certificateless depository interest in respect of the other Rule 144A Global Note for each class of Notes in the name of the Common Depositary for the account of Euroclear and Clearstream, Luxembourg. The Notes of each class offered and sold outside the United States to non-U.S. persons in reliance on Reg S will initially be represented by a Reg S Global Note in respect of such class, in bearer form, which will be deposited with the Depository. The Depository will issue a certificated depository interest in respect of the Reg S Global Note of each class to the Common Depositary for the account of Euroclear and Clearstream, Luxembourg.

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 shall be entitled to receive all principal, premium (if any), interest and other amounts payable in respect of the Notes but shall, 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**"), and the holders of the Class E Notes (the "**Class E Noteholders**" and, together with the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, the "**Noteholders**"), but where there is, in the Trustee's opinion, a conflict between such interests, the Trustee shall 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(*d*) and Condition 12".

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, MSDWPFI or any associated body of MSDWPFI, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer 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 Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer 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.

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 1st day in February, May, August and November 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 1st February, 2001.

The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the first Interest Payment Date. Each subsequent Interest Period applicable to the Notes will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date.

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, four-month sterling deposits) plus the Relevant Margin. The "Relevant Margin" in respect of each class of Notes will be:

Class	***Relevant Margin***
A	0.40 per cent. per annum
B	0.50 per cent. per annum
C	1.00 per cent. per annum
D	1.90 per cent. per annum
E	3.00 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.

The holders of the Class A Notes will only receive interest payments after payment by the Issuer of certain costs and expenses (see "Available Funds and their Priority of Application" below). The Issuer's obligation to pay interest on the Class B Notes will be subordinated to all interest payments on the Class A Notes (including accrued and deferred interest), and all its obligation to pay interest on the Class C Notes, Class D Notes and Class E Notes will, in each case, also be subordinated to the Issuer's obligation to pay interest on any and all senior-ranking classes of Notes then outstanding in the same manner.

Failure by the Issuer to pay interest on the Class A Notes (or the most senior class of Notes which is still outstanding where one or more classes of Notes has been redeemed in full) when due and payable will result in an Event of Default 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, 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. Such shortfall will accrue interest at the then rate of interest applicable to the relevant class of Notes during the time it remains unpaid. Such shortfall of interest and interest accrued thereon shall be paid on any subsequent Interest Payment Date, but only if and to the extent that funds are available therefor. See further "Terms and Conditions of the Notes – Condition 16(*a*)".

In the event that, on any Interest Payment Date, Available Interest Receipts (as defined below) after deducting the D Notes Prior Payments (as defined in Condition 5(*i*)) (in the case of the Class D Notes) and the E Notes Prior Payments (as defined in Condition 5(*i*)) (in the case of the Class E Notes) are not sufficient, as a result of prior prepayments of the Loan in accordance with Clause 7 of the Credit Agreement, to satisfy in full the Interest Amount that would be due, the interest in respect of the Class D Notes or the Class E Notes, as the case may be, shall be the amount equal to 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 an Interest Drawing under the Liquidity Facility Agreement on such Interest Payment Date) minus (ii) the D Notes Prior Payments or the E Notes Prior Payments, as the case may be, (the amount calculated under this paragraph in respect of an Interest Payment Date being the "**Adjusted Interest Amount**" for the Class D Notes or the Class E Notes, as the case may be, on that Interest Payment Date). No amount

	shall 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 D Notes or the Class E Notes as the case may be exceeds the Adjusted Interest Amount in respect of such class and the debt that would otherwise be represented by such shortfall shall be extinguished and the affected Noteholders shall have no claim against the Issuer in respect thereof.
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 November 2007 (the "**Maturity Date**").
Principal Amount Outstanding	The Principal Amount Outstanding of a Note on any date will be its face amount less the aggregate amount of principal repayments paid in respect of that Note since the Closing Date.
Post Maturity Call Option	On the Closing Date an option (the "**Post Maturity Call Option**") will be granted to European Loan Conduit Holdings Limited pursuant to a post maturity call option agreement (the "**Post Maturity Call Option Agreement**") dated the Closing Date between the Issuer, European Loan Conduit Holdings Limited and the Trustee (on behalf of the Noteholders) to acquire all (but not some only) of the Notes (plus accrued interest thereon) for a consideration of one penny per Note outstanding. The Post Maturity Call Option will become exercisable on the earlier of (i) any date falling on or after the Interest Payment Date falling in November 2007 and (ii) in the event that the Issuer Security is enforced, the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the Notes, to pay in full any amount due in respect of the Notes, after paying in full any amounts available to pay amounts outstanding under the Notes. Under the terms of the Trust Deed, the Noteholders will be bound by the terms of the Post Maturity Call Option granted to European Loan Conduit Holdings Limited.
Mandatory Redemption in Part	Unless a Note Enforcement Notice has been served, the Notes will be subject to mandatory redemption in part in the circumstances referred to in "The Loan and the Properties – Repayment" above and in the manner described in "Distributions - Payments out of the Transaction Account prior to Enforcement of the Notes – Available Principal" below. 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 by virtue of a change in tax law from that in effect on the Closing Date (i) the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes or (ii) any amount payable by the Borrowers in relation to the Loan 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; or

(c) if a Tax Event 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:

Class	***Expected Rating***
A	AAA
B	AA
C	A
D	BBB
E	BBB-

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 agency.

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 downgrade, withdrawal or qualification 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".
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, Clearstream, Luxembourg and Euroclear.
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 Loan 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 each payment date under the Credit Agreement Loan (each a "**Loan Payment Date**"), the Servicer is required to transfer from the Rent Account to the Transaction Account all payments made by the Borrowers in respect of interest, principal and other amounts then due and payable under the Credit Agreement. Amounts standing to the credit of the Transaction Account from time to time are referable to the following sources:

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

(b) "*Prepayments*", comprising all principal payments (excluding any Indemnity Payments) received as a result of any prepayment in part or in full prior to final maturity of the Loan;

(c) "*Final Repayment*", comprising principal payment(s) received as a result of the repayment of the Loan upon its final maturity date;

(d) "*Principal Recoveries*", comprising all amounts in respect of principal of the Loan received as a result of the enforcement of the Loan or the Related Security; and

(e) "*Indemnity Payments*", comprising all amounts received as a result of any payment of an amount pursuant to an indemnity provision of the Credit Agreement, including any breakage costs received as a result of any such prepayment (together, the "**Indemnity Payments**"). Indemnity Payments shall not be included in the calculation of Borrower Interest Receipts at any time. Indemnity Payments received during any Collection Period (collectively, the "**Indemnity Payments Amount**" in respect of that Collection Period) shall be applied towards payment of the loss or liability for which the Issuer has been indemnified.

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 Annex is entered into and the Swap Collateral Cash Account and the Swap Collateral Custody Account 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 Annex 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 make the following payments out of the accounts of the Issuer 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 Borrower Principal Receipts (as defined below), sums due to third parties (other than the Servicer, the Special Servicer, the Liquidity Facility Provider, the Swap Provider, MSDWPFI, the Cash Manager, the Corporate Services Provider, the Corporate Officers Provider, the Parent Company Corporate Services Provider, the Principal Paying Agent, the Paying Agent, the Interest Rate Agent, 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 the Loan or its Related Security;

(ii) out of Borrower Interest Receipts, when due any amount of interest payable by the Issuer to MSDWPFI pursuant to the Mortgage 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 MSDWPFI pursuant to the Mortgage Sale Agreement ("**Principal Priority Amounts**").

Revenue Priority Amounts and/or Principal Priority Amounts payable to MSDWPFI are either (A) amounts that accrued under the Loan prior to the Closing Date, which do not belong to the Issuer; and/or (B) where there has been a breach of warranty under the Mortgage Sale Agreement and MSDWPFI has repurchased the Loan or acquired a sub-participation of all or a portion of the Loan, any moneys subsequently received by the Issuer in respect of the Loan which do not belong to the Issuer or which are due to MSDWPFI pursuant to the sub-participation.

(b) Available Interest Receipts

On each Interest Payment Date prior to the service of a Note Enforcement Notice, (i) all Borrower Interest Receipts transferred by 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; (ii) any payments other than any amounts by way of collateral pursuant to the Swap Agreement Credit Support Annex received by the Issuer under the Swap Transaction or the Swap Guarantee (less any amount ordinarily payable by the Issuer to the Swap Provider under the Swap Agreement, other than the payments referred to in (b)(i)(I), below); (iii) the proceeds of any Interest Drawing made under the Liquidity Facility Agreement in respect of such Interest Payment Date, and (iv) any payments in respect of interest paid by MSDWPFI and received by or on behalf of the Issuer as a result of a repurchase of the Loan or acquisition of a sub-participation in all or a portion of the Loan by MSDWPFI pursuant to the Mortgage Sale Agreement (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 by 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 the Loan or its Related Security, *pari passu*; then (B) the Paying Agents and the Interest Rate Agent under the Agency Agreement; then (C) the Servicer and/or any substitute servicer in respect of the Servicing Fee under the Servicing Agreement; and to the Special Servicer, *pari passu*, in respect of the Special Servicing Fee; then (D) the Cash Manager under the Cash Management Agreement; then (E) the Corporate Services Provider under the Issuer Corporate Services Agreement, the Corporate Officers Provider under the Corporate Officers Agreement and the Parent Company Corporate Services Provider under the Supplemental Parent Company Corporate Services Agreement, *pari passu*; then (F) the Operating Bank under the Cash Management Agreement; then (G) amounts due to the Depository under the Depository Agreement; then (H) the Exchange Agent under the Exchange Rate Agency Agreement; then (I) the Swap Provider under the Swap Agreement in respect of fees, costs and expenses including, without limitation, breakage costs; and then (J) the Liquidity Facility Provider under the Liquidity Facility Agreement in respect of any 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 any third party 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 and the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(iii) (A) in payment or discharge to or towards interest due and, to the extent that Available Interest Receipts are received in respect of interest due on the Loan in a Collection Period occurring prior to the Interest Payment Date, other than the Collection Period ended immediately prior to the Interest Payment Date, interest overdue (and any interest due on such overdue interest) on the Class A Notes and (B) in payment or discharge of any Management Fee payable to MSMS or the person or persons otherwise entitled thereto, to the extent payable out of excess Available Interest Receipts;

(iv) in payment or discharge to or towards interest due and, to the extent that Available Interest Receipts are received in respect of interest due on the Loan in a Collection Period occurring prior to the Interest Payment Date, other than the Collection Period ended immediately prior to the Interest Payment Date, 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, to the extent that Available Interest Receipts are received in respect of interest due on the Loan in a Collection Period occurring prior to the Interest Payment Date, other than the Collection Period ended immediately prior to the Interest Payment Date, 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, to the extent that Available Interest Receipts are received in respect of interest due on the Loan in a Collection Period occurring prior to the Interest Payment Date, other than the Collection Period ended immediately prior to the Interest Payment Date, 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 and, subject to Condition 5(*i*), to the extent that Available Interest Receipts are recovered in respect of interest due on the Loan in a Collection Period occurring prior to the Interest Payment Date, other than the Collection Period ended immediately prior to the Interest Payment Date, interest overdue (and any interest due on such overdue interest) on the Class E Notes;

(viii) in payment or discharge to or towards any amounts due to the Special Servicer in respect of any Liquidation Fee;

(ix) to or towards any amounts in respect of any Mandatory Costs due to the Liquidity Facility Provider under the Liquidity Facility 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; and

(x) any surplus to the Issuer.

(c) Available Principal

The Cash Manager shall, on the basis of information provided to it by the Servicer, calculate on each Calculation Date in respect of the Collection Period then ended the Available Prepayment Redemption Funds, the Available Principal Recovery Funds and Available Final Redemption Funds.

For these purposes:

(a) "**Prepayment Redemption Funds**" means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of any prepayment in part or in full made by any of the Borrowers pursuant to the terms of the Credit Agreement 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 the Loan or acquisition of a sub-participation in all or a portion of the Loan by MSDWPFI pursuant to the Mortgage Sale 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;

(b) "**Principal Recovery Funds**" means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of enforcement procedures in respect of the Loan and/or the Related Security, 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 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 and 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; and

(c) "**Final Redemption Funds**" means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of the repayment of the Loan on or after 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;

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Prepayment Redemption Funds, Available Principal Recovery Funds or Available Final Redemption Funds, as applicable, on any preceding Calculation Date. The Prepayment Redemption Funds, the Principal Recovery Funds and the Final Redemption Funds are collectively referred to as "**Borrower Principal Receipts**". The Available Prepayment Redemption Funds, the Available Principal Recovery Funds and the Available Final Redemption 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 Final Redemption Funds, Available Principal Recovery Funds and, save as set out below, Available Prepayment Redemption Funds 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) first, in repaying principal due on the Class A Notes until all the Class A Notes have been redeemed in full;

(ii) secondly, in repaying principal due on the Class B Notes until all the Class B Notes have been redeemed in full;

(iii) thirdly, in repaying principal due on the Class C Notes until all the Class C Notes have been redeemed in full;

(iv) fourthly, in repaying principal due on the Class D Notes until all of the Class D Notes have been redeemed in full;

(v) fifthly, in repaying principal due on the Class E Notes until all of the Class E Notes have been redeemed in full; and

(vi) sixthly, in paying that component of the Management Fee, if any, that comprises any excess Available Principal.

Notwithstanding the above, (A) on the Interest Payment Date next following a prepayment of a part of the Loan pursuant to Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement and release of a Property and provided (a) both the Actual Interest Cover Percentage and the Projected Interest Cover Percentage on the Calculation Date immediately following such prepayment are equal to or greater than 120 per cent. and (b) there has been no more than two previous partial redemptions of Notes following the release in full of a Property pursuant to Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement or (B) on the Interest Payment Date next following a prepayment of part of

the Loan pursuant to Clause 7.2.1 of the Credit Agreement where no Property is released as a result of such prepayment, 100/115ths of Available Prepayment Redemption Funds arising as a result of such partial prepayment of the Loan will be applied to repay principal on each class of Notes on a *pro rata* basis and 15/115ths of such Available Prepayment Redemption Funds will be applied to repay principal on the most senior Class of Notes then outstanding.

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 shall 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 Corporate Officers Provider, the Parent Company Corporate Services Provider, the Servicer, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Swap Provider, the Paying Agents, the Interest Rate Agent, the Operating Bank, the Depository, the Exchange Agent and MSDWPFI (all of such persons 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 and a deed of charge (the "**Irish Deed of Charge**") governed by Irish law both of which are to be entered into on the Closing Date.

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

(i) an assignment by way of security over the Loan and the Issuer's rights under the Credit Agreement and an assignment by way of security over its beneficial interest in the Security Trust created over the Related Security;

(ii) an assignment by way of security over the Related Security not otherwise assigned by way of security under (i) above;

(iii) an assignment by way of security of the Issuer's rights under, *inter alia*, the Mortgage Sale Agreement, the Servicing Agreement, the Issuer Corporate Services Agreement, the Corporate Officers Agreement, 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

Annex (if and when executed), the Depository Agreement, the Exchange Rate Agency Agreement and the Master Definitions Agreement;

(iv) 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), 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;

(v) 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 the fixed charges set out in paragraphs (i) to (iv) above); and

(vi) an assignment by way of security of the Issuer's interests in the Transaction Account, and any other bank account in which the Issuer may place and hold its cash resources, and of its funds from time to time standing to the credit of such accounts and of its interests in the Corporate Services Agreement.

Upon enforcement of the Issuer Security, the amounts payable to the Secured Parties will rank in priority to payments of interest or principal on the Class A Notes, except for amounts owed to MSDWPFI under the Mortgage Sale Agreement and in the case of the Special Servicer and the Liquidity Facility Provider, any amounts due to them as described in items (vii) and (viii), respectively 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.**

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 MSDWPFI will provide in the Mortgage Sale Agreement in relation to the Loan, the Related Security, the Properties and other associated matters (see further "The Loan and the Related Security - Representations and Warranties").

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, MSDWPFI or any associated body of MSDWPFI, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer 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 Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer 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 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 under the Loan 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 Loan 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 Loan is not scheduled to amortise and consequently the provisions of the Loan require the Borrowers, subject to prepayments, to repay the Loan in full on the Loan Redemption Date. The Borrowers' ability to repay on the Loan Redemption Date may be dependent upon their ability to refinance the Loan or to sell the Properties financed by the Loan. Neither the Issuer nor MSDWPFI is under any obligation to provide any such refinancing and there can be no assurance that the Borrowers would be able to refinance the Loan or sell the Properties.

Failure by the Borrowers to refinance the Loan at final maturity may result in the Borrowers defaulting on the 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 Loan will be secured by, amongst other things, mortgages over the Properties and the payment of interest on it is dependent on the ability of the Properties to produce cash flow. However, the income-producing capacity of the Properties 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 shopping centres; (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); (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 retail properties.

In particular, a decline in the retail 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.

In addition, the success of a shopping centre is dependent on achieving the correct mix of tenants so that an attractive range of retail outlets is available to potential customers. In particular, a shopping centre is dependent on its "anchor tenants". There can be no assurance that any of the Borrowers will, on the termination of the existing tenancies, be able to attract the types of tenant needed in the future to maintain the current range of retail outlets at each of the Properties or that it can retain its anchor tenants.

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 in respect of such Property to default on the Loan.

The Issuer's ability to meet its obligations under the Notes - the tenants

A Borrower's ability to make its payments under the Loan may also be dependent on payments being made by the tenants of the relevant Property. A Borrower's ability to meet its obligations under the Loan could be adversely affected if occupancy levels at a Property were to fall or if a number of its tenants were unable to meet their obligations under their tenancies or failed to pay the rents on the due date or at all. A Property Owner is under an obligation, *inter alia*, to allow each tenant quiet enjoyment of the premises which are leased to it and to perform certain specified obligations. Where the Borrower or Property Owners are in default of their obligations under a tenancy, a right of set-off could be exercised against the Borrower or Property Owners by a tenant of the relevant Property in respect of its rental obligations. The terms of the majority of the tenancies, however, specifically exclude such tenants right of set-off. The Property Owners of each Property are also obliged to provide services in respect of the Property irrespective of whether certain parts of the Property are unlet. The Property Owners, 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. Tenants' rights of set-off and similar equities, which accrue until such time as the Issuer or the Trustee takes possession following enforcement, will also be binding on the Issuer and the Trustee as mortgagees following the Closing Date.

MSDWPFI has structured the Loan so that rent payments are made to accounts in the name of the Managing Agent and then into a Rent Account charged to the Security Trustee for MSDWPFI and controlled by MSMS (in its capacity as Security Trustee). Each Borrower has agreed to procure that no Property Owner countermands or varies the instructions as to rent payments. The Managing Agent initially appointed to collect the rents will be Westfield Shoppingtowns Limited, an associated company of one of the limited partners in each of the Borrowers.

Following the Closing Date, there may be a risk of a Borrower or Property Owner, in breach of the Loan and Related Security, charging or assigning the rents to a third party. Under English and Northern Irish law, the right to receive rent payments passes to a mortgagee (including the Security Trustee and the Trustee) on enforcement of the mortgage without the need for any express assignment, and therefore the claim of the Security Trustee or the 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 Loan and of the beneficial interests in the Security Trust 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 to an account in the name of the Managing Agent. Net Rental Income will be transferred from that account to the Rent Account at least three business days prior to the relevant Loan Payment Date. On the Closing Date, the Issuer's beneficial interests in the Security Trust (which includes its interest in the Rent Account) will be assigned by way of security to the Trustee. See "The Structure of the Accounts".

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

The terms of the tenancies might affect the realisable value of the Properties on enforcement. The Loan provides that the Borrowers shall procure that no Property Owner grants a tenancy otherwise than on normal commercial terms and that the Property Owners permit a surrender of any tenancy only (a) in connection with the grant of a new tenancy on at least as good terms or (b) if an amount equal to the rent that would have been payable in respect of such tenancy from the time the tenancy was surrendered to the time that it would otherwise have expired is deposited in a Retention Account (see "The Structure of the Accounts") or (c) if the surrendering tenant is at least three months in arrears of rent or (d) the surrender of the tenancy would not cause a breach of the interest cover percentage.

In the case of leasehold Properties (or leasehold parts of Properties) located in England which are sublet (by the Property Owners of that Property), 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 Property Owners fail to pay their rent under the relevant headlease. In similar circumstances, in the case of leasehold properties located in Northern Ireland which are sublet, the rent (or a part of it) may be diverted to the superior landlord by a notice served by the superior landlord under Section 20 of the Landlord and Tenant Law Amendment Act (Ireland) 1860. It may also be diverted voluntarily by the sub-tenant in accordance with Section 21 of that Act. All of the Properties situated in England are either leasehold or part leasehold and part freehold and the Northern Irish Property is part freehold and part good fee farm title.

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 relevant Borrower in respect of such Property to default on the Loan.

Property Owners' liability to provide services

Parts of the Properties are not intended to be let to tenants and comprise areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the centre collectively, rather than being attributable to one particular unit or tenant ("**common parts**"). The majority of the occupational tenancies contain provisions for the relevant tenant, to make a contribution towards the cost of maintaining the common parts 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 parts. The contribution forms part of the service charge payable to the Property Owners (in addition to the principal rent) in accordance with the terms of the relevant tenancy.

The liability of the Property Owners to provide the relevant services are, 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 Property Owners to make good the shortfall from its own monies. The Property Owners 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 Property Owners 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 or, in respect of the Northern Irish Property, the Business Tenancies (Northern Ireland) Order 1996. Should such a right arise, the Property Owner may not have their 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, whilst 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. This is the same as the position in Northern Ireland, where a landlord may object to the grant of a new tenancy (a) if the property is required for redevelopment or for the landlord's own use or (b) if the tenant is in breach of covenant.

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 Titles issued by the English and Northern Irish lawyers to the sellers during July 2000.

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 Property Owners' and the tenant's proprietary interests in the Property (or part thereof) at the time of the related 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 Property Owners under the relevant tenancy. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold 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 Credit Agreement. Following the payment of compensation, the Borrower will be required 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.

Reliance on Valuation

The valuation of the Properties as at 31st July, 2000 (the "**Valuation Report**") was £660,250,000. However, there can be no assurance that the market value of the Properties will continue to equal or exceed such valuation. As the market value of the Properties fluctuates, there can be no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Credit Agreement. If the Properties are sold following an event of default

under the Credit Agreement, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Credit Agreement. In particular, it should be noted that the Properties, being large retail shopping centres, are a specialised property asset for which no ready market may exist.

Competition

Each of the Properties competes with other retail centres both in nearby urban areas and in out-of-town areas in the regions in which they are located. The principal factors affecting each 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 parking) in comparison to competing areas and centres. In addition, the Properties may in the future be affected by internet shopping, although it is expected that the range of leisure and food related activities offered by the Properties will ensure that customer numbers at the Properties should not be materially adversely affected by an increase in internet shopping. However, as internet shopping is a new and relatively undeveloped phenomenon, no assurance can be given that actual practice will match these expectations.

Property Management

The net cash flow realised from and/or the residual value of the Properties may be affected by management decisions. The manager of the Properties will have a wide discretion. In particular, the property manager will (subject to certain general restrictions) be responsible for finding and selecting new tenants on expiry of existing tenancies (and their replacements) and for negotiating the terms of the tenancies with such tenants. The property manager appointed on or before the Loan Closing Date will be Westfield Shoppingtowns Limited, an affiliate of Westfield Holdings Limited. While the Westfield Group is experienced in managing retail property, there can be no assurance that decisions taken by Westfield Shoppingtowns Limited or by a future manager will not adversely affect the value and/or cashflows of the Properties.

The tenants of each property will be required to pay Rental Income into an account held in the name of the Managing Agent in respect of each property. The Managing Agent is not required to provide any security over such funds. The Managing Agent is only required to transfer the Net Rental Income from such accounts to the Rent Account at least three business days prior to the relevant Loan Payment Date and consequently credit risk is taken on the Managing Agent whilst it holds funds collected from tenants.

The property manager will be paid a fee of 5 per cent. per annum of gross rental income in respect of property and asset management services provided by the property manager. Such fees may only be changed with the prior written consent of the Issuer.

Prepayment Risk

In relation to the Consent Property, until such time as the consents required for the transfer and charging of the Property (or the leasehold parts of the Property) has been obtained, the amount of the Loan relating to the Property shall be held in cash in the Escrow Account. If the necessary consents, security and conditions precedent have not been satisfied then prepayment shall occur as referred to in "Summary – Transaction Overview" above. Consents to assign and/or charge were also required for the Properties (or part of the Properties) at Guildford and Bury, but these have been obtained.

It is intended that the Purchase Contracts will be completed and the Loan drawn down on the same date. However, the Purchase Contracts (in addition to the Purchase Contract relating to the Consent Property. which contract is conditional in nature) may not have been completed on the contractual completion date (or at all) and consequently certain of the conditions precedent for the Loan will not have been satisfied. In such circumstances, MSDWPFI may refuse to make the Loan or may, in any event, allow the Loan to be drawn, but require the Borrowers to place the funds drawn in the Escrow Account

pending satisfaction of the outstanding condition(s) precedent. If all the outstanding condition(s) precedent have not been waived or satisfied on or prior to 25 January, 2001, the Borrowers will be required to repay the Loan and the Notes will be redeemed.

A higher prepayment rate in respect of the Loan may result in a reduction in interest receipts on the Loan by the Issuer and, thus, 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 and otherwise than consequent on a default and the enforcement of the Related Security, will be borne by the holders of the Class D Notes and the Class E Notes. In the event that, on any Interest Payment Date, Available Interest Receipts after deducting the D Notes Prior Payments or the E Notes Prior Payments, as the case may be, are not sufficient, as a result of the prepayment of the Loan in accordance with Clause 7 of the Credit Agreement, to satisfy in full the Interest Amount that would be due, the interest in respect of the Class D Noes or the Class E Notes will be limited to the amount equal to the result of (a) the Available Interest Receipts in respect of such Interest Payment Date (including, for the avoidance of doubt, the amount available for drawing by way of a drawing under the Liquidity Facility Agreement on such Interest Payment Date) minus (b) the D Notes Prior Payments or the E Notes Prior Payments, as the case may be. 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 D Notes or the Class E Notes, as the case may be, exceeds the Adjusted Interest Amount in respect of such class, shall be extinguished on such Interest Payment Date and the affected Noteholders shall have no claim against the Issuer in respect thereof. No drawing may be made under the Liquidity Facility Agreement in respect of any shortfall in interest receipts arising as a consequence of voluntary prepayments made on the Loan.

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

Except as described under "The Loan 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 Property Owner's status, and each will rely instead solely on the warranties given by MSDWPFI in respect of such matters in the Mortgage Sale Agreement (subject to disclosures in the Mortgage Sale Agreement, as the same are also disclosed in this Offering Circular) (see further "The Loan and the Related Security - Representations and Warranties"). The sole remedy against MSDWPFI of each of the Issuer and the Trustee in respect of any breach of warranty relating to the Loan and the Related Security if the breach is material and is not capable of remedy (or is capable of remedy and is not remedied within the specified time) shall be to require MSDWPFI either to repurchase the Loan together with the Related Security or, if the breach affects fewer than all of the Properties, to repurchase the Loan together with the Related Security or acquire a sub-participation on such terms as the Issuer and the Trustee shall require (at MSDWPFI's option) in that portion of the Loan relating to the Property(ies) affected by the breach; provided that this shall not limit any other remedies available to the Issuer and/or the Trustee if MSDWPFI fails to repurchase or take a sub-participation in all or a portion of the Loan and its Related Security when obliged to do so.

Payments under the Loan

No payment has been made under the Loan, which will not be drawn down until the Loan Closing Date. The Issuer can not (and does not) guarantee or warrant full and timely payment by the Borrowers of any sums.

Insurance

Each Borrower covenants in the Credit Agreement that it will procure that the Property Owners insure their Property and plant and machinery thereon on a full reinstatement basis including business interruption cover and rental value loss as the Borrower shall determine (acting reasonably). The Properties are or will be, prior to the Closing Date, insured under an "All Risks" insurance policy (subject to usual policy exclusions, terms and conditions and including terrorism, save in the case of the Property located in Northern Ireland which will be covered under other insurance arrangements in respect of losses occasioned thereby) covering physical loss or damage as well as business interruption, including loss of

rent insurance, gross earnings loss and extra expenses, being additional expenses incurred as a result of physical loss or damage. For a description of the insurance cover, see further "The Properties - Insurance".

In relation to the Property located in Northern Ireland, insurance cover in respect of physical loss or damage caused by terrorist action will be provided under the government scheme pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977. Consequential losses would only be recoverable under the scheme where physical damage due to terrorist action has occurred to the Property.

Most of the tenancies provide that, if the premises comprised in the tenancy are destroyed or damaged by an insured risk so as to render them unfit for use and occupation, the tenant will cease to be liable to pay rent otherwise due under the tenancy (or a proportionate part where the premises suffer only partial damage) until the premises are again rendered fit for use and occupation or (if earlier) the expiration of the period for which loss of rent has been insured.

The insurance against loss of rental value will cover the loss of rent during that period of rent cesser, although there could be administrative delay in obtaining payment by the insurers which could affect the ability of the relevant Borrower, and accordingly also the Issuer, to meet its payment obligations during that period of delay.

The period of recovery in respect of loss of rental value under the insurance policy will, however, be limited to a period comprising both (i) the period during which the damaged property could, with due diligence, have been rebuilt, repaired or replaced, and (ii) an additional period, being that required to restore the Borrower's business to the condition that would otherwise have existed, such period commencing from the later of (a) the date on which the insurers liability would otherwise terminate and (b) the date on which the damaged property is actually rebuilt, repaired or replaced, such additional period being, in any event limited to one year from the later of (a) and (b). Although the relevant tenants will, again, be liable for the rent if the relevant lease subsists after that period, it is likely that a tenant so affected would exercise its right to terminate the lease (where such right is granted) if the premises are not reinstated in time. Thus, after the expiry of the period referred to above, the relevant Borrower could cease to be entitled to both the rental income from part of its Property and further loss of rent insurance. In addition, if those circumstances applied, the proceeds of the insurance taken out by each Borrower and the Property Owners (which will cover the costs of reinstatement) may not be sufficient to pay, in full, all the amounts due from the Borrower under the Credit Agreement and, hence, the Notes.

The terms of most of the tenancies require the landlord (that is, the relevant Property Owners) to carry out the reinstatement of damaged premises following damage or destruction by an insured risk subject to any necessary planning permission or other consents being obtained, and to apply the proceeds of the buildings insurance (other than loss of rent insurance monies) for this purpose.

The Credit Agreement requires that proceeds of insurance should be used to make good damage or destruction unless there is an event of default under the Loan when, to the extent any insurance policy, headlease or occupational lease does not restrict the proceeds of insurance being used to prepay the Loan, such sums shall at the Property Owners' option be used in or towards the prepayment of the Loan.

Certain types of risks and losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or not economically insurable or are not covered by the required insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the Borrowers might not have sufficient funds to repay in full all amounts owing under or in respect of the Credit Agreement.

MSMS's interest (in its capacity as Security Trustee) will be noted on each buildings insurance policy maintained in respect of each Property as soon as reasonably practicable following drawdown of the Loan and acquisition of the Properties by the Property Owners. 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. The buildings insurance policies may not, in each case, refer to successors in title of MSDWPFI.

The Issuer's beneficial interest in the Security Trust (which includes its benefit under the buildings insurance policies) 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 insurance policies is not certain.

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) ("**New Tenancies**") 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 residential or 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 tenancies 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 tenancy of any such Property in England will remain liable under these tenancies 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 tenancy and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, thus creating a "*chain of indemnity*".

In the case of a tenancy of any property located in Northern Ireland which requires landlord's consent to assignment, the outgoing tenant (be it the original tenant or any subsequent assignee) is released from all liability to the landlord when the landlord gives his consent in the form required by Section 16 of the Landlord and Tenant Law Amendment Act (Ireland) 1860. Such consent is normally obtained as a matter of standard practice upon the assignment of any lease. Where such consent is not obtained, whether because the lease does not require consent or otherwise, the original tenant and his successors remain liable to the landlord throughout the term of the lease.

