IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: You have been sent the attached Offering Circular on the basis that you have confirmed to Morgan Stanley & Co. International plc (the "**Manager**"), being the sender of the attached Offering Circular that:

(i) you consent to delivery of the attached Offering Circular by electronic transmission;

(ii) you are a prospective purchaser of the notes referred to in the attached Offering Circular (the "**Notes**") or you are a person authorised by the Financial Services and Markets Act 2000 or the Manager to receive the attached Offering Circular;

(iii) you will not transmit the attached Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Manager;

(iv) you acknowledge that the attached Offering Circular is in draft or preliminary form only, that it is not complete and contains information that may be subject to change and does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Notes;

(v) you and any customers you represent are either (a) Qualified Institutional Buyers ("**QIBs**") (as defined in under Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**")) and also Qualified Purchasers ("**QPs**") (within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, (the "**Investment Company Act**") and the rules and regulations thereunder or (b) a non-U.S. person (as defined in Regulation S under the Securities Act); and

(vi) acceptance by you and any customer you represent of this e-mail and accessing the attached Offering Circular is not unlawful in the jurisdiction where it is being sent to you and any customers you represent.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Manager nor any person who controls it nor any of its respective directors, officers, employees or agents, nor any of its affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Manager.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorised to deliver the attached Offering Circular to any other person.

Restrictions: Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.

In the United Kingdom the attached Offering Circular is directed only at persons who (a) have professional experience in matters relating to investments or (b) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). The attached Offering Circular must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the attached Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

OFFERING CIRCULAR DATED 5 JULY, 2007

£429,000,000
Ulysses (European Loan Conduit No. 27) PLC

(incorporated with limited liability in England and Wales with registered number 6280163)

Commercial Mortgage Backed Floating Rate Notes due 2017

*Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the £249,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class A Notes**"), the £76,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class B Notes**"), the £48,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class C Notes**"), the £45,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class D Notes**") and the £11,000,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2017 (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 Ulysses (European Loan Conduit No. 27) PLC (the "**Issuer**") to be admitted to the Official List of the Irish Stock Exchange and to trading on the regulated market of the Irish Stock Exchange. In addition, the Issuer will issue certain certificates (the "**Class X1 Certificates**" and the "**Class X2 Certificates**" and together, the "**Class X Certificates**" and, together with the Notes, the "**Securities**") which shall represent the registered holders' right to receive payments of deferred consideration. This offering circular (the "**Offering Circular**") constitutes a prospectus (the "**Prospectus**") in respect of the Notes for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). References throughout this document to the "**Offering Circular**" shall be taken to read "**Prospectus**" for such purpose. Application has been made to the Irish Financial Services Regulatory Authority (the "**Financial Regulator in Ireland**"), as competent authority under the Prospectus Directive, for the Prospectus to be approved. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange. In addition, this document constitutes listing particulars (the "**Listing Particulars**") for the Class X Certificates. Application has been made to the Irish Stock Exchange for these Listing Particulars to be approved to list the Class X Certificates and for the Class X Certificates to be admitted to the Official List and to trading on the alternative securities market of the Irish Stock Exchange.*

*Interest on the Notes will be payable quarterly in arrear in pounds sterling on the 25th day of January, April, July and October in each year, subject to adjustment for non-business days as described herein (each an "**Interest Payment Date**"). The first Interest Payment Date will be the 25th July, 2007. 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 (save, in the case of the first Interest Period, with respect to LIBOR for one-month sterling deposits) plus a margin which will be different for each class of Notes, as set out under "Margin over LIBOR" in the table below.*

*The Securities are expected on issue to be assigned the respective ratings set out opposite the relevant class in the table below by Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch and Moody's, the "**Rating Agencies**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations. The ratings from Fitch and S&P only address the likelihood of timely receipt by any Noteholder or Class X Certificate Holder (only the holder of Class X1 Certificates in respect of S&P) of interest or applicable payment on the Securities and the likelihood of receipt by any Noteholder of principal of the Notes by the relevant Maturity Date. The ratings from Fitch and S&P do not address the likelihood of receipt by any Noteholder of principal on any date prior to the relevant Maturity Date. The ratings assigned by Moody's address the expected loss posed to any relevant Noteholder or Class X1 Certificate Holder by the Maturity Date. In Moody's opinion, the structure allows for timely payment of interest and ultimate repayment of principal at par on, or before, the Maturity Date.*

Class	Expected Ratings			Initial Principal Amount	Margin over LIBOR	Estimated Average Life	Expected Final Interest Payment Date	Maturity Date	Issue Price[(1)]
	Fitch	Moody's	S&P						
A	AAA	Aaa	AAA	£249,000,000	0.16%	7.1	25th July, 2014	25th July, 2017	100%
X1	AAA	Aaa	AAA	n/a	Variable	-	25th July, 2014	25th July, 2017	n/a
X2	AAA	-	-	n/a	Variable	-	25th July, 2017	25th July, 2017	n/a
B	AAA	-	AAA	£76,000,000	0.23%	7.1	25th July, 2014	25th July, 2017	100%
C	AA	-	AA	£48,000,000	0.28%	7.1	25th July, 2014	25th July, 2017	100%
D	A	-	A	£45,000,000	0.48%	7.1	25th July, 2014	25th July, 2017	100%
E	BBB+	-	BBB	£11,000,000	0.85%	7.1	25th July, 2014	25th July, 2017	100%

(1) Plus accrued interest, if any.

*The Notes and interest thereon and the amounts due under the Class X Certificates will not be obligations or responsibilities of any person other than the Issuer. In particular, the Securities will not be obligations or responsibilities of, or be guaranteed by, Morgan Stanley Bank International Limited (the "**Originator**") or any affiliate of the Originator, or of or by the Manager, the Servicer, the Special Servicer, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Corporate Services Provider, the Loan Security Trustee, the PECO Holder, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Advance Provider, the Advance Guarantor, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the Calculation and Reporting Agent or the Operating Bank (each as defined herein) or any of their respective affiliates 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 Securities.*

*The Securities will be issued simultaneously on the Closing Date. All Securities will be secured by the same security, subject to the priority described herein. The 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 July 2017 (the "**Maturity Date**"), the Notes will be subject to mandatory redemption in certain circumstances. For further information, see "Terms and Conditions of the Notes – Condition 5 - Redemption and Cancellation" at page 143.*

*THE SECURITIES HAVE 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 OR ANY OTHER RELEVANT JURISDICTION. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**").*

*THE SECURITIES MAY BE OFFERED AND SOLD ONLY (A) WITHIN THE UNITED STATES OR TO A U.S. PERSON IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED THEREIN ("**QUALIFIED INSTITUTIONAL BUYERS**") THAT ARE ALSO QUALIFIED PURCHASERS ("**QUALIFIED PURCHASERS**") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER AND (B) OUTSIDE THE UNITED STATES TO PERSONS (WHO ARE NOT U.S. PERSONS) PURSUANT TO REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"). FOR FURTHER INFORMATION ABOUT CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "TRANSFER RESTRICTIONS" AT PAGE 179.*

THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DOCUMENT NOR ANY PART HEREOF NOR ANY OTHER OFFERING CIRCULAR, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT, OTHER OFFERING MATERIAL OR OTHER INFORMATION MAY BE ISSUED, DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION (INCLUDING THE UNITED KINGDOM), EXCEPT IN CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, ORDERS, RULES AND REGULATIONS.

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

*The Notes are expected to settle in book-entry form through the facilities of Euroclear and Clearstream, Luxembourg (each as defined herein) on or about 6 July, 2007 (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

The date of this Offering Circular is 5 July, 2007.

IMPORTANT NOTICE

This Offering Circular comprises a prospectus (the "**Prospectus**") for the purposes of Article 5 of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes. The terms "**Prospectus**" and "**Offering Circular**" are used interchangeably.

The Issuer accepts responsibility for all information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Other than the approval by the Financial Regulator in Ireland as competent authority under the Prospectus Directive for this Offering Circular to be approved in respect of the Notes and by the Irish Stock Exchange for these Listing Particulars to be approved in respect of the Class X Certificates, 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 Manager 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 Manager to subscribe for or purchase any of, the Securities 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 Securities and distribution of this Offering Circular (or any part hereof) see below "*Subscription and Sale*" at page 176 and "*Transfer Restrictions*" at page 179.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY RULE 144A NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A AND NO TRANSFER OF A RULE 144A NOTE MAY BE MADE WHICH WOULD CAUSE THE ISSUER TO BECOME SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE INVESTMENT COMPANY ACT.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS OFFERING CIRCULAR, EACH OFFEREE OR HOLDER OF THE NOTES (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH OFFEREE OR HOLDER) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE UNITED STATES FEDERAL, STATE, OR LOCAL TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION (AS DEFINED IN SECTION 1.6011-4 OF THE UNITED STATES TREASURY REGULATIONS) AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE TAXPAYER RELATING TO SUCH FEDERAL, STATE, OR LOCAL TAX TREATMENT AND TAX STRUCTURE.

EACH PURCHASER OF NOTES OFFERED HEREBY WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH HEREIN UNDER "TRANSFER RESTRICTIONS" AND "ERISA CONSIDERATIONS" AT PAGES 179 AND 174, RESPECTIVELY. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE

WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "TRANSFER RESTRICTIONS" AND "ERISA CONSIDERATIONS" AT PAGES 179 AND 174, RESPECTIVELY.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES' SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THE CLASS E NOTES MAY NOT BE PURCHASED OR HELD BY ANY "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES' EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT THERETO), OR ANY "PLAN" (AS DEFINED IN SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") WHICH IS SUBJECT THERETO), OR BY ANY PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN, AND EACH PURCHASER OF A CLASS E NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE WILL NOT BE, SUCH AN EMPLOYEE BENEFIT PLAN, PLAN OR PERSON. FOR FURTHER INFORMATION, SEE "ERISA CONSIDERATIONS" AT PAGE 174.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Securities 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 upon request 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 the information required to be delivered under Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF JUDGMENTS

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

OFFEREE ACKNOWLEDGMENTS

Each person receiving this Offering Circular, by acceptance hereof, hereby acknowledges that:

This Offering Circular has been prepared by the Issuer solely for the purpose of offering the Securities described herein. Notwithstanding any investigation that the Manager may have made with respect to the information set forth herein, this Offering Circular does not constitute, and shall not be construed as, any representation or warranty by the Manager as to the adequacy or accuracy of the information set forth herein. Delivery of this Offering Circular to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Securities is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor shall not be entitled to, and must not rely on, this Offering Circular unless it was furnished to such prospective investor directly by the Issuer or the Manager.

The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described herein, and all of the statements and information contained herein are qualified in their entirety by reference to such documents. This Offering Circular contains summaries, which the Issuer believes to be accurate, of certain of these documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which may (on giving reasonable notice) be obtained from the Issuer.

EACH PERSON RECEIVING THIS OFFERING CIRCULAR ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE MANAGER OR ANY PERSON AFFILIATED WITH THE MANAGER IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (III) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE SECURITIES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (IV) NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISORS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES.

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 judgements 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 United Kingdom ("**UK**"). Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Securities 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. The Manager has not attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto.

All references in this document to "**sterling**" or "**pounds**" or "**pounds sterling**" or "**£**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

In connection with this issue, Morgan Stanley & Co. International plc (or any person acting on behalf of it) may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that Morgan Stanley & Co. International plc (or any person acting on behalf of it) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must be ended no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be

conducted by Morgan Stanley & Co. International plc (or any person acting on behalf of it) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

SUMMARY

The following information is a summary of the principal features of the issue of the Securities. 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 and any decision to invest in the Securities should be based on a consideration of the Offering Circular as a whole. 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 10th May, 2007 Morgan Stanley Bank International Limited (in such capacity, the "**Originator**") advanced to CityPoint Holdings I Limited (the "**Borrower**") a loan of £535,000,000 (the "**Whole Loan**"), the funds borrowed being applied towards financing the acquisition, directly or indirectly, of the entirety of the units in City Point (Jersey) Unit Trust (the "**CityPoint Unit Trust**"), which is the beneficial owner of the property known as CityPoint, 1 Ropemaker Street, London EC2 (the "**Property**"). The legal interest in the Property is held by four separate nominee companies (the "**Property Nominees**") on trust for the CityPoint Unit Trust. For further information, see "*The Loan Obligors - Property Nominees*" at page 60 and "*Property Summary - Title*" at page 95.

On the Closing Date the Issuer will issue the Notes and with the proceeds of such issuance will acquire from the Originator, pursuant to a loan sale agreement to be entered into between them on or prior to the Closing Date (the "**Loan Sale Agreement**"), the senior portion of the Whole Loan in an amount of £429,000,000 (the "**Securitised Loan**"), together with the Originator's interests as beneficiary of the Loan Security Trust created over the various security interests granted in respect of the Whole Loan and various contractual rights relating to the Whole Loan. Except where stated otherwise, the information in this Offering Circular relates to the Securitised Loan only. The relationship between the senior lender (the "**Senior Lender**") and the subordinated lenders (the "**Subordinated Lenders**") of the Whole Loan is governed by an intercreditor arrangement between them (the "**Intercreditor Agreement**"). Information relating to the Intercreditor Agreement is set out at "*The Loan and the Related Security – Intercreditor Agreement*" at page 76. As at 25th June, 2007 (the "**Cut-Off Date**"), the Securitised Loan had an outstanding aggregate principal amount of £429,000,000 (the "**Cut-Off Date Balance**").

The Securitised Loan, which is the senior portion of the Whole Loan, the terms of which are outlined in the Loan Agreement dated 10th May, 2007 (the "**Loan Agreement**"), provides for the Borrower to pay a fixed rate of interest, is governed by English law, is denominated in sterling, is a full recourse obligation of the Borrower and is secured by, among other things, first ranking legal mortgages over the Property. For further information relating to the Loan, see "*The Loan and the Related Security*" at page 63 and "*Property Summary*" at page 95 below.

The Property was originally constructed as the headquarters of British Petroleum plc, but was partially demolished, enlarged and redeveloped in 2001. The predominant use of the Property is as office space, but the Property also has underground parking and 10 retail units on the ground floor. As of the Cut-Off Date, the Property was occupied by 26 tenants, the largest four (in terms of rental income payable) being Simmons & Simmons, an English law firm, Regus (UK) Ltd., a business centre operator, Macquarie Bank Ltd, an Australian-based investment bank and Simpson Thatcher & Bartlett LLP, a U.S. based law firm.

Following the acquisition of the Securitised Loan by the Issuer pursuant to the Loan Sale Agreement, on each payment date under the Loan Agreement (each a "**Loan Payment Date**"), Morgan Stanley Mortgage Servicing Limited in its capacity as Servicer will, in each case to the extent funds are available for such purpose, transfer from the rent account (the "**Rent Account**") to the tranching account (the "**Tranching Account**") all amounts payable to creditors and any amounts received under the related hedging arrangements and then, in accordance with the Intercreditor Agreement, to an account with the Operating Bank in the name of the Issuer (the "**Transaction Account**") all amounts then due to the Issuer under the Loan Agreement. On each Interest Payment Date under the Notes, the Calculation and Reporting Agent will, on the basis of information provided by the Servicer, identify and categorise the source of the funds standing to the credit of the Transaction Account and will notify the Cash Manager of such categorisation who shall, after payment of those obligations of the Issuer having a higher priority, apply such funds in payment of, among other things, interest due on the Notes and the relevant amount due on the Class X Certificates and, where applicable, in repayment of principal. Thus, payments of interest on,

and repayments of principal of, the Notes, and payments of the relevant amounts due on the Class X Certificates, are made from the payments received by the Issuer in respect of the Securitised Loan.

In order to protect the Issuer against the risk of interest rate mismatches arising as a result of the Borrower paying a fixed rate of interest on the Securitised Loan whilst the Issuer is required to pay floating rates of interest on all the Notes, the Issuer will enter into an interest rate swap transaction (the "**Interest Rate Swap Transaction**") with the Interest Rate Swap Provider. The obligations of the Interest Rate Swap Provider under the Interest Rate Swap Transaction will be guaranteed by the Interest Rate Swap Guarantor.

If the rating of the short term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below any of "F1" by Fitch, "A-1" by S&P or "P-1" by Moody's, or the long-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below any of "A2" by Moody's or "A" by Fitch, the Interest Rate Swap Provider may be required to transfer collateral to an account in the name of the Issuer in support of the obligations of the Interest Rate Swap Provider in respect of the Interest Rate Swap Transaction. Any such collateral will be transferred pursuant to the terms of a collateral agreement to be entered into between the Issuer and the Interest Rate Swap Provider on or prior to the Closing Date and any such collateral will be returned to the Interest Rate Swap Provider if it is not required for the purposes of collateralising its obligations in accordance with the terms of the collateral agreement. However, if the rating of the short-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below either of "F2" by Fitch or "P-2" by Moody's, or the rating of the long term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below "BBB+" by Fitch, "A3" by Moody's or "BBB-" by S&P, then the Interest Rate Swap Provider must either provide a third party guarantee from a suitably rated entity (in a form acceptable to the Issuer) or transfer its interest in the Interest Rate Swap Agreement to a suitably rated third party.