There can be no assurance that any assignee of a tenancy 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 most senior class of Noteholders 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 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 Loan, 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 November 2007. 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 either or both 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 downgrade, withdrawal or qualification of any of the ratings mentioned above may impact upon the ratings 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 a maximum aggregate principal amount of £20,000,000 which will in certain limited circumstances be reduced. The Liquidity Facility is not available to meet shortfalls in Final Redemption Funds or Prepayment Redemption Funds or to fund any Revenue Priority Amount payable to MSDWPFI or any Principal Priority Amount.

Appointment of Substitute Servicer

The Trustee must appoint a substitute servicer prior to or contemporaneously with a termination of the appointment of the Servicer under the Servicing Agreement. 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 Loan 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. Such substitute servicer would not become bound by MSDWPFI's obligations under the Mortgage Sale Agreement. 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 given considerable discretion in determining how and in what manner to proceed and what action should be taken in relation to the Loan if the Loan were to become a Specially Serviced Loan and Related Security.

Mortgagee in possession liability

The Security Trustee or the Trustee (if the Trustee has taken enforcement action against the Issuer) may be deemed to be a mortgagee in possession if the Security Trustee or the 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 or the 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; this could result in the Security Trustee (or the Trustee if it has taken enforcement action against the Issuer) 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.

The Trustee has the absolute discretion, at any time, to serve a written notice on the Servicer (or the Special Servicer) requiring the Servicer (or the Special Servicer) to obtain the Trustee's prior written consent before taking any action which would be likely to lead to the Security Trustee or the Trustee becoming a mortgagee in possession in respect of a Property. 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 either the Issuer or the 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 Property Owner, neither the Security Trustee nor the Trustee should incur responsibility for such liability prior to enforcement of the Loan and Related Security, unless it could be established that the Security Trustee or the Trustee (or the Servicer or the Special Servicer on behalf of the Security Trustee and/or the 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 or the Trustee, if deemed to be a mortgagee in possession, or a receiver appointed on behalf of the Security Trustee or the 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 Properties comprise registered land (but see "Possessory Title" below). The relevant Property Owners in relation to each Property will not be registered immediately as legal proprietors of that Property (following the acquisition of that Property) and consequently the Security Trustee will not be registered immediately as proprietor of the legal mortgage granted to it by those Property Owners over that Property. MSDWPFI has confirmed, following consultation with their external legal advisers, that they are not aware of any reason why the Property Owners 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 any Property.

In the case of each Property the relevant completed transfer or transfers or conveyance or conveyances will be duly stamped (and appropriate undertakings and funds will be obtained at drawdown of the Loan in this respect) and appropriate application will be made within the appropriate priority period following execution of a transfer to H.M. Land Registry or (as applicable) the Land Registry of Northern Ireland for registration of transfer of the title and the relevant mortgage. MSDWPFI will hold funds sufficient to pay the fees or will receive solicitors' undertakings to pay the fees in relation to all necessary applications to H.M. Land Registry and the Land Registry of Northern Ireland which have not already been paid. It is expected that all applications will be complete within six months of the date of this Offering Circular.

In the case of one of the Properties, landlord's consent to the assignment of the Property or a part thereof to the relevant Property Owners is required and has not been obtained; the relevant Purchase Contract is conditional on such consent being obtained. As at the date of this Offering Circular, landlord's consent in principle has been obtained.

Application for any necessary consents to assign a lease is first made by the seller to the relevant landlord of the Consent Property (or part thereof), which application will be accompanied by details of the proposed transaction and financial and other information with regard to the relevant Property Owner. The landlord will then assess the proposal in the light of the fact that its consent to assignment may not be unreasonably withheld, which broadly means that the landlord is entitled to satisfy itself that it will remain in more or less the same situation after the assignment as previously, although it is not entitled to seek to improve its position as a result.

Under the terms of the Landlord & Tenant Act 1988 the landlord has a duty to reach its decision without unreasonable delay and, if this does not happen, the relevant Property Owners are entitled to apply to the Court for a declaration that consent is being unreasonably withheld. The grant of any such declaration would automatically constitute licence to assign the relevant lease.

It is considered that, in the circumstances, there are no reasonable grounds upon which the landlord could refuse consent to the assignment of the Consent Property (or the relevant part thereof) to the relevant Property Owners but, if it is necessary to obtain a Court Order, it may be some months before such consent is forthcoming. The Credit Agreement provides for the amount of the Loan attributable to any Property where consent has not been obtained to be placed in a separate Escrow Account and, if the consent is not forthcoming by the 25th April, 2001, this may be withdrawn by the Security Trustee and applied towards prepayment of the Loan. (See "Prepayment Risk").

Possessory Title

The Northern Irish Property includes a small area of unregistered possessory title based upon continuous use and occupation by the proprietor and its immediate predecessors in title. No original document of title in respect of that part of the Property can be located. Title indemnity insurance has been obtained in relation to this. See further under "The Property Certificates", below.

Note also the possessory title in respect of part of the title to the Friary, Guildford referred to below in "The Property Certificates".

Due Diligence

The only due diligence that has been undertaken in relation to the Loan and the Properties is referred to below (see "The Loan and the Related Security") and was undertaken in the context of and at the time of entering into the Loan Commitment by MSDWPFI. Additional priority Land Registry searches will be undertaken in respect of the Properties (for the benefit of the Security Trustee in the context of the warranties that are being given); and the certificate of title previously issued will be updated at or immediately prior to the drawdown of the Loan. The Issuer, however, will rely solely on the representations and warranties of MSDWPFI contained in the Mortgage Sale Agreement referred to below.

The Property Certificates

Title to the Properties has been investigated by the sellers' solicitors who have produced a certificate of title in relation to each Property. A description of the due diligence undertaken is set out at "The Loan and the Related Security – Property Title Investigation" below. The certificates of title identified the following material issues in relation to the Properties:

The Eagle Centre, Derby

(a) There is an option for the landlord of a lease of the multi storey car park at the Eagle Centre in Derby to take a surrender of land comprised in the proposed lease in consideration of the payment of seven hundred and fifty thousand pounds if the option notice is served prior to the 19th May, 2001 or in consideration of a payment representing the open market value of the premises if the lease is surrendered after that date. The payment of the premium by the landlord may be less than the market value of the premises surrendered and may have an adverse effect on the income from the Property. Healey and Baker have confirmed that the land which is the subject of the landlord's option to surrender falls outside the extent of the car park. They have also confirmed that no value was attributed to the area of land in question in the valuation certificate.

(b) There is a lease of a service road which was granted to the previous owner. The lease was not assigned to the seller and accordingly it cannot be assigned to the relevant Property Owner. Notwithstanding this, the Borrower's solicitors have confirmed that similar rights have been granted in the transfer of the freehold to MEPC plc and that the rights will continue to benefit the Property Owners and the occupiers of the Eagle Centre in Derby. It is likely that adequate rights therefore benefit the shopping centre at Derby (excluding a small leasehold part of the centre) notwithstanding that the lease has not been assigned.

The Friary Shopping Centre, Guildford

(a) There is a supplementary deed to the lease of the Friary Shopping Centre, Guildford pursuant to which the tenant agrees to pay a maximum of three hundred thousand pounds towards the cost of highway improvement. The tenant also covenants to make available any land forming part of the Property and make such alterations as may be required to the Property to enable construction of a highway. The seller is unable to confirm that these obligations have been complied with, however they have indemnified the Property Owners for all costs claims and liabilities in respect of any sums due and payable. There are certain limitations on the indemnity (see "Acquisition and Management of the Properties" below).

(b) The Friary Centre, Guildford comprises a mixture of freehold and leasehold titles. A freehold title which comprises part of the centre is registered with possessory title. Possessory title has the same effect as registration with absolute title, except that the proprietor is subject to all adverse interests existing at the date of registration.

(c) Access to part of the Property in Guildford is across a footbridge. A licence has been granted by Surrey County Council for use of the footbridge. Surrey County Council can terminate the licence on 21 days' written notice if the licensee breaches a condition of the licence. The termination of

the licence arrangement may have an adverse effect on the Property, although the footbridge is not the main means of access to the Property.

Royal Victoria Place, Tunbridge Wells

(a) A lease of part of Royal Victoria Place, Tunbridge Wells contains an ability for the landlord to take a surrender of Meadow Road Car Park if the landlord's expenditure exceeds the income it receives from the car park. If the landlord takes a surrender of the car park then it is under no obligation to continue to operate a car park for the benefit of the Property.

(b) A local authority search was not carried out in relation to Number 6 Grosvenor Road, which forms part of Royal Victoria Place, Tunbridge Wells. As a result there may be adverse entries against that part of the Property which have not been identified in the certificate of title.

(c) There is a planning condition that vehicular access to the Property can only be exercised from Victoria Road. The servicing for the Property is from Victoria Road only but there are other accesses to the Property which are used in practice.

(d) There are four Section 52 agreements with the Local Authority affecting the Property at Tunbridge Wells. They relate to the original construction of the Property and there is no evidence that there are any outstanding obligations, but the Borrowers' solicitors have not been able to obtain confirmation that this is the case.

Mill Gate Shopping Centre, Bury

(a) The shopping centre at Mill Gate Shopping Centre, Bury comprises a mixture of freehold and leasehold land. A lease of part of the shopping centre is registered with good leasehold title and not title absolute. This class of title indicates that the Land Registry have not been provided with evidence of the landlord's entitlement to grant the lease. In view of the fact that the landlord is a local authority, it is unlikely that there are any restrictions in any superior title (such as a prohibition on granting leases) which will not have been complied with on the grant of the lease of the relevant part of the Bury Centre. The fact that part of the Bury Centre has been registered with good leasehold title is, in the circumstances, unlikely to be material.

The Brunel Shopping Centre, Swindon

(a) A lease of a wall and a leasehold easement benefiting part of the Brunel Shopping Centre, Swindon have not yet been registered at HM Land Registry. There is no requirement in the Purchase Contract for the seller to procure that the said interests are registered, however the disposition to the Property Owners is made with full title guarantee.

(b) A lease of part of the Brunel Shopping Centre, Swindon contains an absolute prohibition on charging the premises other than by a mortgage or charge at arms length with a financial institution. The Borrowers' solicitors have confirmed that the prohibition on charging will not apply to the proposed facility.

(c) An agreement to surrender the lease of a unit which is let to Brador Properties (C&A) has been entered into by the seller. The agreement provides for the surrender of the C&A unit in consideration of a payment of one million one hundred thousand pounds. The proposed date of surrender is in January 2001. The surrender may not meet the criteria set out in the Credit Agreement.

Castle Court Shopping Centre, Belfast

Title to a small part of the car park is unregistered and has possessory title only, based on the use of the land since 15th July 1987. Title indemnity insurance has been obtained. The insured is Castlecourt Investments Limited and its successors in title (including mortgagees). The limit of indemnity is

£5,000,000. The policy excludes any loss arising directly or indirectly from any rights currently being exercised over the unregistered part of the Property.

Administration

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 a petition for an administration order is presented after the appointment of an administrative receiver, the restrictions mentioned above do not apply, unless the person who appointed the receivers consents to the making of 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.

The transaction between MSDWPFI and the Borrowers has been structured to reduce the effects of the inability of a secured creditor to block the appointment of an administrator in respect of any of the Borrowers. The legal title to each Property will be held on trust by two Property Owners, each a newly-incorporated special purpose company registered in Jersey, both of which are subsidiaries of the relevant General Partner. The Property Owners will provide security to the Security Trustee in respect of the Borrowers' obligations under the Credit Agreement. In addition, each of the General Partners and each of the Borrowers has provided fixed security and the General Partners have provided floating security to the Security Trustee in respect of the Borrowers' obligations under the Loan.

The Borrowers are English limited partnerships composed of companies incorporated under the Companies Act 1985. 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 General Partner Debenture by the Borrowers. 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 General Partner Debenture does 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 the Loan and Related Security current from time to time. See "Servicing". The principal remedies available following a default under the Credit Agreement or its Related Security, as contemplated by the Servicer's enforcement procedures, are the appointment of a receiver over the Properties or over all of the charged assets of the General Partners, Borrowers or Property Owners and/or

entering into possession of the Properties. 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 Servicer's usual practice in England and Wales would be to require the Security Trustee to appoint a "Law of Property Act" receiver ("**LPA 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 Trustee, the Servicer or the Special Servicer on behalf of the Security Trustee and/or the Trustee, unduly directs or interferes with and influences the receiver's actions, a court may decide that the receiver is the Security Trustee's or the Trustee's agent and that the Security Trustee or the Trustee, as the case may be, should be responsible for the receiver's acts.

The Law of Property Act 1925 does not apply in Northern Ireland, and, therefore, "Law of Property Act" receivership does not exist in that jurisdiction.

In Northern Ireland, the Conveyancing and Law of Property Act 1881 contains equivalent provisions relating to property receivers and a receiver can be appointed in respect of property in Northern Ireland without the appointment of an administrative receiver or the lender entering into possession of the relevant property. Following the appointment of a property receiver, the agency laws relating to that receiver are broadly analogous to those in England and Wales as outlined above.

The Trustee has absolute discretion to serve a written notice on the Servicer (or the Special Servicer) requiring the Servicer (or the Special Servicer, as the case may be) from the date of the notice to obtain the Trustee's prior written consent before agreeing to any indemnity from the Security Trustee and/or the Trustee in favour of a receiver appointed in respect of a Property.

As stated in "Risk Factors – Administration" above, it is not possible to appoint an administrative receiver in respect of a limited partnership. The Security Trustee's rights and powers will, therefore, be limited to the rights and powers expressly provided for in the Debentures which, as stated above, include the right to appoint LPA Receivers in respect of the Properties and the powers devolved by the Law of Property Act 1925.

Preferred creditors under Irish law

Under Irish law upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company which have been approved by the Irish courts.

The holder of a fixed security over book debts (which would include the Loan acquired by the Issuer) of an Irish tax resident company such as the Issuer may be required by notice from the Irish Revenue Commissioners to pay to them sums equivalent to those which the holder thereafter receives in payment of debts due to it by the company. Where the holder of the security has informed the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holders' liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issue to the holder of a notice from the Irish Revenue Commissioners. The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts but it may override the rights of holders of security (whether fixed or floating) over the debt in question. In relation to the disposal

of assets of an Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

United States Tax Characterisation of the Notes

Although all of the Notes are denominated as debt, there is a significant possibility that the Class E Notes (and to a lesser extent, a more senior class 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".

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 shall be translated into, and any amount payable shall 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 shall 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, Irish law, Northern Irish law, 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, Irish law, Northern Irish 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.

Hedging risks

The Loan will bear interest at a fixed rate while each class of the Notes will bear interest at a rate based on three month LIBOR plus a margin (see Condition 5). In order to address interest rate risk, the Issuer will enter into the Swap Transaction pursuant to the Swap Agreement. However, there can be no assurance that the Swap Transaction 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 the Borrowers under the Credit Agreement, the Swap Transaction 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. Any 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, in certain

cases, 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 risk 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, European Loan Conduit No. 4 p.l.c., was incorporated in Ireland on 1st September, 2000 (registered number 331914) as a public company limited by shares under the Irish Companies Acts, 1963 to 1999. The registered office of the Issuer is at West Block Building, International Financial Services Centre, Dublin 1, Ireland. The Issuer has no subsidiaries.

1. Principal Activities

The principal objects of the Issuer are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to invest in and acquire loans and any security given or provided by any person in connection with such loans, to hold and manage and deal with, sell or alienate such loans and related security, 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.

Since the date of its incorporation, the Issuer has not commenced operations and no accounts have been made up as at the date of this Offering Circular. The only activities in which the Issuer has engaged are those incidental to its incorporation and registration as a public limited company under the Irish Companies Acts, 1963 to 1999, the authorisation of the issue of the Notes, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party 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 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**
Adrian Masterson	11 Percy Place, Dublin 4	Financial Adviser
John Walley	6th Floor, Block 3, Harcourt Centre, Dublin 2	Financial Services Consultant

The company secretary of the Issuer is AIB International Financial Services Ltd, whose principal address is P.O. Box 2751, AIB International Centre, International Financial Services Centre., Dublin 1.

The Corporate Services Provider will, under the terms of a corporate services agreement (the "**Issuer Corporate Services Agreement**") to be entered into on or about the Closing Date between the Issuer and the Corporate Services Provider, provide certain corporate services to the Issuer, including the provision of company secretarial services and the provision of related corporate administrative services.

The Corporate Officers Provider will, under the terms of a corporate officers agreement (the "**Corporate Officers Agreement**") to be entered into on or about the Closing Date between the Issuer, the Corporate Officers Provider and the Trustee, nominate persons to serve in the capacity of director of the Issuer.

By a corporate services agreement (the "**Parent Company Corporate Services Agreement**") entered into on 12th July, 2000 between SFM Corporate Services Limited (in such capacity, the "**Parent Company Corporate Services Provider**") and European Loan Conduit Holdings Limited (the "**Parent Company**") and the Trustee, the Parent Company Corporate Services Provider agreed to provide general administration and secretarial support to the Parent Company in England. The Parent Company Corporate Services Agreement will be supplemented on or about the Closing Date by the Supplemental Parent Company Corporate Services Agreement which provides that in certain circumstances the Issuer will pay the fees of the Parent Company Corporate Services Provider.

3. Capitalisation and Indebtedness Statement

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:

Authorised	**€**
40,000 ordinary shares of €1 each.	
Issued	
40,000 fully paid up ordinary shares of €1 each……..	40,000

Loan Capital	**€**
Class A Commercial Mortgage Backed Floating Rate Notes due 2007……	548,002,150
Class B Commercial Mortgage Backed Floating Rate Notes due 2007…….	67,536,470
Class C Commercial Mortgage Backed Floating Rate Notes due 2007……	65,604,280
Class D Commercial Mortgage Backed Floating Rate Notes due 2007……	71,395,840
Class E Commercial Mortgage Backed Floating Rate Notes due 2007……	19,293,510
Total ……	771,832,250

Note: Figures in the above table were converted at the rate of £1: €1.67

Save as described above, as at the date hereof, the Issuer has no loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or charges or given any guarantees.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred and no dividends have been paid.

The entire share capital of the Issuer is held by European Loan Conduit Holdings Limited or its nominees. European Loan Conduit Holdings Limited was incorporated in England and Wales on 20th June, 2000 (registered number 4021014) and has its registered office at Blackwell House, Guildhall Yard, London EC2V 5AE, England.

The total issued share capital of European Loan Conduit Holdings Limited (being 1 share of £1 of which is fully paid) is held by SFM Corporate Services Limited as trustee of the European Loan Conduit Securitisation Trust pursuant to a charitable declaration of trust (the "**Share Declaration of Trust**") dated 12th July, 2000 and to be amended on the Closing Date (the "**Deed of Amendment to the Share Declaration of Trust**"). European Loan Conduit Holdings Limited is a holding company, of which European Loan Conduit No. 3 plc is also a wholly owned subsidiary.

4. Accountant's Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from KPMG , who have been appointed as auditors and reporting accountants to the Issuer. KPMG 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 Ireland since the Issuer's incorporation. The Issuer's accounting reference date will be 31st December and the first statutory accounts will be drawn up to 31st December, 2001.

"22 September 2000

The Directors
European Loan Conduit No. 4 p.l.c.
West Block Building,
International Financial Services Centre,
Dublin 1
Ireland

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

The Managers referred to in the Offering Circular
(together with Morgan Stanley & Co. International, the "Managers")

Dear Sirs

European Loan Conduit No. 4 p.l.c. (the "Company")

Basis of preparation

The financial information set out in the balance sheet and related notes below is based on the financial statements of the Company from its date of incorporation, 1 September 2000 to 22 September 2000 prepared on the basis described in note 2.1, to which no adjustments were considered necessary.

Responsibility

The financial statements referred to above 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 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. Our work included an assessment of evidence relevant to the amounts and disclosures in 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.

Opinion

In our opinion, the financial information gives, for the purposes of the Offering Circular to be dated 25 September 2000, a true and fair view of the state of affairs of the Company as at 22 September 2000 and for the period from 1 September 2000 to 22 September 2000.

1 Balance sheet

Balance sheet as at 22 September 2000

	€
Current assets	
Cash at bank and in hand	**40,000**
Capital and reserves	
Called up equity share capital	**40,000**

2 Notes

2.1 Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

2.2 Trading activity

The Company has not traded during the period from incorporation on 1 September 2000 to 22 September 2000 nor did it receive any income, incur any expenses or pay any dividends. Consequently, no profit and loss account has been prepared. No audited financial statements have been made up for the Company. We were appointed auditors to the Company on 6 September 2000.

2.3 Share capital

The Company was incorporated on 1 September 2000 with the name of European Conduit No. 4 p.l.c.

On incorporation the authorised share capital of the Company amounted to €40,000 divided into 40,000 ordinary shares of €1 each. 1 share of €1 was issued to each of the subscribers and is fully paid up. 39,994 shares of €1 each were issued to European Loan Conduit Holding Ltd and are fully paid up.

Yours faithfully

KPMG
Chartered Accountants
Registered Auditors"

THE PARTIES

Morgan Stanley Dean Witter Principal Funding Inc.

Morgan Stanley Dean Witter Principal Funding Inc. ("**MSDWPFI**") is a subsidiary of Morgan Stanley Dean Witter & Co. ("**MSDW**") and was formed as a Delaware corporation to, amongst other things, make loans in connection with securitisations, capital markets issues and acquisition finance. The principal offices of MSDWPFI are located at 1585 Broadway, New York, New York 10036.

Servicer, Special Servicer and Security Trustee

Morgan Stanley Mortgage Servicing Limited ("**MSMS**") is a specialist loan servicing business 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. The consolidated accounts of MSDW are available on request.

Liquidity Facility Provider

Lloyds TSB Bank plc ("**LTSB**" or the "**Liquidity Facility Provider**"), acting through its Corporate and Institutional Financial Services 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.

Operating Bank

The principal office of Allied Irish Banks p.l.c. is at Bankcentre, P.O. Box 452, Ballsbridge, Dublin 4. Acting 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, Swap Collateral Cash Account and Swap Collateral Custody Account (each as defined below). Allied Irish Banks p.l.c. is one of Ireland's largest financial services companies.

Principal Paying Agent, Cash Manager, Interest Rate Agent, Exchange Agent and Corporate Services Provider

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

Corporate Officers Provider

Structured Finance Management (Ireland) Limited, whose registered office is at 11 Percy Place, Dublin 4, will be appointed as Corporate Officers Provider under the Corporate Officers Agreement, pursuant to which it will nominate persons to act as directors of the Issuer.

Parent Company Corporate Services Provider

SFM Corporate Services Limited, whose registered office is at Blackwell House, Guildhall Yard, London EC2V 5AE will provide corporate services to the Parent Company under the Parent Company Corporate Services Agreement.

Depository and Registrar

The Chase Manhattan 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 Depositary Agreement and Registrar under the Agency Agreement.

Trustee

Chase Manhattan Trustees 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 and the Irish Deed of Charge 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 and the Irish Deed of Charge;

(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 shall 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 to 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 of Charged Property made by it pursuant to the Deed of Charge and Assignment or the Irish Deed of Charge;

(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 or a Potential Event of Default shall 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;

(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 shall 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 BORROWERS

The six Borrowers who have entered into the Credit Agreement with Morgan Stanley Dean Witter Principal Funding Inc. in its capacity as Lender and Morgan Stanley Mortgage Servicing Limited in its capacity as Security Trustee are The Wilmslow (No. 1) Limited Partnership, The Wilmslow (No. 2) Limited Partnership, The Wilmslow (No. 3) Limited Partnership, The Wilmslow (No. 4) Limited Partnership, The Wilmslow (No. 5) Limited Partnership and The Wilmslow (No. 6) Limited Partnership. Each of the Borrowers is a limited partnership formed in England in each case on 28th July, 2000 pursuant to the Limited Partnership Act 1907 (the "**1907 Act**"). Each of the Borrowers has three partners, one of which is a General Partner, the others being Limited Partners.

Since the date of their incorporation or, in the case of each Borrower, its formation, none of the General Partners, Borrowers or Property Owners have (a) carried on any business other than in connection with the acquisition and ownership of the relevant Properties (in the case of the Borrowers and Property Owners) or in connection with the management of any Borrower (in the case of each General Partner), (b) sold or disposed of any asset other than to a third party on arm's length terms, or (c) incurred any actual or contingent liabilities which are outstanding or undischarged other than in connection with the management of any Borrower (in the case of each General Partner) or in connection with the ownership of the relevant Properties (in the case of the Borrowers and Property Owners), save that the General Partners have borrowed approximately £60,000 from Cavemont Pty Limited and hold a number of shares. The General Partners are obliged, pursuant to the Credit Agreement, to repay the loans from Cavemont Pty Limited prior to drawdown of the Loan and it is anticipated that the shares held by the General Partners will be sold and the borrowings repaid from the proceeds of sale on the Loan Closing Date. The registered address of each General Partner is Lacon House, Theobalds Road, London WC1X 8RW.

The following table shows the Property that the partnerships will purchase and the partners forming each partnership:

Borrower	**Property**	**Limited Partners**	**General Partner**
The Wilmslow (No. 1) Limited Partnership (partnership no. LP7035)	Castle Court Shopping Centre, Belfast	Westfield UK (Nominee) Limited (Co. no. 3973924) MEPC CastleCourt LP Limited (Co. no. 4022771)	Wilmslow (No. 1) General Partner Limited (Co. no. 3973915)
The Wilmslow (No. 2) Limited Partnership (partnership no. LP7036)	Mill Gate Shopping Centre, Bury	Westfield UK (Nominee) Limited MEPC Millgate LP Limited (Co. no. 4000138)	Wilmslow (No. 2) General Partner Limited (Co. no. 3974011)
The Wilmslow (No. 3) Limited Partnership (partnership no. LP7037)	Eagle Centre, Derby	Westfield UK (Nominee) Limited MEPC Eagle LP Limited (Co. no. 4022761)	Wilmslow (No. 3) General Partner Limited (Co. no. 3974021)
The Wilmslow (No. 4) Limited Partnership (partnership no. LP7038)	The Friary Shopping Centre, Guildford	Westfield UK (Nominee) Limited MEPC Friary LP Limited (Co. no. 4022775)	Wilmslow (No. 4) General Partner Limited (Co. no. 3974044)

The Wilmslow (No. 5) Limited Partnership (partnership no. LP7039)	Brunel Centre, Swindon	Westfield UK (Nominee) Limited MEPC Brunel LP Limited (Co. no. 3862441)	Wilmslow (No. 5) General Partner Limited (Co. no. 3974052)
The Wilmslow (No. 6) Limited Partnership (partnership no. LP7040)	Royal Victoria Place, Tunbridge Wells	Westfield UK (Nominee) Limited MEPC RVP LP Limited (Co. no. 4000405)	Wilmslow (No. 6) General Partner Limited (Co. no. 3974061)

Pursuant to the 1907 Act, the person or persons who are general partners of a limited partnership registered 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 Limited Partnership Act 1907, 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.

A limited partnership may be dissolved in accordance with the provisions of the relevant partnership agreement. In addition the court may, on the application of any partner and on the satisfaction of certain statutory grounds, order the dissolution of the partnership. The court may also, on the petition of a creditor, certain insolvency practitioners, the Secretary of State or a partner, make an order for the winding-up of the partnership and/or in certain circumstances one or more, or all, of the partners. The terms of each partnership agreement effectively prohibit, however, any of the partners from petitioning for the winding-up or administration of the partnership so long as the Loan is outstanding.

In the case of each Borrower, two Jersey incorporated companies (each a "**Property Owner**"), both of which are wholly owned subsidiaries of the relevant General Partner, will hold the Property of the Borrower as joint legal owners. The Property Owners in respect of each Borrower will hold the relevant property on trust for the Borrower pursuant to a declaration of trust (the "**Property Declaration of Trust**"). There are two Property Owners in respect of each Property to ensure that any conveyance or transfer of the Property will overreach the equitable interests of the Borrower in respect of that Property, pursuant to section 27 of the Law of Property Act 1925 or, in the case of the Northern Ireland Property, pursuant to certain provisions contained in the Property Declaration of Trust. The registered address of each Property Owner is PO Box 22, Grenville Street, St Hellier, Jersey.

The following table shows the Property Owners, the Property each one holds and the relevant general partner:

Company Name	**Property**	**General Partner**
W (No. 1) GP (Nominee A) Limited (Co. No. 77725) and W (No. 1) GP (Nominee B) Limited (Co. No. 77726)	Castle Court Shopping Centre, Belfast	Wilmslow (No. 1) General Partner Limited
W (No. 2) GP (Nominee A) Limited (Co. No. 77727) and W (No. 2) GP (Nominee B) Limited (Co. No. 77728)	Mill Gate Shopping Centre, Bury	Wilmslow (No. 2) General Partner Limited

W (No. 3) GP (Nominee A) Limited (Co. No. 77729) and W (No. 3) GP (Nominee B) Limited (Co. No. 77730)	Eagle Centre, Derby	Wilmslow (No. 3) General Partner Limited
W (No. 4) GP (Nominee A) Limited (Co. No. 77731) and W (No. 4) GP (Nominee B) Limited (Co. No. 77732)	The Friary Shopping Centre, Guildford	Wilmslow (No. 4) General Partner Limited
W (No. 5) GP (Nominee A) Limited (Co. No. 77733) and W (No. 5) GP (Nominee B) Limited (Co. No. 77734)	Brunel Centre, Swindon	Wilmslow (No. 5) General Partner Limited
W (No. 6) GP (Nominee A) Limited (Co. No. 77735) and W (No. 6) GP (Nominee B) Limited (Co. No. 77736)	Royal Victoria Place, Tunbridge Wells	Wilmslow (No. 6) General Partner Limited

ACQUISITION AND MANAGEMENT OF THE PROPERTIES

The Borrowers have contracted to purchase the Properties and agreed the form of a Management Agreement to be entered into in relation to each Property with Westfield Shoppingtowns Limited in relation to the future management of the Properties. The Purchase Contracts, for whatever reason, may not be completed. A drawdown notice has been served on MSDWPFI by the Borrowers.

Purchase Contracts

The Borrowers have entered into Purchase Contracts with the relevant sellers in relation to the acquisition of the Properties. Such Purchase Contracts are confirmed by Denton Wilde Sapte to be in a usual commercial form. The conditional nature of the Purchase Contracts in relation to the Property located at Tunbridge Wells is referred to above. See "Summary – Repayment".

Denton Wilde Sapte have further confirmed that the only material obligations of either party to the Purchase Contracts that will continue after completion of the transfer of the Properties relate to the obligations of the sellers (as guaranteed by MEPC plc) in relation to the building works (see "*Building Works*" below).

Building Works

Each of the Purchase Contracts for the sale of each of the Properties to the relevant Property Owner includes:

(a) an obligation for the seller (at its own cost and at the election of the relevant Property Owners) to either procure deeds of warranty from all members of the construction team or to assign to the Property Owners the full benefit of the construction rights and any retention monies outstanding by deed of assignment. The sellers are also under a reasonable endeavours obligation to get any necessary consents to the assignment.

(b) an obligation for the seller (at the request of the Property Owners and at the Property Owners' cost) to enforce its rights against any building contractor, sub-contractor or professional consultant in relation to any defect, shortage or other fault in the design of the property or in or attributable to the workmanship or materials used in its construction. The seller is also to pay the Property Owners any amounts required from any of the construction team.

(c) an indemnity in favour of the Property Owners against any costs paid or payable by the Property Owners towards or in connection with the remedying of any defects. If and to the extent that any of the amounts payable by the Property Owners exceed any amounts actually recovered by the seller (net of legal costs experts fees and other costs and expenses) the Property Owners agree to waive this indemnity.

The seller is not obligated to commence proceedings in accordance with paragraph (b) above if (i) there is no reasonable prospect of success; or (ii) the party against whom proceedings are to be commenced does not have sufficient funds to meet the claim; or (iii) it is considered that (having regard to the amount of the claim and the amount which the relevant Property Owners are seeking to recover) the claim is not commercially advisable.

Management and Leasing Agreement

Management Duties

On or before the Closing Date, each Borrower will enter into a Management and Leasing Agreement (each a "**Management Agreement**") with Westfield Shoppingtowns Limited ("**Shoppingtowns**" or, for the purposes of this section, the "**Manager**") pursuant to which each Borrower will appoint Shoppingtowns to act as its manager and agent for the purposes of leasing, managing, promoting and administering the relevant Property.

The duties of the Manager will include the collection of rent and general management of the Property, as well as procuring compliance by the Borrower and the Property Owner with any headleases and insurance obligations. The Manager will also carry out the day-to-day role of an asset manager of property and will negotiate on behalf of the Borrower and the Property Owner disposals, surrenders and new lettings together with lease renewals and rent reviews. In connection with procuring insurance the Manager shall procure the usual mortgagee non-invalidation clause. The Manager (in its capacity as Managing Agent) is obliged to pay the net income received in respect of a Property (being gross receipts less operating expenses) into the Rent Account.

In managing the Properties, Shoppingtowns shall be entitled to use the name Westfield or Shoppingtowns in the description of the Property. Throughout the term of the agreement, the Manager shall provide written reports and statements concerning the operation of the Properties during each quarter or as otherwise agreed.

The Manager has agreed to enter into a Duty of Care Agreement with the Security Trustee in respect of its obligation to collect rent and pay the net rental income into the Rent Account.

Budget and Expenditure

The Borrower will agree the form of a business plan (to be updated from time to time – see below) and in undertaking its obligations under the Management Agreement, the Manager shall have regard to the objectives in the business plan and endeavour to implement it.

The Manager shall seek prior written approval regarding all expenditure other than amounts up to 5 per cent. over the amount budgeted for in the business plan and shall in any event seek prior written approval of the relevant Borrowers for expenditure of a capital nature or a non-recurring item exceeding £50,000.

Each Borrower and the Manager will jointly review the business plan every twelve months and the Manager shall provide a quarterly report showing the Property performance against the business plan. Following a review the Manager will prepare a revised business plan for approval by the relevant Borrower.

An annual operating budget will be proposed by the Manager and approved by the relevant Borrower. The budget will form part of the business plan and the Manager will keep books of account and provide financial statements.

Appointment

The appointment will take effect from the Loan Closing Date and continue for so long as the Westfield Group continues to hold, directly or indirectly, an ownership interest in the relevant Property of 25 per cent. (or such lower amount as the Borrowers and Manager shall agree) or until the agreement is terminated (see below).

The Borrowers are to acknowledge that all systems, methods and practices developed and used by the Manager are proprietary to the Manager and cannot be used by the Borrowers following termination. The Borrowers agree to keep secret confidential information obtained regarding the Manager's systems.

Remuneration

The Manager will be entitled to receive an annual management fee equivalent to 5 per cent. of the gross rental income actually received. Such fee will be paid monthly in arrear. In addition, a leasing fee equal to a percentage of the first year's passing rent in respect of each completed lease will be payable, together with a fee in respect of any premium paid by a tenant on the grant or surrender of a tenancy with a term greater than 10 years. The level of fees to be paid by the Borrowers is currently set out in the Management Agreements, and this may not be changed without the prior written consent of the Issuer.

Termination

The Management Agreement in relation to a Property may be terminated by the relevant Borrower if the Manager defaults in performing the terms of the agreement such that the default is likely to become materially detrimental to the operation of the Property or the Borrower's interest therein and that default continues for a period of two months following written notice of the same. The Manager will be deemed to have complied with the Management Agreement if defaults are remedied within two months of such notice or, if it is not possible to do so, the Manager has confirmed in writing that the default will be remedied and does so within a reasonable time. Alternatively, in the case of default not capable of remedy, if the Manager has offered and paid full and adequate compensation for the default to the Borrower, then the default will be considered remedied. Further termination events arise on acts of insolvency of the Manager or if it ceases to be a member of the Westfield Group.

On termination of a Management Agreement, the Manager shall facilitate the handover of management and all third party contracts will be assigned to the relevant Borrower or any third party; the Manager is to ensure that all such contracts are assignable. Each Management Agreement is expressed to be personal to the parties but the Borrower can charge its interest to the Security Trustee. The Manager shall be entitled to transfer its obligations to another party within the Westfield Group.

On termination of the Management Agreement, the employees of the Manager substantially or predominantly assigned to the Property will transfer to the replacement manager.

The Issuer will, following assignment to it of the Loan, be required to give consent to any change in the management of the Properties and in such circumstances would wish to have contracts and employees transferred to a new manager; however, there is no contractual requirement as such for this to happen.

THE LOAN AND THE RELATED SECURITY

For the purposes of this section, any reference to the "**Lender**" should be construed as a reference to MSDWPFI and, following assignment of the Loan to the Issuer, a reference to the Issuer.

1. Origination of the Loan

The Loan will, subject to the satisfaction of certain conditions precedent, be made by MSDWPFI pursuant to the Credit Agreement dated 28th July, 2000. Notice of drawdown has been served on MSDWPFI, with drawdown requested to be made on 28th September, 2000.

2. Legal Due Diligence

Following the approval in principle by MSDWPFI of the loan facility, certain legal due diligence procedures were followed. Details of these procedures are set out below.

(A) General Information

MSDWPFI's external English legal advisers in relation to the origination of the Loan and Property situated in England and Wales were Messrs. Denton Wilde Sapte ("**Denton Wilde Sapte**"). Denton Wilde Sapte initially obtained (and, where reasonably possible, checked) general information relating to the facility offered under the Credit Agreement including details of the partners forming the Borrowers; any borrowings that the partners have entered into; the accounts to be operated in connection with the Loan; and the managing agent appointed (or to be appointed) in connection with the collection of rents and/or management of the Properties.

(B) Property Title Investigation

An important part of the legal due diligence process was to verify that the prospective Property Owners of each Property will have good title to the Property to be acquired and charged, free from any encumbrances or other matters which would be considered to be of a material adverse nature.

Property Certificates

The Sellers' solicitors, both in England and Northern Ireland, prepared and issued certificates of title in relation to the Properties.

Each certificate of title is in the form recommended by the City of London Law Society (with appropriate amendments in respect of the Northern Ireland Property) which prescribes comprehensive information relating to each Property to be set out. Each Certificate of Title covers the following principal matters:-

1. confirmation as to the tenure (freehold or leasehold) of the Property (or each part thereof), the quality of title, whether land is registered or unregistered and whether there are any material title defects;

2. a list of rights benefiting the Property, together with any conditions applying to the exercise of such rights;

3. a list of rights affecting the Property;

4. details of any encumbrances affecting the Property, including mortgages or charges and any covenants which might bind the owner of the Property (and any mortgagee) from time to time;

5. an analysis of the report to preliminary enquiries and the results of searches made of local and other appropriate authorities relating to the Property (these will disclose matters such as disputes, outstanding statutory notices, proposals for the compulsory purchase of the Property, details of any

proposals to construct new roads within the immediate vicinity of the Property and any material planning irregularities);

6. a report on the terms and conditions of any lease pursuant to which the Property is held, including repairing and insurance obligations, the machinery for payment and/or review of rent, any provisions for either landlord or tenant to terminate the lease prior to the contractual term, rights granted and reserved by the lease and the provisions for payment of any other sums (for example in respect of the provision of insurance or services) relating to the Property let by the lease;

7. similar details of all material tenancies to which the Property is subject (in this case, these tenancies have been divided into three categories depending upon their materiality with a lower standard of report being provided in respect of those tenancies considered to be less material – see below).

For the purposes of the certificates of title all the occupational tenancies were designated as either "Tier 1", "Tier 2" or "Tier 3". Tier 1 tenancies were those which were considered the most material because (i) the amount of rent payable by a particular tenant constituted a material proportion of the rent due for a Property; or (ii) a particular tenant was an anchor tenant at a Property; or (iii) the tenancy was within an area which was considered to be appropriate for redevelopment. Tier 2 tenancies reserved a rental in excess of £10,000 per annum, but were not considered to be material in accordance with the criteria set out above. Tier 3 tenancies were all those tenancies where a rental of below £10,000 per annum was reserved.

In the case of all tenancies, whether Tier 1, Tier 2 or Tier 3, the relevant certificate of title set out details of the principal terms and conditions of each tenancy namely:-

(a) length of term;

(b) current rent;

(c) current tenant;

(d) date and basis of any review; and

(e) tenants' break clauses.

Where several tenancies were granted on a similar form (for example car park licence/letting agreements) a report on the basic form of document was given.

In the case of Tier 2 leases, the certificates of title gave further details as to other provisions of the tenancy such as repairing covenants, alienation provisions, service charge provisions and other terms considered material by the solicitors giving the certificates.

Tier 1 leases were the subject of a full report in the full form recommended by the City of London Law Society, giving all the information as given in respect of the Tier 2 and Tier 3 leases but with additional information and detail set out with regard to the other provisions of the relevant tenancy.

Denton Wilde Sapte in relation to the English Properties reviewed the draft form of certificate to ensure that it covered all relevant matters (i.e. the matters that Denton Wilde Sapte would expect to cover in a certificate of title). Once the draft certificate of title was issued, they raised requisitions in case of omissions, ambiguities or material disclosures in the certificate of title and satisfied themselves in relation to any issues that arose from the report. Elliott Duffy Garrett (lawyers appointed in Northern Ireland by MSDWPFI) undertook the same exercise in relation to the Northern Ireland Property.

Denton Wilde Sapte then prepared a summary report for MSDWPFI in relation to the Properties in England, and Elliott Duffy Garrett prepared a similar form of summary report in relation to the Property in Northern Ireland, in each case confirming (if appropriate) approval of the form and content of the certificate of title and highlighting any matters contained in the certificate which Denton Wilde Sapte or

Elliott Duffy Garrett, as the case may be, considered should be drawn to the attention of MSDWPFI and its valuers.

Denton Wilde Sapte checked that the valuers providing the valuation of the Properties had a copy of the certificates, and they cross checked and verified basic details relating to the Property (namely tenure and term and rents for any occupational tenancies) set out in the valuation provided by the valuers.

The material issues arising from such certificates of title are referred to at "Risk Factors – The Property Certificates".

(C) Survey, Environmental and Engineering Reports

In relation to each of the Properties, MSDWPFI commissioned physical due diligence reports (undertaken by Messrs Mott MacDonald) and Environmental and Engineering Reports (undertaken by Messrs Mott MacDonald). Brief summaries of these reports are set out in the section headed "The Properties" below.

(D) Capacity of Parties

In relation to the Borrowers, General Partners and Limited Partners, Denton Wilde Sapte have satisfied themselves (and will at drawdown of the Loan satisfy themselves) that the relevant partnership or company is validly registered or incorporated, as the case may be, has sufficient power and capacity to enter into the transactions, 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 transaction with MSDWPFI have been (or would be by completion) completed.

In relation to the Property Owners, lawyers competent in Jersey (where the companies are incorporated) were appointed to undertake a similar process to that undertaken by Denton Wilde Sapte. The Jersey lawyers are required to deliver an appropriate legal opinion prior to drawdown of the Loan confirming, *inter alia*, that the choice of English law to govern the documentation will be recognised and upheld.

(E) Reliance on Legal Due Diligence

The summary report referred to above is addressed to MSDWPFI and the Security Trustee; it will be updated prior to the drawdown of the Loan and granting of the Related Security to the Issuer. It will not be addressed either to the Issuer or the Trustee. The Issuer will instead rely solely on the Representations and Warranties of MSDWPFI contained in the Mortgage Sale Agreement (see "Acquisition - Mortgage Sale Agreement" below) and will assign its rights under that agreement to the Trustee.

3. Drawdown and Post-Completion Formalities

Denton Wilde Sapte will ensure that all necessary English registration formalities and the service of notices are dealt with at drawdown of the Loan or, as appropriate, within any applicable priority or other time periods following drawdown. In relation to Jersey and Northern Ireland, appropriate undertakings will be 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 will obtain an unconditional undertaking from the solicitors to the Borrowers to make applications in respect of 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 the solicitors to the Borrowers have asked to retain any occupational tenancies in order to deal with day to day management matters, they will be permitted to do so subject to providing an unconditional undertaking to hold them to the Security Trustee's order and to deliver them on demand.

In relation to the Property located in Northern Ireland, Elliott Duffy Garrett undertook a process analogous to that undertaken by Denton Wilde Sapte and described in this section under "Drawdown and

Post-Completion Formalities". Elliott Duffy Garrett will effect "Slavenberg" registrations at Companies House, Belfast and will obtain unconditional undertakings from the relevant Borrower's solicitors to make applications in respect of the registration of the mortgages at the Registry of Deeds and the registration of the charges at the Land Registry. The Charge Certificates will be forwarded to Elliott Duffy Garrett upon completion of the registration. Pending such completion, the deeds of the Northern Irish Property will be held by the relevant Borrower's solicitors to their order on behalf of the Security Trustee.

4. Information on the Loan

The loan and security package in relation to the Loan comprises a credit agreement, a debenture from the General Partners and the Borrowers (the General Partner Debenture), a debenture from the Property Owners (the Third Party Debenture) and a debenture from the Property Owners in respect of the Northern Irish Property (the Northern Irish Third Party Debenture).

The Third Party Debenture incorporates a first legal mortgage over the Properties, together with first fixed charges over other property of the Property Owners and a floating charge over all the Property Owners' assets (other than those previously charged). Under the General Partner Debenture, each chargor gives a first fixed charge over its interest in the Properties (and any other real property which it owns or in which it has an interest, or which it will own or in which it will have an interest in the future) and certain other assets as well as a floating charge over all its assets (other than those charged by way of fixed charge). Each Borrower will have a beneficial interest in the relevant Property arising under the Property Declaration of Trust to be entered into between the Borrower and the Property Owners in respect of the relevant Property.

All of the Limited Partners will enter into a subordination agreement with, *inter alios*, all of the Borrowers in order to subordinate any claim they or any of them may have against the Borrowers, the General Partners and the Property Owners to any claim of the Lender or the Security Trustee in respect of liabilities arising under or in connection with the Finance Documents (as defined below). Where managing agents are employed, a duty of care agreement in favour of the Security Trustee will be obtained from them (relating to rent collection).

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

The Loan is scheduled to be repaid on 1st November, 2005.

Interest is payable in relation to the Loan at a fixed rate, accrues daily and is payable quarterly in arrear. The interest rate is an aggregate of a fixed rate plus a margin, plus mandatory costs, if any, imposed by the Financial Services Authority in respect of sterling lending. The Loan contains various provisions as to voluntary and mandatory prepayment.

Each Property is 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".

5. Terms of the Loan

The Loan is documented in a facility agreement, as amended and supplemented by a letter dated 22nd September, 2000 (the "**Credit Agreement**") which is governed by English law. MSDWPFI is the initial Lender and is entitled to assign to the Issuer all or any of its rights under the Credit Agreement and the Security Documents (as defined below) without restriction.

A summary of the principal terms of the Credit Agreement is set out below. Words and expressions used in this section and not specifically defined below or elsewhere in this Offering Circular have the meaning given to them in the Credit Agreement.

For the purposes of the Credit Agreement:

"Actual Interest Cover Percentage" means, on any relevant date, the proportion (expressed as a percentage) which the Net Rental Income (as determined in accordance with the Credit Agreement) for the immediately preceding Loan Interest Period together with any interest accrued on the monies standing to the credit of the Escrow Account during that same period, bears to the amount of interest payable under the terms of the Credit Agreement for the same period;

"Additional Charge" means a new first legal mortgage or a mortgage/charge over Property in Northern Ireland in respect of an Additional Property granted or to be granted in favour of the Security Trustee by the relevant Property Owners;

"Additional Property Valuation" means a valuation on the same basis as the Initial Valuation carried out in relation to an Additional Property, being a property which the Lender may accept as additional or alternative security in the circumstances set out in "Terms of the Loan – Disposal of Properties and Substitution of/Addition to Security";

"Controlling Interest" means the power of an entity to secure (whether individually or not with others, directly or indirectly, by direct or indirect ownership of share capital, partnership or other interests, possession of voting power contract or otherwise, that the affairs of another entity are conducted in accordance with its wishes ;

"Default" means a Loan Event of Default (as defined below) or an event which, inter alia, with the giving of notice or expiry of any grace period would constitute a Loan Event of Default;

"Finance Document" means the Credit Agreement, the Security Documents and any other document designated as such by the Lender and the Borrowers;

"Financial Indebtedness" refers to indebtedness incurred in respect of, *inter alia*, monies borrowed, amounts raised by way of a note purchase facility or the issue of bonds, and transactions having the commercial effect of a borrowing;

"Headlease" means a lease pursuant to which a Property is held;

"Initial Valuation" means the valuation on the basis of open market value of the Borrowers' interests in all of the Properties provided (by Healey & Baker) prior to the Drawdown Date;

"Interest Cover Percentages" means the Actual Interest Cover Percentage and the Projected Interest Cover Percentage;

"Net Rental Income" means Rental Income, with deductions for a number of amounts, including amounts due to Property Owners by way of contribution to insurance premium or service charges or costs, payments in respect of air conditioning charges and other outgoings, contribution to a sinking fund, amounts payable under any Headlease and management fees and expenses payable to the managing agents;

"Occupational Lease" means any occupational lease or licence or other right of occupation to which a Property may be subject;

"Partnership Agreement" means in the case of each of the Borrowers, the partnership agreement entered into between the two relevant Limited Partners and the relevant General Partner;

"Permitted Financial Indebtedness" means Financial Indebtedness outstanding under and in relation to, inter alia, any Finance Document, any Financial Indebtedness subordinated pursuant to the Subordination Agreement, and (until the making of the Loan) the Cavemont Loans;

"Projected Interest Cover Percentage" means (at any relevant date) the proportion (expressed as a percentage) which the Projected Net Rental Income (as determined in accordance with the Credit Agreement) for the period of 12 months immediately following such date bears to the amount in interest

payable pursuant to the Credit Agreement for the same period, assuming that the amount of the Loan outstanding following any prepayments made on the relevant date remains unchanged;

"Projected Net Rental Income" means, on any relevant date, the aggregate Net Rental Income receivable for the twelve month period commencing at such relevant date, together with an amount equal to the notional amount of rental income that would otherwise have been payable under an Occupational Lease during that same period but for a rent free period, subject to certain assumptions in relation to the exercise of breaks, the renewal of Occupational Leases expiring during the period and as to the amount of Rental Income following the periodic review of such Rental Income (where applicable);

"Purchase Contracts Provisions" means the provisions in the Purchase Contracts whereby the relevant vendor agrees to pay any shortfall in the Rental Income attributable to certain parts of the relevant Property and whereby MEPC plc guarantees such shortfall;

"Rental Income" means the aggregate of amounts payable to or for the benefit of any of the Property Owners in connection with the letting or licensing of any Property, or part thereof, including, inter alia rent and/or licence fees, sums received from any deposit and sums receivable from MEPC plc under the relevant Purchase Contracts Provisions;

"Security Documents" means the Third Party Debenture, the Subordination Agreement (and any Deed of Accession), each Mortgage/charge over Property in Northern Ireland, each Additional Charge, the General Partner Debenture and any other document creating security for the Borrowers' obligations under the Finance Documents;

"Shareholders" means any entity appointed with the Lender's prior written approval, MEPC plc and/or any Affiliate of MEPC plc, Westfield Holdings Limited and/or any Affiliate of Westfield Holdings Limited (or, from a date one month from the Drawdown Date, any one of (a) Westfield and any body corporate in which Westfield has (directly or indirectly) a Controlling Interest, (b) any managed fund, managed investment scheme or managed collective investment scheme in which a person described in (a) has (directly or indirectly) a Controlling Interest or is the responsible entity, trustee or manager, (c) any limited partnership in which a person described in (a) has a shareholding in the general partner of such limited partnership equal to or exceeding 50 per cent. of the shareholding interests therein, (d) any real estate investment trust in which a person referred to in (a) has (directly or indirectly) a Controlling Interest or which is managed by such a person, and (e) any corporation unit trust or other entity in which any of the persons referred to in (b) to (d) has a Controlling Interest, whether held directly or indirectly).

And for the purposes of the Debentures:

"Security Assets" means all assets of the chargors the subject of any security created under the relevant Debenture.

(A) Amount of the Loan, Drawdown and Further Advances

The principal amount of the Loan (referred to herein as the "**Loan Amount**") will be £462,175,000, unless such amount is reduced by the Lender. A drawdown notice has been served on the Lender by the Borrowers. The Lender may only reduce the amount to be lent under the Credit Agreement if it determines that (i) the Projected Interest Cover Percentage during the 12 month period immediately succeeding the date on which the Loan Amount is advanced (the "**Drawdown Date**") will be less than 100 per cent., or (ii) the Loan would exceed 70 per cent. of the value of the Properties as determined by Healey & Baker prior to the Drawdown Date. The Lender is entitled to reduce the Loan Amount to that amount which would represent the lower of (a) the maximum amount which the Borrowers could borrow while ensuring the Projected Interest Cover Percentage is not less than 100 per cent. and (b) an amount which would represent 70 per cent. of the value of the Properties (as per the Initial Valuation). Drawdown is contingent upon the satisfaction of certain conditions precedent.

The Credit Agreement places no obligation on the Lender, and therefore upon the Issuer, to make any further advance to any Borrower and, following the sale to the Issuer of the Loan and the transfer of

the beneficial interests in the Security Trust, the Servicer will not be permitted under the terms of the Servicing Agreement to agree to any amendment of the Loan that would allow any further advances to Borrowers to be made on behalf of the Issuer.

(B) Conditions Precedent to Drawdown

The Lender's obligations to the Borrowers under the Credit Agreement are subject to its receiving, inter alia, the following:

(a) certified copies of, *inter alia*, the memorandum and articles of association and certificate of incorporation of each Limited Partner, General Partner and Property Owner together with appropriate resolutions of the relevant boards of directors and various other certificates;

(b) Initial Valuations, structural surveys and environmental reports in respect of the Properties;

(c) evidence of insurance cover in respect of the Properties;

(d) the certificates of title in respect of the Properties;

(e) duly executed security documents (including those documents referred to above) and the Subordination Agreement;

(f) evidence that each of the Property Owners has duly elected to waive exemption in relation to each relevant Property on which the relevant vendor has waived exemption from VAT;

(g) relevant legal opinions; and

(h) notices in connection with the payment of rental income and charging of bank accounts.

The Lender's obligation to advance the Loan Amount is contingent upon (a) the representations and warranties (as described below) being correct at the Drawdown Date and immediately after the advance of the Loan Amount and (b) there being no Default outstanding or reasonably to be expected to result from the making of the Loan.

(C) Interest and Repayments

Interest will be payable quarterly in arrear on Loan Payment Dates in respect of successive interest periods (each referred to herein as a "**Loan Interest Period**").

The Loan is repayable in full on the Loan Redemption Date, subject to various provisions regarding prepayment in whole or in part.

On each Loan Payment Date, moneys are debited from the Rent Account to discharge any interest and/or principal payments due under the Credit Agreement. Subject to there being no Loan Event of Default and the Interest Cover Percentages being no less than 100 per cent., any surplus moneys standing to the credit of the Rent Account on the relevant Loan Payment Date will be paid to the Borrowers, provided the Borrowers have submitted a compliance certificate to the Lender.

The provisions regarding prepayment of the Loan (other than in relation to prepayment of amounts related to the Consent Property which are referred to above) are as follows:

(a) a Borrower may prepay the Loan on any Loan Payment Date in whole or in part (subject to a minimum amount of £250,000) on giving not less than 20 days' prior notice to the Lender;

(b) a Borrower may prepay the Loan in part in an amount equal to or exceeding 115 per cent. of the amount originally advanced in respect of a Property (calculated in accordance with the relevant Initial Valuation or Additional Property Valuation, as the case may be). At the request of the Borrower and provided no Default is subsisting, following such prepayment the Property shall be released;

(c) where any Headlease is forfeited for any reason and the relevant Property Owners have not brought an action for relief from forfeiture, have not diligently proceeded with such action or such action has been dismissed by the court, the Borrowers shall, upon demand by the Security Trustee, prepay the Loan in an amount equal to or more than 115 per cent of the amount originally lent in respect of the relevant Property;

(d) where the Lender has advanced the Loan Amount to the Borrowers, but has required the same to be placed in the Escrow Account pending satisfaction of conditions precedent which are outstanding, the Borrowers shall, upon demand, prepay the Loan if the outstanding conditions precedent have not been waived or satisfied on or prior to 25th January 2001.

Any prepayment is subject to the payment of breakage costs but, otherwise, no prepayment fee is payable.

(D) Disposal of Properties and Substitution of/Addition to Security

Under the terms of the Credit Agreement, the Borrowers are permitted to dispose of a Property subject to a security interest (a "**Released Property**") without the provision of an Additional Charge over an Additional Property where:

(a) the net proceeds of sale thereof are 115 per cent. or more of the principal amount initially advanced by the Lender in respect of that Property (calculated in accordance with the Initial Valuation, or as the case may be, the relevant Additional Property Valuation). If there is a shortfall, the Borrower will only be permitted to sell the Property if an amount equal to such shortfall is paid into the Sales Account;

(b) the Borrower shall ensure that the net proceeds of sale are immediately paid into the Sales Account; and

(c) the Security Trustee is obliged to authorise a withdrawal from the Sales Account for the purposes of making the necessary prepayment under the Credit Agreement following the sale of the Property.

Under the terms of the Credit Agreement, the Borrowers are, subject to (E) below, permitted to request withdrawals of the amounts in the Sales Account to purchase additional or substitute properties or to undertake capital expenditure, subject to there being no subsisting default under the Credit Agreement.

Subject to the terms of the Credit Agreement, the Borrowers may:

(a) request the Lender to release a Property from the relevant security and grant an Additional Charge to the Lender over an Additional Property as an alternative; or

(b) request the Lender to release the Property Owners in respect of a Property and that Property from the relevant security, such security to be replaced by alternative security granted by new Property Owners.

(E) Substitution of Properties

The consent of the Lender to such release and substitution may not be withheld or delayed where the aggregate value of those Properties already released together with the value of the Property to be released

does not exceed 15 per cent. of the aggregate value of the Properties (in each case values are calculated by reference to the Initial Valuation or Additional Property Valuation, as the case may be), provided that, *inter alia,* the Additional Property is similar in nature and quality in all material aspects to the Property being released. Any substitution above this percentage level is subject to the consent of the Lender (in its sole discretion).

Any substitution of a Property is subject to, *inter alia,* a satisfactory report and valuation being prepared, the granting of satisfactory alternative security, the Interest Cover Percentages being no less than 100 per cent. and there being no Default subsisting.

(F) Accounts

The Borrowers are required to procure that the Accounts (as defined below) are established in the name of the Accounts Trustee (as defined below). See "The Structure of the Accounts – The Accounts".

Rental Income from a Property will be collected by the Managing Agent and the Net Rental Income will be paid into the Rent Account which is charged in favour of the Security Trustee. See "Risk Factors – The Issuer's ability to meet its obligations under the Notes – the tenants".

Net sale proceeds from a Released Property, among other sums, are to be paid into the Sales Account which is charged in favour of the Security Trustee. Sums standing in the Sales Account may be utilised to pay sums due under the Credit Agreement (where there are insufficient funds in the Rent Account), to facilitate the acquisition of a Property to be subject to an Additional Charge, to make a prepayment of the Loan and to enable a Borrower to make payments in respect of certain capital improvements to a Property not otherwise recoverable under any Occupational Lease. A Borrower is entitled to withdraw from the Sales Account amounts representing the excess over the sums it was required by the terms of the Credit Agreement to deposit in respect of a Released Property.