The obligations of the Issuer to the Noteholders in respect of the Notes, the Class X Certificate Holders in respect of the Class X Certificates, and to other secured parties will be secured pursuant to a deed of charge and assignment (the "**Deed of Charge and Assignment**") governed by English law. The Issuer will create, pursuant to the Deed of Charge and Assignment, among other things:

(a) an assignment by way of security of the Securitised Loan and the Issuer's rights under and connected with the Loan Agreement and certain connected agreements;

(b) an assignment by way of security of the Issuer's beneficial interests in the Loan Security Trust;

(c) an assignment by way of security of the Issuer's rights under certain contracts entered into in connection with the issuance of the Notes;

(d) an assignment by way of security of the Issuer's interests in the Transaction Account and certain other bank accounts in which the Issuer may place and hold cash; and

(e) a floating charge over the whole of the undertaking and assets of the Issuer which are situated in, or otherwise governed by, the laws of England and Wales, save to the extent that such assets are otherwise secured by way of effective fixed security,

such security interests together constituting the "**Issuer Security**".

There is no intention to accumulate any surplus funds in the Issuer as security for any future payments of interest and principal on the Notes and any payment in respect of the Class X Certificates, though, as indicated above, the Issuer will have certain bank accounts, including the Transaction Account which will, it is expected, have credit balances.

The Parties

The Originator and its Related Parties

Originator

Morgan Stanley Bank International Limited ("**MS Bank**" and, in such capacity, the "**Originator**").

The Originator will, pursuant to the Loan Sale Agreement to be entered into on or prior to the Closing Date between the Issuer, the Originator, the Issuer Security Trustee and the Loan Security Trustee, agree to sell the Securitised Loan to the Issuer.

For further information about the Originator, see "*The Parties – Morgan Stanley Bank International Limited*" at page 55.

Loan Security Trustee and Facility Agent

Morgan Stanley Mortgage Servicing Limited ("**MSMS**" and, in such capacities, the "**Loan Security Trustee**" and the "**Facility Agent**").

The Loan Security Trustee holds all the security granted in connection with the Whole Loan (the "**Related Security**") on trust (the "**Loan Security Trust**"). Prior to the purchase of the Securitised Loan by the Issuer pursuant to the Loan Sale Agreement, the Related Security for the Whole Loan is held on trust by the Loan Security Trustee for the benefit of the Originator and any relevant Subordinated Lender in accordance with their respective interests. Following the sale of the Securitised Loan to the Issuer, the Related Security for the related Whole Loan will be held on trust by the Loan Security Trustee for the benefit of the Issuer and any Subordinated Lender, again in accordance with their respective interests.

For further information about the Loan Security Trustee, see "*The Parties – The Servicer, the Special Servicer and the Loan Security Trustee*" at page 55.

The Issuer and its Related Parties

Issuer

Ulysses (European Loan Conduit No. 27) PLC.

The Issuer is a public company incorporated in England and Wales with limited liability. It is a special purpose vehicle incorporated for the purpose of issuing asset-backed securities. The principal objects of the Issuer include investing in mortgage loans secured on commercial or other properties in the United Kingdom, managing and administering mortgage loan portfolios, borrowing, raising and securing the payment of money including by the creation and issue of bonds, debentures, notes or other securities charged on the whole or any part of the Issuer's property or assets.

For further information about the Issuer, see "*The Issuer*" at page 53.

Note Trustee

HSBC Trustee (C.I.) Limited (in such capacity, the "**Note Trustee**").

	The Note Trustee will act as trustee for the holders of the Notes pursuant to a trust deed (the "**Trust Deed**") between the Note Trustee and the Issuer. For further information about the Note Trustee and the terms of the Trust Deed, see "*The Parties – The Note Trustee*" at page 55.
Issuer Security Trustee	HSBC Trustee (C.I.) Limited (in such capacity, the "**Issuer Security Trustee**"). The Issuer Security Trustee will, pursuant to the Deed of Charge and Assignment, act as trustee of the Issuer Security for the entities having the benefit of such security (the "**Issuer Secured Parties**"). For further information about the Issuer Security Trustee, see "*The Parties – The Issuer Security Trustee*" at page 55. For further information about the Issuer Security, see "*Security*" at page 32.
Servicer and Special Servicer	Morgan Stanley Mortgage Servicing Limited ("**MSMS**"). MSMS will act as servicer (in such capacity, the "**Servicer**") and the initial special servicer (in such capacity, the "**Special Servicer**") of the Whole Loan pursuant to a servicing agreement (the "**Servicing Agreement**") between the Servicer, the Special Servicer, the Issuer, the Issuer Security Trustee, the Facility Agent, the Subordinated Lenders and the Loan Security Trustee. For more information about the Servicer and the Special Servicer, see "*The Parties – The Servicer, the Special Servicer and the Loan Security Trustee*" at page 55. For further information about the Servicing Agreement, see "*Servicing*" at page 98.
Interest Rate Swap Provider and the Interest Rate Swap Agreement	Morgan Stanley & Co. International plc (the "**Interest Rate Swap Provider**"). The Interest Rate Swap Provider will enter into a swap agreement in the form of an International Swaps and Derivatives Association Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) and schedule thereto (the "**Interest Rate Swap Agreement**") with the Issuer in connection with the interest rate swap transaction (the "**Interest Rate Swap Transaction**") to be entered into pursuant to the Interest Rate Swap Agreement. The Issuer and the Interest Rate Swap Provider will enter into a swap confirmation (which shall be subject to and comprise part of the Interest Rate Swap Agreement) evidencing the terms of the Interest Rate Swap Transaction. Either party to the Interest Rate Swap Agreement may require that its obligations and those of its counterparty in respect of the Interest Rate Swap Transaction terminate proportionally in the event that the Securitised Loan is prepaid (whether voluntarily or as the result of its enforcement) or is repurchased by the Originator, in accordance with the Loan Sale Agreement, purchased by the Servicer, in accordance with the Servicing

Agreement or purchased by a Subordinated Lender, in accordance with the Intercreditor Agreement.

Upon such termination, either party to the Interest Rate Swap Agreement may, depending on the circumstances then prevailing, be required to make a termination payment to its counterparty. If the termination of the Interest Rate Swap Transaction is due to the prepayment of the Securitised Loan and a termination payment is due from the Issuer, the Issuer will be entitled to pass the cost of such payment on to the Borrower. If the termination of the Interest Rate Swap Transaction is due to the repurchase of the Securitised Loan by the Originator, in accordance with the Loan Sale Agreement, its purchase by the Servicer, in accordance with the Servicing Agreement or its purchase by a Subordinated Lender, in accordance with the Intercreditor Agreement and the Issuer is, as a result of such repurchase or purchase, required to make a termination payment to the Interest Rate Swap Provider, then the Originator, the Servicer or the relevant Subordinated Lender, as the case may be, will be required to pay an equivalent amount to the Issuer which will be included in the price paid for the Securitised Loan, subject in the last case to the terms of the Intercreditor Agreement.

For further information about the Interest Rate Swap Provider, see "*The Parties – The Interest Rate Swap Provider*" at page 55. For further information about the Interest Rate Swap Agreement and the Interest Rate Swap Transaction, see "*Credit Structure – The Interest Rate Swap Agreement*" at page 119.

Interest Rate Swap Guarantor

Morgan Stanley (in such capacity, the "**Interest Rate Swap Guarantor**") will, pursuant to and subject to the terms of a guarantee in favour of the Issuer (the "**Interest Rate Swap Guarantee**"), guarantee all of the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement in respect of the Interest Rate Swap Transaction.

For further information about the Interest Rate Swap Guarantor, see "*The Parties – The Interest Rate Swap Guarantor and the Advance Guarantor*" at page 55. For further information about the Interest Rate Swap Guarantee, see "*Credit Structure – The Interest Rate Swap Guarantee*" at page 120.

Advance Provider and the Servicer Advance Facility Agreement

Morgan Stanley Principal Funding Inc. will act as the advance provider (the "**Advance Provider**") under the servicer advance facility agreement (the "**Servicer Advance Facility Agreement**") to be entered into on or prior to the Closing Date between the Advance Provider, the Servicer, the Issuer Security Trustee, the Special Servicer and the Issuer.

The Issuer will be entitled to make drawings under the Servicer Advance Facility Agreement from time to time:

(i) to cover shortfalls in the scheduled amount of interest received from the Borrower in respect of the Securitised Loan ("**Interest Advances**");

(ii) to cover shortfalls in the amounts required to pay to any person other than a Secured Party (other than the

Interest Rate Swap Provider), including payments to the interest rate swap provider in respect of any swap entered into in respect of a Subordinated Tranche, the Issuer's liability, if any, to corporation tax and/or value added tax and other obligations incurred in the course of the Issuer's business ("**Issuer Expenses Advances**"); and

(iii) to make certain payments in relation to the Whole Loan or the Property, including advances with respect to certain expenses that may be due in respect of the Property ("**Loan Protection Advances**").

Issuer Expenses Advances, Interest Advances and Loan Protection Advances are together referred to as "**Advance Facility Drawings**". Each Advance Facility Drawing will be made in sterling.

For further information about the Advance Provider, see "*The Parties – The Advance Provider*" at page 55. For further information about the Servicer Advance Facility Agreement, see "*Credit Structure – Advance Facility*" at page 115.

Advance Guarantor

Morgan Stanley (the "**Advance Guarantor**" will, pursuant to and subject to the terms of a guarantee, guarantee the Advance Provider's obligations under the Servicer Advance Facility Agreement in respect of the requirement to make advances.

For further information about the Advance Guarantor, see "*The Parties – The Interest Rate Swap Guarantor and the Advance Guarantor*" at page 55.

The Corporate Services Provider

Structured Finance Management Limited will act as corporate services provider to the Issuer (the "**Corporate Services Provider**") pursuant to a corporate services agreement between the Corporate Services Provider, the Issuer, the PECO Holder and the Issuer Security Trustee (the "**Corporate Services Agreement**").

For further information about the Corporate Services Provider, see "*The Parties – The Corporate Services Provider*" at page 56.

Calculation and Reporting Agent

Wells Fargo Securitisation Services Limited will act as Calculation and Reporting Agent (the "**Calculation and Reporting Agent**") pursuant to a cash management agreement (the "**Cash Management Agreement**") between the Issuer, the Cash Manager, the Issuer Security Trustee, the Calculation and Reporting Agent and the Operating Bank.

For further information about the Calculation and Reporting Agent, see "*The Parties – The Calculation and Reporting Agent*" at page 56.

The Principal Paying Agent, Operating Bank, Cash Manager, Registrar and Agent Bank	HSBC Bank plc will act (i) as principal paying agent, agent bank and registrar (in such capacities, the "**Principal Paying Agent**", the "**Agent Bank**", and the "**Registrar**", respectively) pursuant to an Agency and Reporting Agreement (the "**Agency and Reporting Agreement**") between, among others, the Issuer and the Issuer Security Trustee; and (ii) as operating bank and as cash manager (in such capacities, the "**Operating Bank**" and the "**Cash Manager**") pursuant to the Cash Management Agreement. The Issuer Accounts will be maintained with the Operating Bank. These include the Transaction Account which will be used to receive, among other things, payments of interest and repayments of principal made in respect of the Securitised Loan. For further information about the Principal Paying Agent, the Registrar, the Agent Bank, the Cash Manager and the Operating Bank, see "*The Parties – The Principal Paying Agent, the Registrar, the Agent Bank, the Cash Manager and the Operating Bank*" at page 56, and for further information about the Transaction Account, see "*The Structure of the Accounts – The Transaction Account*" at page 87.
Irish Paying Agent	HSBC Institutional Trust Services (Ireland) Limited will act as Irish Paying Agent (the "**Irish Paying Agent**") pursuant to the Agency and Reporting Agreement. The Irish Paying Agent together with the Principal Paying Agent and any other paying agents that may be appointed pursuant to the Agency and Reporting Agreement are together referred to in this Offering Circular as the "**Paying Agents**". For further information about the Irish Paying Agent, see "*The Parties – The Irish Paying Agent*" at page 56.
Share Trustee	SFM Corporate Services Limited (in such capacity, the "**Share Trustee**") will hold the entire issued share capital of the PECO Holder pursuant to a declaration of trust in favour of certain specified charities (the "**Share Declaration of Trust**") and will provide certain services as trustee of that trust (the "**Share Trust**"). For further information about the Share Trustee, see "*The Parties –The Share Trustee and Nominee Trustee*" at page 56.
Nominee Trustee	SFM Nominees Limited (in such capacity, the "**Nominee Trustee**") will pursuant to a declaration of trust in favour of the PECO Holder (the "**Nominee Declaration of Trust**") hold one share in the Issuer as nominee for the PECO Holder. For further information about the Nominee Trustee, see "*The Parties – The Share Trustee and Nominee Trustee*" at page 56.
PECO Holder	ELoC 27 PECO Holder Limited (the "**PECO Holder**") shall hold the entire issued share capital of the Issuer except for the share held by the Nominee Trustee.

	For further information about the PECO Holder and the Post-Enforcement Call Option, see "*The Parties – The PECO Holder*" and Condition 10(b) at pages 57 and 154, respectively.
Issuer Related Parties	The Note Trustee, the Issuer Security Trustee, the Servicer, the Special Servicer, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the Advance Provider, the Advance Guarantor, the Corporate Services Provider, the Calculation and Reporting Agent, the Principal Paying Agent, the Operating Bank, the Cash Manager, the Agent Bank, the Registrar, the Irish Paying Agent, the Share Trustee, the Nominee Trustee and the PECO Holder are together referred to as the "**Issuer Related Parties**".

The Securitised Loan and the Whole Loan

Loan	The Whole Loan is a full recourse obligation of the Borrower and is secured by, among other things, first ranking mortgages on the Property known as CityPoint, 1 Ropemaker Street, London EC2. On the basis of the Market Valuation (as defined below), the loan to value ratio ("**LTV**") of the Securitised Loan as at the Cut-Off Date was 65 per cent.
Date of Advance	The Whole Loan was advanced by the Originator on 10th May, 2007.
Market Valuation	As a condition precedent to the making of the advance to the Borrower, the Originator obtained an independent valuation of the Property from Savills Commercial Limited, Chartered Surveyors, 20 Grosvenor Hill, London W1K 3HQ (the "**Market Valuation)**". Other than in limited circumstances, no further independent valuations of the Property will be required to be obtained and accordingly all references in this Offering Circular to valuations (including related concepts such as LTV and property value) are references to or, as the case may be, relate to references to the Market Valuation. An abbreviated form of the Market Valuation is set out in Appendix 1. The form of Market Valuation is contained, in electronic form, on a CD-ROM (which is available on request from the Issuer).
Payments on the Whole Loan	The Whole Loan is repayable on its final maturity date, being the Loan Payment Date in July 2014. The Whole Loan may also be subject to prepayment, voluntary as well as mandatory, under certain circumstances. The Whole Loan is prepayable by the Borrower, in whole or in part, subject to the payment of any applicable prepayment fee. The prepayment fee payable is dependent upon the amount of time left unexpired until the final maturity date of the Whole Loan and decreases at certain preagreed dates. No prepayment fee will be payable if prepayment occurs after 20th July, 2011.
Loan Security	In respect of the Whole Loan, the Borrower has executed a debenture and security interest agreements over all of its assets in favour of the Loan Security Trustee, as security for the

Borrower's obligations under the Whole Loan and other liabilities owing from time to time to the lender.

Security for the Whole Loan also comprises (a) debentures from the Property Nominees (which include first legal mortgages over the legal interests in the Property) and the trustees of the CityPoint Unit Trust (which include first ranking charges over the beneficial interests in the Property and shares in the Property Nominees) (each a "**Debenture**" and together the "**Debentures**"), (b) security interest agreements (written under Jersey law) over (i) the shares in the Borrower (the "**Share Security Agreement**"), (ii) the units held by the Borrower in the CityPoint Unit Trust and the Borrower's rights under a separate security agreement granted by the Co-Unitholder over the remaining units in the CityPoint Unit Trust (together the "**Unit Security Agreements**") and (iii) the Borrower's contractual rights of the Borrower under the agreement pursuant to which such units were acquired (the "**UPA Security Agreement**") (the Share Security Agreement, Unit Security Agreements and UPA Security Agreement being together the "**Security Agreements**" and each a "**Security Agreement**"), (c) a subordination agreement in respect of monies advanced to the Borrower by its shareholder (the "**Subordination Agreement**") and (d) duty of care undertakings from the companies appointed to manage the Property and collect the rental income attributable to the same (the "**Duty of Care Agreements**").