(G) Representations and Warranties

Unless stated otherwise, the representations and warranties contained in the Credit Agreement are made by each Borrower in respect of itself, each Partner and each Property Owner. Each of the Borrowers represents and warrants, broadly as follows:

(a) each of the General Partners, Limited Partners, Borrowers and Property Owners is validly incorporated or registered, as the case may be, under the laws of its respective jurisdiction of incorporation or formation;

(b) each of them has the requisite power to enter into, perform and deliver the Finance Documents, the Partnership Agreements and the Purchase Contracts, and the transactions contemplated thereby (referred to herein as the "**Contemplated Transactions**") and all relevant authorisations have been obtained;

(c) the entry into and performance by it of the Contemplated Transactions does not and will not conflict with its constitutional documents or, in any material respect, with any document which is binding upon it or any of its assets or with any law or regulation or judicial or official order;

(d) no Loan Event of Default is outstanding under the Credit Agreement or might reasonably be expected to occur as a result of the making of the Loan and no other event is outstanding which constitutes a default under any document which is binding on it or any of its assets to an extent which might have a material adverse effect on the ability of the Borrowers as a whole to perform their obligations under the Credit Agreement, other Finance Documents or the relevant Purchase Contracts Provisions;

(e) there is no current, pending or threatened litigation or other proceedings against it which, if adversely determined, might have a material adverse effect on the ability of the

Borrowers as a whole to perform their obligations in respect of the Contemplated Transactions;

(f) the information supplied to the Lender is true, complete and accurate in all material respects, contains no material omissions and is not rendered untrue, incomplete, inaccurate or otherwise misleading by any subsequent occurrence;

(g) subject to the provisions of the Purchase Contracts, from completion of the acquisition of the Properties, each Borrower and the relevant Property Owners will be the beneficial owner and absolute legal owners, respectively, of the relevant Property (subject to any necessary registrations in each case) free from any security (save those set out in the Finance Documents) and, save as disclosed otherwise in the relevant Certificate of Title, all documentary evidence of good and marketable title to each Property is, or will be at the Drawdown Date, in the possession of the Security Trustee or held to its order;

(h) all information provided by it (or on its behalf) for the purposes of valuations and Certificates of Title is true, complete and accurate in all material respects as of its date;

(i) since formation or incorporation, it has only carried on business relating to its management of any Borrower (in relation to each General Partner) and its ownership of the relevant Property (in relation to the Borrowers and Property Owners), has not disposed of any asset other than to a third party on arm's length terms and has incurred no actual or contingent liabilities other than the Cavemont Loans and those connected with the ownership of the Properties;

(j) subject to due registration, the security conferred by each of the Security Documents constitutes a first priority security interest of the type described therein over those assets referred to therein not subject to any prior ranking or pari passu security interests;

(k) each Partnership Agreement and, from the Drawdown Date, each Property Declaration of Trust is in full force and effect and all the requirements thereof enabling the acquisition of the Properties and the entering into of the Finance Documents have been complied with;

(l) all acquisitions of the Properties and the execution of the Finance Documents are legally binding and enforceable obligations of the Borrowers, General Partners and Property Owners (subject to normal equitable principles);

(m) none of the Borrowers or Partners is in breach of any obligation under the Partnership Agreements such as would have a material adverse effect on the ability of the Borrowers to perform their obligations under the Loan or the Finance Documents;

(H) Undertakings

The Borrowers give various undertakings in the Credit Agreement which take effect so long as any amount is outstanding thereunder. The undertakings include, *inter alia*, the following:

(a) to provide consistently prepared accounts and interim accounts relating to each Borrower as soon as the same are available, together with an officer's certificate to the effect that no Default is outstanding or, if there is, specifying the remedial action being taken by it;

(b) to provide information to the Lender, including copies of documentation despatched by it to its creditors generally, details of forfeiture proceedings under any Headlease, details of material legal or other proceedings brought against any Borrower, Property Owner or General Partner and such other information regarding its financial condition as the Lender may reasonably request;

(c) to give notification of any Default;

(d) to ensure that its obligations and those of each Property Owner and General Partner rank at least *pari passu* with its other unsecured obligations, save those mandatorily preferred by law;

(e) not to create or permit to subsist any security interest on any of its assets (save any of the Security Interests in favour of the Security Trustee or any arising by operation of law);

(f) save as otherwise permitted or contemplated by the Credit Agreement, not to (and to procure that each General Partner and Property Owner will not) lease or otherwise dispose of all or any substantial part of its assets;

(g) not to (and to procure that each General Partner and Property Owner will not) carry on any business other than relating to the management of any Borrower (in the case of each General Partner) and (in the case of each Borrower and Property Owner) the ownership and management of its respective interests in the Properties, the acquisition of property in the immediate vicinity of any Property (subject to the provision of an Additional Charge in respect thereof), and undertaking works of improvement to the Properties, subject to various conditions and restrictions;

(h) not to have (whether Borrower, General Partner or Property Owner) any subsidiary or employee, save for a Subsidiary of a Borrower or General Partner which is a Property Owner or is incorporated to acquire adjoining property or carry out works thereon;

(i) not to (and to procure that each General Partner and Property Owner shall not) enter into any amalgamation, demerger, merger or reconstruction;

(j) not to (and to procure that each General Partner and Property Owner shall not) borrow (save for monies from a Partner or Shareholder, repayment of which is satisfactorily subordinated to repayment of the Loan to the Lender) or incur any other Financial Indebtedness other than Permitted Financial Indebtedness;

(k) so long as any Default subsists, not to (and shall procure that each General Partner and Property Owner will not) declare or pay any dividend or make any distribution, nor repay any principal or interest in respect of any other Financial Indebtedness other than the Cavemont Loans;

(l) not to grant (save on normal commercial terms), determine or accept the surrender of (save in certain circumstances) any Occupational Leases;

(m) to effect (or procure that the Property Owners effect) insurance of the Properties and certain other appropriate insurances, and to procure that the interest of the Security Trustee is noted on all such insurance policies;

(n) to provide or procure that Property Owners or managing agents provide within 10 days after each Loan Payment Date information relating to each Property in respect of the preceding Loan Interest Period;

(o) to ensure that the Interest Cover Percentages are equal to or in excess of 100 per cent.;

(p) not to appoint any managing agent of any Property or change the Managing Agent without the consent of the Lender and to procure the execution of a duty of care agreement on any such appointment;

(q) not to agree to dismiss or appoint any General Partner without the prior written consent of the Lender;

(r) that the only Partners will be (i) those listed in the Credit Agreement, (ii) an Affiliate of any Partner, (iii) any Shareholder or (iv) any entity approved by the Lender;

(s) to comply with its obligations under the Partnership Agreement and Purchase Contracts and to notify the Lender of any breach thereof by any of the parties thereto;

(t) not to call for the legal estate in any Property to be transferred to it without the prior consent of the Lender; and

(u) not to take steps for the termination, determination, winding-up or administration of any Borrower, General Partner or Property Owner;

(H) Loan Events of Default

The Credit Agreement contains events of default (each a "**Loan Event of Default**") entitling the Lender to enforce its security. These include:

(a) the failure by any Borrower to pay on the due date any amount due under the Finance Documents;

(b) breach of:

(i) certain obligations under the Finance Documents which are remediable but not remedied within the requisite period;

(ii) the undertakings against disposals, the creation of other security interests (negative pledge), borrowings, change of General Partner or Partners, calling for legal title or petitioning for winding-up of certain parties;

(iii) failure to comply with obligations under the Finance Documents, which failure has a material adverse effect on the Borrowers' ability to perform their obligations, or failure to remedy the same;

(c) any representation, warranty or statement is incorrect when made or deemed to be made or repeated;

(d) any Borrower, Property Owner or General Partner is deemed insolvent or unable to pay its debts, suspends making payments, begins negotiations with creditors with a view to readjustment/rescheduling of any of its Financial Indebtedness, or a moratorium is declared in respect thereof;

(e) any insolvency proceedings are commenced against any Borrower, Property Owner or General Partner;

(f) a receiver, liquidator, administrator or the like is appointed in respect of any Borrower, Property Owner or General Partner, such appointment is requested, or steps are taken to enforce any Security Interest over the assets of a Borrower, Property Owner or General Partner;

(g) any asset of a Borrower, Property Owner or General Partner is the subject of creditors' process;

(h) any Borrower, Property Owner or General Partner ceases to carry on all or a substantial part of its business (save as a result of a permitted disposal thereof);

(i) it becomes unlawful for any Borrower, Property Owner or General Partner to perform its obligations under the Finance Documents to a material extent;

(j) the Security Documents fail to create the intended Security Interest or the Subordination Agreement is not binding;

(k) the entire equity share capital of any General Partner or Limited Partner ceases to be beneficially wholly owned, either directly or indirectly, by the Shareholders, without the Lender's prior written consent;

(l) a material breach of the provisions of any of the Partnership Agreements which would materially and adversely affect the Borrowers' ability to perform their obligations under the Credit Agreement and which is not remedied;

(m) termination of any Partnership Agreement or any of the Purchase Contract Provisions .

6. Terms of the Debentures

The General Partner Debenture will be entered into by the General Partners and the Borrowers, and the Third Party Debenture will be entered into by the Property Owners. Both the Debentures secure all the obligations of the Borrowers to the Lender pursuant to the Credit Agreement and are drafted on a security trust basis so that the Security Trustee holds the security created pursuant to the Debentures on trust for the Secured Parties, being the Lender and the Security Trustee. The Debentures and the Northern Irish Debenture will be executed on the Loan Closing Date.

(A) Creation of Security

Subject to the statements below regarding the Consent Property, by the Third Party Debenture, the Property Owners in respect of each Property will grant a first ranking charge by way of legal mortgage in favour of the Security Trustee over each Property and over all estates or interests in freehold or leasehold property belonging to it or subsequently acquired by those Property Owners. The Property Owners in respect of each Property will also grant a first fixed charge in respect of such estates or interests in that freehold or leasehold Property to the extent the same is not effectively mortgaged. By the General Partner Debenture, each of the General Partners and each Borrower will grant a first fixed charge in favour of the Security Trustee over all estates or interests in freehold or leasehold property belonging to it (or subsequently acquired by it), including the Properties.

In both the Debentures, each chargor (being the Property Owners, in the case of the Third Party Debenture and the General Partners and Borrowers, in the case of the General Partner Debenture) will, in addition to the security interests described in the preceding paragraph, grant first ranking fixed charges over, inter alia, its plant and machinery, its interest in moneys standing in any bank account (including the Rent Account, Sales Account, Escrow Account and Retention Account, as to which see "The Structure of the Accounts – The Accounts"), the benefit of any insurance policies, its book and other debts, its goodwill and its uncalled share capital. Under both Debentures, each chargor will also grant a floating charge over all its assets.

In relation to the Consent Property, security will not be given over the Property until the same has been acquired by the relevant Property Owners, at which point appropriate supplemental security will be granted and the retained amount held in the Escrow Account (which will be subject to the security granted under or pursuant to the Debentures) will be released to the Borrowers.

(B) Representations and Warranties

Under both the Debentures, each chargor (being the Property Owners in the case of the Third Party Debenture and the General Partners and Borrowers in the case of the General Partner Debenture) makes similar or equivalent representations and warranties as to a number of customary matters, including the following:

(a) due incorporation or formation under the relevant laws, and its power to own its assets and carry on its business;

(b) that it has power and authority to perform and deliver the Finance Documents (and the transactions contemplated thereby) and is authorised so to do;

(c) that the transactions contemplated by the Finance Documents (and, in the case of the General Partners and the Borrowers, by the Partnership Agreements and Purchase Contracts) do not conflict with any laws or regulations, its constitutional documents or other documents binding upon it or its assets;

(e) no material litigation or other proceedings are current, pending or threatened;

(f) that information provided to the Security Trustee is true, complete and accurate, contains no material omission and has not been rendered inaccurate by any subsequent event;

(g) that the security interests created by the Debentures are first priority security interests and are not liable to be avoided in the event of its liquidation, administration or otherwise;

(i) that all necessary environmental licences have been obtained and such licences and environmental laws have been complied with in all material respects (save where non compliance is not material to the Borrowers' ability to perform their obligations);

(j) that the chargor has

(i) engaged in no business other than owning the Property (in the case of Property Owners), owning the Partnership Property (in the case of the Borrowers) or managing the Borrowers (in the case of the General Partners);

(ii) save as disclosed, incurred no liabilities except in connection therewith; and

(iii) not disposed of any asset other than to a third party on arm's length terms.

In addition to the above, each General Partner represents and warrants that it is not in material breach of any obligations under the relevant Partnership Agreement in such a way as would have a material adverse effect on the Borrowers' ability to perform their obligations under the Credit Agreement or other Finance Documents.

Likewise, each Property Owner makes certain representations and warranties (in addition to those noted between (a) and (j) above) in relation to the Property which it owns, including the following:

(a) that it will be the legal owner of the relevant Property from completion of registration of title;

(b) no breach of law/regulation which would adversely affect the Properties (as a whole) is subsisting;

(c) there are no covenants, reservations, interests, etc. which materially and adversely affect the Properties (as a whole);

(d) there is nothing which would be an overriding interest over a relevant Property;

(e) no facility necessary for the enjoyment and use of a Property is enjoyed on terms entitling a person to terminate that use;

(f) that it has received no notice of any adverse claim by any person in respect of ownership of the Relevant Property or any interest in it;

(g) there are no Security Interests (other than pursuant to the Finance Documents);

(h) the relevant Property is in good repair (save where being refurbished);

(in each case, save as disclosed in any certificate of title and/or previously in writing to the Lender or Security Trustee).

(C) Undertakings

Each chargor (being the Property Owners in the case of the Third Party Debenture and the General Partners and Borrowers, in the case of the General Partner Debenture) gives similar or equivalent undertakings as to a number of matters, including:

(a) to procure that its obligations under the Finance Documents rank at least *pari passu* with all its other unsecured obligations (present or future);

(b) not to create or permit to subsist any other Security Interest on any Security Asset (as defined below), dispose of any Security Asset (save those subject to the floating charge disposed in the ordinary course of trade) or to incur any Financial Indebtedness other than Permitted Indebtedness;

(c) compliance with obligations contained in all applicable laws or regulations affecting a Property and all environmental laws and licences (save where failure to comply could not reasonably be expected to have a material adverse affect on the Borrowers' ability to perform their obligations).

(d) getting in and realising book debts (including, in the case of the Property Owners, rent and other accounts due from Occupational Tenants).

(e) providing the Security Trustee with certain information, including notices or orders served by public or local authorities;

(f) giving notifications of and executing legal mortgages in relation to any future acquisitions of properties;

In addition to the above, each General Partner gives undertakings in the General Partner Debenture:

(a) to comply (so far as is material to the ability of the Borrower to perform its obligations under the Finance Documents) with the terms of its appointment as General Partner of that Borrower;

(b) not to (or permit any other party to) vary or cancel the Purchase Contract Provisions or any material provisions of the related Partnership Agreement, without the Lender's prior written consent.

Likewise, each Property Owner gives undertakings in the Third Party Debenture relating specifically to the relevant Property which concern the following matters:

(a) repair of the Property;

(b) compliance with the terms of leases or agreements for leases comprised in the relevant Property;

(c) the grant or termination of Occupational Leases;

(d) the effecting of insurance;

(e) providing or procuring that the Managing Agent provides the Lender with certain specified information in relation to each Property in order to facilitate the monitoring of the Properties by the Lenders;

(f) the appointment, change or dismissal of Managing Agent.

(D) Enforceability

The security created by the Debentures is expressed to be enforceable immediately upon its execution and at any time after the occurrence of a Loan Event of Default. The charges confer 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 powers of attorney on behalf of the chargors in connection with the enforcement of its security.

7. Northern Irish Debenture

The Loan is secured or partially secured over the Northern Irish Property either by way of first-ranking mortgage or by way of first-ranking charge. A mortgage is granted in respect of unregistered land; a charge is granted in respect of registered land.

A mortgage under Northern Irish law represents a demise of the property by the mortgagor to the mortgagee for a term of years, subject to the equity of redemption. If the title to the property is freehold, the term is ten thousand years; if the title to the property is leasehold, the term is the unexpired term of the lease. A charge confers rights on the chargee in respect of the property pursuant to the provisions of the Land Registration Act (Northern Ireland) 1970 ("**1970 Act**") (as amended).

The provisions of the Conveyancing Acts 1881 and 1911 apply to mortgages and charges. Upon breach of a mortgage or charge, the lender is entitled to apply to the High Court of Northern Ireland for an order for possession of the property and to appoint a receiver.

Mortgages are granted by the mortgagor "as beneficial owner" and not "with full title guarantee" as in the English mortgages. However, the covenants implied are essentially the same.

Mortgages are registerable in the Registry of Deeds, Belfast. Charges are registrable in the Land Registry of Northern Ireland. Priority is established by reference to the order in which mortgages or charges have been registered (subject to any agreement on priorities between secured creditors).

8. The Additional Related Security

In addition to the Debentures, the Borrowers, General Partners and Property Owners will enter into and grant various further related security as referred to above (see "Information on the Loan and Mortgages" above)

All liabilities and obligations (present or future) payable or owing by the Borrowers, General Partners and the Property Owners (or any of them) to the Limited Partners (the "**Subordinated Liabilities**") will, pursuant to the Subordination Agreement, be fully subordinated to all amounts due to the Lender or the Security Trustee under the Credit Agreement and accordingly payment of any of the Subordinated Liabilities is conditional upon the Borrowers' having irrevocably paid in full all liabilities arising under the Credit Agreement or any of the other Finance Documents. Each of the Borrowers, General Partners and Property Owners will undertake, *inter alia*, not to secure any part of the Subordinated Liabilities or repay or prepay all or any part of the Subordinated Liabilities (or any interest, fees or commission thereon) other than in accordance with the Subordination Agreement; provided that whilst no Loan Default is outstanding, the Borrowers may make payments due in respect of the Subordinated Liabilities out of surplus monies released to the Borrowers under and in accordance with the terms of the Credit Agreement. Each Subordinated Lender will give the usual undertakings including, in particular, that it will not purport to exercise any right of set off in respect of amounts payable by it or take any steps

leading to the administration, winding up or dissolution of any Borrower, General Partner or Property Owner.

The Managing Agent of the Properties, pursuant to the Duty of Care Agreement, will undertake to collect the Rental Income and to pay the net amount into the Rent Account (without set-off or counterclaim) and to notify the Lender of any material breach or default on the part of a tenant or occupier of the Property, any damage to the Property or any termination of its own appointment.

9. Acquisition

Mortgage Sale Agreement

Consideration

Pursuant to the Mortgage Sale Agreement, MSDWPFI will agree on the Closing Date to sell and the Issuer will agree to purchase the Loan, and MSDWPFI will assign to the Issuer its beneficial interests in the Security Trust created over the Related Security. The initial purchase consideration in respect of the Loan and the beneficial interests in the Security Trust will be a sum equivalent to the principal amount of the Loan. The principal amount of the Loan will be £462,175,000, unless reduced by the Lender (as described above under "Amount of the Loan, Drawdown and Further Advances"). The consideration under the Mortgage Sale Agreement will be paid to MSDWPFI on the Closing Date.

Registration and Legal Title

Within 15 Business Days of the Closing Date, written notice will be given to each Borrower and Property Owner of the transfer of the Loan to the Issuer and written notice will be given to the Security Trustee of the assignment of MSDWPFI's beneficial interests in the Security Trust to the Issuer and the Issuer's assignment by way of security of such beneficial interest.

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 Loan 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 MSDWPFI, the Servicer or any other person with respect to the provisions of the Mortgage Sale Agreement, the Servicing Agreement, the Deed of Charge and Assignment or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loan or the Related Security purchased on the Closing Date.

In relation to all of the foregoing matters concerning the Loan and the Related Security and the circumstances in which the advance was made to Borrowers prior to the assignment of the Loan to the Issuer, both the Issuer and the Trustee will rely entirely on the warranties to be given by MSDWPFI to the Issuer and the Trustee which are contained in the Mortgage Sale Agreement.

If there is an material breach of any representation and/or warranty in relation to the Loan or Related Security and such breach is not capable of remedy or, if capable of remedy, has not been remedied, MSDWPFI will be obliged either to repurchase the 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 Loan together with accrued interest and costs up to, but excluding, the date of the repurchase, if the breach affects fewer than all of the Properties, to repurchase the Loan together with the Related Security or acquire a sub-participation (at MSDWPFI's option) in that portion of the Loan relating to the Property(ies) affected by the breach. The Issuer will have no other remedy in respect of such a breach unless MSDWPFI fails to purchase the Loan, and to accept a reassignment of its beneficial interest in the Related Security in accordance with the Mortgage Sale Agreement.

The representations and warranties referred to will include, without limitation (but subject to disclosure in the Mortgage Sale Agreement and as disclosed in this Offering Circular), statements to the following effect:

(a) each Property constitutes investment property let predominantly for retail or car parking use and is either freehold or leasehold;

(b) in relation to the Third Party Debenture, the Property Owners in respect of each Property had, as at the date of the Third Party Debenture, a good and marketable title to the fee simple absolute in possession or a term of years absolute in that Property and are the legal owners of the Property and hold the beneficial interest on trust;

(c) in relation to each English Property and each Northern Irish Property, title to which is registered, the title has been registered at H.M. Land Registry or the Land Registry of Northern Ireland (as applicable) 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 or the Land Registry of Northern Ireland (as applicable) is pending, an application for registration with such title will be delivered to H.M. Land Registry or the Land Registry of Northern Ireland (as applicable) within (in relation to the English Properties only) 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 Property and the Northern Irish Property was, as at the date of the relevant Debenture, held by the relevant Property Owners free (save for the Related Security, from any encumbrance which would materially adversely affect such title or the value for mortgage purposes set out in the valuation referred to in paragraph (f) below (including any encumbrance contained in the leases relevant to such Properties));

(e) in relation to each mortgage, the Security Trustee will take all reasonable steps to perfect its title to the mortgage and will have an absolute right to be registered or recorded as proprietor or registered owner of the mortgage as first mortgagee of the interest in the relevant Property which is subject to that mortgage;

(f) immediately prior to advancing the Loan, the Properties charged as security therefor were valued for MSDWPFI by a qualified surveyor or valuer and the principal amount advanced under the Loan did not at the date of the Loan exceed 70 per cent. of the amount of the valuation (as set out in the Condition Precedent Valuation);

(g) (A) the Loan constitutes a valid and binding obligation of, and is enforceable against, the Borrowers; (B) subject only, in the case of mortgages required to be registered or recorded at H.M. Land Registry or the Land Registry of Northern Ireland (as applicable), to such registration or recording, 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 for MSDWPFI 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 or will be duly done at the appropriate time or are in the process of being done, (D) the Security Trustee is the legal and MSDWPFI is the beneficial owner of each mortgage, free and clear of all encumbrances, overriding interests (other than those to which each 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 or the Land Registry of Northern Ireland (as applicable) to any relevant Property which would rank in priority to the Security Trustee's or MSDWPFI's interests therein; and (E) MSDWPFI is the legal and beneficial owner of the Loan free and clear of all incumbrances claims and equities.

(h) prior to the date of the Loan and Debentures , the nature of, and amount secured by, the Loan and Debentures and the circumstances of the Borrowers, General Partners and Property Owners satisfied in all material respects MSDWPFI'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;

(i) prior to completion of the Loan and Debentures, a report summarising certificates of title prepared by the seller's solicitors (addressed to MSDWPFI and the Security Trustee) in relation to the Properties was obtained which initially or after further investigation disclosed nothing which would cause a reasonably prudent lender of money secured on residential and commercial property to decline to proceed with the advance on its agreed terms;

(j) MSDWPFI is not aware of any material default, material breach or material violation under the Credit Agreement or Debentures which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on residential and commercial property would grant such a waiver) or of any outstanding material default, material breach or material violation by a Borrower[, General Partner] or a Property Owner under the Loan or Debentures, 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;

(k) pursuant to the terms of the Credit Agreement, no Borrower, General Partner or Property Owner is entitled to exercise any right of set-off or counterclaim against MSDWPFI in respect of any amount that is payable under the Loan;

(l) MSDWPFI has not received written notice of any default or forfeiture of any occupational leases between a Property Owner and a tenant in relation to the Properties or of the insolvency of any tenant which would render the relevant Property unacceptable as security for the Loan secured by the Debentures of that Property;

(m) as at the Closing Date, to the best of MSDWPFI's knowledge, each Property is covered by a Buildings Insurance Policy maintained by the Property Owners 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 MSDWPFI estimated to be equal to such Property's reinstatement value at the time of the original advance and the Security Trustee's interest has been noted or is in the course of being noted on each policy; and

(n) MSDWPFI have undertaken all due diligence that a prudent commercial lender would undertake to establish and confirm that each of the Borrowers, the General Partners and Property Owners has not (save as notified to MSDWPFI in writing) engaged since its formation or incorporation in any activity other than those incidental to its formation or incorporation entering into the Loan and relevant Debentures and 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 Loan and Properties providing security for the Loan.

MSDWPFI will not be able to give a representation or warranty contained in paragraphs (b) (d) (e) and (g) above in relation to the Consent Property unless the consent to assignment is obtained prior to the Closing Date.

MSDWPFI has no reason to believe that the representations and warranties set out above would not be capable of being given in relation to the Consent Property once consent has been obtained.

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

The Mortgage Sale Agreement contains a warranty from MSDWPFI to the Issuer and the Trustee to the effect that the information in the Offering Circular with regard to the Loan the Related Security, the Properties and the buildings insurance policies which 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 MSDWPFI.

THE PROPERTIES

Introduction

The Properties that will be charged on the Loan Closing Date pursuant to the Debentures (subject to the position regarding the Consent Property stated above) will be the land and buildings comprised in the developments known as the Castle Court Shopping Centre in Belfast, the Mill Gate Shopping Centre in Bury, the Eagle Centre in Derby, the Friary Shopping Centre in Guildford, the Brunel Centre in Swindon and Royal Victoria Place in Tunbridge Wells.

The tenure of each of the Properties is as referred to in the Appendix to the Valuation provided by Healey & Baker and in the Property Overview below.

Valuation

Healey & Baker of 29 St George Street, Hanover Square, London W1A 3BG have provided a valuation certificate in respect of the Properties. Healey & Baker is one of the world's leading commercial real estate firms and a leader in the retail, office, industrial and investment markets. Founded in 1820, the firm is a partnership, one of the largest of its kind in Europe.

Healey & Baker is strategically located throughout Europe, the Middle East and Africa. In addition to four offices in the UK, it has offices in Belgium, Czech Republic, France, Germany, Hungary, Italy, Kuwait, Lebanon, Netherlands, Poland, Portugal, Spain, Sweden and U.A.E., with associated offices in Austria, Denmark, Finland, Greece, Ireland, Israel, Luxembourg, Norway, Romania, Russia, Slovakia, South Africa, Switzerland and Turkey.

Healey & Baker is a member of Cushman & Wakefield, offering 9,650 staff in more than 143 offices globally. In broad terms, Healey & Baker handles Europe, the Middle East and Africa; Cushman & Wakefield handles the Americas, Asia and Australia.

The following copy valuation is the form of valuation certificate that has been provided by Healey & Baker:

HEALEY & BAKER
A member of Cushman & Wakefield

Date: 25 September 2000

Morgan Stanley Dean Witter Principal Funding Inc.
1585 Broadway
New York
New York 10036

European Loan Conduit No. 4 p.l.c.
West Block Building
International Financial Services Centre
Dublin 1

Chase Manhattan Trustees Limited
9 Thomas More Street
London E1W 1YT

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

In accordance with your instructions dated 11 July 2000, we have pleasure in reporting to you as follows:-

1. Scope of Instructions

We have considered the 6 shopping centre properties as set out in Appendix 1 which we understand are to be purchased by limited partnerships in which MEPC plc ("**MEPC**") and Westfield Holdings Limited ("**Westfield**") have an equal interest.

We are instructed to prepare this valuation for Bank finance purposes and for inclusion in the listing particulars to be published for the issue of certain Notes on the Irish Stock Exchange.

The effective date of the valuation is 31 July 2000.

The valuation has been prepared in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors. The valuation has been prepared by valuers who conform to the requirements as set out in the RICS Appraisal and Valuation Manual, acting in the capacity of external valuer.

We have prepared a summary schedule of information on each property which is attached at Appendix 1 to this certificate.

2. Basis of Valuation

As instructed and in accordance with the requirements of the RICS Appraisal and Valuation Manual, the valuation has been prepared on the basis of Open Market Value. This is defined in the RICS Appraisal and Valuation Manual as follows:-

"An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:-

(a) a willing seller;

(b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

3. Tenure and Tenancies

We have not had access to the Title Deeds or the tenancies but certificates of title and tenancy summaries have been prepared by the seller's solicitors. The certificates and tenancy summaries have been reviewed by the Borrowers' solicitors. We have been supplied with copies of the agreed tenancy summaries and we have had sight of the final certificates of title and have reviewed the same. Our

valuation has been based on the information supplied to us as to tenure, tenancies and statutory notices as contained in the certificates of title.

Unless disclosed to us to the contrary (by virtue of the tenancy summaries, the certificates of title or otherwise) our valuation is on the basis that:-

(a) each property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;

(b) in respect of leasehold properties, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;

(c) tenancies to which the properties are subject are on full repairing and insuring terms, and contain no unusual or onerous provisions or covenants which would affect value;

(d) in respect of tenancies subject to impending or outstanding rent reviews and lease renewals, we have assumed that all notices have been served validly and within appropriate time limits; and

(e) vacant possession can be given of all accommodation which is unlet.

4. Town Planning

We have not made formal planning enquiries or carried out local authority searches for each property but have relied on detailed planning reports prepared by the Borrower's solicitors.

In the absence of information to the contrary, (contained in the reports referred to or otherwise) our valuation is on the basis that the properties are not affected by proposals for road widening or Compulsory Purchase and that each property has been erected either prior to planning control or in accordance with a valid planning permission and is being occupied and used without any breach of planning regulations.

5. Structure

We have neither carried out a structural survey of any property, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure and services. However, we have been provided with a Physical Due Diligence Review regarding structural matters and a Physical Due Diligence Review regarding building services prepared by Messrs Mott MacDonald in respect of each property. We have perused these reports but otherwise our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuation.

We have not inspected those parts of any property which are covered, unexposed or inaccessible and our valuation is on the basis that they are in good repair and condition.

We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. We have taken into account any information which has been supplied to us on these aspects by Messrs Mott MacDonald in their Physical Due Diligence Review comprising a desktop study of environmental matters. Otherwise, our valuation is on the basis that no hazardous or suspect materials and techniques have been used in the construction of any property.

6. Site and Contamination

We have not investigated ground conditions/stability and, unless advised to the contrary, our valuation is on the basis that all buildings have been constructed, having appropriate regard to existing

ground conditions. In respect of the properties with development potential, our valuation is on the basis that there are no adverse ground conditions which would affect building costs.

We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water). However, we have been supplied with desktop studies on environmental matters in respect of each property prepared by Messrs Mott MacDonald (as referred to above) and we have reflected their advice in our valuation. The Mott MacDonald reports do not confirm the presence or absence of land contamination and therefore our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation.

7. Plant and Machinery

In respect of the freehold properties, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued. In the case of the leasehold or part leasehold properties, unless advised to the contrary, these items have been treated as belonging to the landlord upon reversion of the lease.

Process related plant/machinery and tenants' fixtures/trade fittings have been excluded from our valuation.

We have assumed that any building services, which incorporate electronic devices necessary for their proper functioning, and the software which operates such devices, are Millennium compliant, or can be rendered so compliant at no significant cost. You should satisfy yourself by taking appropriate expert advice as to the validity of this assumption.

8. Inspections

We have inspected the properties internally and externally from ground level during June 2000.

With regard to floor areas we have relied on a full measured survey undertaken by Messrs Gerald Eve during July 2000 with the exception of the property in Swindon where we have relied on a measured survey provided to us by MEPC.

9. General Principles

Our valuation is based on the information which has been supplied to us by MEPC, Westfield and their advisors or which we have obtained from our enquiries. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation.

In respect of tenants' covenants, whilst we have taken into account information of which we are aware, we have not received a formal report on the financial status of the tenants. We have not been supplied with any information to indicate that the occupiers are unable to meet their commitments under the tenancies although we have been supplied with details of certain rent and service charge arrears. Our valuation generally reflects the information provided.

No allowances have been made for any expenses of realisation or any taxation liability arising from a sale or development of any property.

No account has been taken of any tenancies granted between subsidiaries of the borrower, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over the properties.

Our valuation is exclusive of any Value Added Tax.

The valuation of the properties has been undertaken by Mr A C Cherry, FRICS, Mr D V Tittle, FRICS, Mr D Raw, ARICS and Mr O W T Close ARICS.

10. Special Assumptions

The properties at Bury and Derby have been valued on the Special Assumption that the redevelopment works currently underway have been completed at the valuation date. The works relate to a total of 16 retail units, thirteen of which are either pre-let or lettings have been agreed. Three units remain unlet. We understand that MEPC will be guaranteeing the rental income from the 16 retail units in full, including both void and rent free periods. Therefore, we have assumed that these units are fully let and income producing as at the valuation date at our opinion of Estimated Rental Value. We should make clear that we have made no allowance for the cost of letting the units or for any void costs. Further, we have not made any allowance for the outstanding cost of the construction works.

11. Valuation

Subject to the foregoing, and based on values current as at 31 July 2000, we are of the opinion that the Open Market Value of the freehold and part freehold/part long leasehold interests in the properties, as set out in Appendix 1, is the total sum of £660,250,000 (Six Hundred and Sixty Million, Two Hundred and Fifty Thousand Pounds).

The valuation stated above represents the aggregate of the current values attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

We have a conflict of interest in respect of the J Sainsbury store at The Brunel Centre, Swindon, where we are acting for the tenant on an outstanding rent review. We have made an assumption that the estimated rental value of the relevant unit is 110 per cent. of the current passing rent. This may not accurately reflect the estimated rental value of the relevant unit.

The contents of this Valuation Certificate are intended to be confidential to the addressees of this valuation and their professional advisors and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Valuation Certificate or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and content of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless, where relevant, it incorporates the special assumptions referred to herein. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Valuation Certificate is combined with others.

Yours faithfully

Healey & Baker

APPENDIX 1

PROPERTIES HELD AS INVESTMENTS

Property	Description, age and tenure	Terms of existing tenancies
BELFAST Castle Court Shopping Centre, Royal Avenue	A purpose built self contained covered shopping centre on two levels with an attached multi-storey car park. Comprising 30,700 m^2 (330,000 sq ft) of retail accommodation arranged in 74 units. There is a three-storey office building above the shopping mall. The property occupies approximately 3.44 hectares (8.5 acres). Built in 1990. Freehold, although title to part of the property is good fee farm and title to another small part of the property is possessory.	With the exception of one vacant unit and one turnover tenancy the shops are let on full repairing and insuring tenancies with upwards only rent reviews the majority of which expire in 2015-2020. A high proportion of rent reviews have either recently been agreed, are currently outstanding, or are due in the next year.

Property	Description, age and tenure	Terms of existing tenancies
BURY Millgate Shopping Centre	The property comprises a part covered and part open shopping centre predominantly on one level although there is some ancillary accommodation at the first floor. In addition there is office and residential accommodation. The centre comprises 24,740 m^2 (266,000 sq ft) of retail accommodation arranged in 146 units, 3,140 m^2 (33,750 sq ft) of office accommodation and a multi-storey car park. The property occupies approximately 5.03 hectares (12.43 acres). Built in the late 1960's with extensions in 1990's, although parts of the building date from the 1900's. Part Freehold and part long leasehold on leases expiring in 2147 or 2118 at ground rents of between 10% and 23.2% of net rental income received.	The retail accommodation is let on 136 separate tenancies with the majority on full repairing and insuring terms with 5 yearly upwards only rent reviews. One tenancy has yet to be completed and there is an agreement to let the residential accommodation. There are currently 6 vacant shop units and 11 office suites. The majority of rent reviews are due over the next 3 years with most tenancies expiring after 2010.

Property	Description, age and tenure	Terms of existing tenancies
DERBY The Eagle Centre	The property comprises a purpose built covered shopping centre, an open pedestrianised shopping centre and five retail warehouse units. The Property in total provides approximately 60,850 m² (655,000 sq.ft.) of retail accommodation arranged in 93 units and approximately 2,410 m² (25,950 sq.ft.) of office accommodation. Included in these totals are 13 new retail units which have been constructed in an area formerly occupied by a foodstore. In addition, six retail units, a theatre and a covered market area are let to Derby City Council on a long lease. There is a basement car park for 960 cars and a multi-storey car park for approximately 780 cars. The site occupies approximately 7.8 hectares (19.28 acres). The Eagle Centre is currently undergoing refurbishment. Built in three phases dating from 1960's –1990's. Freehold, apart from a small area to the rear of 59/61 St Peter's Street which is held under a headlease for a 999 year term from 10 April 1975 and part of the service road above 44/49 East Street which is held on a headlease for a term of 125 years from 25 May 1986. The Cock Pitt car park is to be held on a 99 year lease from the Council and the rent payable thereunder is a minimum of one thousand pounds per annum and is based on the total development cost.	The majority of the tenancies are on full repairing and insuring terms with upward only rent reviews. Eleven tenancies are currently in solicitor's hands for the newly constructed units. A number of the units currently have outstanding rent reviews, and approximately one third of all the units have rent reviews between now and the end of 2003. The majority of tenancies expire between 2010-2015.

Property	Description, age and tenure	Terms of existing tenancies
SWINDON The Brunel Shopping Centre	The property comprises a part covered and part open shopping centre. Part of the centre is located in the prime retail pitch in the town centre fronting Regent Street with other sections of the centre in more secondary locations. The centre comprises 52,600 sq m (566,200 sq.ft) with 113 units shops on ground floor and first floor levels.	The retail accommodation is let on 73 separate tenancies, with the majority on full repairing and insuring terms with 5 yearly upward only rent reviews. There are currently 39 vacant units at the property although these are mostly located in The Arcade.

Property	Description, age and tenure	Terms of existing tenancies
	Built between 1970 and 1978 on a phased programme. Freehold apart from the basement, ground, first and second floors of the DMJ Tower, which are held long leasehold for a term of 999 years from 25 July 1999 at a peppercorn rent.	70 per cent. of the income is secured on tenancies expiring after 2010.

Property	Description, age and tenure	Terms of existing tenancies
GUILDFORD	**The Friary Shopping Centre**	
The Friary Shopping Centre, St. Dominic's, and 171-173 High Street & 81/87 North Street	A purpose built self contained covered shopping centre on three levels with office accommodation, part of which is over Unit 33 and part is in a 7 storey office building to the North of the shopping centre. The property comprises 11,285 m² (121,468 sq.ft.) of retail accommodation in 70 units and approximately 7,720 m² (83,102 sq.ft.) office accommodation. There is parking at the lower level for approximately 63 cars. There is also residential accommodation above the shopping centre and a Bus Station adjacent to the East. This section occupies approximately 0.93 hectares (2.3 acres). The shopping centre was built between 1989 and 1991 and the office building to the North was built in 1989/1990. Long leasehold expiring 27th June 2128 at a ground rent of 5 per cent. of total income receivable. The current ground rent is £254,266 per annum.	The retail accommodation is let on 80 separate tenancies with the majority on full repairing and insuring terms with 5 yearly upwards only rent reviews. There are currently 2 vacant kiosk units. The majority of rent reviews are due over the next 5 years with most tenancies expiring before 2010. The office accommodation is let on two separate tenancies on effectively full repairing and insuring terms with 5 yearly upwards only rent reviews. These tenancies expire January 2009 with tenants break options in January 2004. The residential accommodation is let on a long tenancy, at a peppercorn, expiring in 2128, to Guildford Borough Council. We understand that there is an outstanding obligation under the Headlease to grant an underlease of the Bus Station to Guildford Borough Council, for a term equal to the remaining term of the Headlease, less three days, at a peppercorn rent.
	The Development Sites There are also two sites which are held in connection with proposals for an extension to the Friary Shopping Centre. These comprise one mixed use site of approximately 0.29 hectares and a further site of approximately 0.12	The St Dominics site is let on 42 separate leases, the majority of which expire in 2002. The leases are not on full repairing and insuring terms, however the tenants in most cases

Property	Description, age and tenure	Terms of existing tenancies
	hectares. The first site is St. Dominic's which comprises four freehold interests. These are adjacent and include shop units, residential units, a garage, a nightclub and parking for approximately 10 cars. This site occupies approximately 0.29 hectares.	covenant to put and keep the premises into sound and substantial repair. There are currently 19 vacant units.
	The second site is 171-173 High Street & 81/87 North Street. This property comprises a vacant bank, an Automatic Telling Machine, 4 shop units and office accommodation above. This site occupies approximately 0.12 hectares. The buildings on the second site were Built circa 1900. Both sites are Freehold. Title to the part of the site registered with title No. SY459323 is possessory only.	The second site is let on 5 separate tenancies. The tenant, in each case, covenants to keep the interior of their demise in good a substantial repair and decorative order. One tenant is holding over, one tenancy expires December 2009, one tenancy expires May 2015 and two tenancies expire in 2002. The basement, ground floor bank and accommodation above are currently vacant.

Property	Description, age and tenure	Terms of existing tenancies
ROYAL TUNBRIDGE WELLS Royal Victoria Place Shopping Centre, 6 Grosvenor Road, 5 Calverley Road and 45/49 Calverley Road	A purpose built self contained covered shopping centre on four levels with multi-storey car parking and four older unit shops adjoining the centre. The centre comprises 34,944 m² (376,000 sq.ft.) of retail accommodation arranged in 94 units. The property occupies approximately 2.72 hectares (6.72 acres). Built in 1992. The 4 older shop units are held freehold. The shopping centre is held on a 200 year lease from 25 March 1992 at a current ground rent of £837,000 per annum. The ground rent is based on a minimum of £837,000 per annum or (broadly) 10 per cent. of the net annual rent received plus 98.5 per cent. of the rent from the department store within the shopping centre.	The majority of the property is let on full repairing and insuring terms with upward only rent reviews. The majority of the tenancies expire between 2005-2010 and the majority of the income is due for review before July 2002.

Property Overview

Tenure and Headlease Rents

All of the Properties are part leasehold and part freehold except for Castle Court in Belfast, which is a combination of freehold and good fee farm (good fee farm is roughly equivalent to freehold but a rent is payable). In the case of one of the Properties (Derby) one lease of the ground level pedestrian mall and elevated service road is held on a lease of 999 years from 10th April, 1975 at a fixed annual rent of £1. In the case of a second Property (Swindon) only a small part of the Property is leasehold, held under a lease for 999 years from the 23rd July, 1999 at a peppercorn rent.

A lease of the Cock Pitt Car Park in Derby has also been granted for a minimum rent of £1,000 per annum. The relevant Property Owners will be entitled to all income they receive up to a threshold of £770,200. Any income above that level is split between the landlord and the Property Owners.

In the case of three of the Properties (Bury, Guildford and Tunbridge Wells) the Properties are held under leases with unexpired terms of at least 100 years subject to "geared" rents which are calculated with reference to the rental income (excluding service charge and insurance premium payments, and value Added Tax) payable by occupational tenants. In most cases the owner of the Property can deduct irrecoverable expenses incurred in relation to the Property from the rental income prior to calculation of the headlease rent. The proportion of net occupational lease rental income payable by way of headlease rent varies between 10 per cent. and 23.2 per cent. for the areas let for retail purposes although in the case of one of the Properties 98.5 per cent. of the rent attributable to part of the Property is payable and in the case of another property the proportion of income payable in respect of a car park is 75 per cent.

The headleases all prescribe for a quarterly payment on account of rent (equal to the full rent payable in the last accounting year for which figures have been agreed) to be made and consequently, when the figures are finalised, only a balance is payable by or refundable to the owner of the relevant Property. In practice, it may be up to two years after the expiry of any accounting year before the exact amount of the headlease rent payable for such year is finalised.

The procedure and mechanism for calculation of the headlease rent varies, as do the deductions which Property Owners are entitled to make to cover irrecoverable expenses. Generally, however, a statement of the full rental income (excluding Value Added Tax, service charge and insurance premium payments) received in any one accounting year has to be delivered to the relative landlord within a prescribed period after the expiry of the year, together with such supporting information as is available. The relative landlord has the right to inspect accounts and records in order to verify the figure, together with any deductions which the Property Owners are entitled to make. Subsequently, once these figures are agreed (or determined by arbitration) the full amount of rent payable under the relevant headlease can be calculated and must then be paid to (or refunded by) the relevant landlord.

Occupational Tenancies

As at 31st July 2000, the six Properties were let to approximately 444 tenants in total, principally retail tenants.

In excess of 95 per cent. of the tenancies are on full repairing and insuring terms, which means that an appropriate proportion of the cost of insuring and repairing the centre of which the premises form part is recoverable from the relevant tenant. In certain cases there will be a shortfall in the recovery of service charge and insurance premium because, inter alia, the service charge regimes in the relevant tenancies are not comprehensive, there are service charge caps which have been granted to tenants or there are vacant units.

In the majority of cases tenancies contain provisions for the upward only review of the rent to open market value, and premises are let at the market rent.

Tenancies of the English Properties

Fewer than 5 per cent. of tenancies of the Properties situated in England do not contain upward only rent reviews. In a small number of cases tenancies have been granted for a nil or low rent with a term in excess of 20 years or rent concessions have been granted.

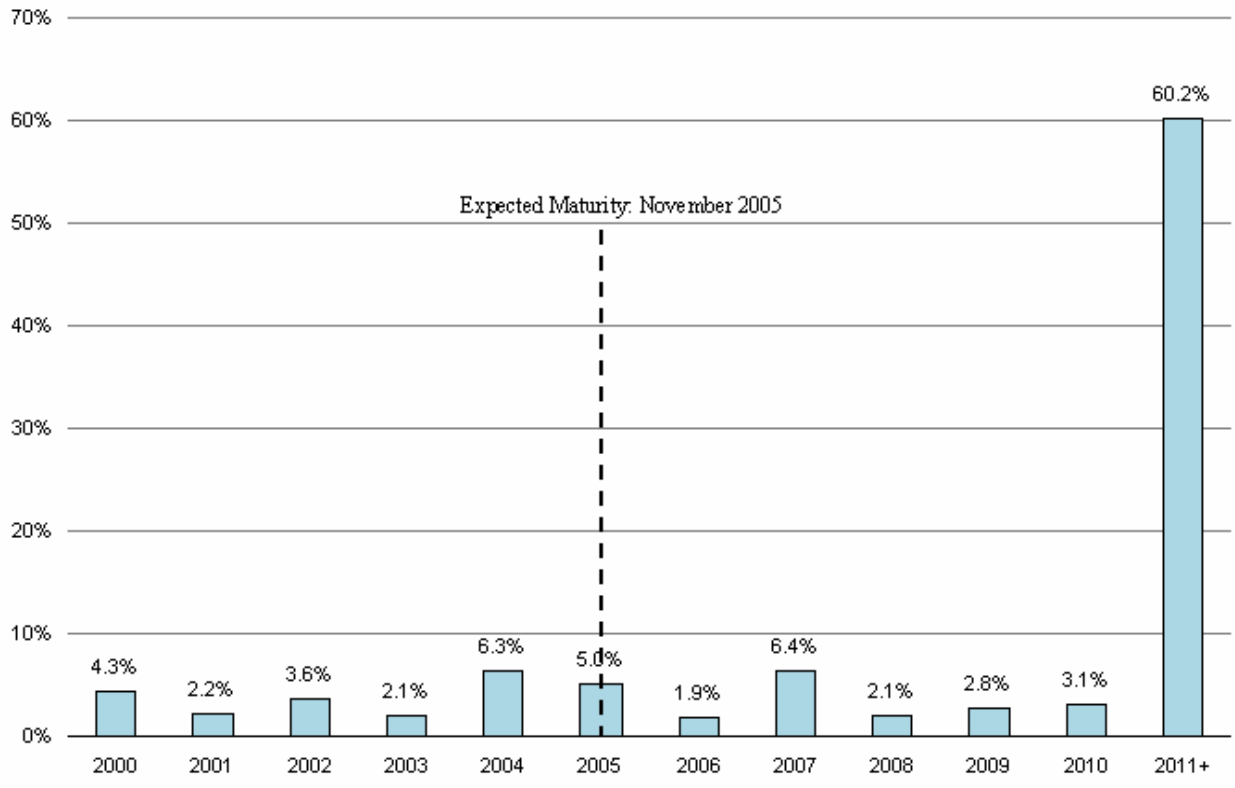
Approximately 10 per cent. of tenancies of the Properties situated in England contain provisions where rental is based on turnover and is therefore variable. At least 95 per cent. of the tenancies have no rent free periods or have rent free periods which have expired.

Tenancies of the Northern Irish Property

In the case of the Property situated in Northern Ireland approximately 88 per cent of the tenancies contain upward only rent reviews. Fewer than 2 per cent. of tenancies are let on a turnover rent, and in excess of 95 per cent of tenancies have no rent free periods or rent free periods which have expired.

A number of tenancies contain provisions whereby the tenant can terminate the tenancy following damage by an insured risk.

A number of the tenancies also contain break clauses that allow tenants to terminate the relevant tenancy prior to the specified termination date.



The following chart shows the expiry of all tenancies by rental income over time:

Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant can exercise an option to terminate the tenancy (excluding, for these purposes, tenancies which can be terminated following damage by an insured risk).

Source : Morgan Stanley & Co. International Limited

The weighted average of unexpired tenancy terms by rental income is 14.31 years.

The following table shows the largest tenants by rental income and the percentage of total rental income each such tenant represents:

Sanofi Winthrop Ltd	3.7%
Boots	2.7%
Redcastle Ltd	2.2%
New Look	2.2%
Sainsbury's Supermarkets Ltd	1.6%
Burton Group	1.6%
Miss Selfridge	1.6%
GPS (Great Britain) Ltd	1.6%
Superdrug	1.5%
DSG Retail (The Link)	1.5%
Debenhams Plc	1.4%
Virgin Retail Ltd	1.4%
Bhs	1.4%
W H Smith Ltd	1.4%
Clinton Cards	1.3%
Vision Express	1.3%
River Island Clothing Co Ltd	1.1%
HMV (UK) Ltd	1.1%
Next plc	1.1%
Signet Group plc	1.1%
Arcadia	1.0%
BT Property	0.9%
Mothercare PLC	0.9%
Stylo Barratt Properties Ltd	0.9%
Marks & Spencer plc	0.9%
Woolworths plc	0.9%
Going Places	0.8%
Jeffery Rogers Plc	0.7%
Sears	0.7%
Epcoscan Ltd	0.7%
Dolland & Aitchison Ltd	0.7%
John Menzies (UK) Ltd	0.7%
Sports Soccer	0.7%
Laura Ashley Ltd	0.7%
Claires Accessories	0.7%
Adams Childrenwear	0.6%
Primark Stores Ltd	0.6%
Etam plc	0.6%
NBC Apparel Ltd	0.6%
Eason & Sons (N.I.) Ltd	0.6%
Littlewoods Organisation	0.6%
Argos	0.6%
LA Fitness	0.6%
Goldsmiths (Jewellers) Ltd	0.6%
Total	50.0%

Note: Redcastle Ltd., Burton Group Properties Ltd and Miss Selfridge are subsidiaries of the Arcadia Group Plc and consequently Arcadia Group Plc and its subsidiaries represent 6.4 per cent. of total rental income. In addition, car parking lease revenues represent 5.1 per cent. of combined lease revenues.

Source : Morgan Stanley & Co. International Limited.

Insurance

The Properties are or will be prior to the Closing Date insured with Chubb Insurance Company of Australia Limited and FM Insurance Company Limited under an insurance policy for the reinstatement value of each Property subject to a limit of £350,000,000 for any one loss or series of losses arising out of any one event at any one location and to an aggregate limit of £750,000,000.

The insurance policy is an "All Risks" policy and covers risks of physical loss or damage to the Properties (and any personal property) as well as business interruption. Business interruption includes losses in gross earnings resulting from any necessary interruption to the insured's business caused by such

physical loss or damage and MSMS's interest in its capacity as Security Trustee has been noted or will, prior to the Closing Date, be noted on the policy.

The insurance also covers loss of rent, limited to the reduction in rental value resulting from the relevant loss, damage or destruction.

The period of recovery in respect of loss of rental value under the insurance policy will, however, be limited to a period comprising both (i) the period during which the damaged property could, with due diligence, have been rebuilt, repaired or replaced, and (ii) an additional period, being that required to restore the Borrower's business to the condition that would otherwise have existed, such period commencing from the later of (a) the date on which the insurer's liability would otherwise terminate and (b) the date on which the damaged property is actually rebuilt, repaired or replaced, such additional period being, in any event limited to one year from the later of (a) and (b).

The principal exclusions in the policy are: (i) war, hostile action, insurrection, rebellion, usurped power; (ii) damage resulting from any nuclear reaction, radiation or contamination; (iii) faulty workmanship, material, construction or design; (iv) settling, cracking or shrinking of foundations, walls, floors or ceilings; and (v) insect or vermin damage, although in the case of (iii), (iv) and (v) resultant damage is covered.

All insurance proceeds will be paid to the relevant Borrowers and Property Owners (and, where a superior landlord is a co-insured a proportion will be paid to the superior landlord based on the value of its interest in the relevant Property or part thereof) and the Credit Agreement requires that proceeds of insurance be used to make good the damage or destruction unless there is an event of default under the Loan when, to the extent any insurance policy, headlease or occupational lease does not restrict the proceeds of insurance being used to prepay the Loan, such sums shall at the Property Owners' option be used in or towards the prepayment of the Loan.

A separate insurance policy has been taken out or will be taken out prior to the Closing Date covering fire and explosion resulting from terrorism in respect of all the Properties (excluding the Property situated in Northern Ireland). The policy is in the name of the Property Owners and the Borrowers. The insurer is Chubb Insurance 100% Pool Re.

In the case of Northern Ireland the Criminal Damage (Compensation) (Northern Ireland) Order 1977 provides that where property has been damaged or destroyed by terrorist activity or criminal damage within the meaning of the Order then a claim can be made for compensation from the Secretary of State for the diminution in value of the building. There is also an ability to claim consequential loss, however this is limited in that there must be some physical damage on which to base the claim: a successfully defused bomb which had cause no actual damage to property would not give rise to a consequential loss claim.

A separate Public and Products Liability insurance policy has been taken out or will be taken out prior to the Closing Date in the name of the Borrowers and the Property Owners with Chubb Insurance Company of Australia Limited, ACE Insurance Limited, Royal and Sun Alliance Limited, Winterthur International Insurance Limited and Lloyds of London. In relation to products liability, the insurance policy is subject to an aggregate limit of A$300,000,000; in relation to public liability, there is a limit of A$300,000,000 applicable to each occurrence but there is no aggregate limit of liability.

The insurance policy covers legal liability in respect of bodily injury and property damage. The principal exclusions are: (i) personal injury to employees covered by any workers compensation/employers liability scheme; (ii) damage to property owned by the insured; (iii) war, invasion, hostile action, insurrection, rebellion, usurped power; (iv) injury or damage resulting from any nuclear reaction, contamination or radiation; and (v) punitive, aggravated or exemplary damages, fines or penalties imposed by law.

All three policies are issued subject to the terms, conditions and exclusions contained in the policies of insurance.

In each case, the interests of the Security Trustee is noted or will be noted on the insurance policies.

In the case of the buildings and terrorism insurance policies they also contain a mortgagee protection clause, pursuant to which, inter alia, the insurer is required to give notice to the Security Trustee before it terminates a policy for non- payment of premium.

Castle Court Shopping Centre, Belfast

Location

Belfast is both the capital and major urban centre of Northern Ireland. It is on the North-Eastern coast of Ireland.

The M1, M2 and M3 provide quick access from the City Centre to the rest of the province. There is an international airport 24 kilometres to the West, and a domestic airport close to the City Centre. There are regular rail services from the City to most major towns in Northern Ireland, and there is also a service to Dublin.

Castle Court is situated in the prime retailing area in the heart of Belfast City Centre.

The Property

Castle Court comprises an enclosed shopping centre on two levels with attached 1,600 space multi-storey car park. The Centre was constructed in 1990 and incorporates a three level office building above the shopping mall.

The Property comprises approximately 30,700 square metres of retail accommodation and some office accommodation. The office accommodation has been let to the Department of the Environment for Northern Ireland on a long lease expiring in 2115. The car park is operated on a commercial basis and charges apply irrespective of whether users are visiting Castle Court Shopping Centre.

Stores

Major tenants at the Property include Debenhams, Next, Laura Ashley and Boots.

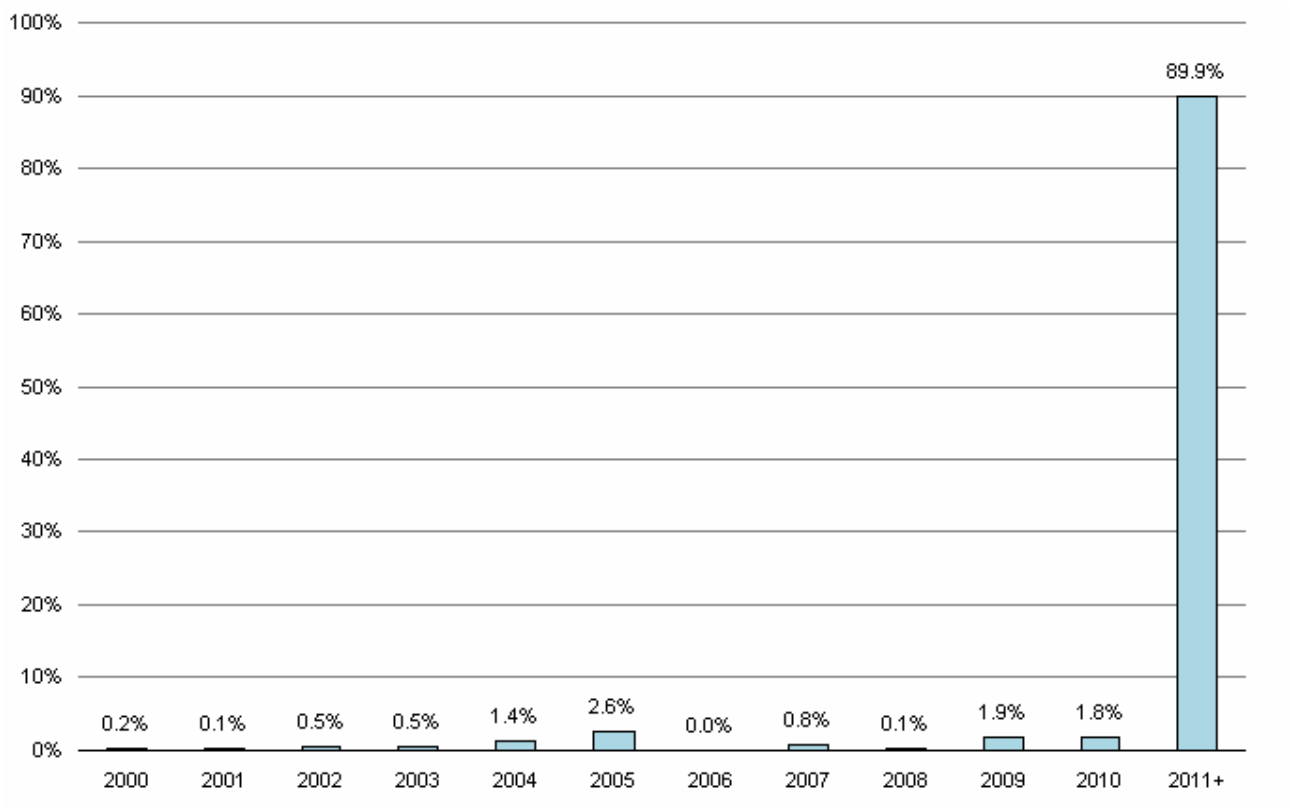
Market Overview & Competition

The City Centre of Belfast remains the regional shopping centre for Northern Ireland despite the success of the Forestside shopping centre to the South of the city.

There are three shopping centres located in Belfast which together offer a combined gross lettable area of 112,355 square metres. The Property is the largest of these shopping centres and is situated on Royal Avenue, which is at the retailing core of Belfast. The prime retail pitch in the City is situated 250 metres to the South of the Property on Donegal Place.

Tenancy Payments and Tenancy Expiry Profile

The following chart shows the date of expiry of the tenancies of the Property by rental income:



Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant's option to determine the tenancy can be exercised (excluding, for these purposes, a break option exercisable on damage by an insured risk).

Source : Morgan Stanley & Co. International Limited

It is estimated that the Property in Belfast represents approximately 22.6 per cent. of the estimated rental value of all of the Properties.

Structural Report

Mott MacDonald have prepared a structural report dated July 2000. The report concluded that the building was in reasonable condition with regular maintenance and repairs undertaken. The report identified several issues, which Healey & Baker concluded were relatively minor.

Healey & Baker, in their August 2000 report, state in addition that during their superficial inspection of the Property there were no significant structural defects or material wants of repair that would have an adverse effect on value.

Environment Report

An environmental report dated July 2000 prepared by Mott MacDonald identified a low risk of environmental contamination. It was noted that no residual contamination was found during the development of the site in 1990.

Tenure

The majority of the Property is freehold. Part of the Property is held fee farm (which roughly equates to a freehold interest, although a rent is payable) and title to a small part of the Property within the car park is possessory.

General/Construction Issues

There are proposals for the development of nearby shopping centres, however they are unlikely to be available for 3-4 years and the immediate effect on the Centre is likely to be minimal (according to Healey & Baker).

Total irrecoverable costs at the Property have been estimated by Healey & Baker to be approximately fifty thousand pounds per annum.

The Millgate Centre, Bury

Location

Bury is a manufacturing town in the North West of England, 13 kilometres North of Manchester. The town lies approximately 3 kilometres West of junction 2 of the M66 motorway and 6 kilometres North of the M60. The town benefits from good rail communications.

The Millgate Centre is situated on the South side of the Rock, which is part of the retail centre of Bury. The Rock is a secondary retail thoroughfare.

The Property

The Property comprises a part covered/part open shopping centre known as the Millgate Centre.

Retail accommodation, totalling 24,740 square metres, is principally arranged on ground floor level with some units having first floor ancillary or sales accommodation. There are several areas of residential accommodation, and 3,140 square metres of office accommodation. There is also a multi-storey car park for approximately 450 cars which forms part of the Property and other ancillary accommodation including, inter alia, two petrol filling stations (one disused).

The Property was developed in the late 1960's. The Property was also extended in the 1990's.

Stores

The anchor tenant at the Property is BhS. There are also a number of national retailers at the Centre including Littlewoods, Boots, Superdrug, and W H Smith.

Market Overview and Competition

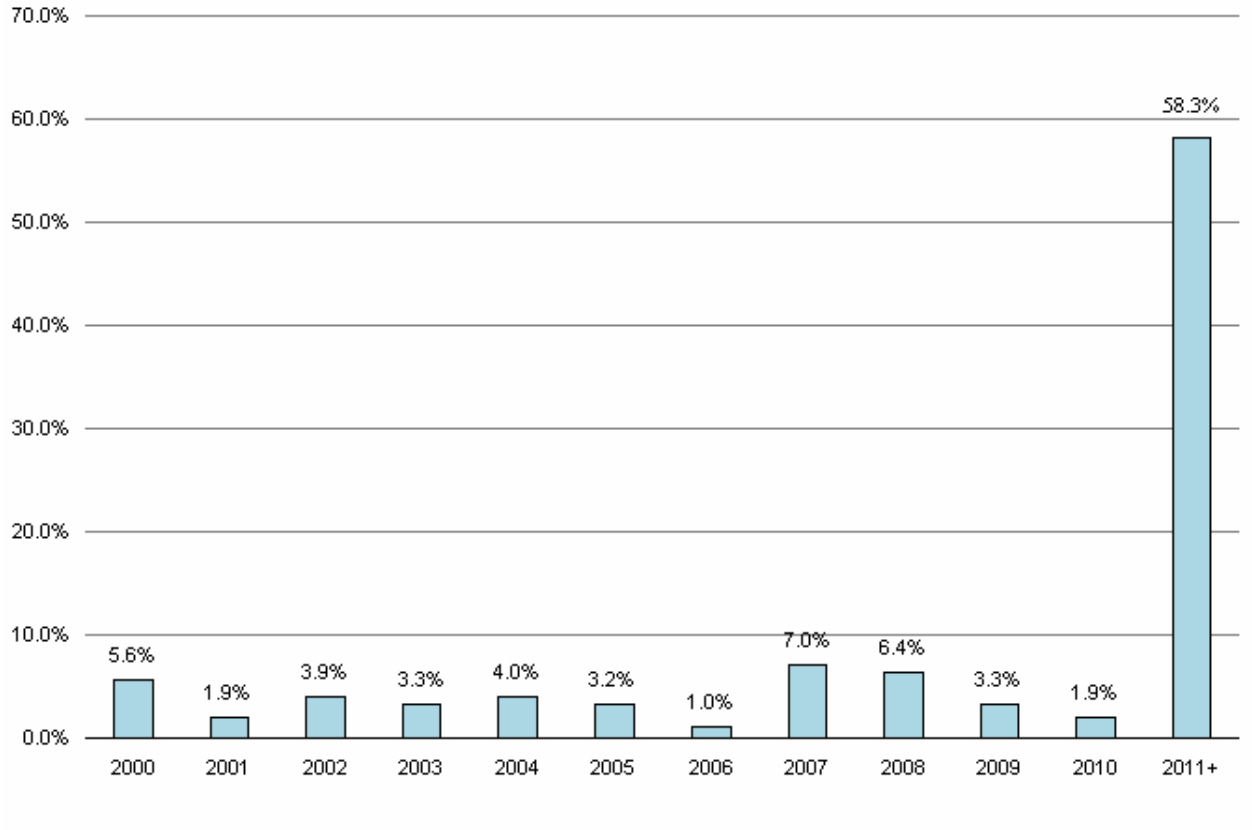
Manchester, one of the country's largest cities, provides the main competition to Bury. Alternative competition from shopping centres includes Bolton, approximately 10 kilometres to the West, Blackburn, approximately 11 kilometres to the North and the Trafford Centre, an out of town shopping centre 16 kilometres to the South West.

There are also two retail parks close to the Property: Angouleme Retail Park is immediately to the South and Woodfields Retail Park is about 500 metres to the North.

Bury has just over 96,620 square metres of town centre retail floorspace, which means that approximately 26 per cent. of this is located within the Millgate Centre, which is the only shopping centre in Bury town centre.

Tenancy Payments and Tenancy Expiry Profile

The following chart shows the date of expiry of tenancies of the Property by rental income:



Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant's option to determine the tenancy can be exercised (excluding, for these purposes, a break option exercisable following damage by an insured risk).

Source : Morgan Stanley & Co. International Limited.

It is estimated that the Property in Bury represents approximately 14.0 per cent. of the estimated rental value of all of the Properties.

Structural Report

Mott MacDonald's Structural Report dated July 2000 concludes that the structural elements of the buildings and structures are in reasonably good condition given the age of the various development phases. The report highlights items of repair where attention is recommended, amounting to six hundred and thirty thousand pounds over a one to ten year timescale. The report also recommends a more detailed examination/appraisal.

The report refers to asbestos and High Alumina cement at the Property. There is asbestos in, inter alia, 39 shop units. The Mott MacDonald report states that the asbestos is generally in a good to fair condition, but the asbestos in four shop units requires priority removal. The tenants of these units have been asked to remove the asbestos at their cost.