The Debentures, Security Agreements, Subordination Agreement, Duty of Care Agreements and/or any other security (including the beneficial interests in the Loan Security Trust to be acquired on the Closing Date by the Issuer pursuant to the Loan Sale Agreement) are referred to in this Offering Circular as the "**Related Security**". The Related Security is held on trust by the Loan Security Trustee for the benefit of the Issuer and the Subordinated Lenders.

Further Advances

The Issuer is not required to make any further advance to the Borrower under the terms of the Loan Agreement. Neither the Servicer nor the Special Servicer is permitted under the Servicing Agreement, subject to the terms thereof, to agree to an amendment of the terms of the Loan Agreement that would require the Issuer to make a further advance to the Borrower.

Insurance

The Property is covered by a building insurance policy maintained by the Borrower (in the joint names of the Borrower and the Loan Security Trustee) and provided by an insurer which is reasonably acceptable to the Facility Agent. The interest of the Loan Security Trustee is held on trust for the Issuer and the Subordinated Lenders pursuant to the terms of the Loan Security Trust.

For further information relating to the insurance arrangements in respect of the Property and the risks in relation thereto, see "*Risk Factors – Factors Relating to the Securitised Loan and the Whole Loan – Insurance*" at page 38 and "*The Loan and the Related Security*" at page 63. For further information relating to the Servicer's responsibilities regarding the maintenance of insurance relating to the Property, see "*Servicing – Insurance*" at page 100.

Sale of the Securitised Loan

Warranties

The Loan Sale Agreement contains certain warranties given by the Originator in respect of the Securitised Loan and the Related Security which are summarised in "*The Loan Sale Agreement - Warranties*" at page 82.

If there is a material breach of any such warranty by the Originator with respect to the Securitised Loan or its Related Security, which is not capable of remedy or, if capable of remedy, has not been remedied within the time specified in the Loan Sale Agreement, the Issuer Security Trustee may require the Originator, under the terms of the Loan Sale Agreement, to repurchase the Securitised Loan together with the beneficial interest in the related Loan Security Trust. The consideration for such repurchase will be an aggregate amount equal to (a) the outstanding principal amount under the Securitised Loan (b) interest accrued (but unpaid) up to, but excluding, the date of repurchase, (c) any amounts due to the Advance Provider or the Advance Guarantor, but not, for the avoidance of doubt, any amounts which have been drawn to cover interest referred to in paragraph (b) above and consequently which would be repaid as a result of the payment of the relevant amount referred to in paragraph (b) and (d) costs incurred by the Issuer (including any Interest Rate Swap breakage costs, if any) in respect of having sold the Securitised Loan and the Securitised Loan being repurchased by the Originator. Any such repurchase would result in redemption of the Notes in accordance with Condition 5(b) at page 144.

The Issuer will have no recourse to the Originator in respect of a breach of such warranties, other than through the exercise of its repurchase option under the Loan Sale Agreement.

Deferred Consideration

On each Interest Payment Date the Issuer will pay the following amounts to the Originator (or any subsequent holder of the Class X Certificates) pursuant to the Loan Sale Agreement by way of deferred consideration for the sale of the Securitised Loan to it:

(a) Prepayment Fees received by the Issuer in respect of the Securitised Loan;

(b) Interest Rate Swap Breakage Receipts (to the extent they do not constitute Available Interest Receipts or Issuer Priority Payments) received by the Issuer;

(c) the Class X Amount payable on each Interest Payment Date; and

(d) the surplus Available Interest Receipts on such Interest Payment Date.

Class X Amount

The "**Class X Amount**" shall be payable on each Interest Payment Date up to and including the Loan Repayment Date to the holder of the Class X1 Certificates and on each Interest Payment Date from but not including the Loan Repayment Date and until the Maturity Date, to the holder of the Class X2 Certificates and shall be an amount equal to the product of (a) the outstanding principal balance of the Securitised Loan as of

the beginning of the applicable Interest Period (after taking into account any write-offs of principal following completion of Default Procedures in respect of any Securitised Loan by the Special Servicer during the Collection Period immediately preceding such Interest Period) (b) the Class X Strip Rate and (c) the fraction obtained by dividing the number of days in the relevant Interest Period by 365.

The "**Class X Strip Rate**" with respect to any Interest Payment Date will be a per annum rate equal to the excess, if any, of (a) the Net Mortgage Rate for the Interest Period relating to such Interest Payment Date over (b) the sum of (i) the weighted average of the interest rates of all of the Notes (weighted on the basis of the respective Principal Amount Outstanding of such Notes immediately prior to the Interest Payment Date) and (ii) the Administrative Cost Rate.

The "**Net Mortgage Rate**" for the Securitised Loan, with respect to any Interest Payment Date, will be equal to the per annum interest rate (excluding default interest) on the Securitised Loan (which rate of interest shall be determined to reflect any swap transaction).

The "**Administrative Cost Rate**" is equal to a variable rate, which, as of any Interest Payment Date, is the percentage equal to the product of (a) the fraction obtained by dividing: (i) 365 by (ii) the actual number of days in the relevant Interest Period and (b) the Administrative Cost Factor. The Administrative Cost Rate represents as of any date of calculation, the per annum rate at which Administrative Fees for any Interest Period accrue against the outstanding principal balance of the Securitised Loan.

The "**Administrative Cost Factor**" is, as of any Interest Payment Date, equal to the percentage obtained by dividing: (a) the Administrative Fees for such Interest Payment Date by (b) the outstanding principal balance of the Securitised Loan immediately after the second preceding Loan Payment Date for such Interest Payment Date, or for the first Interest Payment Date, the outstanding principal balance of the Securitised Loan as of the Closing Date.

The "**Administrative Fees**" for each Interest Payment Date will be the sum of all ordinary, recurring fees payable by the Issuer to the service providers plus VAT, if applicable, related to such Interest Payment Date plus the relevant Issuer Profit Amount and any amounts, if needed, to mitigate the consequence of mismatches in interest accrual periods between the Securitised Loan and the Notes (and any Special Servicing Fees in the limited circumstances referred to below). The amount of Administrative Fees payable on any Interest Payment Date will vary to the extent that some are payable on an annual basis while others are payable on a quarterly basis. The amount of Administrative Fees payable on any Interest Payment Date will be determined at the beginning of each Interest Period and will not change during the Interest Period. Subject to the previous sentence, if any current service provider is replaced by a successor service provider and such successor's fees are in excess of the prior service provider's fees, the Administrative Fees will be increased to reflect such change. Administrative

Fees for the purposes of calculating the Class X Amount do not include any fees or expenses payable by the Issuer to any entity that are unusual or extraordinary in nature including the repayment of Advance Facility Drawings and interest thereon and the payment of any Special Servicing Fee, provided that if Special Servicing Fees have become payable by the Issuer in the event that the payment required to be made by the Borrower in respect of the Whole Loan on its maturity date has not been paid when due, the Administrative Fees will include such Special Servicing Fees (to the extent that such fees have not been paid from the Tranching Account) for the purposes of calculating the Class X Amount due and payable to the holders of the Class X2 Certificates, but not, for the avoidance of doubt, the Class X Amount due and payable to the holders of the Class X1 Certificates.

Class X Certificates

The rights of the Originator to the Class X Amount, Prepayment Fees received by the Issuer in respect of the Securitised Loan, Interest Rate Swap Breakage Receipts (to the extent they do not constitute Available Interest Receipts or Issuer Priority Payments) and to any surplus Available Interest Receipts, in each case by way of deferred consideration pursuant to the Loan Sale Agreement, will be represented by certificates (the "**Class X Certificates**"). The rights under the Loan Sale Agreement represented by the Class X Certificates are capable of assignment and the holders of the Class X Certificates from time to time are referred to in this Offering Circular as "**Class X Certificate Holders**".

The Notes

Status and Form

The Notes will be issued on the Closing Date in an aggregate principal amount of £429,000,000 and will be constituted by the Trust Deed. The Rule 144A Notes will be issued in denominations of at least £250,000 and integral multiples of £1,000 thereafter. The Reg S Notes will be issued in denominations of at least £50,000 and integral multiples of £1,000 thereafter. The Notes of each class will rank *pari passu* without any preference or priority among themselves.

The Securities will share the benefit of the Issuer Security. However, in the event of the security granted in respect of the Notes being enforced, the Class A Notes and the Class X Amounts will rank *pari passu*, and the Class A Notes and the Class X Amounts will rank higher in priority to the Class B Notes and the Class B Notes will rank higher in priority to the Class C Notes and the Class C Notes will rank higher in priority to the Class D Notes and the Class D Notes will rank higher in priority to the Class E Notes.

Each Note is being offered either (i) outside the United States in reliance on Regulation S to non-U.S. Persons or (ii) within the United States to U.S. Persons who are both Qualified Institutional Buyers and Qualified Purchasers in reliance on Rule 144A or (iii) in the case of the initial sale from the Issuer to the Manager, in reliance on Section 4(2) of the Securities Act only to Qualified Institutional Buyers that are also Qualified Purchasers. For the avoidance of doubt, the Class X Certificates are not Notes.

The Notes to be sold to non-U.S. Persons in offshore transactions in reliance on Regulation S (the "**Reg S Notes**") will initially be represented by one or more permanent global notes in fully registered form without interest coupons for each class of Notes (each, a "**Reg S Global Note**" and together, the "**Reg S Global Notes**"). "**U.S. Person**" as used herein has the meaning given to it in Regulation S. The Notes to be sold within the United States or to a U.S. Person who is both a Qualified Institutional Buyer and a Qualified Purchaser (the "**Rule 144A Notes**") will initially be represented by one or more permanent global notes in fully registered form without interest coupons for each class of Notes (each a "**Rule 144A Global Note**" and together, the "**Rule 144A Global Notes**"). The Reg S Global Notes and the Rule 144A Global Notes are, together, referred to in this Offering Circular as the "**Global Notes**".

Each Global Note will be deposited with HSBC Bank plc as common depositary (the "**Common Depositary**") and registered in the nominee name of HSBC Issuer Services Common Depositary Nominee (UK) Limited for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**") on the Closing Date.

Transfers of interests in the Global Notes are subject to certain additional restrictions. In particular, to enforce the restrictions on transfers of interests in any Notes issued in the form of a Global Note, the Trust Deed permits the Issuer to demand that the holder of any interest in a Rule 144A Global Note held by a U.S. person as defined in Regulation S who is determined not to have been both a Qualified Institutional Buyer and a Qualified Purchaser at the time of acquisition of such interest and any interest in a Reg S Global Note held by a U.S. Person at the time of acquisition of such interest if such acquisition occurred prior to the date that is 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the "**Distribution Compliance Period**") in each case, sell such interest to a holder that is permitted under the Trust Deed and, if the holder does not comply with such demand within 30 days thereof, the Issuer may sell such holder's interest in such Notes. In addition, transferees of Global Notes will be deemed to have made certain representations relating to compliance with all applicable securities, ERISA and tax laws.

In addition, there are restrictions on the distribution of this Offering Circular and the offer, sale and delivery of the Notes in the United Kingdom. For further information about restrictions on transferring the Notes, see "*Transfer Restrictions*" at page 179.

Except in limited circumstances, the Notes will not be available in definitive form (each such Note, a "**Definitive Note**"). For so long as the Notes are represented by the Global Notes such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as applicable.

In performing its duties under the Trust Deed, the Note Trustee is required 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**"), save in certain limited circumstances where there is, in the Note Trustee's opinion, a conflict between the interests of the various classes of Noteholders, the Note Trustee will be required to have regard only to the interests of the holders of the most senior class of Notes then outstanding.

The Trust Deed will contain provisions limiting the powers of the holders of a class or classes of Notes that rank junior in priority at the relevant time to the Notes of another class or classes, among other things, to pass any Extraordinary Resolution or to request or direct the Note Trustee or the Issuer Security Trustee through the Note Trustee to take any action which may affect the interests of the holders of a class or classes of Notes that rank senior in priority to that class or classes.

For further information about the voting rights attaching to the Notes, see Condition 2(A)(d) and Condition 11 at page 138 and page 154, respectively.

Post-Enforcement Call Option

If the Issuer Security Trustee determines, in its sole opinion and discretion, that:

(a) all amounts outstanding under the Notes have become due and payable; and

(b) there is no reasonable likelihood of there being any further realisations (whether arising from the enforcement of the Issuer Security or otherwise) available to pay amounts outstanding under the Notes, the PECO Holder, pursuant to a post-enforcement call option agreement (the "**Post-Enforcement Call Option Agreement**") dated on or about the Closing Date between the PECO Holder, the Issuer Security Trustee and the Note Trustee, will have the option (the "**Post Enforcement Call Option**") to purchase all the Notes plus accrued interest thereon then outstanding in consideration for the payment of £0.01 in respect of each Note.

For further information about the Post Enforcement Call Option, see Condition 10(b) at page 154.

Closing Date

6 July, 2007.

Interest

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

Payment Date"). The first Interest Payment Date in respect of each class of Notes will be 25th July, 2007.

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 (save in the case of the first Interest Period, in which context it will be a rate determined with respect to LIBOR for one-month sterling deposits) plus the Relevant Margin. The "*Relevant Margin*" in respect of each class of Notes will be:

Class	***Relevant Margin***
A	*0.16 per cent. per annum*
B	*0.23 per cent. per annum*
C	*0.28 per cent. per annum*
D	*0.48 per cent. per annum*
E	*0.85 per cent. per annum*

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

Failure by the Issuer to pay interest on the most senior class of Notes which is outstanding at any time when such interest is due and payable will result in the occurrence of an Event of Default (as defined in Condition 9 at page 151) which may in turn result in the Issuer Security Trustee enforcing the Issuer Security.

Shortfall

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 more senior-ranking class or classes of Notes then outstanding and the Class X Amount, are insufficient to pay in full interest otherwise due on any one or more classes of Notes (other than the most senior class of Notes outstanding and the Class X Amount) then outstanding, the shortfall in the amount then due will not be paid on such date and will only be paid on subsequent Interest Payment Dates, in accordance with the order of seniority of the affected classes of Notes, if and when permitted by subsequent cash flow which is available after the Issuer's other higher priority liabilities have been discharged.

Principal Amount Outstanding

Interest will accrue on the Principal Amount Outstanding of the Notes. The Principal Amount Outstanding of a Note on a particular day will be the principal amount of that Note on the Closing Date less the aggregate amount of any principal repaid by the Issuer in respect of that Note on or prior to such day.

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 July 2017 (the "**Maturity Date**").

Mandatory Redemption in Part

Unless an Enforcement Notice has been served, the Notes will be subject to mandatory redemption in part in the manner described in "*Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Service of an Enforcement Notice – Available Issuer Principal Receipts*" at page 31.

Either party to the Interest Rate Swap Agreement may require that its obligations and those of its counterparty in respect of the Interest Rate Swap Transaction terminate proportionally in the event that the Securitised Loan is repaid. Upon such termination, either party to the Interest Rate Swap Transaction may, depending on the circumstances then prevailing, be required to make a termination payment to its counterparty.

For further information about the circumstances under which mandatory redemption in part of the Notes is required, see Condition 5(b) at page 144.

Mandatory Redemption in Full

The Notes will be subject to mandatory redemption in full:

(a) if the Issuer satisfies the Note Trustee that (i) by virtue of a change in tax law from that in effect on the Closing Date the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes 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 Borrower in relation to the Securitised Loan is reduced or ceases to be receivable (whether or not actually received); or

(b) if an Interest Rate Swap Tax Event occurs under the Interest Rate Swap Agreement and (i) the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it, (ii) the Interest Rate Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Interest Rate Swap Tax Event, or (iii) the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use reasonable efforts to find a replacement interest rate swap provider), and

provided further that, in either case, the Issuer has certified to the Note Trustee that either (i) 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 Service of an Enforcement Notice*" at page 26, or (ii) it will have sufficient funds to discharge all of the amounts referred to in (i) above, other than sufficient funds in respect of the lowest class of Notes then outstanding, and that the Issuer has obtained the written consent of all the Noteholders of such lowest class of Notes to the redemption of such Notes at such lower amount.

The Notes will also be subject to mandatory redemption in full upon the Servicer exercising its right to purchase the Securitised Loan in certain limited circumstances pursuant to the Servicing Agreement or a Subordinated Lender exercising its right to purchase the Securitised Loan pursuant to the Intercreditor Agreement, or if the Securitised Loan is repurchased by the Originator, in accordance with the Loan Sale Agreement.

For further information about the circumstances under which mandatory redemption in respect of the Notes, see Conditions 5(c) and 5(d) at page 145 and page 146, respectively.