Healey & Baker state in their report that they consider that a purchaser would make an allowance of two hundred and fifty thousand pounds to reflect the asbestos issue, and it is possible to be reasonably confident that the presence of High Alumina cement should not be a material issue, provided the building is well maintained to prevent any deterioration of the concrete structure.

Healey & Baker, in their August 2000 report, state in addition that during their superficial inspection of the Property they did not note any significant structural defects or material wants of repair that would have an adverse effect on the value.

Environment Report

The environmental report dated July 2000 prepared by Mott MacDonald identified a low risk of environmental contamination. The site is situated on geology of high permeability which, according to the report, is not an issue of concern as the Property does not have a history of highly contaminative uses.

The site of a former asbestos factory is believed to be on the North side of Minden Parade. Mott MacDonald's report states that there is no risk of exposure to the current occupants of the Property. However, in the event that this part of the Property were to be redeveloped, the presence of asbestos in the soil will require precautionary safety measures or removal.

There are two petrol filling stations at the Property. One service station is still in use and has underground oil tanks. The other station is disused. The disused station has slightly elevated diesel levels in the soil. The tenant (which is to surrender its sublease) has been requested to remediate the site.

Tenure

A small part of the Property is freehold, but the majority is held on eight headleases for terms expiring on 30th March, 2118 or 6th November, 2147.

General/Construction Issues

There are vacant offices above the retail units on the Rock and Minden Parade, there is a vacant post office, nightclub, first floor of the former market and print works at 2 to 6 Market Parade. As a result the relevant Property Owner will have to bear certain irrecoverable costs. Total irrecoverable costs at the Property are estimated at two hundred and fifty-seven thousand pounds per annum.

There are re-development works being carried out to form four new retail units, a new service yard and public gardens. The estimated total expenditure was approximately four million pounds of which approximately three million pounds had been spent up to 30th June, 2000.

The Eagle Centre, Derby

Location

Derby is a major City located in the heart of England, 26 kilometres to the West of Nottingham. The closest motorway is the M1 which is 16 kilometres away. The A50 dual carriageway, which links the M1 and the M6, goes past Derby, and the A52 dual carriageway links Derby and Nottingham. There is a domestic and international airport 9.5km away, and there are rail services to London St Pancras.

The Property is the dominant centre within Derby.

The Property

The Property comprises three separate adjacent shopping centres:-

1) The Eagle Centre comprises a covered shopping centre arranged around four malls. The Centre was built in the 1970's and has undergone a refurbishment programme since March 1999. The centre has two car parks with a total of 1,740 spaces.

2) The Castlefields Main Centre comprises an open shopping centre on ground and first floors together with two office blocks. The Centre was constructed in the 1960's.

3) The Coliseum Centre comprises five retail warehouse units with a car park with a total of 110 spaces.

The Property comprises approximately 60,850 square metres of retail accommodation and 2,410 square metres of office accommodation. A theatre and covered market are let to Derby City Council on a long lease.

Stores

Major tenants in the three shopping centres include British Home Stores, Woolworths, Sainsburys and Superdrug. There is a generally good and varied range of retail tenants.

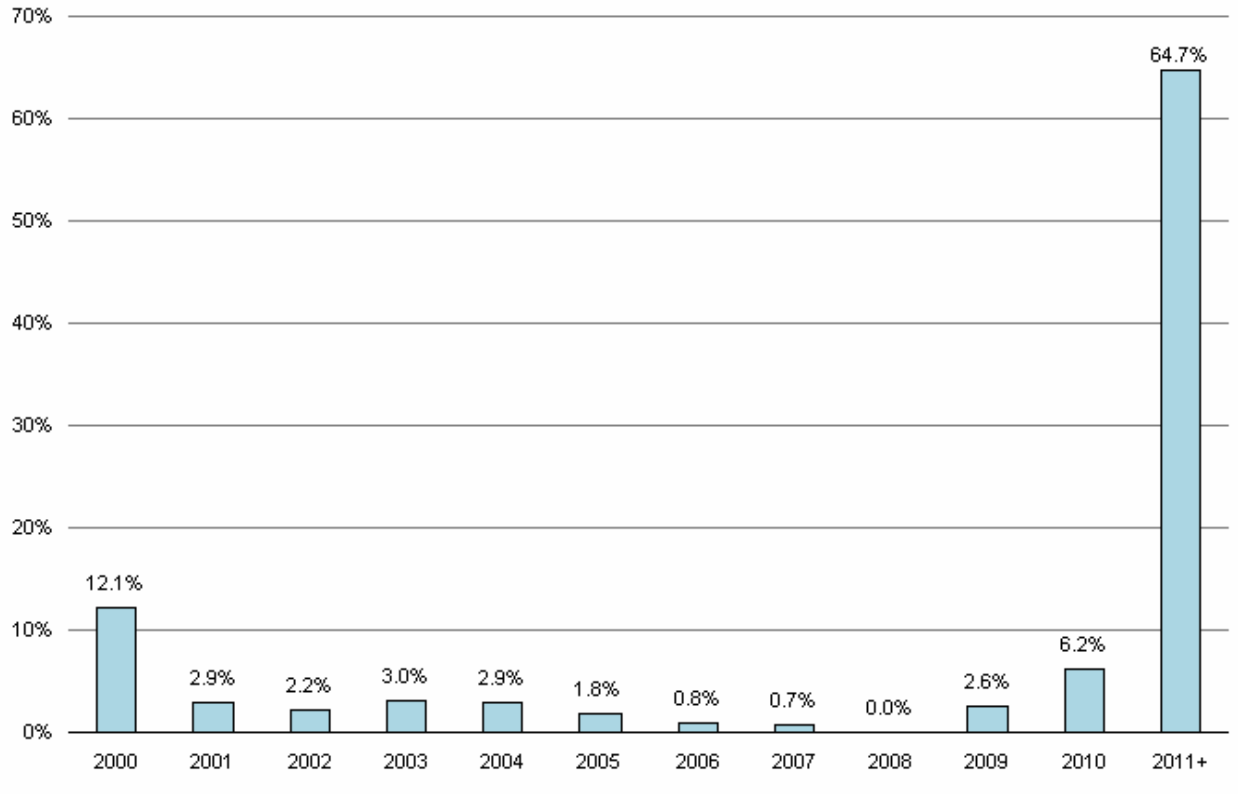
Market Overview and Competition

Derby is a regional shopping centre with the main shopping competition coming from Nottingham and the out of town super regional shopping centre at Meadowhall some 71 kilometres to the North.

Derby has just over 139,350 square metres of city centre retail floorspace. Prime retail space in Derby is considered to be along Albion Street (within the Property) and along Exchange Street (which leads to the Property).

Lease Payments and Lease Expiry Profile

The following chart shows the date of expiry of the tenancies of the Property by rental income:



Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant's option to determine the tenancy can be exercised (excluding, for these purposes, a break clause exercisable on damage by an insured risk). In relation to the 12.1 per cent. expiry of tenancies of the Property by rental income for the year 2000, 11.1 per cent. is in respect of tenancies that have expired prior to the date of this Offering Circular, but all the

tenants of which are still in occupation of the relevant property. The remaining 1 per cent. is in respect of tenancies that are due to terminate or which have a tenants' option to terminate the tenancy on or prior to 31st December, 2000.

Source : Morgan Stanley & Co. International Limited.

It is estimated that the Property at Derby represents approximately 17.4 per cent. of the estimated rental value of all of the Properties.

Structural Report

Mott MacDonald have prepared a structural report dated July 2000. The report concluded that generally the whole complex was in a satisfactory structural condition, but that some of the older buildings required some general building maintenance and refurbishment. The report identified approximately two hundred and forty-five thousand pounds of remedial works.

Healey & Baker, in their August 2000 report, stated in addition that during their superficial inspection of the Property they did not note any significant structural defects or material wants of repair that would have an adverse affect on value.

Environmental Report

The environmental report dated July 2000 prepared by Mott MacDonald identified a low risk of environmental contamination. Asbestos was found at the shopping centre, and an asbestos survey was carried out which stated that all asbestos has been encapsulated, sealed, labelled and bordered off. All asbestos is being removed when individual units are re-developed.

Tenure

Part of the Property (namely the ground level pedestrian mall and elevated service road) is held on a headlease for 999 years from 10th April, 1975. Another part (namely the area known as The Cock Pitt car park) is held under a lease for 99 years from 29th September, 1998. A part of the service road is held under a headlease for a term of 125 years from 25 May 1986. The remainder of the Property is freehold.

General/Construction Issues

MEPC plc have entered into construction contracts for the refurbishment of part of the Property. The outstanding cost of the works was three million nine hundred and six thousand pounds as at 11th August, 2000, which includes promotional and letting costs of twelve newly furbished units.

Total irrecoverable costs are estimated at approximately one hundred thousand pounds per annum.

The Brunel Shopping Centre, Swindon

Location

Swindon is situated approximately 130 kilometres West of London and 65 kilometres East of Bristol. The town is situated less than five kilometres from the M4, and has a fast rail connection to London Paddington.

The Property has a frontage to the prime retail pitch in Swindon.

The Property

The Property occupies 52,600 square metres of which 52,300 square metres is retail space. It was originally constructed between 1970 and 1978. The Property is served by two multi-storey car parks, which are both owned and controlled by Swindon Borough Council.

The Property comprises three independent structures; Blocks A/B, C and D. The three blocks are separated at ground level although Blocks A/B and C are linked with a bridge on the first floor.

Blocks A and B form the main bulk of the Property. Blocks A and B comprise 56 units, Block C 50 units and Block D 6 units.

Marks and Spencer are the freehold proprietors of part of Black A, which is therefore excluded from the title to the Property.

Stores

Major tenants include Marks & Spencer, Sainsburys, Argos and New Look.

Market Overview & Competition

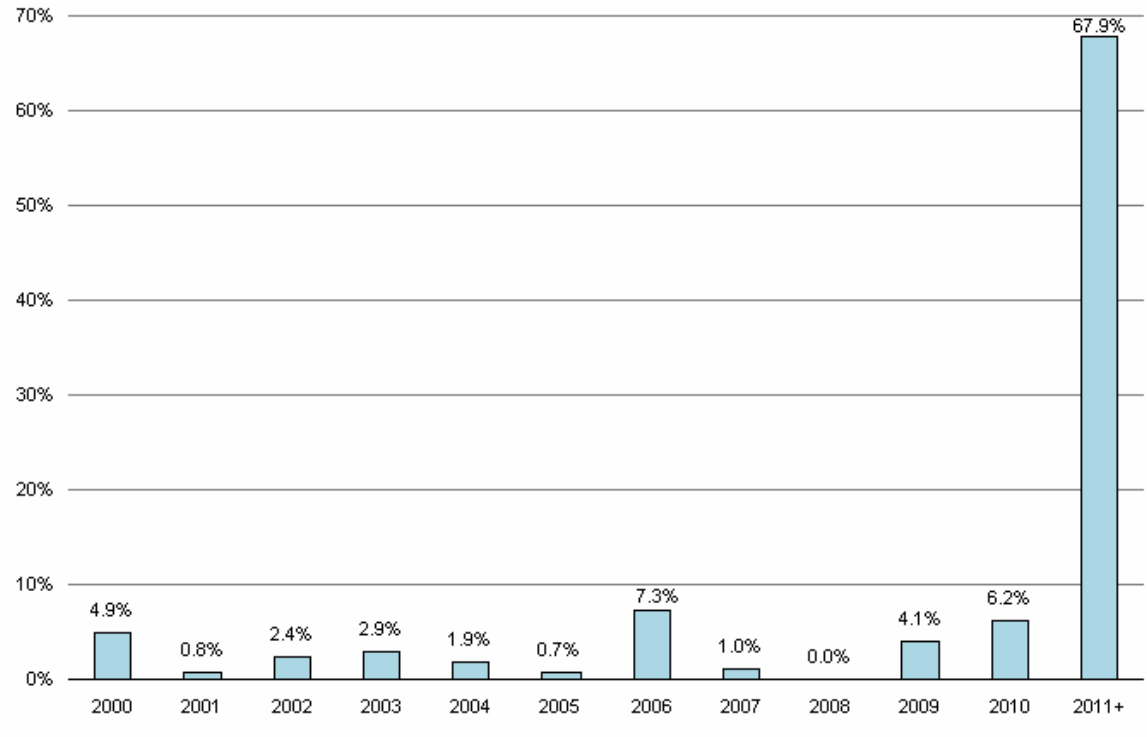
Swindon is some distance from the major competing centres (Oxford, Gloucester and Bath), all of which are more than 50 kilometres distant.

Swindon has just over 92,903 square metres of city centre retail floorspace. The Property is the focus of the town centre provision of shopping, providing approximately half of the town centre's retail floor space. There is only one other covered shopping centre in the town.

A designer outlet village comprising 91 units has been build on the outskirts of the town centre. A planning application has been submitted for the extension of the designer outlet village to include additional retail space, a multiplex and a food court. If approved, this may have an effect on the town centre.

Tenancy Payments and Tenancy Expiry Profile

The following chart shows the dates of expiry of the tenancies of the Property by rental income:



Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant's option to determine the tenancy can be exercised (excluding, for these purposes, a break option exercisable following damage by an insured risk).

Source : Morgan Stanley & Co. International Limited.

It is estimated that the Property in Swindon represents approximately 15.8 per cent. of the estimated rental value of all of the Properties.

Structural Condition Report

Mott MacDonald's Structural Report dated July 2000 concluded that the Property was in reasonable condition with regular maintenance and repair undertaken. Mott MacDonald notes that certain plants (including all 23 of the goods lifts installations) require replacement within the next five years, and that certain other works are required, but state that the sums expended are, in the main, recoverable through the service charge.

Healey & Baker, in their August 2000 report, state in addition that during their superficial inspection of the Property they did not note any significant structural defects or material wants of repair that would have an adverse effect on value.

Environment Report

Mott MacDonald's Environmental Study dated July 2000 states that the site is considered to represent a low risk with respect to environmental matters, although a gas works was present on the site from prior to 1886 until circa 1901.

The Mott MacDonald report confirms that asbetsos containing materials have been identified at locations throughout the Property. Mott MacDonald state that provided any such materials are properly managed and that fibres are contained the risks associated with the asbestos can be limited. The majority of the asbestos is comprised within two units, and the removal or containment of the asbestos within these units is the responsibility of the tenants of the units.

Tenure

The Property is freehold, apart from the basement to the second floor of a twenty storey tower which is held under a lease expiring on 28th July, 2998 and a lease of a wall. The freehold proprietor of the tower is Swindon Borough Council.

General/Construction Issues

The Healey & Baker report dated August 2000 estimates that there are approximately six hundred and thirteen thousand pounds of irrecoverable costs per annum.

The re-letting prospects of units which are in secondary locations within the shopping centre are poor.

All decision making with regard to the multi-storey car parks are out of the control of the Property Owner, as they do not form part of the Property.

The Friary Shopping Centre, Guildford

Location

Guildford is located 48 kilometres South West of central London, and 72 kilometres North of Portsmouth. Guilford is approximately 11 kilometres from junction 10 of the M25, London's orbital

motorway. Heathrow is 34 kilometres to the North, and Gatwick is 50 kilometres to the West. Guilford is also linked by rail to London's Waterloo.

The Property is within the main shopping area of Guildford. The main entrance of the Friary Shopping Centre is on North Street, which is the main secondary shopping street in Guildford. The Friary and St Dominic's (which comprise part of the Property) are situated to the North West of the established prime High Street.

The Property

The Property comprises three distinct sections:

1. The Friary Shopping Centre comprises a covered shopping centre, bus station, residential accommodation and car parking. There is also office accommodation on four levels above unit 33. There is a further seven storey office building at the northern corner of the site.

   There are 63 car parking spaces within the centre, which are let to the occupants of the offices. There is a neighbouring multi-storey car park (1,100 spaces) which is owned and operated by Guildford Borough Council.

   The centre was built between 1979 and 1984 and extended and refurbished in 1989/90. The Friary has a site area of approximately 0.93 hectares.

2. St Dominic's is separated from the Friary by Commercial Road. St Dominic's comprises four freehold sites which include shop units, residential units, a garage, a nightclub and parking for approximately 10 cars. St Dominic's has a site area of approximately 0.29 hectares.

3. 171-3 High Street and 81/87 North Street comprises a vacant bank, four shop units and office accommodation above. The site has an area of approximately 0.12 hectares and is not adjacent to the Friary and St Dominic's.

The Friary comprises approximately 11,285 square metres of retail accommodation and 7,720 square metres of office accommodation.

Stores

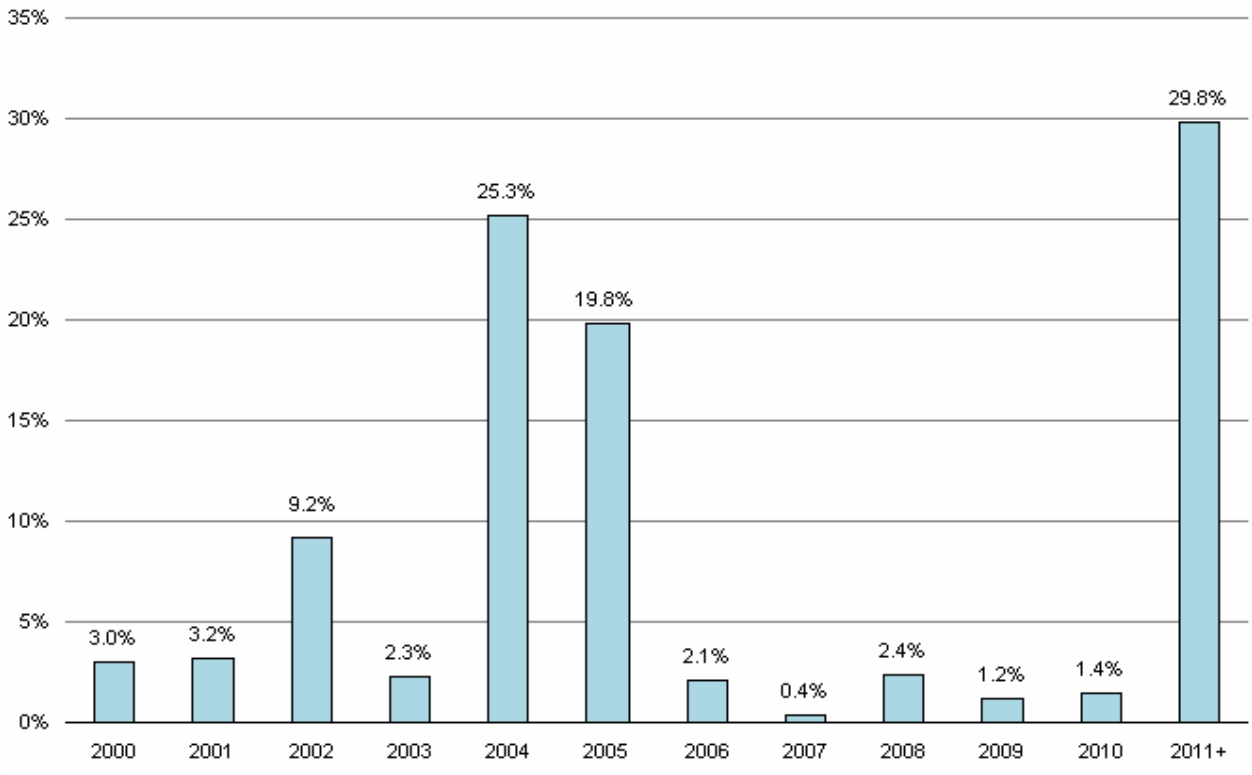
The Friary has many major retailers as tenants and has a particular concentration of fashion retailers. Retailers include HMV, Mothercare, Top Shop, Oasis, Miss Selfridge, and Style Union (Burton Group Menswear label).

Market Overview & Competition

Guildford is one of the major shopping centres in Surrey. The overall volume of floorspace within the city centre is 102,000 square metres. The prime shopping location in Guildford is on the High Street, which runs parallel to North Street (where the Property is located). The High Street and North Street are connected by pedestrian alleyways.

Tenancy Payments and Tenancy Expiry Profile

The following chart shows the date of expiry of the tenancies of the Property by rental income:



Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant's option to determine the tenancy could be exercised (excluding, for these purposes, a break option exercisable following damage by an insured risk).

Source: Morgan Stanley & Co. International Limited.

It is estimated that the Property in Guildford represents approximately 14.1 per cent. of the estimated rental value of all of the Properties.

Structural Condition Report

Mott MacDonald's Structural Report dated July 2000 concluded that the part of the Property containing the Friary Shopping Centre was in a reasonably satisfactory structural condition. No report was prepared by Mott MacDonald for St Dominic's or the High Street/North Street site, however Healey & Baker stated in their August 2000 report that they did not note any material wants of repair which they considered would have a material impact on value when they carried out a superficial inspection of these sites.

As expected for a building of its age, there is some general building maintenance and redecorating required, together with certain specific remedial work. The report estimates a budget cost of two hundred and ten thousand pounds within five years, and six hundred and ten thousand pounds within 15 years.

Environment Report

Mott MacDonald's Environmental Study dated July 2000 states that the Friary Centre site is considered to represent a medium risk with respect to environmental matters, due to the historical presence of a gas works adjacent to the site. In addition, the site is located on a major acquifer of high permeability. No environmental report was prepared for the St Dominic's or the North Street/High Street site.

Tenure

The Friary Shopping Centre is held under a headlease for a term expiring on 27th June, 2128.

St Dominic's and the High Street/North Street site are freehold.

General/Construction Issues

Healey & Baker estimate that there is a service charge shortfall of approximately forty thousand pounds per annum.

There is a lack of car parking at the Property, and the adjacent multi-storey car park is not controlled by the Property Owner, however the proximity of the mainline railway station, the bus station at the Friary Centre and nearby public car parks partly alleviate this problem.

Royal Victoria Place Shopping Centre, Tunbridge Wells

Location

Tunbridge Wells is a town in South West Kent, and is surrounded by the Green Belt, approximately 65 kilometres from central London. The town is 24 kilometres from the M25, the London orbital motorway. The A26 and A267 provide the main routes South of the town, to Lewes and Eastbourne.

Rail links to London are good with a direct service to London's Charring Cross. Gatwick Airport is approximately 40 kilometres away.

The Property is integrated with the established prime retailing on Calvery Road, and is situated to the North of this road which is one of the few pedestrianised streets in the town.

The Property

The Property is the town's principal shopping centre and comprises approximately 34,944 square metres of mostly covered retail space on four levels: the service and food court level, the lower mall level, the upper mall level, and the first floor level. Most of the retail units are located on the upper and lower malls. The Property was built in 1992.

Stores

The Centre houses a good range of national multiple retailers. Retailers include Next, LA Fitness, Boots, Woolworths, Disney Store, and WHSmith. The Centre also has a number of fashion retailers such as GAP, Hennes, Hobbs, and Monsoon.

Market Overview & Competition

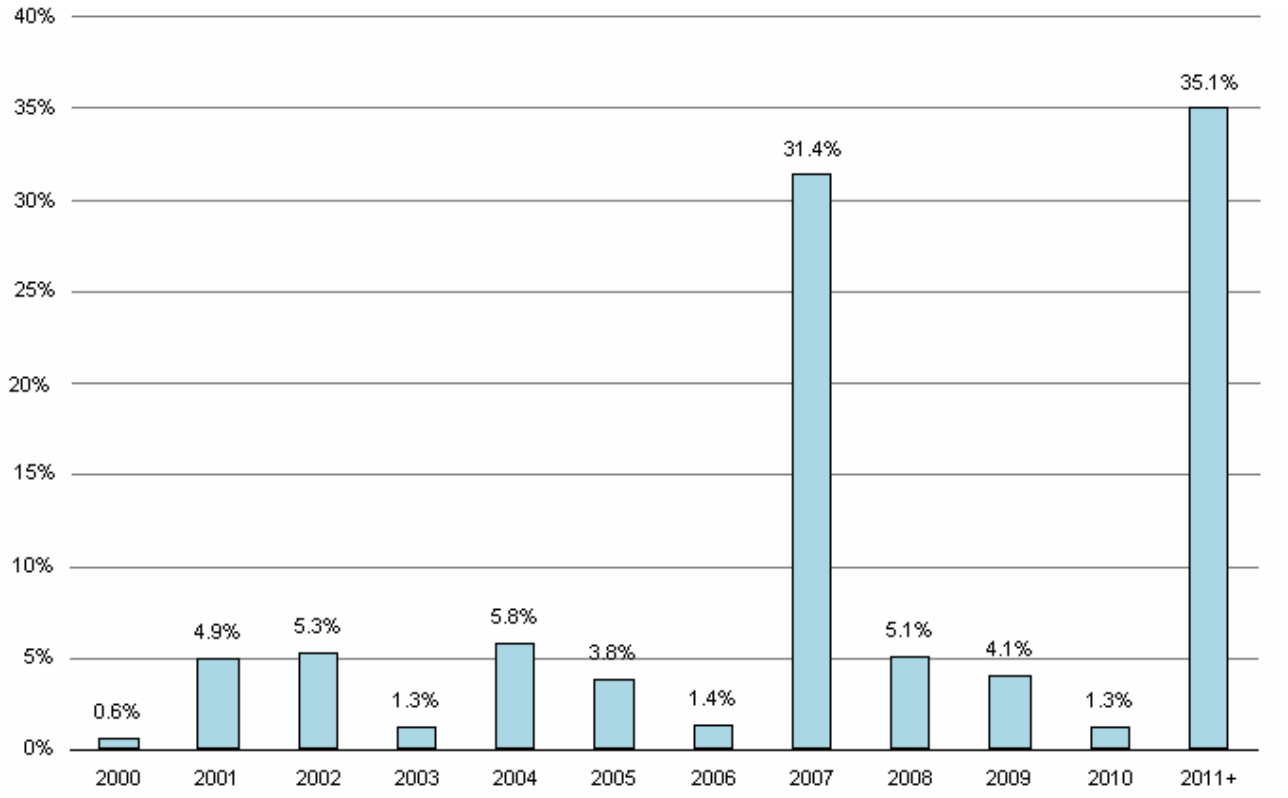
The most significant source of competition to town centre retailing comes from the Bluewater complex, which was opened in March 1999. This is located to the North near Dartford, some 50 minutes drive away. It comprises 57,992 square metres of shopping and leisure space.

All of the major competing shopping centres are more than 35 minutes drive away. The most significant competitor (apart from Bluewater) is Maidstone, some 40 minutes drive to the North East.

Tunbridge Wells has just over 111,525 square metres of town retail floorspace. There are three managed centres, the largest being the Property. The other two developments are much smaller than the Property: the Great Hall Arcade comprises approximately 2,509 square metres and the Pantiles is a development of small units to the extreme South of the town centre.

Tenancy Payments and Tenancy Expiry Profile

The following chart shows the date of expiry of the tenancies of the Property by rental income:



Note: The above has been calculated on the presumption that each tenancy is terminated on the earlier of the maturity of the tenancy or the earliest date that a tenant's option to determine the tenancy can be exercised (excluding, for these purposes, a break clause exercisable following damage by an insured risk).

Source : Morgan Stanley & Co International Limited.

It is estimated that the Property in Tunbridge Wells represents approximately 16.2 per cent. of the estimated rental value of all of the Properties.

Structural Report

The Structural Report prepared by Mott MacDonald dated July 2000 concluded that the Property is in a satisfactory general condition. The report did identify various items of remedial work to be carried out over the next two years totalling one hundred and fifty-three thousand pounds.

Healey & Baker, in their July 2000 report, stated in addition that during their superficial inspection of the Property there was no significant structural defects nor material wants of repair that would have an adverse effect on value.

Environment Report

Mott MacDonald's Environmental Study dated July 2000 states that the site is considered to represent a moderate risk with respect to environmental matters due to, inter alia, the site supporting gas works until circa 1878 and a lack of evidence of any chemical testing, and the site lying on a minor acquifer of variable permeability.

Tenure

The Property is held under a headlease for a term of 200 years from 25th March, 1992. There are also four freehold retail units.

General/Construction Issues

Healey & Baker, in their August 2000 report, state that the estimated irrecoverable service charge for the Property amounts to two hundred thousand pounds per annum.

Historically Tunbridge Wells had insufficient car parking. This has been addressed with a 1,250 space multi-storey car park which forms part of the Royal Victoria Place shopping centre, but which is operated by Tunbridge Wells Borough Council and a 450 space car park which is located near the shopping centre.

THE STRUCTURE OF THE ACCOUNTS

1. The Property Owners' Accounts

In accordance with the terms of the Credit Agreement, the Borrowers are required to procure that there are established four bank accounts (the "**Rent Account**", the "**Sales Account**", the "**Retention Account**" and the "**Escrow Account**", and together the "**Accounts**"). The Accounts will be established in the name of a trustee (the "**Accounts Trustee**"), who will hold amounts standing to the credit of the Rent Account, Sales Account and Retention Account on trust for the Property Owners and amounts standing to the credit of the Escrow Account on trust for the Borrowers. Wilmslow (No. 1) General Partner will be appointed initially to act as Accounts Trustee, although any of the General Partners may, with the prior written consent of the Security Trustee, subsequently be appointed to replace it as Accounts Trustee.

The Accounts are expressed to be subject to a first fixed charge in favour of the Security Trustee, held by it on trust for the Lender. The charges over the Accounts are expressed to be fixed charges but may take effect as floating charges. See "Risk Factors". The beneficial interest in the Security Trust will be assigned by MSDWPFI to the Issuer on the Closing Date. MSMS is and, following the sale of the Loan and assignment of the beneficial interest in the Security Trust created over the Related Security to the Issuer, will remain the sole signatory on each of the Accounts in its capacity as Security Trustee. The functions of each of the Accounts are set out below.

The Rent Account

The Managing Agent will collect all Rental Income from tenants. Net Rental Income will be paid into the Rent Account on behalf of the Property Owners. The Borrowers have agreed to procure that the Managing Agent collect all Rental Income and that Net Rental Income is paid into the Rent Account in accordance with the Duty of Care Agreement.

In certain circumstances, including, *inter alia*, where a Loan Event of Default is outstanding, where there is no Managing Agent or where the Managing Agent is in breach of a material provision of the Duty of Care Agreement, the Property Owners will be obliged to ensure that all Rental Income is paid by the tenants directly into the Rent Account subject to provision for release of certain amounts to the Borrowers, upon receipt by the Lender of satisfactory evidence that such amounts are not Net Rental Income.

Payments in respect of accrued interest and fees under the Credit Agreement, as well as, *inter alia*, in respect of rent due under any headlease, will be made from the Rent Account by the Security Trustee. Subject to the satisfaction of various conditions, the Property Owners will be entitled to direct that the balance remaining on the Rent Account after the payment of all amounts required to be paid to the Issuer under the Credit Agreement be transferred from the Rent Account to nominated Borrowers.

Under the Servicing Agreement, the Servicer is required, following the Closing Date, to notify each of the Borrowers that MSDWPFI has assigned the Loan to the Issuer.

The Sales Account

The Property Owners are required to deposit an amount in respect of sale proceeds into the Sales Account in connection with the disposal of a Property (a "**Released Property**"). Where the net proceeds of sale do not equal or exceed 115 per cent. of the principal amount initially advanced in respect of the Released Property (calculated in accordance with the Initial Valuation or the Additional Property Valuation, as the case may be), the amount of the shortfall must be deposited in the Sales Account.

The Security Trustee may at any time authorise a withdrawal from the Sales Account for any of the following purposes:

(a) (where there are insufficient funds in the Rent Account) to pay amounts due but unpaid under the Finance Documents;

(b) to assist the Borrowers/Property Owners to acquire a property which is to be the subject of additional security;

(c) to enable the Property Owners to make payments in respect of capital improvements on a Property which are not recoverable under an Occupational Lease.

The Security Trustee will always be under an obligation to authorise a withdrawal requested by the Borrowers where it is for the purpose of making a prepayment of the Loan in accordance with the terms of the Credit Agreement. Where there is no Loan Event of Default outstanding, any amounts paid into the Sales Account in excess of those required to be deposited in respect of a Released Property shall be released to the Borrowers upon their request.

The Retention Account

Upon the surrender or determination of an Occupational Lease, the Property Owners will be required to deposit in the Retention Account an amount equal to the rent which would have been payable in respect of such Occupational Lease between the date of surrender/determination and the contractual date of expiry of that Occupational Lease. The amounts standing to the credit of the Retention Account will be employed by the Security Trustee in making up any difference between the monies received in respect of the relevant Occupational Lease and the Net Rental Income which would have been payable had the relevant Occupational Lease subsisted.

In the event that a new Occupational Lease is granted over or in respect of the relevant Property which satisfies certain criteria relating to rent, term of the new lease and quality of the new tenants, the balance standing in the Retention Account in respect of the relevant Property will be released to the relevant Property Owners which deposited the sums in the Retention Account on the Loan Interest Payment Date following receipt of the rent from the new tenants.

The Escrow Account

In the event that landlord's consent to assign or charge has not been obtained prior to drawdown in respect of the Consent Properties, a sum equal to 70 per cent. of the value of the affected Properties (as disclosed in the Initial Valuation) will be paid from the amount advanced under the Loan into the Escrow Account. In the event that such consent is later obtained in respect of an affected Property and, *inter alia*, security over the relevant Property is granted, the sum deposited will be released to the relevant Borrower. Failing the granting of such consent by 25th April, 2001, the sums standing to the credit of the Escrow Account will be withdrawn and applied in prepayment of the Loan. Any interest earned on the credit balance of the Escrow Account prior to that date will be transferred into the Rent Account on each Loan Interest Payment Date.

In addition, in the event that any of the conditions precedent for the making of the Loan have not been satisfied on or prior to the scheduled drawdown date of the Loan and MSDWPFI determines that it will still make the Loan, the Borrowers will be required to place the net funds drawn into the Escrow Account. If all the conditions precedent have not been satisfied or waived on or prior to 25th January, 2001, the funds standing to the credit of the account will be withdrawn and applied in prepayment of the Loan.

On the Drawdown Date, the sum of £562,500 will be paid from the amount advanced under the Loan into the Escrow Account, which sum will only be released to the Borrowers when the Interest Cover Percentages are equal to or in excess of 116 per cent., provided that no Loan Event of Default is outstanding at such time.

2. 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 into which the Servicer will transfer all amounts of principal and interest paid by the Borrowers, and the Cash Manager will make all payments required to be made under the Cash Management Agreement ("**Transaction Account**"). The Share Capital proceeds of the Issuer will also be deposited in the Transaction Account.

The Swap Collateral Cash Account and the Swap Collateral Custody Account

If the Swap Agreement Credit Support Annex is entered into, cash amounts received by the Issuer pursuant to the Swap Agreement Credit Support Annex 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 Annex 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 Annex, the Swap Provider may 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 Annex.

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") shall be credited to an account in the name of the Issuer (the "**Stand-by Account**") with the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have the Requisite Rating (as defined below), the Operating Bank or, if the Operating Bank ceases to have the Requisite Rating, a bank which has the Requisite Rating.

Any of the foregoing entities shall cease to have the Requisite Rating if the rating of its short term, unguaranteed, unsecured and unsubordinated debt obligations falls below A-1 (or its equivalent) by S&P or below F1+ (or its equivalent) by Fitch, or below such other short-term rating as is commensurate with the rating assigned to the Notes from time to time.

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 Loan and the Security Trust comprising the Related Security. Each of the Servicer and the Special Servicer has agreed with the Issuer, the Security Trustee and the Trustee that in performing the services to be performed under the Servicing Agreement it will exercise the same level of skill, care and diligence that it would apply if it were administering mortgages over commercial property in respect of which it is the mortgagee 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 Account. 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 Indemnity Payments Amount,

and will determine which portions of Borrower Principal Receipts in the Rent Account consist of Prepayment Redemption Funds, Principal Recovery Funds and Final Redemption 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.

Annual Review Procedure

The Servicer is required to undertake an annual review in respect of each Borrower and the Loan in accordance with its servicing procedures (the "**MSMS 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 Borrowers to meet their 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 Borrowers' covenants under the 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, (if not itself) 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 if the Loan is then known by the Servicer to be in arrears or if any Borrower, General Partner or Property Owner is known by the Servicer to be in breach of any other term of the 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 Loan including Borrower Interest Receipts, Borrower Principal Receipts and resales or the sales of the sub-participations to MSDWPFI pursuant to the Mortgage Sale Agreement;

(b) a note as to how many days the Loan or interest due and payable thereon is in arrears;

(c) a note as to whether enforcement had begun in respect of the Loan and, if so, whether such enforcement procedures have been completed and the amounts written-off and total arrears balances;

(d) details of any Borrower, General Partner or Property Owner who is known by the Servicer to be in breach of any term of the Credit Agreement or any Debenture likely to prejudice the value of the Loan or Related Security; and

(e) details of any recoveries that were made during the most recently ended Collection Period in respect of any previously written-off amounts.

Arrears and Default Procedures

The Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of the Loan. 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 the Credit Agreement and Related Security, to comply with the procedures for enforcement of the Loan and Related Security of the Servicer or the Special Servicer, as the case may be, current from time to time (the "**Enforcement Procedures**") or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, to take such action, and to exercise such discretion in respect of such default, as would a reasonably prudent lender of money secured on commercial property. 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 Trust.

MSMS has agreed with the Issuer, the Security Trustee and the Trustee to act initially as Special Servicer (the "**Special Servicer**") in respect of the Loan if it becomes a Specially Serviced Loan. The Loan will become a "**Specially Serviced Loan**" if the Actual Interest Cover Percentage or Projected Interest Cover Percentage is less than 100 per cent. on, amongst other dates, each Loan Payment Date and the Borrowers, having been notified of a breach of the relevant Interest Cover Percentage, do not within seven days of being so notified pay amounts into the Rent Account to ensure that the Interest Cover Percentages equal or exceed 100 per cent. Notwithstanding the appointment of the Special Servicer in respect of the Loan, the Servicer will continue to have certain limited responsibilities relating to loan administration in respect of the Specially Serviced Loan, but shall not be liable for the actions of the Special Servicer (if a person other than itself).

Upon the instructions of the Issuer, the Trustee, the Servicer or, as the case may be, the Special Servicer (if appointed in respect of the Loan), the Security Trustee shall, subject to the provisions of the

Debentures 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 Properties, which may in certain circumstances involve the receiver managing all or some of the Properties (including the handling of payments of rent) for a period of time and/or seeking to sell all or some of 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 Borrowers to the extent necessary to repay the Loan.

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 Loan 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 the Loan, the Servicer or the Special Servicer (if the Loan is then a Specially Serviced Loan) is required, at the cost of the Issuer, to arrange such insurance. Under the terms of the Credit Agreement, 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, shall not be released or discharged from any liability thereunder and shall 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 credit management and agency fee (the "**Servicing Fee**") at the rate of 0.10 per cent. per annum (exclusive of VAT) of the outstanding principal balance of the Loan (other than when the Loan is a Specially Serviced Loan and 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 residential or commercial properties) to any substitute servicer.

Both before enforcement of the Notes and thereafter, 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 the Loan and the Related Security. Both before and after an enforcement of the Issuer Security, the Servicing Fee is 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 Loan, the Related Security and the Notes. See "Credit Structure".

Management Fee

On each Interest Payment Date prior to enforcement of the Issuer Security, the Issuer will pay to MSMS (or to the person or persons then entitled thereto or any component thereof) a management fee for the provision of certain management services (the "**Management Fee**"), 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 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 (viii) 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, other than any amounts payable on such Interest Payment Date in respect of Interest Drawings and Expenses Drawings and interest on Interest Drawings and Expense Drawings made by the Issuer under the Liquidity Facility Agreement (and save that, for the purposes of this determination, the amount of the Management Fee calculated to be payable out of the Available Interest Receipts *pari passu* with Class A Notes will not be taken into account), plus (b) the Available Principal less an amount equal to the sum of all payments scheduled to be paid pursuant to items (i) through (v) as 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" less (c) an amount equal to 0.01 per cent. of the Borrower Interest Receipts transferred by the Servicer into the Transaction Account during that Collection Period provided that the resulting amount shall not be less than nil. Following enforcement of the Issuer Security, no Management Fee will be payable out of Available Interest Receipts. The right to receive the Management Fee or any component of the Management Fee is assignable, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment and the Irish Deed of Charge.

Special Servicer Fee and Liquidation Fee

Pursuant to the Servicing Agreement, if the Special Servicer is appointed in respect of the Loan and the Loan is consequently designated as a Specially Serviced Loan, the Issuer shall pay to the Special Servicer a credit management and agency 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 that the Loan is designated as a Specially Serviced Loan and ending on the date the Properties are sold on enforcement or the date on which the Interest Cover Percentages in respect of the Loan has been maintained at or above 100 per cent. for a period of three consecutive months, as applicable. The Special Servicing Fee shall accrue on a daily basis over such period and shall 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 shall be payable in respect of the Specially Serviced Loan the Special Servicing Fee is payable. In addition to the Special Servicing Fee, the Special Servicer shall be entitled to a fee (a "**Liquidation Fee**") 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 Properties. The Liquidation Fee shall be negotiated (subject to a maximum fee of 1 per cent. of net proceeds, as described above) and agreed by the Special Servicer with the Trustee and the Servicer and shall be payable out of Principal Recovery Funds on the date that all the Notes are redeemed or repaid following the receipt of such net proceeds.

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, 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 the Loan (otherwise than by reason of the 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 the Loan.

Each of the Servicer and the Special Servicer may terminate its appointment upon not less than three months' 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 and the Deed of Charge and Assignment and the Irish Deed of Charge, 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 downgraded, withdrawn or qualified 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, shall forthwith deliver to the Trustee, or as it shall direct, 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 shall 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 Loan 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 Trustee, the Security Trustee and the Issuer have 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 will use its best endeavours to ensure that the receiver appointed in respect of the Loan and/or Related Security shall sell 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 of property deeds and other documents in safe custody and software licensing and sub-licensing.

The Servicer or the Special Servicer (if the Loan becomes 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 Property Owner under the 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 8 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 and MSDWPFI (the "**Cash Management Agreement**"), each of the Issuer and the Trustee will appoint AIB International Financial Services Ltd (in this capacity, the "**Cash Manager**") to be its agent to provide certain cash management services in relation to the Issuer's 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 its capacity as "**Operating Bank**") will open and maintain (i) the Transaction Account, (ii) the Swap Collateral Cash Account if the Swap Agreement Credit Support Annex is entered into, (iii) a Stand-by Account and if required, (iv) the Swap Collateral Custody Account each 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 transfer all Borrower Interest Receipts, Borrower Principal Receipts and Indemnity Payments from the Rent 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 Annex, and all drawings under the Liquidity Facility will be paid into the Transaction Account. See "Servicing" and "Credit Structure - The Swap Agreement". Once such funds have been credited to the Transaction Account, the Cash Manager 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 (if any) 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 (if any) 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 there is a shortfall in Scheduled Interest Receipts in respect of the Collection Period then ended, or if certain Revenue Priority Amounts which fall due on a date other than an Interest Payment Date 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 shall maintain the following ledgers:

(a) the Revenue Ledger;

(b) the Principal Ledger;

(c) the Liquidity Ledger; and

(d) the Indemnity Payments Ledger.

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

(a) credit the Revenue Ledger with all Borrower Interest Receipts transferred and credited to the Transaction Account and debit the Revenue 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 Prepayment Redemption Amounts, Available Principal Recovery Funds and Available Final Redemption Amounts;

(c) credit the Liquidity Ledger with any transfer made pursuant to item (i)(J) or item (ix) 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" and debit the Liquidity Ledger with all drawings under the Liquidity Facility; and

(d) credit the Indemnity Payments Ledger with all Indemnity Payments and debit the Indemnity Payments Ledger with all payments made in relation to losses or liabilities in respect of which a claim for indemnity has been made under a provision of the Credit Agreement.

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 (the "**Cash Manager Quarterly 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 shall not be released or discharged from any liability thereunder and shall 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 Loan, the Related Security and the Notes.

Termination of Appointment of the Cash Manager

The appointment of AIB International Financial Services Ltd 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, MSDWPFI, 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 (as defined below). If Allied Irish Banks p.l.c. ceases to be an Authorised Entity, 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 A-1+ by S&P and F-1+ by Fitch 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 shall obtain the prior written consent of the Issuer and the Trustee, and the transfer of such account shall be subject to the same directions and arrangements as are provided for above.

CREDIT STRUCTURE

The composition of the Loan and the Related Security and the structure of the transaction and the other arrangements for the protection of the Noteholders 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 downgrade, withdrawal or qualification of either such rating 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 Loan 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 to cover certain third party expenses and shortfalls in Borrower Interest Receipts and by the liquidity support provided to classes of Notes by those classes of Notes (if any) ranking beneath 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 Loan and Related Security in order to discharge all amounts due and owing by the Borrowers under the 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 beneath that class; and

(c) the risk of the interest rate payable by the Borrowers on the Loan 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 Swap Transaction (see "The Swap Agreement" below), and by drawings under the Liquidity Facility 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 MSDWPFI or any associated body of MSDWPFI, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Corporate Officers Provider, the Parent Company Corporate Services Provider, the Paying Agents, the Interest Rate Agent, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Operating Bank or the shareholders of the Issuer 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 and the Class E 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 in priority to interest payments on the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 in priority to the relevant interest payment, as the case may be, such interest will not then be due and payable but 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.

In the event that, on any Interest Payment Date, Available Interest Receipts after deducting the D Notes Prior Payments or the E Notes Prior Payments, as the case may be, are not sufficient, as a result of the prepayment of the Loan in accordance with Clause 7 of the Credit Agreement, to satisfy in full the Interest Amount that would be due, the interest in respect of the Class D Notes or the Class E Notes will be limited to the amount equal to the result of (a) the Available Interest Receipts in respect of such Interest Payment Date (including, for the avoidance of doubt, the amount available for drawing by way of a drawing under the Liquidity Facility Agreement on such Interest Payment Date) minus (b) the D Notes Prior Payments or the E Notes Prior Payments, as the case may be. No amount shall 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 D Notes or the Class E Notes, as the case may be, exceeds the Adjusted Interest Amount in respect of such class and the debt that would otherwise be represented by such shortfall shall be extinguished and the affected Noteholders shall have no claim against the Issuer in respect thereof.

The Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 Prepayment Redemption Funds, Available Principal Recovery Funds and Available Final Redemption Funds in Condition 6(*b*) will be applied 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, Class C Notes, Class D Notes and the Class E 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". Notwithstanding the above, (A) following a prepayment of a part of the Loan pursuant to Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement and release of a Property provided (a) both the Actual Interest Cover Percentage and the Projected Interest Cover Percentage on the relevant Calculation Date are equal to or greater than 120 per cent. and (b) there has been no more than two previous partial redemptions of Notes following the release in full of a Property pursuant to Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement, or (B) following a prepayment of part of the Loan pursuant to Clause 7.2.1 of the Credit Agreement where no property is released as a result of such prepayment, 100/115ths of Available Prepayment Redemption Funds arising as a result of such partial prepayment of the Loan will be applied on the Interest Payment Date following receipt of such prepayment to repay principal on each class of Notes on a *pro rata* basis and 15/115ths of such Available Prepayment Redemption Funds will be applied to repay principal on the most senior Class of Notes then outstanding.

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) the Trustee and any receiver, *pari passu* and *pro rata*, appointed in respect of the Deed of Charge and Assignment and/or the Irish Deed of Charge and any amounts due and payable to any receiver appointed under the Loan and/or the Related Security; then (b) to the Swap Provider in respect of amounts due or overdue to it under the Swap Agreement or, if entered into, the Swap Agreement Credit Support Annex; then (c) *pari passu* and *pro rata*, the Paying Agents, the Exchange Agent and the Interest Rate Agent 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 *pari passu* and *pro rata* the Special Servicer in respect of any Special Servicing Fees; then (e) the Cash Manager under the Cash Management Agreement; then (f) the Corporate Services Provider under the Issuer Corporate Services Agreement, the Corporate Officers Provider under the Corporate Officers Agreement and the Supplemental Parent Company Corporate Services Provider under the Parent Company Corporate Services Agreement; then (g) amounts due to the Depository under the Depository Agreement; then (h) the Operating Bank under the Cash Management Agreement; and then (i) the Liquidity Facility Provider under the Liquidity Facility Agreement in respect of 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 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 any amounts due and payable by the Issuer to the Special Servicer in respect of any Liquidation Fee;

(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)(i) 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 in respect of the Management Fee to the person entitled thereto;

(x) in or towards satisfaction of all amounts then owed or owing to MSDWPFI under the Mortgage Sale Agreement on any account whatsoever; and

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

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer to the Loan and the Related Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Mortgage Sale Agreement for material breach of warranty in relation to the Loan or the Related Security (as to which, see further "The Loan 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 MSDWPFI set out therein, the Issuer and/or the Trustee will have no recourse to MSMS or MSDWPFI.

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 Operating Bank, the Depository, all payments due to the Swap Provider under the Swap Transaction 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 payments on the Class A Notes will rank ahead of all amounts owing to the Class B Noteholders. All amounts owing to the Class B Noteholders will rank ahead of all amounts owing to the Class C Noteholders. All amounts owing to the Class C Noteholders will rank ahead of all amounts owing to the Class D Noteholders. All amounts owing to the Class D Noteholders will rank ahead of all amounts owing to the Class E Noteholders.

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 which will permit drawings to be made by the Issuer of up to an aggregate amount of £20,000,000 unless the aggregate principal amount of the Notes is less than £20,000,000, in which case the maximum aggregate amount that may be outstanding under the Liquidity Facility Agreement at any time shall be reduced to the amount then equal to the aggregate principal of Notes outstanding from time to time (such amount the "**Liquidity Commitment**").

The Cash Manager, or failing the Cash Manager, the Issuer or, failing whom, the Trustee, will be required to make a drawing to meet any shortfall in:

(a) Borrower Interest Receipts – in an amount equal to the difference between the Borrower Interest Receipts actually received and the amount of Scheduled Interest Receipts due and payable by the Borrowers under the Loan during any Collection Period (an "**Interest Drawing**"); and/or

(b) the amount of funds available to the Issuer to pay Revenue Priority Amounts to a third party other than MSDWPFI (an "**Expenses Drawing**").

The Liquidity Facility will not be available to fund shortfalls in the amount of Final Redemption Funds or any, shortfalls in interest income arising as a result of voluntary prepayment of all or any part of the Loan.

Interest Drawings will be repayable on the Interest Payment Date following the Interest Payment Date in respect of which such drawdown was made, and Expenses Drawings (which may be requested on any Business Day) will be repayable on the Interest Payment Date following the date of drawdown thereof, in either case in accordance with the order of priorities described 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". In the event that such drawings are not repaid on the relevant Interest

Payment Date described above, the amount outstanding under the Liquidity Facility will be deemed to be repaid (but only for the purposes of the Liquidity Facility) and redrawn on such Interest Payment Date in an amount equal to all amounts outstanding. This procedure will be repeated on each subsequent Interest Payment Date, up to the amount of Liquidity Commitment, until all amounts outstanding are paid and/or repaid.

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 extend the commitment period of the Liquidity Facility, 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 shall, prior to the expenditure of the proceeds of such drawing as described above, 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 A1+ or F-1+ by the Rating Agencies 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 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 (other than in respect of any amounts due thereunder which are described in item (ix) 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 in point of priority ahead of payments of interest and principal on the Notes.

5. The Swap Agreement

On or before the Closing Date, the Issuer will enter into the Swap Agreement with the Swap Provider and the Swap Transaction 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 Loan.

Under the terms of the 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 ("Y") and the Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y over X.

The Swap Transaction 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 Transaction 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 Transaction will constitute a default thereunder and entitle the Swap Provider to terminate the Swap Transaction.

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 Transaction 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 shall 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 Agency has 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 downgraded, withdrawn or qualified 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.

6. Swap Guarantor Downgrade Event

If the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below A1+ or F-1 by the Rating Agencies at any time, then the Swap Provider shall 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 Transaction in an amount or value determined in accordance with the most recent applicable swap collateral guidelines published by the Rating Agencies.

7. 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 an ISDA credit support document in a 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 shall be deemed to be a reference 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 shall be 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.

8. Swap Guarantee

The Swap Provider's obligations under the Swap Transaction 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 or it is replaced by a suitably rated third party) to be the Swap Provider, MSDW shall cease to be the Swap Guarantor.

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 The Chase Manhattan 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 The Chase Manhattan 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 (the "**CDIs**") shall 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 Depositary 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 (the "**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 shall be 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 £1,000 in excess thereof. Ownership of Book-Entry Interests in respect of Global Notes will be limited to persons that have accounts with Euroclear, Clearstream, Luxembourg or DTC ("**participants**") or persons that hold interests in the Book-Entry Interests through participants ("**indirect participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear, Clearstream, Luxembourg or DTC, either directly or indirectly. Indirect participants shall also include persons that hold beneficial interests through such indirect participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear, Clearstream, Luxembourg and DTC, 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 shall 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 Euroclear, Clearstream, Luxembourg or DTC (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 Euroclear, Clearstream, Luxembourg or DTC, 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, 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 Depositary 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 shall, 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.

Clearstream, Luxembourg and Euroclear 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. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Clearstream, Luxembourg and Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg and Euroclear 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, Euroclear, Clearstream, Luxembourg or DTC, 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 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 Euroclear, Clearstream, Luxembourg or DTC, as the case may be, on a *pro rata* basis (or on such other basis as Euroclear, Clearstream, Luxembourg or DTC deems fair and appropriate) provided that only Book-Entry Interests in the original principal amount of £50,000 (and integral multiples of £1,000 in excess thereof) or integral multiples of such original principal amount shall 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 Euroclear, Clearstream, Luxembourg or DTC, 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 and no alternative clearing system satisfactory to the Trustee is available; 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

(iii) the Depository is at any time 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; 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 Ireland, 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 were the Notes in definitive 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 shall instruct 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 Euroclear, Clearstream, Luxembourg or DTC from their participants with respect to ownership of the relevant Book-Entry Interests. In no event will Definitive Notes be issued in bearer form.

HOLDERS SHOULD BE AWARE THAT, UNDER CURRENT U.K. AND IRISH TAX LAW, FOLLOWING THE ISSUANCE TO A HOLDER OF REGISTERED DEFINITIVE NOTES, PAYMENT OF INTEREST WILL BE SUBJECT TO WITHHOLDING TAX IN THE U.K. AND IRELAND (CURRENTLY AT THE RATE OF 20 PER CENT. IN THE UK AND 22 PER CENT. IN IRELAND), SUBJECT TO THE TERMS OF ANY APPLICABLE DOUBLE TAX TREATY (OR OTHER AVAILABLE RELIEFS). SEE FURTHER "UNITED KINGDOM TAXATION" AND "IRELAND TAXATION". IN SUCH CIRCUMSTANCES NEITHER THE ISSUER NOR ANY OTHER PERSON WILL BE OBLIGED TO PAY ADDITIONAL AMOUNTS WITH RESPECT TO ANY DEFINITIVE NOTE (OR GLOBAL NOTE).

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 Euroclear, Clearstream, Luxembourg and DTC 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 Euroclear, Clearstream, Luxembourg and DTC 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 Euroclear, Clearstream, Luxembourg and DTC, as applicable, the Depository shall 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. Euroclear, Clearstream, Luxembourg or DTC 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 Euroclear, Clearstream, Luxembourg and DTC 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 shall 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 whilst 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 shall be 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 of 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 days' written notice. No removal of the Depository and no appointment of a successor Depository shall 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 £328,145,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class A Notes**"), the £40,441,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class B Notes**"), the £39,284,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class C Notes**"), the £42,752,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class D Notes**") and the £11,553,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2007 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**" (as more fully defined below)) of European Loan Conduit No. 4 plc (the "**Issuer**") are constituted by a trust deed dated on or about 27th September, 2000 (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 Chase Manhattan Trustees 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 or the Class E 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 and an Irish deed of charge dated in either case on or about 27th September, 2000 (the "**Deed of Charge and Assignment**" and the "**Irish Deed of Charge**", respectively, which expressions include such Deed of Charge and Assignment and such Irish Deed of Charge as from time to time modified in accordance with the respective provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made in either case between, *inter alios*, the Issuer and the Trustee. By an agency agreement dated on or about 29th September, 2000 (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), Interest Rate Agent (the "**Interest Rate Agent**", which expression shall include any other Interest Rate Agent 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 Interest Rate Agent 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 Irish Deed of Charge, the Depository Agreement, the Exchange Rate Agency Agreement, the Post Maturity Call Option Agreement and the Master Definitions Agreement (each as defined below). Copies of the Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the Irish Deed of Charge, the Depository Agreement, the Exchange Rate Agency Agreement, the Post Maturity Call Option Agreement and the Master Definitions Agreement 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 Irish Deed of Charge, the depository agreement dated on or about 29th September, 2000 between the Issuer, the Trustee and The Chase Manhattan 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 29th September, 2000 between the Issuer, AIB International Financial Services Ltd, in its capacity as Exchange Rate Agent, 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 29th September, 2000 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 22nd September, 2000.

1. Global Notes

(a) Rule 144A Global Notes

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 (the "**Class A Rule 144A Global Notes**", the "**Class B Rule 144A Global Notes**", the "**Class C Rule 144A Global Notes**", the "**Class D Rule 144A Global Notes**" and the "**Class E Rule 144A Global Notes**", respectively, and together 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 in respect of each class of Notes in the name of The Chase Manhattan Bank, London (the "**Common Depositary**") for the account of Morgan Guaranty Trust Company of New York (as operator of the Euroclear System) ("**Euroclear**", which term shall include 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 and the Class E 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 (the "**Class A Reg S Global Note**", the "**Class B Reg S Global Note**", the "**Class C Reg S Global Note**", the "**Class D Reg S Global Note**" and the "**Class E Reg S Global Note**", respectively, and together 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 shall 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 show 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**") 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, Clearstream, Luxembourg or Euroclear or the Common Depositary for their account, either Clearstream, Luxembourg or Euroclear 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 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 Ireland, 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 shall 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 shall 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 shall be equal to the Principal Amount Outstanding (as defined in Condition 6(*f*)) 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 shall pass upon registration in the register which the Issuer shall procure to be kept by the Registrar. A Definitive Note will have an original principal amount of £50,000 or any integral multiple of £1,000 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 £1,000 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 shall be construed accordingly.

(d) References to "**Notes**" shall 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 in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes, the Class C Notes will rank in priority to the Class D Notes and the Class E Notes and the Class D Notes will rank in priority to the Class E Notes. Save as described in Condition 6, prior to enforcement of the Issuer Security, 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 and 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 and the Class E Notes equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), provided that:

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

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

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

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,

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

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

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

(B) the Class E Noteholders,

then the Trustee shall, subject (i), (ii), and (iii) above, have regard only to the interests of the Class D 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, and (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. 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, 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 and the Class E Noteholders, irrespective of the effect thereof on their interests, (ii) the Class C Noteholders will be binding on the Class D Noteholders and the Class E Noteholders, irrespective of the effect thereof on their interests, and (iii) the Class D Noteholders will be binding on the Class E 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 and the Irish Deed of Charge. The Deed of Charge and Assignment also contains provisions regulating the priority of application of the Available Interest Receipts (as defined in the Master Definitions 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 shall be binding on the Noteholders, reached after considering at any time and from time to time the advice upon which the Trustee shall 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 considers, in its discretion, that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, (iv) the Trustee has been indemnified to its satisfaction.

4. Covenants

(A) Restrictions

Save with the prior written consent of the Trustee 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, standard security, 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, the Swap Transaction (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, the Irish Deed of Charge 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, 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 8 of the Irish Value Added Tax Act, 1972 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 Irish Value Added Tax Act, 1972.

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) provides written confirmation to the Trustee that the then applicable ratings of the Notes will not be downgraded, withdrawn or qualified 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 Definition 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.

5. Interest

(a) Period of Accrual

Each Note shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall 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 1st day of February, May, August and November 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 February 2001.

In these Conditions, "**Interest Period**" shall mean 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 February 2001) and "**Business Day**" shall in these Conditions (other than Condition 7) mean a day (other than a Saturday or a Sunday) which is both 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

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 Interest Rate Agent on a date which is two London Business Days prior to each Interest Payment Date or, in the case of the first Interest Period, the Closing Date (each an "**Interest Determination Date**"). For the purposes of these Conditions, "**London Business Day**" shall mean 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 in the London inter-bank market (or, in the case of the first Interest Determination Date, four month sterling deposits) 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 Interest Rate Agent 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 (or, in the case of the first Interest Determination Date, the linear interpolation of three and four month sterling deposits) in an amount of £10,000,000 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 Interest Rate Agent, the relevant rate shall 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 Interest Rate Agent with such an offered quotation, the Interest Rate Agent shall 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 Interest Rate Agent (which bank or banks are in the opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall 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 shall 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, 0.40 per cent. per annum;

(B) in respect of the Class B Notes, 0.50 per cent. per annum;

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

(D) in respect of the Class D Notes, 1.90 per cent. per annum; and

(E) in respect of the Class E Notes, 3.00 per cent. per annum.

There will be no minimum or maximum Rate of Interest.

(d) *Determination of Rates of Interest an Calculation of Interest Amounts for Notes*

The Interest Rate Agent 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, as applicable, 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), in respect of such Interest Period in respect of the Notes of each class. Each Interest Amount in respect of the Notes of each class 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 will 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 the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") (for so long as the Notes are listed on the Irish Stock Exchange) and will 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.

(f) *Determination or Calculation by the Trustee*

If the Interest Rate Agent 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 Interest Rate Agent.

(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 Interest Rate Agent or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Interest Rate Agent, 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 Interest Rate Agent 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 Interest Rate Agent*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall, at all times, be four Reference Banks and an Interest Rate Agent. 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 Interest Rate Agent. 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 Interest Rate Agent shall not take effect until a successor so approved by the Trustee has been appointed.

(i) *Interest on the Class D and the Class E Notes*

In the event that, on any Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (n) of the Deed of Charge and Assignment (the "**D Notes Prior Payments**") or the amounts referred to in items (a) to (o) of the Deed of Charge and Assignment (the "**E Notes Prior Payments**") are not sufficient, as a result of the redemption of the A Notes in accordance with Condition 6(*b*), to satisfy in full the Interest Amount due and, subject to this Condition 5(*i*), payable on the Class D Notes or the Class E Notes, as the case may be, the interest due and payable on the Class D Notes or the Class E Notes, as the case may be, shall be the amount (the "**Adjusted Interest Amount**") equal to the result of (x) the Available Interest Receipts in respect of such Interest Payment Date (including, for the avoidance of doubt, the amount available for drawing by way of an Interest Drawing (as defined in the Master Definitions Agreement) under the Liquidity Facility Agreement on such Interest Payment Date) minus (y) the D Notes Prior Payments or the E Notes Prior Payments, as the case may be. 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 D Notes or the Class E Notes, as the case may be, 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 November 2007.

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 from Available Prepayment Redemption Funds, Available Principal Recovery Funds and Available Final Redemption Funds*

Subject as provided or set out below and as provided in Conditions 6*(c)*, 6*(d)* and 6*(e)*, prior to the service of a Note Enforcement Notice 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 Prepayment Redemption Funds or Available Final Redemption 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 as specified below, and if the amount of such Available Prepayment Redemption Funds and Available Final Redemption 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 most senior class of Notes then outstanding is redeemed in full pursuant to the foregoing, any remaining Available Prepayment Redemption Funds and Available Final Redemption Funds shall be applied in mandatory redemption in part of the next most senior class of Notes then outstanding.