Ratings

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

	Expected Rating		
	Fitch	**Moody's**	**S&P**
Class			
A	AAA	Aaa	AAA
X1	AAA	Aaa	AAA
X2	AAA	-	-
B	AAA	-	AAA
C	AA	-	AA
D	A	-	A
E	BBB+	-	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 one or more of the assigning rating agencies. The ratings from the Rating Agencies only address the likelihood of timely receipt by any Noteholder of interest on the Notes, or, in the case of the Class X Certificates, of the relevant payment to the Class X Certificate Holder, and the likelihood of receipt by any Noteholder of principal of the Notes by the relevant Maturity Date. The ratings from Fitch and S&P only address the likelihood of timely receipt by any Noteholder or Class X Certificate Holder (only the holder of Class X1 Certificates in respect of S&P) of interest or applicable payment on the Securities and the likelihood of receipt by any Noteholder of principal of the Notes by the relevant Maturity Date. The ratings from Fitch and S&P do not address the likelihood of receipt by any Noteholder of principal on any date prior to the relevant Maturity Date. The ratings assigned by Moody's address the expected loss posed to any relevant Noteholder by the Maturity Date. In Moody's opinion, the structure allows for timely payment of interest and ultimate repayment of principal at par on, or before, the Maturity Date.

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

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 securities laws. Accordingly, the Notes are being offered and sold only to (A) "*Qualified Institutional Buyers*" (as defined in Rule 144A under the Securities Act) that are also "*Qualified Purchasers*" within the meaning of Section 2(a)(51) of the Investment Company Act and the rules thereunder 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 of the Notes, see "*Transfer Restrictions*" at page 179.

Listing

Application has been made to the Financial Regulator in Ireland, as competent authority under the Prospectus Directive, for this Offering Circular in respect of the Notes to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for these Listing Particulars in respect of the Class X Certificates to be approved and for the Class X Certificates to be admitted to the Official List and to trading on the alternative securities market of the Irish Stock Exchange.

Settlement

Euroclear and Clearstream, Luxembourg.

Euroclear is situated at 151 Boulevard Emile Jacqmain, 1210 Brussels, Belgium and Clearstream is situated at 42nd Floor, 1 Canada Square, Canary Wharf, London E14 5DR.

Governing Law

The Securities and the Trust Deed will be governed by English law.

Available Funds and their Priority of Application: The Notes

Source of Funds

The primary sources of funds available to the Issuer to make payments of interest on and repayments of principal of the Notes will be payments of interest on and repayment of principal of the Securitised Loan.

Funds paid into Issuer Transaction Account

All amounts standing to the credit of the Transaction Account from time to time will be referable to the following sources:

(a) "**Issuer Interest Receipts**", comprising: (i) all amounts allocated towards interest, fees (other than Prepayment Fees), breakage costs (other than Interest Rate Swap Breakage Receipts), costs, expenses, commissions and other sums paid by the Borrower in respect of the Securitised Loan or the Related Security (other than any payments in respect of principal), including recoveries in respect of such amounts on enforcement of the Securitised Loan, and/or its Related Security to cover such amounts ("**Borrower Interest Receipts**"); and (ii) all amounts (other than amounts allocated towards principal) received by the Issuer from the Servicer, the Originator or a Subordinated Lender in connection with the purchase of the Securitised Loan by the Servicer, the repurchase of the Securitised Loan by the Originator or the purchase of the Securitised

Loan by a Subordinated Lender in accordance with the Servicing Agreement, the Loan Sale Agreement or the Intercreditor Agreement, respectively;

(b) "**Prepayment Redemption Funds**", which comprise all payments of principal made by the Borrower in connection with any prepayment in part or in full in respect of the Securitised Loan (including insurance proceeds not applied to reinstate any part of the Property but excluding, for the avoidance of doubt, any prepayments constituting Principal Recovery Funds) and all principal amounts paid to the Issuer on repurchase from the Issuer of the Securitised Loan pursuant to the terms of the Loan Sale Agreement, the purchase by the Servicer of the Securitised Loan in accordance with the Servicing Agreement, the purchase by a Subordinated Lender of the Securitised Loan in accordance with the Intercreditor Agreement or disposal of the Securitised Loan pursuant to a liquidation of the Issuer;

(c) "**Final Redemption Funds**", which comprise the repayment of principal of the Securitised Loan made on its scheduled final maturity date;

(d) "**Principal Recovery Funds**", which comprise all amounts recovered in respect of principal of the Securitised Loan as a result of the enforcement of the Securitised Loan or the Related Security;

(e) "**Prepayment Fees**", which comprise payments of all fees and costs (except for breakage costs, if any) paid by the Borrower in connection with any prepayment in part or in full of the Securitised Loan, both prior to and following the enforcement of the Securitised Loan or the Related Security; and

(f) "**Interest Rate Swap Breakage Receipts**", comprising all termination payments paid to the Issuer by the Interest Rate Swap Provider or Interest Rate Swap Guarantor under the Interest Rate Swap Agreement or the Interest Rate Swap Guarantee as a result of the termination of the Interest Rate Swap Transaction prior to its scheduled termination date and all swap breakage costs paid by the Borrower as a result of the prepayment in part or in full of the Securitised Loan, both prior to and following its enforcement.

Prepayment Fees will not be included in the calculation of Issuer Interest Receipts at any time. Such amounts will, upon receipt in the Transaction Account, be payable by the Issuer as Deferred Consideration.

Payments out of the Swap Collateral Cash Account and the Swap Collateral Custody Account prior to Enforcement of the Notes

If a Swap Collateral Cash Account and/or a Swap Collateral Custody Account is/are opened in respect of the Interest Rate Swap Transaction, the Cash Manager will pay the Swap Provider from time to time, amounts equal to any relevant

amounts of interest on the credit balance of the Swap Collateral Cash Account and/or amounts equivalent to distributions received on securities held in the Swap Collateral Custody Account as well as any other payments required to be made by the Issuer in accordance with the terms of the Swap Agreement Credit Support Document in priority to any other payment obligations of the Issuer.

Payments out of the Transaction Account prior to Service of an Enforcement Notice

Issuer Priority Payments

The Cash Manager shall, prior to the service of an Enforcement Notice, arrange for the following payments to be made in priority to all other amounts required to be paid by the Issuer:

(a) out of Issuer Interest Receipts and, where Issuer Interest Receipts are insufficient, from the proceeds of Issuer Expenses Advances, sums due to third parties (other than the Issuer Secured Parties), including the Issuer's liability, if any, to corporation tax and/or value added tax and other obligations incurred in the course of the Issuer's business. Such payments may be made on any Business Day other than an Interest Payment Date, if so required;

(b) out of Issuer Interest Receipts, when due, any amount of interest payable by the Issuer to the Originator, the Servicer or to a Subordinated Lender, in the circumstances described in the paragraph immediately following paragraph (e) below (such amounts, together with any amounts described in paragraph (a) above, being "**Revenue Priority Amounts**");

(c) out of Issuer Principal Receipts, when due, any amount of principal payable by the Issuer to the Originator, the Servicer or a Subordinated Lender ("**Principal Priority Amounts**" and, together with Revenue Priority Amounts, "**Priority Amounts**" or "**Issuer Priority Payments**") in the circumstances described in the paragraph immediately following paragraph (e) below;

(d) out of Interest Rate Swap Breakage Receipts, any amount due and payable to the Borrower as a result of any termination of the Interest Rate Swap Transaction (excluding, for the avoidance of doubt, any funds required to cover any shortfall in interest arising on the enforcement of the Securitised Loan, the liquidation of which caused the Issuer to terminate the Interest Rate Swap Transaction or which are required for the purposes of making a payment in order for the Issuer to enter into a replacement swap agreement); and

(e) on the first Interest Payment Date only, the Adjusted Loan Accrued Interest Amount to the Originator.

Revenue Priority Amounts referred to in paragraph (b) above and Principal Priority Amounts referred to in paragraph (c) above are any moneys received by or on behalf of the Issuer in respect of the Securitised Loan following its repurchase by the Originator in accordance with the Loan Sale Agreement or its

purchase by the Servicer in accordance with the Servicing Agreement or a Subordinated Lender in accordance with the Intercreditor Agreement and which do not, therefore, belong to the Issuer but to the Originator, the Servicer or the relevant Subordinated Lender, as the case may be.

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

Adjusted Loan Accrued Interest Amount

The "**Loan Accrued Interest Amount**" is the aggregate amount of interest that accrued on the Securitised Loan during the period from and including the Loan Payment Date for the Securitised Loan that fell immediately prior to the Closing Date (or the date of drawdown of the Securitised Loan if there has been no Loan Payment Date in respect of the Securitised Loan) to, but excluding, the Closing Date.

Given that there are more days between the Closing Date and the first Interest Payment Date than there are between the Closing Date and the relevant Loan Payment Date that falls immediately after the Closing Date, an accrual period mismatch arises (the "**Accrual Mismatch**").

To address this, a portion of the Loan Accrued Interest Amount, the ("**Loan Accrued Interest Amount Deduction**") will be set aside to meet:

(a) any shortfall in the amounts due to the Interest Rate Swap Provider and other expenses; and

(b) any interest shortfall on the Notes,

arising only from the Accrual Mismatch during the first Interest Period.

The Loan Accrued Interest Amount less the Loan Accrued Interest Amount Deduction will form a Revenue Priority Amount in the first Interest Period and be paid to the Originator (the "**Adjusted Loan Accrued Interest Amount**").

Interest Rate Swap Payment

On each Interest Payment Date, the Interest Rate Swap Provider (or, as the case may be, the Interest Rate Swap Guarantor) will pay to the Issuer the amounts (if any) required to be paid by it under the Interest Rate Swap Agreement (or the Interest Rate Swap Guarantee, as applicable). If the Interest Rate Swap Agreement requires a net payment to be made to the Interest Rate Swap Provider (other than a payment following an early termination of the Interest Rate Swap Transaction) then, prior to making any other payments on behalf of the Issuer, the Cash Manager will arrange for such a payment (an "**Interest Rate Swap Payment**") to be made to the Interest Rate Swap Provider using amounts (other than Available Principal) standing to the credit of the Transaction Account and, if such amounts are insufficient, an Issuer Expenses Advance to the extent available.

Available Interest Receipts

Following and subject to the payment described above, on each Interest Payment Date:

(a) all Issuer Interest Receipts (other than Interest Rate Swap Breakage Receipts described in (c) below) transferred to the Transaction Account during the Collection Period ending immediately prior to such Interest Payment Date (net of any Issuer Interest Receipts applied during such Collection Period in payment of Issuer Priority Payments or to make any relevant payment under the Interest Rate Swap Agreement); **plus**

(b) any payments (other than Interest Rate Swap Breakage Receipts) which the Calculation and Reporting Agent has determined will be received by the Issuer from the Interest Rate Swap Provider or the Interest Rate Swap Guarantor in respect of the Interest Rate Swap Transaction on the relevant Interest Payment Date; **plus**

(c) any Interest Rate Swap Breakage Receipts received by the Issuer during the related Collection Period which (i) are paid to the Issuer following an early termination of the Interest Rate Swap Transaction and which are not payable to the Borrower, or (ii) are required for the purposes of covering any shortfall in interest arising on the enforcement of the Securitised Loan, the liquidation of which caused the Issuer to terminate the Interest Rate Swap Transaction, or (iii) are required for the purposes of making a payment in order for the Issuer to enter into a replacement swap agreement; **plus**

(d) the proceeds of any Interest Advance or Issuer Expenses Advance drawn by the Issuer under and in accordance with the Servicer Advance Facility Agreement, in respect of such Interest Payment Date; **plus**

(e) any interest accrued upon and paid to the Issuer in respect of funds standing to the credit of the Transaction Account or any other account maintained by the Issuer and not paid out on any previous Interest Payment Date or interest on Eligible Investments purchased by the Issuer using such funds; **plus**

(f) an amount equal to 1 per cent. of the aggregate of any Principal Recovery Funds recovered by or on behalf of the Issuer in respect of the related Collection Period (such amounts having been deducted from the Available Principal); **plus**

(g) an amount equal to the aggregate of the following (such amounts having been deducted from the Available Principal): up to 1 per cent. of the Prepayment Redemption Funds and Final Redemption Funds received by or on behalf of the Issuer during the related Collection Period in respect of the Securitised Loan while it was a Corrected Loan,

such amounts together constituting the "**Available Interest Receipts**", will be applied in the following order of priority (in each case only if and to the extent that payments and provisions

of a higher priority have been made in full) (the "**Pre-Enforcement Payment Priorities**"):

(a) **first**, to the extent not previously or otherwise paid, in payment or discharge to or towards amounts due and payable by the Issuer on such Interest Payment Date to:

(i) the Note Trustee, the Issuer Security Trustee and any appointee of either of them, on a pari passu basis; then

(ii) the Paying Agents, the Registrar and the Agent Bank under the Agency and Reporting Agreement; then

(iii) on a *pari passu* basis, to the extent not already paid from the Tranching Account, any amounts due to the Servicer and the Special Servicer pursuant to the Servicing Agreement (including, without limitation, the Servicing Fee, the Administrative Services Fee and the Special Servicing Fee); then

(iv) the Cash Manager under the Cash Management Agreement; then

(v) the Corporate Services Provider under the Corporate Services Agreement; then

(vi) the Share Trustee under the Share Declaration of Trust; then

(vii) the Nominee Trustee under the Nominee Declaration of Trust; then

(viii) the Operating Bank under the Cash Management Agreement; then

(ix) the Calculation and Reporting Agent under the Cash Management Agreement; then

(x) the Interest Rate Swap Provider under the Interest Rate Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Interest Rate Swap Transaction under the Interest Rate Swap Agreement (other than payments to be made by the Issuer to the Interest Rate Swap Provider following an early termination of the Interest Rate Swap Agreement as a result of (a) an event of default under the Interest Rate Swap Agreement in respect of which the Interest Rate Swap Provider is the Defaulting Party (as defined in the Interest Rate Swap Agreement) or (b) an additional termination event under the Interest Rate Swap Agreement following a ratings downgrade of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider (the "**Interest Rate Swap Subordinated Amounts**")); then

(xi) the Advance Provider under and in accordance with the Servicer Advance Facility Agreement in respect of the payment of interest on and repayment of any Advance Facility Drawing made by the Issuer under the Servicer Advance Facility Agreement, and all other amounts then due from the Issuer under the Servicer Advance Facility Agreement, other than Advance Facility Subordinated Amounts and amounts that are to be repaid using Late Collections; then

(xii) a replacement interest rate swap provider upon entry into of an interest rate swap agreement replacing the Interest Rate Swap Agreement or in order for the Issuer to enter into a replacement interest rate swap agreement; then

(xiii) 0.01 per cent. of the Available Interest Receipts to the Issuer (the "**Issuer Profit Amount**");

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

(c) **third**, in each case, *pari passu* and *pro rata*, in payment or discharge to or towards (A) interest due on the Class A Notes and (B) the Class X Amount due and payable;

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

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

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

(g) **seventh**, in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class E Notes;

(h) **eighth**, in payment or discharge to or towards any Interest Rate Swap Subordinated Amounts due and payable by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swap Agreement;

(i) **ninth**, towards payment or discharge of any amounts in respect of any increased costs, mandatory costs, or tax gross up amounts owing under the Servicer Advance

Facility Agreement to the extent that such increased costs, mandatory costs or tax gross up amounts exceed 0.075 per cent. per annum of the commitment provided under the Servicer Advance Facility Agreement (the amounts owing under this paragraph (l) being the "**Advance Facility Subordinated Amounts**" in respect of such Interest Payment Date);

(j) **tenth**, in payment to the person then entitled to receive the Deferred Consideration (such amount being the surplus Available Interest Receipts referred to in item (d) of the definition of Deferred Consideration); and

(k) **eleventh**, any surplus, if any, to the Issuer or, if any exists, any other person entitled thereto as advised to the Calculation and Reporting Agent by the Issuer.

In addition to the Available Interest Receipts payable on any Interest Payment Date, in accordance with the priorities set out above, any outstanding Advance Facility Drawings will be repaid by the Issuer in accordance with the terms of the Servicer Advance Facility Agreement from "**Late Collections**", being all amounts received from a relevant Borrower which represent late payments or collections of Scheduled Interest Receipts.

Available Issuer Principal Receipts

The Calculation and Reporting Agent is required, on the basis of information provided to it by the Servicer, to calculate on each Calculation Date in respect of the Collection Period then ended, the Available Prepayment Redemption Funds, the Available Principal Recovery Funds and the Available Final Redemption Funds (each as defined in Condition 5(a)(A) at page 143).

The "**Available Principal**" for each Interest Payment Date will be the aggregate of the Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds calculated on the related Calculation Date.

Subject as provided below, on each Interest Payment Date where a Sequential Redemption Event has not occurred, the Available Principal will be applied to redeem the Notes pro rata and pari passu between each class of Notes then outstanding according to their Principal Amount Outstanding as of the Closing Date.

Sequential Redemption Event

A "**Sequential Redemption Event**" shall occur if a Servicing Transfer Event has occurred or if the Securitised Loan is not redeemed in full on the Loan Payment Date in July 2014.

If a Sequential Redemption Event has occurred then all Available Principal will be applied on each subsequent Interest Payment Date in the following order of priority:

(i) **first**, in or towards repaying the Principal Amount Outstanding of the Class A Notes until all the Class A Notes have been redeemed in full;

(ii) **second**, in or towards repaying the Principal Amount Outstanding of the Class B Notes until all the Class B Notes have been redeemed in full;

(iii) **third**, in or towards repaying the Principal Amount Outstanding of the Class C Notes until the Class C Notes have been repaid in full;

(iv) **fourth**, in or towards repaying the Principal Amount Outstanding of the Class D Notes until the Class D Notes have been repaid in full; and

(v) **fifth**, in or towards repaying the Principal Amount Outstanding of the Class E Notes until the Class E Notes have been repaid in full.

For further information regarding the redemption of the Notes, see Condition 5 at page 143.

The Issuer will not be required to accumulate surplus assets as security for any future payments of interest or repayment of principal on the Notes. Any amounts standing to the credit of the Transaction Account after an Interest Payment Date or, in the case of the first Interest Period, the Closing Date and prior to the next following Calculation Date will be invested in Eligible Investments that mature on or before the next following Calculation Date.

Payments paid out of the Transaction Account Post-Enforcement of the Notes

The Issuer Security will become enforceable upon the Note Trustee giving an Enforcement Notice and shall then be enforced upon the Note Trustee instructing the Issuer Security Trustee to enforce the Issuer Security or any part thereof (subject to indemnification of the Issuer Security Trustee). Following service of an Enforcement Notice, the Issuer Security Trustee will be required to apply all funds received or recovered by it in accordance with the order of priority applicable in such circumstances.

For further information about the post enforcement order of priority, see "*Credit Structure - Post-Enforcement Priority of Payments*" at page 113.

Security

The obligations of the Issuer to the Noteholders and to each of the Note Trustee, the Issuer Security Trustee, the Corporate Services Provider, the Loan Security Trustee, the Share Trustee, the Servicer, the Special Servicer, the Cash Manager, the Advance Provider, the Interest Rate Swap Provider, the Paying Agents, the Agent Bank, the Registrar, the Calculation and Reporting Agent, the Operating Bank, the Originator, the Class X Certificate Holders or any receiver appointed by or on behalf of the Issuer Security Trustee pursuant to the Deed of Charge and Assignment (all of such persons or entities being, collectively, the "**Issuer Secured Parties**") will be secured by and pursuant to the Deed of Charge and Assignment which is governed by English law to be entered into on the Closing Date.

The Issuer will create, among other things, the following security under the Deed of Charge and Assignment, together constituting the Issuer Security:

(a) an assignment by way of security of the Securitised Loan and the Issuer's rights under the Loan Agreement and the connected contractual rights;

(b) an assignment by way of security of the Issuer's beneficial interests in the Loan Security Trust created over the Related Security;

(c) an assignment by way of security in respect of the Issuer's rights under, among other things, the Loan Sale Agreement, the Servicing Agreement, the Servicer Advance Facility Agreement, the Interest Rate Swap Agreement (subject to netting and set-off provisions contained therein), the Interest Rate Swap Guarantee, the Interest Rate Swap Agreement Credit Support Document, the Cash Management Agreement, the Corporate Services Agreement, the Agency and Reporting Agreement and the Master Definitions Schedule;

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

(e) a floating charge governed by English law over the whole of the undertaking and assets of the Issuer (save as otherwise already the subject of the fixed security as set out above).

Upon service of an Enforcement Notice, the amounts payable to the Issuer Secured Parties (other than the Noteholders and the Class X Certificate Holders) will rank higher in priority to payments of interest or principal on the Class A Notes or payment of the Class X Amounts except for certain amounts owed to the Originator under the Loan Sale Agreement, to the Advance Provider and to the Interest Rate Swap Provider as described in items (vii), (viii) and (ix), respectively, of "*Credit Structure – Post-Enforcement Priority of Payments"* at page 113.

Upon service of an Enforcement Notice, the Class A Noteholders and any outstanding Class X Amounts shall rank *pari passu* and 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 and all amounts owing to the Class E Noteholders will rank after all payments on the Class D Notes.

The Issuer expects that, upon completion of the issue of the Notes, an appointment of an administrative receiver by the Issuer Security Trustee under the Deed of Charge and Assignment will not be prohibited by Section 72A of the Insolvency Act 1986 as the appointment would fall within the exception set out under Section 72B of the Insolvency Act 1986 (First exception: capital market).

RISK FACTORS

The following is a summary of certain matters 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 and reach their own views prior to making any investment decision. Some of the issues set out in this section are mitigated by certain warranties which the Originator will provide in the Loan Sale Agreement in relation to the Securitised Loan, the Related Security, the Property and other associated matters (for further information, see "*The Loan and the Related Security – The Loan Sale Agreement – Warranties*" at page 82).

These matters have been grouped into the following categories:

(a) Factors Relating to the Securitised Loan and the Whole Loan; and

(b) Factors Relating to the Securities.

Factors Relating to the Securitised Loan and the Whole Loan

Borrower's Ability to Pay

If the Issuer does not receive the full amount due from the Borrower in respect of the Securitised Loan, 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 whole or in part, interest due on the Notes or any amount due on the Class X Certificates. The Issuer does not guarantee or warrant full and timely payment by the Borrower of any sums payable under the Securitised Loan.

The Borrower's ability to make timely payment of amounts due in respect of the Whole Loan is dependent on the ability of the Property to generate income which is sufficient to make such payments. Investors should assume that no funds other than those derived from the Property and any funds payable pursuant to the Sponsor Guarantee as referred to below will be available to the Borrower to enable it to make payments due on the Whole Loan. Furthermore, if the Borrower defaults in its obligations in respect of the Whole Loan and the Loan Security Trustee enforces the Related Security, the Issuer's ability to recover all amounts due in respect of the Securitised Loan will depend on the market value of the Property at that time.

It is anticipated that the initial net rental income available to the Borrower, assuming that all tenants make rental payments in full when due, will only be sufficient to pay approximately 96 per cent. of interest payments due in respect of the Whole Loan. In addition, the current leases of NYK Line (Europe) Ltd and Landesbank Baden-Württemberg (comprising in aggregate approximately 10 per cent. of the rental income derived from the Property as of the Cut-Off Date) expire in May/June 2011 and the leases vested in Macquarie Bank Ltd (comprising approximately a further 9.5 per cent. of the rental income derived from the Property as of the Cut-Off Date) are subject to a tenant's break clause as of 11th May, 2011. Certain other leases are due to expire or have break options after the repayment date of the Whole Loan, but shortly before the maturity date of the Notes.

To mitigate the shortfall in Lease payments, present and future, BCSP V Europe Investments, L.P. (a limited partnership organised under the laws of Delaware, U.S.A.) (the "**Sponsor Guarantor**"), a fund managed by the loan sponsor, Beacon Capital Partners, has pursuant to the Loan Agreement given a guarantee in respect of certain payments (the "**Sponsor Guarantee**"). The Sponsor Guarantee provides that the Sponsor Guarantor will on or before the Loan Payment Date in October 2010 pay on each Loan Payment Date the difference between the amount of Net Rental Income standing to the credit of the Rent Account on such Loan Payment Date and the amount of interest on the Whole Loan due on such date. In respect of any Loan Payment Date from and including that in January 2011 the Sponsor Guarantee covers all interest on the Whole Loan that is due and payable, subject to a maximum aggregate amount of £5,000,000. The Sponsor Guarantee terminates if, at any time after 1 January 2010, the projected interest cover percentage in respect of the Whole Loan exceeds 102.5 per cent. There is no guarantee that the Sponsor Guarantor will have funds available to make such payments under the Sponsor Guarantee. For further information with regard to the Sponsor Guarantor and Sponsor Guarantee, see "*The Loan Obligors–*

The Sponsor Guarantor" at page 61 below and "*The Loan and the Related Security – Terms of the Loan Agreement - (F) Sponsor Guarantee and Indemnity*" at page 64 below.

The ability of the Property to generate income and its market value may be adversely affected by a large number of factors. Some of these factors relate specifically to the Property itself, such as (a) the age, design and construction quality of the Property, (b) perceptions regarding the safety, convenience and attractiveness of the Property (c) the proximity and attractiveness of competing properties, (d) the adequacy of the Property's management and maintenance, (e) an increase in the capital expenditure needed to maintain the Property or make improvements to it and (f) a decline in the financial condition of a major tenant, a decline in rental rates as leases are renewed or entered into with new tenants, the length of occupational leases, the creditworthiness of tenants and the size of the real estate market in the locality of the Property. Other factors are more general in nature, such as (a) national, regional or local economic conditions (including the state of the banking and legal markets in London), (b) local property conditions from time to time, (c) demographic factors, (d) consumer confidence, (e) consumer tastes and preferences, (f) retrospective changes in building codes or other regulatory changes, (g) changes in governmental regulations, fiscal policy, planning/zoning or tax laws, (h) potential environmental legislation or liabilities or other legal liabilities, (i) the availability of refinancing and (j) changes in interest rate levels or yields required by investors in income-producing commercial properties.

Any one or more of these factors could have an adverse effect on the income which the Property is able to generate and/or on its market value, which could in turn cause the Borrower to default on the Whole Loan, reduce the chances of refinancing the Whole Loan or reduce the ability to sell the Property for a price which would be sufficient to pay or repay all amounts due on the Securitised Loan.

Refinancing Risk

The Securitised Loan has no scheduled amortisation and does not require any capital repayments prior to its maturity date. However, under the terms of the Whole Loan, prepayments in whole or in part may be made prior to its maturity date. The ability of the Borrower to make the payment of principal due on the final maturity date of the Whole Loan is very likely to be dependent upon the Borrower's ability to refinance the Whole Loan or to sell the Property. Neither the Issuer nor the Originator is under any obligation to provide any such refinancing and there can be no assurance that the Borrower would be able to refinance the Whole Loan or that the Borrower would be able to sell the Property in a timely fashion or for a sufficient amount to cover all the Borrower's liabilities. Failure by the Borrower to refinance the Whole Loan or by the Borrower to sell or to procure the sale of the Property, for a sufficient price or at all, may result in the Borrower defaulting on the Whole 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 and any relevant amount due on the Class X Certificates.

Concentration of Risk

The transaction underlying the issue of the Securities relates to a single loan which is secured upon a single property. Consequently losses on the Securitised Loan will have a substantial adverse effect on the ability of the Issuer to make payments due under the Securities. In addition, as there is only a single Property which is primarily an office property in the City of London there is an increased risk that adverse economic or other developments affecting in particular the City of London could increase the frequency and severity of losses on the Whole Loan.

Tenant Default

Any tenant of the Property may, from time to time, experience changes in its business which may weaken its financial condition and result in a failure to make rental payments when due. If a tenant of the Property were to default in its obligations to pay rent, the Borrower is unlikely to have other funds available to enable it to make payments due on its Whole Loan, other than funds that it may be entitled to draw under the Sponsor Guarantee. The Borrower may also incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and reletting all or part of the Property, non-recoverable service charges and/or rates payable, thereby further reducing the amount available to make payments due in respect of the Whole Loan.

No assurance can be given that tenants in the Property will continue making payments under their leases or that any such tenants will not become insolvent or subject to administration in the future or, if any such tenants become subject to administration, that they will continue to make rental payments in a timely manner. In addition, a tenant may, from time to time, experience a downturn in its business. The nature of a law firm, for example, is such that fee revenue generated by the law firm is often based upon transactions upon which the firm is instructed. Consequently, fee revenue can vary materially over a relatively short period of time. A downturn in business may weaken a tenant's financial condition and result in a failure to make rental payments when due. If a tenant, particularly a major tenant, defaults in its obligations under its occupational lease, the Borrower may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and re-letting the Property.

Tenant Concentration

A deterioration in the financial condition of a tenant of a property can be particularly significant if a property is leased to a small number of tenants or a sole tenant. The Property is currently leased to 26 tenants, but of those a relatively small number of tenants account for a high percentage of the rental income currently received in respect of the Property. Consequently, if a tenant fails to renew its lease or otherwise defaults in making payments under its lease the effect is likely to be significant as more time may be required to re-lease the space and substantial capital costs may need to be incurred to make the space appropriate for replacement tenants.

In addition, there is a concentration of tenants which operate in the same or related industries as one another. A number of the larger tenants operate in the financial services and legal areas. In particular, approximately 56 per cent. of current rental income in respect of the Property is payable by law firms, primarily Simmons & Simmons (approximately 35.3 per cent.), Simpson Thatcher & Bartlett LLP (approximately 8.1 per cent.) and Vinson & Elkins (approximately 5.7 per cent.).

The Property

The Property is primarily used for office purposes. The income from and market value of an office property, and a borrower's ability to meet its obligations under a loan secured by an office property, are subject to a number of risks. In particular, the property's age, condition, design, access to transportation and ability to offer certain amenities to tenants, including sophisticated building systems (such as fibre-optic cables, satellite communications or other base building features) all affect the ability of such a property to compete against other office properties in the area in attracting and retaining tenants. Other important factors that affect the ability of an office property to attract or retain tenants include the quality of a building's existing tenants, the quality of the building's property manager, the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients and access to public transportation and major roads. Attracting and retaining tenants often involves refitting, repairing or making improvements to office space to accommodate the type of business conducted by prospective tenants or a change in the type of business conducted by existing major tenants. Such refitting, repairing or improvements are often more costly for office properties than for other property types.

Local and regional economic conditions, changes in local and regional population patterns, sharing of office space and employment growth together with other related factors also affect the demand for and operation of office properties. In addition, an economic decline in the businesses operated by tenants can affect a building and cause one or more significant tenants to cease operations and/or become insolvent. The risk of such an adverse effect is increased if revenue is dependent on a single tenant or a few large tenants or if there is a significant concentration of tenants in a particular business or industry.

A limited part of the Property has retail and leisure use. The value of retail and leisure properties is significantly affected by the quality of the tenants as well as fundamental aspects of commercial property, such as location and market demographics. In addition to location, competition from other retail or leisure spaces or the construction of other shopping areas, retail properties face competition from other forms of retailing outside the property market (such as mail order and catalogue selling), which may reduce retailers' need for space and, therefore, the rents collectable from the retail properties. Income from the various businesses carried out from the retail areas of the Property may be more sensitive than income from the other tenants, to economic downturns or increased competitive conditions.

Any one or more of the above described factors or others not specifically mentioned above could have an adverse effect on the income derived from, or able to be generated by, the Property, which could in turn cause the Borrower to default on the Whole Loan, reduce the chances of the Borrower refinancing the Whole Loan or reduce the Borrower's ability to sell the Property at its required price or at all.

Due Diligence; Warranties

The Originator undertook due diligence in relation to the Whole Loan and the Property at the time of its loan origination. Other than limited legal due diligence undertaken by or on behalf of the Originator in the context of the warranties being given under the Loan Sale Agreement, the due diligence previously undertaken by the Originator will not be verified or updated prior to the sale of the Securitised Loan to the Issuer.

None of the Issuer, the Note Trustee or the Issuer Security Trustee has undertaken or will undertake any investigations, searches or other due diligence regarding the Securitised Loan or the Property or as to the status of the Borrower or Mortgagors and each of them will instead rely solely on the warranties given by the Originator in respect of such matters in the Loan Sale Agreement. For further information regarding the warranties given by the Originator, see "*The Loan Sale Agreement –Warranties*" at page 82. If any breach of a warranty relating to the Securitised Loan and the Related Security is material and (if capable of remedy) is not remedied within a specified time period prescribed under the Loan Sale Agreement, the Issuer Security Trustee may require the Originator to repurchase the Securitised Loan together with its beneficial interest in the Loan Security Trust. The Issuer will have no recourse to the Originator in respect of losses arising in relation to the Securitised Loan or its Related Security, other than to require the Originator to repurchase the Securitised Loan. Therefore to the extent that any loss arises as a result of a matter which is not covered by a particular warranty or warranties, the loss will remain with the Issuer.

Market Valuation

The Market Valuation in respect of the Property was provided by Savills Commercial Limited and expresses their professional opinion on the value of the Property as of the date of the valuation. It is not a guarantee of the present or future value of the Property. One valuer may, in respect of any property, reach a different conclusion than the conclusion in relation to a particular property that would be reached if a different valuer were appraising such property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and may have taken into consideration the purchase price paid by the existing property owner. There can be no assurance that the market value of the Property will continue to equal or exceed the valuation contained in the Market Valuation. If the market value of the Property fluctuates, there can be no assurance that the market value will be equal to or greater than the unpaid principal and accrued interest on the Whole Loan and any other amounts due under the Loan Agreement. For the purposes of the Market Valuation, the valuers assumed that certain current outstanding rent reviews would be settled at figures equivalent to the valuers' opinion of the open market rental values of the relevant premises, but no assurance can be given that any or all of such figures will be obtained. If the Property is sold following an event of default in respect of the Whole Loan, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due in respect of the Securitised Loan, irrespective of the value ascribed to it.

An abbreviated form of the Market Valuation is set out in Appendix 1. In addition, further information regarding the Market Valuation is contained, in electronic form, on a CD-ROM which is available on request from the Issuer.

Insurance

The Loan Agreement requires that the Property be insured in an amount, in a form and with an insurance company or underwriters reasonably acceptable to the Facility Agent. The Property is required to be insured on a full reinstatement basis, together with insurance in respect of third party liability, terrorism (to the extent available in the market on commercial terms as determined by the Facility Agent acting reasonably) and such other insurance as a prudent company in the same business as the Borrower would effect. However, there can be no assurance that any loss incurred will be of a type covered by such

insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur at or in respect of the Property, the Borrower could suffer disruption of income from the Property, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Property. In addition, the Borrower is relying on the creditworthiness of the insurer providing insurance with respect to the Property and the continuing availability of insurance to cover the required risks, in respect of neither of which assurances can be made.

When the Whole Loan was originated, the Originator verified that insurance was in place which met the requirements of the Loan Documentation. No further verification of such insurance arrangements has been undertaken in connection with the sale of the Securitised Loan to the Issuer. However, the Servicer has agreed to monitor compliance by the Borrower with the terms of its Loan Documentation relating to insurance and to make alternative insurance arrangements should a policy be found to have lapsed, subject to the terms of the Servicing Agreement.

For further information regarding the Borrower's obligations relating to insurance see "*The Loan and the Related Security*" at page 63. For further information regarding the basis on which the Servicer may make alternative insurance arrangements see "*Servicing - Insurance*" at page 100.

Environmental Risks

Existing environmental legislation in the United Kingdom 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 the relevant land. 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 the Borrower was to incur any costs as a result of environmental liabilities at the Property, this may reduce the amount available to make payments in respect of the Securitised Loan. Environmental liabilities at the Property which are not remedied, or are not capable of being remedied, may result in an inability to sell the Property or in a reduction in the price obtainable 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 the Property for damages and costs resulting from substances emanating from the Property, and the presence of substances on the Property could result in personal injury or similar claims by third parties.

If the Loan Security Trustee became a mortgagee in possession, it could become responsible for environmental liabilities in respect of the Property and would, in priority to payments due to the Noteholders, be entitled to be indemnified by the Issuer for any costs and expenses incurred by it as a result.

Borrower/Mortgagor

The Borrower is a special purpose entity (an "**SPE**"). SPEs typically give covenants in their relevant loan documentation that are generally designed to limit their activities to owning one or more properties, making payments on their loan or loans and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to the loan or loans and related properties result in their insolvency. SPEs are generally used in commercial loan transactions to satisfy requirements of institutional lenders and rating agencies. In order to minimise the possibility that SPEs will be the subject of insolvency proceedings, provisions are generally contained in the documentation relating to their mortgage loans that, among other things, prohibit indebtedness being incurred by such entities (save where fully subordinated) and prohibit such entities from conducting business other than in connection with the Property.

The Loan Documentation contains provisions that require the Borrower to conduct itself in accordance with certain SPE covenants, which includes all of the foregoing. However, there can be no assurance that all or most of the restrictions customarily imposed on SPEs by institutional lenders and ratings agencies will be complied with by the Borrower, and even if all or most of such restrictions have been complied with by the Borrower, there can be no assurance that the Borrower will nevertheless not become insolvent. The Borrower is designed to be insolvency remote, not insolvency proof.

In addition, the Borrower was incorporated for the purposes of acquiring and holding the Units in the CityPoint Unit Trust and thereby indirectly the beneficial interests in the Property and the shares in the Property Nominees. Save as set out under "*The Loan and the Related Security*" at page 63, the Borrower represents that it has no material or contingent liabilities (other than indebtedness permitted under the Loan Agreement and which is fully subordinated pursuant to a formal subordination agreement) except in relation to the Property. The existence of other indebtedness incurred by the Borrower other than the Whole Loan could adversely affect the financial viability of the Borrower and additional debt increases the likelihood that the Borrower would lack the resources to perform on both its Whole Loan and such additional debt. In addition, the existence of any contingent liabilities of the Borrower may result in the insolvency or (if appropriate) the administration of the Borrower which may lead to an unanticipated default under the Whole Loan.

An insolvency of the Borrower would result in an event of default with respect to the Whole Loan giving rise to an acceleration of the Whole Loan and an enforcement of the Related Security. In the event of such a default, the Issuer may be unable to pay (i) to the Noteholders, or the holders of certain classes of Notes (a) by way of principal repayment, the entire face value of their Notes and (b) by way of interest payment, the full amount due on the Notes and (ii) to the Class X Certificate Holders, the amount due on the Class X Certificates.

No Payment History - Recent Acquisition

The Whole Loan was originated in May 2007. As such, the Whole Loan does not have a payment history and there can be no assurance that required payments will be made or, if made, will be made on a timely basis. In addition, the Borrower acquired its interest in the Property contemporaneously with the origination of the Whole Loan. Accordingly, the Borrower has only a limited operating history with respect to the Property and, therefore, there may be a risk that the net operating income and cash flow of the Property will vary significantly from the operations, net operating income and cash flow generated by the Property under prior ownership and management.

Property Management

The net cash flow realised from, and/or the residual value of, the Property may be affected by management decisions. The Borrower has appointed an affiliate, BCSP V UK Management Limited (the "**Property Adviser**"), to advise it generally in connection with matters relating to the Property, including responsibility for finding, selecting and negotiating with new tenants or occupiers. The Property Adviser has in turn appointed CB Richard Ellis Limited (the "**Managing Agents**") to undertake many of these responsibilities, including day to day management and collection of rents. There can, however, be no assurance that decisions taken by either the Property Adviser or Managing Agents will not affect the future value and/or rental income derived from the Property.

Enforcement

General

If the Borrower defaults in its obligations in relation to the Whole Loan and/or its Related Security (and, in the case of the Securitised Loan, such default is not cured by the Subordinated Lenders in accordance with the Intercreditor Agreement) the Servicer or, if at the relevant time the Securitised Loan is a Specially Serviced Loan, the Special Servicer will be required to apply its then-current Default Procedures in accordance with the Servicing Standard and the terms of the Servicing Agreement. These procedures may, in certain circumstances, involve the Servicer or Special Servicer declining or deferring the commencement of formal enforcement proceedings. Instead, the Servicer or Special Servicer may agree to waive, vary or amend certain provisions of the Loan Documentation, if it considers that to do so would be in accordance with the Servicing Standard.

Receiver

If the Servicer or Special Servicer considers that formal enforcement proceedings should be commenced in relation to the Securitised Loan, this is likely to be done by requiring the Loan Security Trustee to appoint a "*Law of Property Act*" or non-administrative receiver (an "**LPA Receiver**") or

procuring that the Loan Security Trustee obtains possession of the Property. Pending completion of the Default Procedures in relation to the Securitised Loan, delays could be experienced in the collection of amounts due from the Borrower and, subject to the availability of the funds under the Advance Facility, could result in a failure by the Issuer to pay amounts due under the Notes in a timely manner. Any LPA Receiver would be deemed to be the agent of the owner/mortgagor of the Property and, for so long as the LPA Receiver acted within his powers, would only incur liability on behalf of the owner/mortgagor of the Property. The LPA Receiver would, however, be likely to require from the Loan Security Trustee an indemnity to meet his costs and expenses (which would rank ahead of payments due in respect of the Securitised Loan) as a condition of his appointment. However, if the Loan Security Trustee (or the Servicer or Special Servicer on its behalf) unduly directed, interfered with or influenced the LPA Receiver's actions, the Loan Security Trustee may be held to be responsible for those actions and may be deemed to have become a mortgagee in possession.

Taking Possession

In certain cases, the Servicer or Special Servicer may consider that taking possession of the Property would be the most appropriate course of action following the occurrence of a Loan Default. If so, possession may be obtained by entering into physical possession of the Property by applying for, obtaining and enforcing a court order in respect of the Property or by voluntary surrender of possession of the Property to the Loan Security Trustee. The Loan Security Trustee may also be deemed to be a mortgagee in possession if it performs an act of control or influence over a receiver appointed by it, for example by directing payments of rent to be made to it. If a court grants a possession order in favour of the Loan Security Trustee, the court may suspend its application to permit the Borrower more time to pay the amounts outstanding under the Whole Loan.

A mortgagee in possession will have an obligation to account to the owner/mortgagor of the Property for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Property. A mortgagee in possession may also be liable to an occupational tenant for any mis-management of the relevant property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner.

Power of Sale

The Loan Security Trustee and/or any receiver appointed by it, in exercising its power of sale over the Property, will have a duty to the CityPoint Unit Trust (as owner/mortgagor of the Property), to take reasonable care to obtain a proper price. Any failure to do so will put the Loan Security Trustee at risk of an action for breach of duty, although it is for the claimant in such circumstances to prove such a breach of duty has occurred. The owner/mortgagor may also take court action to attempt to force the Loan Security Trustee to sell the Property within a reasonable time.

Under the Security Agreements, Jersey law security is created over certain assets of the Borrower, the Co-Unitholder and the Shareholder located in Jersey. Under Jersey law, security can only be enforced by way of a power to sale pursuant to the Security Interests (Jersey) Law 1983, as amended (the "**1983 Law**") which confers limited rights upon a secured party in relation to the collateral which is subject to a security agreement. The 1983 Law does not allow for the secured party to transfer automatically to itself the collateral secured following an event of default as defined in the relevant Security Agreement. Moreover, before the power of sale or any provision of a Security Agreement can be exercised, the 1983 Law requires the secured party to serve notice on the debtor specifying the event of default in question and, where such default is capable of remedy, requiring the debtor to remedy it. In cases where the default is capable of remedy, the secured party cannot exercise the power of sale until it has waited 14 days following the service of such notice in order to allow the debtor the opportunity to remedy the default. Once the secured party has exercised its power of sale following such event of default, the 1983 Law prescribes the order in which the sale proceeds are to be applied as follows: the proceeds are first to be used in payment of the costs and expenses of the sale, then in discharge of any prior security interest, next in discharge of all moneys properly due in respect of the obligation secured by the security agreement in respect of which the power of sale has been exercised, then in payment of secured parties with subsequent

security interests in the collateral being held by the secured party which exercised, and in respect of which it exercised, the power of sale, and finally in payment of any balance to the debtor. Therefore, realisation of the Jersey located assets will depend on there being a market for such assets and upon the value of the collateral and the amounts due to the persons entitled as above.

The security which is taken by way of possession of the certificates of title relating to the units or shares may not extend beyond the units or shares represented by such certificates of title. In particular it can be doubted whether any security interest is created in any monies deriving from or arising out of such units or shares whether by way of distribution (including any distribution of an income or capital nature) or dividend or otherwise.

Prescribed Part

Section 176A of the Insolvency Act 1986 (as amended, the "**Insolvency Act**") provides that any receiver (including an administrative receiver), liquidator or administrator of a company is required to make a "prescribed part" of the company's "net property" available for the satisfaction of unsecured debts in priority to the claims of the floating charge holder. The company's "net property" is defined as the amount of the chargor's property which would be available for satisfaction of debts due to the holder or holders of any debentures secured by a floating charge and so refers to any floating charge realisations less any amounts payable to the preferential creditors or in respect of the expenses of the liquidation or administration. The "prescribed part" is defined in the Insolvency Act 1986 (Prescribed Part) Order 2003 (SI 2003/2097) to be an amount equal to 50 per cent. of the first £10,000 of floating charge realisations plus 20 per cent. of the floating charge realisations thereafter, provided that such amount may not exceed £600,000.

This obligation does not apply if the net property is less than a prescribed minimum and the relevant officeholder is of the view that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits. The relevant officeholder may also apply to court for an order that the provisions of section 176A of the Insolvency Act should not apply on the basis that the cost of making a distribution would be disproportionate to the benefits.

Floating charge realisations upon the enforcement of any security granted may be reduced by the operation of these "ring fencing" provisions up to a maximum of £600,000.

Voluntary Arrangements

Under the Insolvency Act 2000 (the "**IA 2000**") a "small company", as part of the company voluntary arrangement procedure, may seek court protection from its creditors by way of a moratorium for a period of up to 28 days, with the option for the company to hold meetings (summoned under paragraph 29 of Schedule A1 to the Insolvency Act) and for its creditors, which may resolve to extend this protection for up to a further two months (although the Secretary of State for Trade and Industry may, by secondary legislation, extend or decrease the duration of each period).

The effect of a moratorium is that no winding up or administration procedures may be commenced in relation to that company, no security created by that company over its property can be enforced (except with the leave of the Court), no administrative receiver may be appointed pursuant to any security and no other legal process can be taken in relation to that company during such period (except with the leave of the Court). In addition, if the holder of security (the "**chargee**") created by the company consents or if the Court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is other than a floating charge, it shall be a condition of the chargee's consent or leave of the Court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security.

The IA 2000 defines "small company" by reference to certain tests contained in section 247(3) of the Companies Act 1985, relating to a company's balance sheet total, turnover and average number of employees. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during

that particular period. The Secretary of State for Trade and Industry may also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company". Accordingly, a Mortgagor may currently come within the ambit of the "small companies" provisions, such that it may (subject to the exemptions referred to below) be eligible to seek protection from its creditors, in advance of a company voluntary arrangement.

A company, where incorporated in England and Wales or Scotland, may fall within provisions of the IA 2000 or may in the future fall within its provisions for the purpose of being eligible to seek court protection from their creditors under the small company moratorium provisions and, if incorporated in another jurisdiction, could also claim to be subject to the provisions of the IA 2000 if it meets the eligibility criteria of being a small company for the purposes of the IA 2000 and to the extent that it has the United Kingdom as its centre of main interests for the purposes of any collective proceedings under Council Regulation EC No. 1346/2000 (the "**European Union Insolvency Regulation**") or, in certain limited circumstances, has an establishment in the UK for the purposes of the European Union Insolvency Regulation. It will also be possible for a company to obtain the benefit of a small company's moratorium if a request by the Court of a relevant country or territory for the imposition of such a moratorium is made pursuant to section 426 of the Insolvency Act.

Differing Insolvency Regimes

A company which is incorporated or established in jurisdictions other than England and Wales may be subject to insolvency regimes that differ from that of England and Wales. In such cases, enforcement of security may be restricted by local insolvency law, including, for example, any statutory moratorium periods during which enforcement of security interests is prevented. Each of the Borrower, the Co-Unitholder and the Unit Trustees is incorporated and has its registered office in Jersey, whilst the Sponsor Guarantor and the Shareholder are each constituted under the laws of Delaware, U.S.A.

With respect to any such company incorporated or constituted outside England and Wales, there is the risk that:

(a) third party creditors may commence insolvency proceedings against the company in the jurisdiction of its incorporation or another relevant jurisdiction;

(b) an English court might decline jurisdiction if an entity were to seek to commence insolvency proceedings in England; and

(c) in certain circumstances, an English court may recognise insolvency proceedings commenced in another jurisdiction (including Jersey or Delaware) and may, for example, make an order impacting on the availability of certain types of creditor action in England and/or resulting in the application of English claw-back provisions to the Borrower, notwithstanding that there are no corresponding relevant English insolvency proceedings or, in some circumstances, that the usual time periods relating to such claw-back provisions have expired.

In relation to paragraph (a) above, the extent to which insolvency proceedings may be commenced in Jersey or Delaware (or any other relevant jurisdiction) would be a matter to be determined under the laws of the relevant jurisdiction.

In relation to paragraph (b) above, the extent to which English law insolvency proceedings can be commenced in respect of a company will be determined by the Insolvency Act. English law insolvency proceedings, including administration proceedings, could be commenced, for example following a request for assistance from certain foreign courts, including the courts of Jersey pursuant to section 426 of the Insolvency Act, which provides for cooperation between courts exercising jurisdiction in relation to insolvency or should the Borrower have its centre of main interests within the United Kingdom for the purpose of the European Union Insolvency Regulation. Winding up proceedings could be commenced in England and Wales, for example if a company has a sufficient connection with the jurisdiction, or in the United Kingdom if a company has an establishment within the United Kingdom for the purpose of the European Union Insolvency Regulation.

In relation to paragraph (c) above, under the regulation which implemented the UNCITRAL Model Law on Cross Border Insolvency in Great Britain (the "**CBIR**"), in certain circumstances, a foreign insolvency officeholder appointed in respect of certain foreign insolvency proceedings may apply to the English court for recognition of such proceedings. The foreign insolvency proceedings will be recognised (provided certain conditions are met) if commenced in the jurisdiction where the relevant debtor company has the "centre of its main interests" or an "establishment".

For the purpose of the CBIR, the location of the "centre of a company's main interests" will be a question of fact in each case. There is a presumption that it is in the place of the company's registered office but this may be rebutted, for example where the company administers its interests on a regular basis in a manner ascertainable by third parties. An "establishment" is defined as a place of operations where the company carries out a non-transitory economic activity with human means and assets or services. If recognition is granted of proceedings in a jurisdiction where the Borrower has the centre of its main interests ("main proceedings"), a mandatory and automatic stay will apply to certain types of creditor action (not extending to security enforcement) in England and Wales. In certain circumstances, including but not limited to where proceedings other than main proceedings are recognised, the English court may exercise its discretion to impose a wider stay extending to security enforcement (provided that the court must take into account the interests of the secured creditors). In addition, if recognition is provided, then upon application by the foreign officeholder, the English court may make an order in respect of the relevant company applying certain avoidance (including claw-back) provisions of the Insolvency Act, as amended (notwithstanding that there are no corresponding English insolvency proceedings or that the English court may not have jurisdiction to commence such proceedings or, in certain circumstances, notwithstanding that the usual time periods applicable under English law have expired, if the foreign proceedings were commenced within those time periods).

The concepts of a receiver and an administrator are not known to Jersey law. Accordingly, it is not clear how a receiver or an administrator of the Borrower, whose appointments are provided for by the Debenture, would be regarded by the Jersey courts. However, the Bankruptcy (Désastre) (Jersey) Law, 1990 does give power to the Royal Court to assist the courts of such countries and territories as may be prescribed in all matters relating to the insolvency of any person to the extent that it thinks fit. Currently the prescribed territories include the UK.

Application of Rental Income

In evaluating whether the Borrower would be able to meet its payment obligations in respect of the Whole Loan, the Originator took into account the net rental income that would be generated by the Property and assumed that such income would be applied towards making payments on the Whole Loan. Investors should assume that no funds other than those derived from the Property and amounts that are payable pursuant to the Sponsor Guarantee will be available to the Borrower to enable it to make payments due on the Whole Loan.

All Rental Income in respect of the Property is paid initially to the Managing Agents, who then transfer the same (less amounts attributable to insurance, VAT and service charge payments) into the Rent Account, which is in the name of the Borrower and is charged in favour of the Loan Security Trustee as additional security for the Whole Loan. On each Loan Payment Date, the Facility Agent (acting on the instructions of the Servicer) is required to apply funds standing to the credit of the Rent Account as required by the Loan Agreement and/or Intercreditor Agreement as described in "*The Loan and the Related Security – Intercreditor Agreement*" at page 76 below). The Managing Agents have entered into a Duty of Care Agreement with the Loan Security Trustee, undertaking to pay the net income directly into the Rent Account and to hold the Net Rental Income on trust until it is paid into the Rent Account. To the extent, therefore, that the Managing Agent failed to make payments into the Rent Account as required, the Facility Agent would have recourse to the Managing Agent and the Net Rental Income held on trust by the Managing Agent should not be available to the creditors of the Managing Agent upon its insolvency. See "*The Structure of the Accounts – The Borrower Accounts*" at page 86 below.

Security over Net Rental Income

The charge over the Rent Account is expressed to be a fixed charge. However, under English law, whether a charge over book debts, such as monies standing to the credit of the Rent Account, is fixed or

floating will depend on the circumstances of the case, and it is possible that such charge will take effect only as a floating charge. The Rent Account has been structured with a view to ensuring that the Loan Security Trustee (or Facility Agent) will have sole control over the operation of the account, thereby increasing the likelihood that the charge will take effect, as a matter of law, as a fixed charge.

Under English law, the right to receive rental income generated by a property passes to a mortgagee on enforcement of the mortgage without the need for any express assignment, and therefore the claim of the Loan Security Trustee under the relevant security documents or mortgage of the Property would, as a matter of legal priority, defeat any claim by a subsequent chargee or assignee of the Rental Income. There would, however, be no claim against a tenant or occupier who had previously responded to notice of a wrongful assignment by paying rent or other monies to a third party in ignorance of the relevant security documents.

Privity of Contract

The Landlord and Tenant (Covenants) Act 1995 (the "**Covenants Act**") provides that, in relation to leases of property in England and Wales granted after 1st January, 1996 (other than leases granted after that date pursuant to agreements for lease entered into before that date), if an original tenant under such a lease assigns that lease (having obtained all necessary consents, including consent of the landlord if required by the lease), that original tenant's liability to the landlord, under the terms of the lease, ceases. The Covenants Act provides that arrangements can be entered into whereby on assignment of such a lease, 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 of the assignee of the original tenant and not any subsequent assignees. The same principles apply to an assignee if it, in turn, assigns the lease. There can be no assurance that any assignee of a lease of premises within the 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.

Statutory Rights of Tenants

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

Borrower or Mortgagor as Landlord

Parts of the Property, and parts of neighbouring land used by the Property, are not intended to be let to tenants, but instead comprise common areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the Property collectively, rather than being attributable to one particular unit or tenant. In addition, the part of the Property forming the square in front of the principal building on the Property is dedicated as a public open space.

Occupational tenancies usually contain provisions for the relevant tenant to make a contribution towards the cost of maintaining the common areas of the Property calculated with reference, among other things, to the size of the premises demised by the relevant tenancy and the amount of use which such tenant is reasonably likely to make of the common areas. The contribution forms part of the service charge payable to the landlord (in addition to the principal rent) in accordance with the terms of the relevant tenancy. The liability of the landlord in each case to provide the relevant services is, however, not conditional upon all such contributions being made and consequently any failure by any tenant to pay the service charge contribution on the due date or at all would oblige the landlord to make good the shortfall from its own monies. The landlord would also need to pay from its own monies service charge contributions in respect of any vacant units.

Where the Borrower or a Mortgagor as landlord is in default of its obligations under a tenancy or occupation agreement, a right of set-off could be exercised by a tenant or occupier of the Property in respect of its payment obligations.

Frustration

A lease or other occupational arrangement could, in exceptional circumstances, be frustrated under English law whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Under English law, frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party thereto, so that it would be inequitable for such an agreement or agreements to continue. If an occupational lease of the Property were to be frustrated, the Borrower's ability to generate cash-flow would be compromised, as would its ability to make payments of interest and repayments of principal on the Whole Loan.

Compulsory Purchase

Any property in the United Kingdom may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department, generally in connection with proposed redevelopment or infrastructure projects. If a compulsory purchase order is made in respect of a property (or part thereof) in the United Kingdom, compensation is payable to each person (including any occupational tenant) with a proprietary interest in the property on the basis of the open market value of the relevant proprietor's interest at the time of the compulsory purchase. Upon completion of a compulsory purchase in respect of a property, the occupational tenants would cease to be obliged to make any further rental payments under their occupational lease. There is often a delay between the completion of the compulsory purchase and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value. Should such a delay occur in the case of the Property, an event of default may occur under the Loan Agreement. Furthermore, there can be no assurances that any compensation paid to the Borrower would be sufficient to meet the Borrower's liabilities in respect of the Whole Loan in full.

No compulsory purchase proposals were revealed in the certificates of title issued to the Originator by its external legal advisers in connection with the origination of the Whole Loan but there can be no assurances that such orders will not be made in the future.

Replacement of Servicer and Special Servicer

In order for the termination of the appointment of the Servicer or Special Servicer to be effective under the Servicing Agreement a substitute must have been appointed. The appointment of any substitute Servicer or Special Servicer will not become effective unless certain conditions are met, including receipt of confirmation of ratings from S&P, Fitch and Moody's. However, there is no guarantee that an appropriate substitute could be found who would be willing to service the Securitised Loan and the Related Security. Furthermore, the ability of any substitute to service effectively the Securitised Loan and Related Security would depend on the information and records made available to it.

In the case of the termination of the appointment of the Servicer or Special Servicer, although the Servicing Agreement provides for the fees payable to a substitute to be consistent with those payable generally at that time for the provision of commercial mortgage administration services, there can be no assurances that the fees payable by the Issuer to the substitute would not be higher than those payable to the Servicer and Special Servicer on the Closing Date. As with the fees payable to the Servicer and the Special Servicer, the fees and expenses of a substitute servicer or substitute special servicer would be payable in priority to payment of interest under the Notes and of the relevant amount due on the Class X Certificates.

Conflicts between the Issuer and the Subordinated Lenders

The consent of the Subordinated Lenders must be obtained prior to the Servicer or Special Servicer agreeing to certain modifications or waivers of the Loan Documentation, as described in "*The Loan Documentation – Intercreditor Agreement – Amendments and Waivers re: Loan Documentation*". The views of the Subordinated Lenders in relation to any amendment, waiver or approval in respect of

which its consent must be obtained may differ from those of the Issuer (or the Servicer or Special Servicer on behalf of the Issuer) and may prevent the Servicer or Special Servicer from taking action in relation to the Loan Documentation which it would otherwise consider appropriate to take in accordance with the Servicing Agreement.

Conflicts of Interest

During the course of their business activities, the Servicer, the Special Servicer, any sub-servicer or sub-special servicer appointed by them and any respective affiliates or any such person may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Property. In such cases, the interests of any of those parties or their affiliates or the interests of other parties for whom they perform servicing functions may differ from, and compete with, the interests of the Issuer, and decisions made with respect to other real-estate assets serviced by them or in which they may have an interest may adversely affect the value of the Property. However, where the application of the Servicing Standard would conflict with the interests of the Servicer or Special Servicer or any of their respective affiliates (including, without limitation, the Originator and the Lead Manager) the Servicing Standard shall prevail. The same rules will apply to any sub-servicer or sub-special servicer appointed by the Servicer or Special Servicer, as the case may be. The Special Servicer is responsible for servicing the Securitised Loan in the circumstances described in "*Servicing – Transfer of Powers to the Special Servicer*" at page 100. The Controlling Creditor, whose interests may conflict with the interest of the holders of any class of Notes, is, in limited circumstances, entitled to require the Note Trustee to instruct the Issuer Security Trustee to replace the Special Servicer with a person who is acceptable to the Controlling Creditor. The Special Servicer or its affiliates may, at any time, hold any or all of the Securities, and the holders of the Securities so held may have interests which conflict with the interests of the holders of the other Securities.

The Interest Rate Swap Transaction

The Whole Loan bears interest at a fixed rate while each class of the Notes bears interest at a rate based on, except in the case of the first Interest Period, three-month LIBOR plus a margin (for further information as to which, see Condition 4 at page 141). In order to hedge interest rate risk, the Issuer will enter into the Interest Rate Swap Transaction pursuant to the Interest Rate Swap Agreement. However, there can be no assurance that the Interest Rate Swap Transaction will adequately address unforeseen hedging risks. In addition, the term of the Interest Rate Swap Transaction is until July 2017 and consequently any refinancing of the Whole Loan on or before its repayment date in July 2014 would have the benefit or burden of such interest rate transaction. Moreover, in certain circumstances, the Interest Rate Swap Agreement may be terminated and as a result the Issuer may be unhedged if replacement interest rate swap transactions cannot be entered into. In particular, Noteholders, or holders of certain classes of Notes, may suffer a loss if, as a result of a default by the Borrower, the Interest Rate Swap Transaction is terminated and the Issuer is, as a result of such termination, required to pay amounts to the Interest Rate Swap Provider. Certain of such amounts payable on an early termination rank senior to any payments to be made to the Noteholders both before enforcement of the Issuer Security and after enforcement of the Issuer Security. For further information, see "*Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Service of an Enforcement Notice*" and "*Credit Structure – Post-Enforcement Priority of Payments*" at page 26 and page 113 respectively.

For a more detailed description of the Interest Rate Swap Agreement, see "*Credit Structure – The Interest Rate Swap Agreement*" at page 119.

Changes to the Portfolio

Unless specified otherwise, information with respect to the Securitised Loan relates to the Securitised Loan as at the Cut-Off Date, being 25th June, 2007. However, the outstanding aggregate principal amount of the Securitised Loan on the Cut-Off Date may, as a result of prepayment in part of the Whole Loan, decline prior to the Closing Date.

Intercreditor Agreement

The terms of the Intercreditor Agreement relating to the Securitised Loan provide for payments due to the hedging provider in respect of the Subordinated Tranches to rank ahead of payments of principal and interest due under the Securitised Loan. Consequently periodic and non-periodic payments (including breakage costs) payable to the hedging provider upon the termination of any relevant hedging arrangements will be payable ahead of monies payable to the Issuer, which may, particularly if the Securitised Loan is then in default, result in the Issuer having insufficient funds to pay amounts due to the Noteholders in full.

Jersey Trusts Law

Pursuant to Article 32 of the Trusts (Jersey) Law 1984, as a matter of Jersey Law, any claim of a party against the trustees of a trust, where such party to a transaction or matter does know that the trustee is acting as a trustee, will (save in the case of breach of trust) extend only to the trust property for the time being. If the other party does not know that the trustee is acting as trustee, any claim by such party may be made against the trustee personally (though, without prejudice to his or her personal liability, the trustee shall have a right of recourse to the trust property by way of indemnity).

Factors Relating to the Securities

Liability under the Securities

The Notes and interest thereon, and the Class X Certificates and the amounts due thereon, will not be obligations or responsibilities of any person other than the Issuer. In particular, the Securities will not be obligations or responsibilities of, or be guaranteed by the Originator, or of or by the Manager, the Servicer, the Special Servicer, the Cash Manager, the Note Trustee, the Issuer Security Trustee, any Loan Security Trustee, the Corporate Services Provider, the Share Trustee, the Nominee Trustee, the PECO Holder, the Paying Agents, the Agent Bank, the Registrar, the Advance Provider, the Advance Guarantor, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the Calculation and Reporting Agent or the Operating Bank or any of their respective affiliates 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 Securities.

Ratings of Securities and Confirmations of Ratings

The ratings assigned to the Securities by the Rating Agencies are based on their assessment of the Securitised Loan, the Related Security, the Property and other relevant structural features of the transaction, including, among other things, the short-term (and also, in the case of the Interest Rate Swap Provider and the Interest Rate Swap Guarantor, the long-term), unsecured, unguaranteed and unsubordinated debt ratings of the Advance Guarantor, the Interest Rate Swap Provider and the Interest Rate Swap Guarantor and reflect only the views of the Rating Agencies.

The ratings from Fitch and S&P only address the likelihood of timely receipt by any Noteholder or Class X Certificate Holder (only the holder of Class X1 Certificates in respect of S&P) of interest or applicable payment on the Securities and the likelihood of receipt by any Noteholder of principal of the Notes by the Maturity Date. The ratings assigned by Moody's address the expected loss posed to any Noteholder by the Maturity Date. In Moody's opinion, the structure allows for timely payment of interest and ultimate repayment of principal at par on, or before, the Maturity Date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed by Moody's, but may have a significant effect on yield to investors. The ratings from the Rating Agencies do not address the likelihood of receipt by any Noteholder of principal on any date prior to the Maturity Date. There is no assurance that any rating from any Rating Agency will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon both the value of the Securities or their marketability in secondary market transactions.

The Rating Agencies will be notified of the exercise of certain discretions by or at the direction of the Servicer and the Special Servicer, such as amendments to and waivers of Loan Documentation and

certain discretions of which the Issuer Security Trustee is given notice prior to their exercise. However, except in certain limited cases, neither the Servicer nor the Special Servicer is required to obtain any confirmation from one or more of the Rating Agencies then rating the Notes (save that, to the extent that they are then rating the Notes, any Rating Agency Confirmation must be given by each of Fitch and S&P) that any action or decision will not result in the then current ratings given to the Notes of any class being withdrawn, downgraded or qualified (a "**Rating Agency Confirmation**") prior to performing any of its duties under the Servicing Agreement including, without limitation, exercising any discretion whether or not to agree to any Borrower's request for a waiver or modification to the Loan Documentation. In addition, under the Transaction Documents, the Note Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of any class of Noteholders, or, as the case may be, all the Noteholders, and such determination shall be conclusive and binding upon the Issuer and the Noteholders. In making such a determination, the Note Trustee shall be entitled to take into account, among other things, any Rating Agency Confirmation (if available). However, the Rating Agencies are under no obligation to revert to the Servicer, the Special Servicer or the Note Trustee regarding the impact of the exercise of any such discretion on the ratings of the Securities and any decision as to whether or not to confirm, downgrade, withdraw or qualify the ratings of all classes or any class of Securities based on such notification may be made at the sole discretion of the Rating Agencies at any time, including after the relevant action has been taken.

Where, after the Closing Date, a particular matter such as that referred to in the preceding paragraph or any other matter involves any Rating Agency being requested to provide a Rating Agency Confirmation, that Rating Agency, at its sole discretion, may or may not issue such Rating Agency Confirmation. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all and they will not be held responsible for the consequences thereof. Any Rating Agency Confirmation received from a Rating Agency, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Securities form part since the Closing Date. Furthermore, in the event that Fitch and S&P provide a Rating Agency Confirmation, this will be on the basis of full and timely receipt by the Noteholders and the Class X Certificate Holder (only the holder of Class X1 Certificates in respect of S&P) of the relevant payment on the Securities and the likelihood of receipt of principal of the Notes by the Maturity Date. There is no assurance that after any such Rating Agency Confirmation any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by one or more of the Rating Agencies for any of the reasons specified above in relation to the original ratings of the Securities. As such a Rating Agency Confirmation by a Rating Agency is not a representation or warranty that, as a result of a particular matter, the interest and principal due under the Securities will be paid or repaid in full and when due.

Agencies other than the Rating Agencies could seek to rate the Securities and if such unsolicited ratings are lower than the comparable ratings assigned to the Securities by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value and the marketability of the Securities. 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.

Prepayment Risk

The Whole Loan may be prepaid in whole or in part prior to its stated final maturity date.

The yield to maturity of the Securities will depend on, among other things, the amount and timing of payment of principal (including prepayments, sale proceeds arising on enforcement of Related Security and rescissions due to breaches of the representations and warranties) on the Securitised Loan and the Principal Amount Outstanding under the Notes. Such yield may be adversely affected by differing rates of prepayments on the Securitised Loan.

The rate of prepayment of the Whole Loan cannot be predicted and is influenced by a wide variety of economic and other factors, including, without limitation, prevailing interest rates, the buoyancy of the property market, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayment that the Securitised Loan will

experience. Any partial or total prepayment of the Securitised Loan will result in the partial or total prepayment of the Notes accordingly.

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 and for the Class X Certificates to be admitted to the Official List and to trading on the alternative securities market 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, among other things, 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 Advance Facility

Pursuant to the terms of the Servicer Advance Facility Agreement, the Advance Facility Provider will provide a sterling loan facility for drawings to be made in the circumstances described in "*Credit Structure – Advance Facility*" at page 115. The facility will, however, be subject to a maximum aggregate principal amount of approximately £41,000,000 which will, in certain specified circumstances, be reduced. In addition, under the terms of the Servicer Advance Facility Agreement the making of Advance Facility Drawings is restricted in certain other circumstances and as such the amount available to be drawn under the Advance Facility on any Interest Payment Date may be less than the Issuer would have received, had full and timely payments been made in respect of all amounts owing to the Issuer during the related Collection Period. In such circumstances, insufficient funds may be available to the Issuer to pay in full the relevant amounts due on the Securities. The Servicer Advance Facility Agreement is not available to meet shortfalls in principal redemptions.

United States Federal Income Tax Characterisation of the Notes

The Issuer intends to take the position that, while the matter is not clear and there is no authority directly on point, (A) the Notes, other than the Class X Certificates and the Class E Notes, are debt of the Issuer for United States federal income tax purposes and (B) the Class E Notes, although denominated as debt, are equity in the Issuer for United States federal income tax purposes. The timing and character of income under the Notes to an investor may differ substantially depending on whether such Notes are treated as debt or equity for United States federal income tax purposes. The Issuer will not obtain any rulings from the United States Internal Revenue Service (the "**IRS**") or opinions of counsel on the characterisation of the Notes and the Class X Certificates and there can be no assurance that the IRS or the courts will agree with the positions of the Issuer. For further information, see "*United States Federal Income Taxation*" at page 165.

Withholding Tax under the Notes

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

Introduction of the Euro

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

Where such a change in currency occurs, the Securities and the Conditions will be amended in the manner agreed between the Issuer and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Note Trustee, the Issuer Security 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 11 at page 154.

Change of Law

The structure of the issue of the Securities and the ratings which are to be assigned to them are based on English law and New York law and administrative practice in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English law or New York law or administrative practice after the date of this Offering Circular, 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 Securities.

Insolvency of Issuer

Under the Insolvency Act, a floating charge holder may appoint an administrative receiver in relation to certain capital market arrangements. Any such arrangement must involve a party who incurs or expects to incur a debt of at least £50,000,000 and the issue of a capital market investment that is rated, listed or traded (or designed to be rated, listed or traded). Such arrangement must also involve (a) a grant of security to (i) a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement, or (ii) a party to the arrangement who issues a capital market investment, or (iii) a person who holds the security as trustee for a party to the arrangement in connection with the issue for a capital market investment, or (iv) a person who holds the security as trustee for a party to the arrangement who agrees to provide finance (including the provision of an indemnity) to another party, (b) at least one party guaranteeing or providing security in respect of the performance of obligations of another party, or (c) an investment of a kind described in Articles 83 to 85 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (Options, Futures and Contracts for Differences). It is anticipated that the Issuer, upon the Securities being issued, will satisfy these criteria and that, consequently, it will be possible for the Issuer Security Trustee to appoint an administrative receiver over the assets of the Issuer under the terms of the Deed of Charge and Assignment, thus preventing the subsequent appointment of an administrator of the Issuer by any other party.

Under the Insolvency Act, certain "small" companies are entitled to a short term moratorium in filing for a voluntary arrangement (see "*Voluntary Arrangements*" at page 42). However, a small company will be excluded from eligibility for such a moratorium if it is a party to an agreement which is or forms part of certain capital market arrangements under which: (i) the party has incurred (or when the agreement was entered into was expected to incur) a debt of at least £10,000,000; and (ii) the arrangement involves the issue of a capital market investment. Such arrangement must also involve: (a) the grant of security to a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement; (b) at least one party guaranteeing the performance of obligations of another party; (c) at least one party providing security in respect of the performance of obligations of another party; or (d) an investment described in Articles 83-85 of the Financial Securities and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/554). It is expected, therefore, that the Issuer will fall within this exemption.

Section 176A of the Insolvency Act (as to which see "Factors relating to the Securitised Loan and the Whole Loan – Prescribed Part" at page 42) will apply to the Deed of Charge and Assignment granted by the Issuer. Nonetheless, in the case of the Issuer, it is not anticipated that there will be many, if any, material unsecured or preferential creditors. Currently, the maximum value of the prescribed part which can be made available to unsecured creditors is £600,000.

Limited Resources of the Issuer

The ability of the Issuer to meet its obligations under the Securities will be dependent on the receipt by it of principal and interest from the Borrower under the Securitised Loan or the receipt of

payments by the Sponsor Guarantor under the Sponsor Guarantee and the receipt of funds (if due) from the Interest Rate Swap Provider under the Interest Rate Swap Agreement. In addition, the Issuer will have available to it (subject to satisfaction of the conditions for drawing) drawings under the Servicer Advance Facility Agreement. Other than the foregoing, prior to the enforcement of the Issuer Security, the Issuer is not expected to have any other funds available to it to meet its obligations under the Securities and in respect of making any payment ranking in priority to, or *pari passu* with, the Securities. The junior classes of Notes in particular may be adversely affected by high levels of principal prepayments and/or default on the Securitised Loan.

Effect of the Class X Amount

An effect of the Class X Amount will be that if the Issuer is required to pay any fees, costs and expenses, whether to a Secured Party or to a third party creditor, that are unusual and extraordinary in nature (including the repayment of Advance Facility Drawings and interest thereon) then, to the extent that such fees, costs and expenses cannot be recouped from the Borrower prior to the following Interest Payment Date or fall to be paid and are paid from amounts that would otherwise be paid to the Subordinated Lenders, a shortfall in funds necessary to pay interest on the then most junior classes of Notes will occur.

Post-Enforcement Call Option

If the Issuer Security Trustee determines in its sole opinion and discretion that (a) all amounts outstanding under the Notes have become due and payable and (b) that there is no reasonable likelihood of there being any further realisations (whether arising from the enforcement of the Notes or otherwise) available to pay amounts outstanding under the Notes, the PECO Holder will have the option to purchase all the Notes then outstanding in consideration for the payment of £0.01 in respect of each Note. Upon the exercise of the Post-Enforcement Call Option, the Noteholders will cease to have any rights against the Issuer.

Impact of Work-out Fee and Liquidation Fee

The payment of a Work-out Fee or a Liquidation Fee to the Special Servicer may reduce the amount available to the Issuer to make repayments of principal on the Notes. A payment by the Issuer of a Special Servicing Fee to the Special Servicer will reduce the amount available to the Issuer to make payments of interest on the Notes. No assurances can be given regarding the amount of any such reduction or its impact on any class or classes of Notes. For further details of the circumstances in which a Liquidation Fee or a Work-out Fee or a Special Servicing Fee may become payable and the amount thereof, see "*Servicing – Payments to the Servicer and Special Servicer*" at page 103.

Deferral of Interest on Junior Notes

If, on any Interest Payment Date, prior to delivery of an Enforcement Notice, there are insufficient funds available to the Issuer to pay accrued interest on any class of Notes other than the most senior class of Notes, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will, subject as specified below, be deferred until the next following Interest Payment Date on which the Issuer has, in accordance with the Pre-Enforcement Payment Priorities, sufficient funds available to pay such deferred amounts (including any interest accrued thereon). Interest will, however, accrue on such deferred interest. The Issuer is highly unlikely to have sufficient funds to pay any amounts of deferred interest (and interest accrued thereon) on the final redemption date of the Notes of any class.

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

THE ISSUER

The Issuer, Ulysses (European Loan Conduit No. 27) PLC, was incorporated in England and Wales on 14 June, 2007 (registered number 6280163), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at 35 Great St. Helen's London EC3A 6AP. The telephone number for the Issuer is +44 (0) 207 398 6300. The Issuer has no subsidiaries.

1. Principal Activities

The principal objects of the Issuer are set out in clause 4 of its Memorandum of Association and are, among other things, to invest in mortgage loans secured on commercial or other properties within the United Kingdom, to manage and administer mortgage loan portfolios, to borrow, raise and secure the payment of money including by the creation and issue of bonds, debentures, notes or other securities charged on the whole or any part of the Issuer's property or assets.

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company under the Companies Act 1985, the authorisation of the issue of the Notes and of the other documents and matters referred to or contemplated in this Offering Circular and matters which are incidental or ancillary to the foregoing. As at the date of this Offering Circular no accounts have yet been drawn up in respect of the Issuer.

The Issuer will covenant to observe certain restrictions on its activities, which are detailed in Condition 3(A) at page 139, 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 Note Trustee, on an annual basis, that no Event of Default or Potential Event of Default (or other matter which is required to be brought to the Note Trustee's attention) has occurred.

2. Directors and Secretary

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

Name	Business Address	Principal Activities
SFM Directors Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director of Securitisation Issuance Companies
SFM Directors (No.2) Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director of Securitisation Issuance Companies

The company secretary of the Issuer is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 3920255), whose business address is 35 Great St. Helen's, London EC3A 6AP.

3. Capitalisation and Indebtedness

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

Share Capital

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

49,999 of the issued shares (being 49,998 shares of £1 each, each of which is paid up as to 25 pence and one share of £1 which is fully paid) in the Issuer are held by the PECO Holder. The remaining

one share in the Issuer (which is fully paid) is held by SFM Nominees Limited (registered number 4115230) (the "**Nominee Trustee**") as nominee for the PECO Holder. The entire issued share capital of the PECO Holder is held by SFM Corporate Services Limited (registered number 3920255) (the "**Share Trustee**") as trustee of the European Loan Conduit No. 27 Securitisation Trust pursuant to a Share Declaration of Trust declared by the Share Trustee on or about the Closing Date.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2017	£249,000,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2017	£76,000,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2017	£48,000,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2017	£45,000,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2017	£11,000,000
Total Loan Capital	£429,000,000

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

4. Auditors

BDO Stoy Hayward LLP are chartered accountants and registered auditors and have been appointed as the auditors for the Issuer. BDO Stoy Hayward LLP are members of the Institute of Chartered Accountants in England and Wales.

THE PARTIES

Morgan Stanley Bank International Limited

Morgan Stanley Bank International Limited (the "**Originator**") is a wholly owned subsidiary of Morgan Stanley ("**Morgan Stanley**"). The Originator is active in retail lending through the Morgan Stanley credit card as well as wholesale loan origination and securitisation in the United Kingdom and Europe. The Originator is incorporated in England and Wales (registered number 3722571) and has its registered office at 25 Cabot Square, Canary Wharf, London E14 4QA.

The Note Trustee and the Issuer Security Trustee

HSBC Trustee (C.I.) Limited is a limited liability company incorporated in Jersey (registered number 5613), whose branch office is at 1 Grenville Street, St. Helier, Jersey JE4 9PF:

(a) as Note Trustee pursuant to the Trust Deed; and

(b) as Issuer Security Trustee pursuant to the Deed of Charge and Assignment.

The Note 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 Issuer Security Trustee will agree to act as trustee of the Issuer Security pursuant to the Deed of Charge and Assignment for the benefit of the Noteholders and the other Issuer Secured Parties.

The Servicer, the Special Servicer and the Loan Security Trustee

Morgan Stanley Mortgage Servicing Limited ("**MSMS**") is a specialist loan servicing company and a subsidiary of Morgan Stanley, operating in the United Kingdom and certain other European countries. MSMS is incorporated in England and Wales (registered number 3411668) and has its registered office at 25 Cabot Square, Canary Wharf, London E14 4QA. MSMS is rated by Fitch as a CMBS primary servicer with a rating of CPS1- (UK) and as a CMBS Special Servicer with a rating of CSS2- (UK). S&P have also affirmed MSMS's ranking as a commercial loan servicer for the UK and Ireland as "above average".

The Interest Rate Swap Provider

Morgan Stanley & Co. International plc (in such capacity, the "**Interest Rate Swap Provider**"), incorporated in England and Wales, is a wholly owned subsidiary of Morgan Stanley which conducts forward payment business, including interest rate swaps, exchange rate swaps and interest rate guarantees with institutional clients. The principal office of Interest Rate Swap Provider is located at 25 Cabot Square, Canary Wharf, London E14 4QA.

The long-term, unsecured, unsubordinated debt obligations of Morgan Stanley & Co. International plc are rated "Aa3" by Moody's and "AA-" by S&P, and the short-term, unsecured, unsubordinated debt obligations of Morgan Stanley & Co. International plc are rated "P-1" by Moody's and "A-1+" by S&P.

The Advance Provider

Morgan Stanley Principal Funding Inc. will act as the Advance Provider under the Servicer Advance Facility Agreement. The Advance Provider is organised under the laws of Delaware, U.S.A. and has its principal office at 1585 Broadway, New York, New York 10036, U.S.A.

The Interest Rate Swap Guarantor and the Advance Guarantor

Morgan Stanley, whose principal office is also located at 1585 Broadway, New York, New York 10036, USA, is a global financial services firm that maintains three primary businesses: securities, asset management and credit services. Morgan Stanley combines global investment banking (including the origination of underwritten public offerings and mergers and acquisitions advice) with institutional sales

and trading, and provides investment and global asset management products and services. Morgan Stanley is incorporated in the State of Delaware.

The Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement and the Interest Rate Swap Transaction benefit from an unconditional, irrevocable guarantee of Morgan Stanley (in such capacity, the "**Interest Rate Swap Guarantor**") under the Interest Rate Swap Guarantee.

The Advance Provider's obligations under the Servicer Advance Facility Agreement benefit from a guarantee provided by Morgan Stanley (in such capacity, the "**Advance Guarantor**") in circumstances where the Advance Provider fails to pay a requested Advance in accordance with the terms of the Servicer Advance Facility Agreement.

If the Interest Rate Swap Provider ceases to be the Interest Rate Swap Provider, Morgan Stanley will cease to be the Interest Rate Swap Guarantor. Likewise, if the Advance Provider ceases to be the Advance Provider, Morgan Stanley will cease to be the Advance Guarantor.

The long-term, unsecured, unsubordinated debt obligations of Morgan Stanley are rated "AA-" by Fitch, "Aa3" by Moody's and "A+" by S&P, and the short-term, unsecured, unsubordinated debt obligations of Morgan Stanley are rated "F1+" by Fitch, "P-1" by Moody's and "A-1" by S&P.

The Principal Paying Agent, the Registrar, the Agent Bank, the Cash Manager and the Operating Bank

HSBC Bank plc, whose principal office is at 8 Canada Square, London E14 5HQ, will be appointed as Principal Paying Agent, Registrar and Agent Bank under the Agency and Reporting Agreement and as Cash Manager and Operating Bank under the Cash Management Agreement. In its capacity as the Operating Bank, HSBC Bank plc will act as the operating bank in relation to the Transaction Account, Interest Rate Swap Collateral Cash Account and the Interest Rate Swap Collateral Custody Account through its office located at 8 Canada Square, London, E14 5HQ.

The Calculation and Reporting Agent

Wells Fargo Securitisation Services Limited, incorporated in England and Wales (registered number 04409492) at Level 32, 25 Canada Square, London E14 5LQ will be appointed as the Calculation and Reporting Agent under the Cash Management Agreement. As Calculation and Reporting Agent, it will carry out certain calculation and reporting functions, including, among other things, the sending of reports to the Servicer.

The Irish Paying Agent

HSBC Institutional Trust Services (Ireland) Limited. whose principal office is at HSBC House, Harcourt Centre, Harcourt Street, Dublin 2, Ireland, will be appointed as Irish Paying Agent under the Agency and Reporting Agreement.

The Corporate Services