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 which have arisen:

(A) as a result of prepayment of the Loan pursuant to Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement (as defined in the Master Definitions Agreement) (being a prepayment following the surrender of a headlease or a prepayment following which a Property (as defined in the Master Definitions Agreement) is released from the security created over it in favour of the security trustee) and provided (i) the Interest Cover Percentages on the Calculation Date are both equal to or greater 120 per cent. and (ii) there has been no more than two previous redemptions pursuant to this Condition 6(b)(A) following the release in full of a Property (as defined in the Master Definitions Agreement) pursuant to Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement; or

(B) as a result of a prepayment of the Loan in part pursuant to Clause 7.2.1 of the Credit Agreement (being a prepayment on the giving of notice) where no Property is released as a result of such prepayment;

in each case 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. The total Note Principal Payment to be made by virtue of this paragraph (the "**Loan Prepayment Amount**") will equal the product of (i) 100/115 and (ii) such Available Prepayment Redemption Funds after paying any and all amounts payable out of such funds in priority to payments on the Notes as specified below. The Loan Prepayment Amount that will be applied to reduce the Principal Amount Outstanding of the Notes of each particular class will equal:

$$\frac{A}{B} \times \text{Loan Prepayment Amount}$$

Where:

A = Aggregate Principal Amount Outstanding of all Notes of the class of Notes in respect of which the calculation is being made.

B = Aggregate Principal Amount Outstanding of all Notes.

Each Note of a class will be reduced so that the Principal Amount Outstanding of the Note will equal:

$$\frac{C}{D} \times \text{Principal Amount of the Note prior to the reduction}$$

Where:

C = Principal amount of the Notes of the relevant class after the reduction

D = Principal amount of the Notes of the relevant class prior to the reduction

In addition, following the application of the Loan Prepayment Amount as set out above, an amount equal to the sum of 15/115 and such Available Prepayment Redemption Funds, after paying any and all amounts payable out of such funds in priority to payments on the Notes as specified below, shall be applied in mandatory redemption of the most senior class of Notes then outstanding. 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.

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 November 2005 when it means the actual Interest Payment Date in November 2005.

For the purposes of these Conditions:

(A) "**Prepayment Redemption Funds**" means the aggregate sterling amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of any prepayment in part or in full made by the Borrowers pursuant to the terms of the Credit 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;

(B) "**Principal Recovery Funds**" means the aggregate sterling amount of principal payments received or recovered by or on behalf of the Issuer as a result of enforcement procedures in respect of the Loan and/or the Related Security, 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 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 in 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 the Interest Payment Date; and

(C) "**Final Redemption Funds**" means the aggregate sterling amount of principal payments received by or on behalf of the Issuer in respect of the Loan in any Collection Period as a result of the repayment of the Loan on or after 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;

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Prepayment Redemption Funds, Available Principal Recovery Funds or Available Final Redemption Funds, as applicable, on any preceding Calculation Date. Available Prepayment Redemption Funds (other than those which have arisen as a result of prepayment of the Loan pursuant to Clause 7.2.1, Clause 7.2.2 or Clause 7.2.3 of the Credit Agreement which shall, in the circumstances set out above, be applied as set out in that paragraph), Available Principal Recovery Funds and Available Final Redemption Funds determined on each Calculation Date shall be applied, on the immediately following Interest Payment Date, first, in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full; secondly, in paying principal on the Class B Notes until all the Class B Notes have been redeemed in full; thirdly, in paying principal on the Class C Notes until all the Class C Notes have been redeemed in full; fourthly, in paying principal on the Class D Notes until all the Class D Notes have been redeemed in full; fifthly, in paying principal on the Class E Notes until

all the Class E Notes have been redeemed in full; and sixthly, in paying that portion of the Management Fee that is payable out of the principal receipts above referred to; 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 and the Class E Notes will not be downgraded, withdrawn or qualified thereby, the Available Prepayment Redemption Funds and Available Final Redemption 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.

(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 Ireland, 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 Loan 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; and

(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.

(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 prior to, or *pari passu* with, the Notes, which certificate shall 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; and

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

(e) *Optional Redemption in Full – Swap Transaction*

If, at any time, the Swap Transaction 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 prior to, or *pari passu* with, the Notes, which certificate shall be conclusive and binding, the Issuer may, but shall 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; 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; and

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

For these purposes, a "**Tax Event**" shall mean:

(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, shall, 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)* and/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 face amount thereof on the date of issuance thereof less the aggregate amount of all Note Principal Payments in respect of such Note that have become due and payable since the Closing Date and on or prior to such date (whether or not paid). 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 Interest Rate Agent and (for so long as the Notes are listed 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 shall be conclusive and shall 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 will be cancelled forthwith and may not be resold or re-issued.

(i) Post Maturity Call Option

All of the Noteholders will, at the request of European Loan Conduit Holdings Limited ("**Holdings**"), sell all (but not some only) of their holdings of Notes to Holdings , pursuant to the option granted to it by the Trustee (on behalf of the Noteholders) (the "**Post Maturity Call Option**") under a post maturity call option agreement between the Issuer, the Trustee and Holdings dated the Closing Date (the "**Post Maturity Call Option Agreement**") to acquire all (but not some only) of the Notes (plus accrued interest thereon), for the consideration of one penny per Note, on the earlier of (i) any date falling on or after the Interest Payment Date falling in November 2007 and (ii) in the event that the Issuer Security is enforced, the date on which the Trustee determines that the proceeds of such enforcement are insufficient after payment of all other claims ranking in priority to the Notes to pay in full any amount due in respect of the Notes, after paying in full any amounts available to pay amounts outstanding under the Notes.

Furthermore, each of the Noteholders acknowledges that the Trustee has the authority and the power to bind Noteholders in accordance with the terms and conditions set out in the Post Maturity Call Option and each Noteholder, by subscribing or acquiring, as the case may be, for the relevant Note(s), agrees to be so bound.

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 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) 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, so 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 P.O. Box 2751, AIB International Centre, I.F.S.C, Dublin 1. 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 Interest Rate Agent 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 will 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 a sterling account in London as referred to in Condition 7*(b)* above) in London, payment shall 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 shall be due in respect of such Note. No further payments of additional amounts by way of interest, principal or otherwise shall 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**" shall mean, 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 shall be translated into, and/or any amount becoming payable under the Notes thereafter as specified in these Conditions shall 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 shall 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 shall 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) shall make such payment after such withholding or deduction has been made and shall 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 shall 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 shall 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 shall 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 in London 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 shall occur (each such event being an "**Event of Default**") the Trustee at its absolute discretion 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 if so directed by or pursuant to an Extraordinary Resolution (as defined in the Trust Deed) of the 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, in each case when and as the same becomes due and payable in accordance with these Conditions; or

(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, the Irish Deed of Charge 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 as and when they fall due within the meaning of Section 214 of the Companies Act, 1963 of Ireland (as amended) and Section 2(3) of the Companies (Amendment) Act, 1990 of Ireland (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 shall be 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 or an examination order under the Irish Companies (Amendment) Act, 1990) 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 shall be granted or an administrative receiver, examiner or other receiver, liquidator or other similar official shall be appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer shall take possession of all or any part of the undertaking, property or assets of the Issuer, or a distress or execution or other process shall be 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 holders of the 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 as provided in the Trust Deed and the Issuer Security shall become enforceable.

11. Enforcement

Subject to the provisions of Condition 16, the Trustee may, at its discretion and without notice, take such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes and the Relevant Documents and may, at any time after the Issuer Security has become enforceable, at its discretion and without notice, take such steps as it may think fit to enforce the Issuer Security, but it shall 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 or 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 the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E 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 also 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 also 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 also 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; and

(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.

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 a reasonable period and such failure shall be continuing provided that no Class B Noteholder, no Class C Noteholder, no Class D Noteholder and no Class E Noteholder shall 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 the Deed of Charge and Assignment and the Irish Deed of Charge.

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 shall be binding on all Class B Noteholders, Class C Noteholders, Class D Noteholders and Class E 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 shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and Class E Noteholders or it shall 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 and the Class E 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 shall be binding on all Class C Noteholders, Class D Noteholders and Class E 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 shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders, the Class D Noteholders and the Class E Noteholders or it shall 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 and the Class E 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*)) 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 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 shall be binding on all Class D Noteholders and Class E 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 shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class D Noteholders and the Class E Noteholders or it shall not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class D Noteholders and the Class E 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 shall be binding on all Class E 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 shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class E Noteholders or it shall not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class E 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.

(*g*) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution shall 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 shall 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 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 shall 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.

(*h*) The Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification, as defined in the Trust Deed) 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 shall not, or shall not, subject to specified conditions, be treated as such; provided always that the Trustee shall 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 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 shall 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.

(*i*) 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.

(*j*) 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 downgraded, withdrawn or qualified 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 and the Irish Deed of Charge. 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 shall 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 and 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 shall approve 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, and, 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 Depository.

(*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, to Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**" and, together with S&P, the "**Rating Agencies**") 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 5(i) and 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 (l) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes) (the "**Class B Interest Residual Amount**"); items (a) to (m) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes) (the "**Class C Interest Residual Amount**"); items (a) to (n) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class D Notes) (the "**Class D Interest Residual Amount**"); and items (a) to (o) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class E Notes) (the "**Class E Interest Residual Amount**"), respectively, (each 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 Notes, the

Class D Notes or the Class E 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, Class C Note, Class D Note and/or, as the case may be, Class E Note, 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, Class C, Class D, Class E Notes, as the case may be, by the aggregate principal amount of the Class B, Class C, Class D or Class E 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, Class D Notes or Class E 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 or the Class C Notes or the Interest Amount or the Adjusted Interest Amount, as applicable, due on the Class D Notes or the Class E 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, the Class D Notes or the Class E 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 (l) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes), items (a) to (m) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes), items (a) to (n) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class D Notes) and items (a) to (o) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class E Notes), respectively, are, in any such case, sufficient to make such payment. If, on the Interest Payment Date falling in November 2007, (the "**Final Interest Payment Date**") or on any earlier redemption in full of the Notes of any class, there remains such a provision for a shortfall of interest in respect of the Notes, such amount will immediately become payable to the relevant Noteholders.

In the event that no Class A Note is outstanding, the provisions in this Condition 16(a) shall apply, *mutatis mutandis*, save that references 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)*, whilst any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, respectively. Subject to Condition 6*(b)*, whilst any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Notes or the Class E Notes, respectively. Subject to Condition 6*(b)*, whilst any Class C Notes are outstanding, the Class D Noteholders and the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes or the Class E Notes, respectively. Subject to Condition 6*(b)*, whilst any Class D Notes are outstanding, the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class E Notes.

(*c*) *Notification*

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes or the Class C Notes or the Class D Notes or the Class E 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, the Class D Noteholders or the Class E Noteholders, as the case may be, in accordance with Condition 15 and, for so long as the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

17. Privity of Contract

This Note does not confer any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, 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. 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, and other than the Irish Deed of Charge and the Issuer Corporate Services Agreement, which are governed by and shall be construed in accordance with the laws of Ireland.

19. 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 net proceeds from the issue of the Notes will be approximately £462,175,000 and this sum will be applied by the Issuer towards payment to MSDWPFI of the purchase consideration in respect of the Loan and MSDWPFI's beneficial interests in the Security Trust comprising the Related Security to be purchased on the Closing Date pursuant to the Mortgage Sale Agreement. See "The Loan and the Related Security".

IRELAND TAXATION

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 22 per cent.) is required to be withheld from payments of Irish source interest which would include interest payable on the Notes. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the "**1997 Act**") for certain securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuer) which are in bearer form, interest bearing and quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland, and either:

(i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or

(ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes continue to be in bearer form (whether as Global Notes or as Notes in definitive form), continue to be quoted on the Irish Stock Exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by any Paying Agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above ceases to apply, under section 246 of the 1997 Act, the Issuer can pay interest on the Notes in the ordinary course of its business or trade free of withholding tax to a company which is resident in a member state of the European Union (other than Ireland) or in a country with which Ireland has a double taxation agreement. For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to that company through a branch or agency located in Ireland. For non corporate holders of Notes interest may be paid free of withholding tax if clearance in the prescribed form has been received under the terms of an applicable double taxation agreement.

Where the Notes are represented by registered Definitive Notes, an amount may have to be withheld on account of Irish Income Tax at the standard rate of 22 per cent., subject to any direction to the contrary from the Irish Revenue Commissioners in respect of such relief as may be available pursuant to the provision of an applicable double taxation treaty.

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any Note, where such interest is collected by a bank in Ireland on behalf of any Noteholder who is Irish resident.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes has an Irish source and therefore is within the charge to Irish income tax and levies. Ireland operates a self assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There is an exemption from Irish income tax under Section 198 of the 1997 Act (the "**Section 198**") where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in a member state of the European Union (other than Ireland) or in a country with which Ireland has a double tax treaty. For this purpose, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident.

The Issuer has made an application to the Irish authorities for an IFSC certificate. No assurance can be given that the application for an IFSC certificate will be successful. If the application is successful then a further exemption is available under Section 198. The exemption provides that a person not ordinarily resident in Ireland will not be chargeable to income tax in respect of interest paid by the Issuer in the course of carrying on trading operations to which the certificate issued to it under Section 446 TCA relates until 31st December, 2002. For interest paid by the Issuer after 31st December, 2002 the exemption from Irish income tax will continue to apply provided the Notes were issued before 31st December, 2002 on terms which oblige the Issuer to redeem the Notes within a period 15 years after the date on which the Notes were issued. The exemption under Section 198 does not apply where the interest is paid to a foreign company carrying on business in Ireland through a branch or agency or a permanent establishment to which interest paid by the Issuer is attributable.

Where the recipient of the interest is not a company, relief from Irish income tax may still be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to Irish income tax. However, it is understood that the Revenue Commissioners have, in the past, operated a practice not to take any action to pursue any liability to such tax in respect of persons who are not regarded as being resident in Ireland except where such persons:

(a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or

(b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or

(c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Irish Revenue Commissioners will apply this practice in the case of the holders of Notes.

Capital Gains Tax

A holder of Notes will be subject to Irish taxed on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which the Notes where used or held.

Capital Acquisitions Tax/Probate Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponer, donee or successor, or if any of the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland), the donee or successor of such Notes may be liable to capital acquisitions tax. Accordingly, if Notes are comprised in a gift or inheritance and are physically located in Ireland or if the register of the Notes is maintained in Ireland the donee or successor of such Notes may be liable to capital acquisitions tax, even though neither the disponer nor the donee or successor are resident or ordinary resident in Ireland.

A probate tax is also charged on the value of estates of deceased persons which exceed a specified threshold, to the extent that they pass under a will or on an intestacy. Notes which are physically located in Ireland or the register of which is maintained in Ireland may be within the charge of this tax. Probate tax may also be payable if the deceased is resident or ordinarily resident in Ireland at the date of death.

For the purposes of capital acquisitions tax and probate tax, under current legislation a non-domiciled person is not treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation until 1 December 2004 and then only in specified circumstances.

Stamp Duty

No stamp duty or similar tax is imposed in Ireland on the issue (on the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 ("**Section 85(2)(c)**") assuming the proceeds of the Notes are used in the course of the Issuer's business), transfer by delivery or redemption of the Notes, whether they are represented by Global Notes or Definitive Notes. If Notes (whether they are represented by Global or by Definitive Notes) are transferred by instrument, no Irish stamp duty or similar tax is payable on such an instrument on the basis of an exemption provided for in Section 85(2)(c), assuming the proceeds of the Notes are used in the course of the Issuer's business.

UNITED KINGDOM TAXATION

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 a tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. *Withholding tax on interest paid on the Notes before 1st April, 2001*

Under current United Kingdom Inland Revenue practice, the Notes will be regarded as bearer securities for the purposes of section 124 of the Income and Corporation Taxes Act 1988 ("**section 124**") notwithstanding that they are represented by Global Notes and, accordingly, as long as they are and continue to be listed on (or treated as listed on) a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the London Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on each of the Notes which are made before 1st April, 2001 will be treated as interest paid on a "quoted Eurobond" within the meaning of section 124. In these circumstances such payments of interest on the Notes by the Paying Agents may be made without withholding or deduction for or on account of United Kingdom income tax where:

(a) payment is made through a Paying Agent who is not in the United Kingdom; or

(b) the beneficial owner of the Notes and of the related Coupons is not resident in the United Kingdom; or

(c) the Notes are held in a "recognised clearing system", within the meaning of section 841A of the Income and Corporation Taxes Act 1988 (DTC, Euroclear and Clearstream, Luxembourg have each been designated as a recognised clearing system for this purpose);

and conditions imposed by regulations made under the Income and Corporation Taxes Act 1988 (as amended by the Finance Act 1996) have been satisfied.

In other cases where interest is paid before 1st April, 2001, and in particular where the Notes are represented by registered Definitive Notes, an amount may have to 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.

2. *Withholding tax on interest paid on the Notes on or after 1st April, 2001*

As a result of provisions contained in the Finance Act 2000, and for so long as the Notes are listed on a recognised stock exchange, there will be no obligation upon any person by or through whom a payment of interest is made on or after 1st April, 2001 to make a withholding on account of United Kingdom income tax from that payment of interest.

3. *United Kingdom collecting agent rules in relation to interest paid on the Notes before 1st April, 2001*

Where a person in the United Kingdom in the course of a trade or profession either:

(a) acts as custodian of the Note and receives interest on the Note or directs that interest on the Note be paid to another person or consents to such payment; or

(b) collects or secures payment of or receives interest on a Note for a Noteholder or a Couponholder (except in any case by means only of clearing a cheque or arranging for the clearing of a cheque),

and the interest is paid before 1st April, 2001, that person (a "**collecting agent**") will be required to withhold on account of United Kingdom income tax at the lower rate (currently 20 per cent.) unless inter alia:

(i) the relevant Note is held in a "recognised clearing system" as described in 1(c) above and the collecting agent either:

(a) pays or accounts for the interest directly or indirectly to the "recognised clearing system"; or

(b) is acting as depositary for the "recognised clearing system"; or

(ii) the person beneficially entitled to the interest is not resident in the United Kingdom and beneficially owns the Note; or

(iii) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, inter alia, none of the beneficiaries of the trust is resident in the United Kingdom); or

(iv) the person entitled to the interest is eligible for certain reliefs from tax in respect of the interest; or

(v) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

In the case of each of the above exceptions (except (i)(b)), further administrative conditions imposed by the regulations referred to above may have to be satisfied for the relevant exception to be available.

4. *United Kingdom collecting agent rules in relation to interest paid on the Notes on or after 1st April, 2001*

Provisions contained in the Finance Act 2000 abolish the withholding obligations which are imposed on collecting agents as explained in 3 above in relation to interest paid on or after 1st April, 2001 and replace those obligations with a requirement to provide information to the Inland Revenue in relation to such interest payments.

5. *Further United Kingdom income tax issues for non-United Kingdom resident Noteholders*

Interest on the Notes may constitute United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding.

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).

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*

As the notes may be redenominated in euro, it is expected that they 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 any of these Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

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 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.

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 special 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 who or which 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) 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 E 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.

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.

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 was calculated 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 Department 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), 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 deemed to bear OID generally would be required to accrue OID on the Note 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 period will likely equal the amount by which (a) the sum of (i) the present value of all remaining distributions to be made on the Note as of the end of such period plus (ii) the distributions 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 the period. The present value of the remaining distributions to be made on a Note is calculated based on (x) the original yield to maturity of such instrument, (y) events (including actual prepayments) that have occurred prior to the end of the period and (z) the Prepayment Assumption. The "adjusted issue price" of a Note at the beginning of any accrual period generally would be the sum of its issue price and the amount of OID allocable to all prior accrual periods, 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.

Sourcing

Interest on a Note will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations, United Kingdom and Irish 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. 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). 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 qualified stated 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. The distinction between capital gain or loss and ordinary income or loss is relevant for purposes of, among other things, limitations on the deductibility of capital losses.

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. 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 becoming wholly or partially worthless 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 based on the assumption that no defaults or delinquencies will occur with respect to the Loans. 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. Moreover, in these circumstances, the present value of the tax detriment associated with the inclusion of such income early in the term of the Notes would generally exceed the present value of the subsequent tax benefit associated with such eventual loss or reduction in income, assuming no changes in prevailing tax rates.

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 thus no assurance can be given that such characterisation will prevail. In particular, because of the subordination and other features of the Class E 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 they were 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. "Interest" payments on the Recharacterised Note, to the extent they exceeded 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 they exceeded the United States holder's basis, would generate capital gain. "Interest" 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.

Gain or loss recognised on any Recharacterised Notes generally would be capital gain or loss. Some or all of any gain recognised by a United States holder owning at least 10 per cent. of such Notes, either directly or indirectly under certain constructive ownership rules, might be treated as ordinary income.

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 a PFIC. A United States holder of an equity interest in a PFIC that receives an "excess distribution" must allocate the excess distribution rateably to each day in the holder's holding period for

the stock and must pay 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 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 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. Moreover, a transfer by gift or a pledge of the Notes could cause a United States holder to recognise taxable income. Also, if any class of Notes were treated (in whole or in part) as equity interests in a PFIC, an individual United States holder of such class would not get a step-up in tax basis to the fair market value of such Note upon the holder's death.

In general, 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. However, 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 might, in lieu of making a QEF election, 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 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 could 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 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 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

On 5th February 1999, the Treasury Department released final 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 may 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. The regulations are effective for payments made in taxable years beginning after 5th February 1999. In the event a United States holder

fails to file any such required form, the United States holder could be subject to a penalty equal to 10 per cent. of the gross amount paid for the Notes.

Non-United States Holders

Interest paid (or accrued) to a non-United States holder will not be subject to withholding of United States federal income tax.

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 31 per cent. "backup" withholding tax will apply to those payments if such United States holder fails to provide certain identifying information (such as such holder's taxpayer identification number) to such payor or intermediary or such holder is notified by the IRS it has failed to report all interest and dividends required to be shown on its United States federal income tax returns. 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 may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class E 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, MSDWPFI, 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, MSDWPFI, MSDWPFI, the Managers, the Trustee, the Servicer, the Principal Paying Agent, the Cash Manager, the Operating Bank, the Interest Rate Agent, the Exchange Agent, the Depository, the Swap Provider, the Swap Guarantor, the Liquidity Facility 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 January 5, 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 December 31, 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 December 31, 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 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, MSDWPFI, 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 the 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 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, ABN Amro Bank N.V., Artesia Bank N.V., Lehman Brothers International (Europe) and Bankgesellschaft Berlin AG (together, the "**Managers**"), pursuant to a subscription agreement dated 25th September, 2000 (the "**Subscription Agreement**"), between the Managers, the Issuer, MSMS and MSDWPFI 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. Morgan Stanley & Co. International Limited has further agreed, pursuant to the Subscription Agreement, to subscribe and pay for the Class B Notes at 100 per cent. of their principal amount, the Class C Notes at 100 per cent. of their principal amount, the Class D Notes at 100 per cent. of their principal amount and the Class E Notes at 100 per cent. of their principal amount.

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 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 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.

Ireland

Each of the Managers has further represented and agreed that:

(a) other than in circumstances which do not constitute an offer or sale to the public by means of a prospectus within the meaning of the Companies Acts, 1963 to 1999 of Ireland (i) prior to application for listing of the Notes being made and the Irish Stock Exchange having approved this Offering Circular in accordance with the Regulations, it has not offered or sold and will not offer or sell, in Ireland or elsewhere, by means of any document or other means of visual reproduction, including electronic means, any of the Notes, (ii) subsequent to application for listing of the Notes being made and the Irish Stock Exchange approving this Offering Circular in accordance with the Regulations, it has not offered or sold and will not offer or sell, in Ireland or elsewhere, any of the Notes by means of any document or other means of visual reproduction, including electronic means, other than this Offering Circular (or any document including electronic means of visual reproduction approved as aforesaid, which sets out listing particulars in relation to the Notes prepared in accordance with the Regulations) and only where this Offering Circular (or such other listing particulars as aforesaid) is accompanied by an application form or an application form is issued which indicates where this Offering Circular (or such other listing particulars as aforesaid) can be obtained or inspected and (iii) it has not issued and will not issue at any time, in Ireland or elsewhere any application form for any of the Notes unless the application form is accompanied by this Offering Circular (or a document including electronic means of visual reproduction, which sets out listing particulars in relation to the Notes prepared in accordance with the Regulations and approved by the Irish Stock Exchange) or the application form indicates where this Offering Circular or such listing particulars can be obtained or inspected;

(b) it has not made and will not make at any time any offer of any of the Notes in Ireland to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland would apply;

(c) it will not sell any Notes pursuant to this Offering Circular and it will not take any proceedings on applications made pursuant to this Offering Circular until the fourth business day in Ireland after the date of this Offering Circular; and

(d) it will not underwrite the issue of or place the Notes otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act, 1995 (as amended), including, without limitation, Sections 9, 23 (including any advertising restrictions made thereafter) and 50 and any codes of conduct made under Section 37.

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 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, the Arranger, the Co-Arranger 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 shall promptly notify the Issuer and the Arranger. 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 22nd September, 2000.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 29th September, 2000, 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.

3. The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC 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	011848052	XS0118480523	29878NAA5	011849105	XS0118491058
Class B	011848141	XS0118481414	29878NAB3	011849113	XS0118491132
Class C	011848168	XS0118481687	29878NAC1	011849121	XS0118491215
Class D	011848184	XS0118481844	29878NAD9	011849130	XS0118491306
Class E	011848206	XS0118482065	29878NAE7	011849148	XS0118491488

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. Save as disclosed herein, since 1st September, 2000 (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.

8. 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 Denton Wilde Sapte at 1 Fleet Place, London EC4M 7W, McCann FitzGerald at 2 Harbourmaster Place, International Financial Services Centre, Dublin 1 and at the specified offices of the 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 22nd September, 2000 and the auditors report thereon;

(iii) the Subscription Agreement referred to in paragraph 6 above;

(iv) drafts (subject to modification) of the following documents:

(a) the Trust Deed;

(b) the Mortgage Sale Agreement;

(c) the Deed of Charge and Assignment;

(d) the Irish Deed of Charge;

(e) the Deed of Amendment to the Share Declaration of Trust;

(f) the Share Declaration of Trust;

(g) the Property Declaration of Trust;

(h) the Servicing Agreement;

(i) the Cash Management Agreement;

(j) the Swap Agreement and the Swap Guarantee;

(k) the Issuer Corporate Services Agreement;

(l) the Supplemental Parent Company Corporate Services Agreement;

(m) the Parent Company Corporate Services Agreement;

(n) the Corporate Officers Agreement;

(o) the Liquidity Facility Agreement;

(p) the Depository Agreement;

(q) the Post Maturity Call Option Agreement;

(r) the Exchange Rate Agency Agreement; and

(s) the Master Definitions Agreement; and

(v) a copy of the Credit Support Document;

(vi) the valuation certificate provided by Healey & Baker and included in the Section of this Offering Circular entitled "The Properties"; and

(vii) the Structural, Building Services and Environmental Reports of Mott MacDonald.

9. KPMG, 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).

10. Healey & Baker, valuers, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its valuation certificate and references to its views, opinions and name in the form and context in which they are included and has authorised the content of that part of the Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

11. Mott MacDonald, surveyors, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of references to its views, opinions and name in the form and context in which they are included and has authorised the content of those parts of this Offering Circular and has authorised that the Structural, Building Services and Environmental Reports prepared by it may be displayed at the offices of the persons referred to in paragraph 8, above, in each case for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

12. Morgan Stanley & Co. International Limited has given and not withdrawn its written consent to the issue of the Offering Circular with the inclusion of that information identified as having been provided by it in relation to the Properties and with references to its name in the form and context in which they are included and has authorised the content of those parts of this Offering Circular for the purposes of section 46 of the Irish Companies Act, 1963 (as amended).

13. Gerald Eve have given and not withdrawn their written consent to the issue of the Offering Circular with the inclusion of that information identified as having been provided by them in relation to the Properties and with references to their views, opinions and name in the form and context in which they are included and has authorised the content of those parts of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

15 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 and in the form and context in which they are included and has authorised the content of those parts of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

16. Elliott Duffy Garrett 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 and in the form and context in which they are included and has authorised the content of those parts of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

17. This Offering Circular includes as Appendix 1 a form or application for Notes solely to comply with certain Irish legal requirements. It is not necessary for potential purchasers to complete the application form to apply for Notes. Neither the Issuer nor the Managers will be bound in any way whatsoever to issue or sell any Notes to any person who completes and returns such application form.

APPENDIX 1
APPLICATION FORM

EUROPEAN LOAN CONDUIT NO. 4 p.l.c.

THIS APPLICATION FORM IS ISSUED WITH THIS OFFERING CIRCULAR IN ACCORDANCE WITH THE REQUIREMENTS OF THE EUROPEAN COMMUNITIES (STOCK EXCHANGE) REGULATIONS, 1984 (AS AMENDED) OF IRELAND. IF YOU HAVE ALREADY RECEIVED A CONFIRMATION OF YOUR PURCHASE OF NOTES WITH THIS OFFERING CIRCULAR, YOU SHOULD NOT TAKE ANY ACTION WITH REGARD TO THIS APPLICATION FORM. NEITHER EUROPEAN LOAN CONDUIT NO. 4 P.L.C. NOR ANY MANAGER SHALL BE BOUND IN ANY WAY WHATSOEVER TO SELL ANY NOTES TO ANY PERSON WHO COMPLETES AND RETURNS THIS APPLICATION FORM.

To:

[Insert name and address of manager]

I/We offer to purchase _____ Notes issued by European Loan Conduit No. 4 p.l.c. in the aggregate principal amount of £_____.

[specify Class A and/or Class B and/or Class C and/or Class D and/or Class E as appropriate]
MR/MRS/MISS (TITLE)
FORENAME(S) (IN FULL)
SURNAME
ADDRESS (IN FULL)

SIGNATURE

Any joint applicants should complete the following details:

MR/MRS/MISS (TITLE)
FORENAME(S) (IN FULL)
SURNAME
ADDRESS IN FULL

SIGNATURE

MR/MRS/MISS (TITLE)
FORENAME(S) (IN FULL)
SURNAME
ADDRESS IN FULL

SIGNATURE

Listing Particulars in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been approved by the Irish Stock Exchange Limited, in accordance with the European Communities (Stock Exchange) Regulation, 1984 (as amended). Copies of such Listing Particulars can be inspected at, or obtained from, the offices of the Principal Paying Agent, AIB International Financial Services Ltd, at AIB International Centre, I.F.S.C, Dublin 1.

APPENDIX 2
INDEX OF PRINCIPAL DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER
West Block Building
International Financial Services Centre
Dublin 1

TRUSTEE
Chase Manhattan Trustees Limited
9 Thomas More Street
London E1W 1YT

SERVICER
Morgan Stanley Mortgage Servicing Limited
25 Cabot Square
Canary Wharf
London E14 4QA

AUDITORS TO THE ISSUER
KPMG
1 Stokes Place
St Stephen's Green
Dublin 2

LEGAL ADVISERS
To the Managers

As to New York Law:

Sidley & Austin
875 Third Avenue
New York
New York 10022

As to Irish Law(other than Irish taxation):

McCann FitzGerald
2 Harbourmaster Place
International Financial Services Centre
Dublin 1

As to Northern Irish Law:

Elliott Duffy Garrett
2nd Floor,
Royston House
34 Upper Queen Street
Belfast BT1 6FD

To the Managers and the Trustee
as to English Law:
Sidley & Austin
1 Threadneedle Street
London EC2R 8AW

To the Issuer
as to English Law:

Denton Wilde Sapte
1 Fleet Place
London EC4M 7WS

To the Managers
As to Irish taxation:

A & L Goodbody
1 Earlsfort Centre
Hatch Street
Dublin 2

PRINCIPAL PAYING AGENT, PAYING AGENT AND INTEREST RATE AGENT
AIB International Financial Services Ltd
PO Box 2751
AIB International Centre
International Financial Services Centre
Dublin 1

DEPOSITORY AND REGISTRAR
The Chase Manhattan Bank
15th Floor
450 West 33rd Street
New York
New York 10001

LISTING AGENT
Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA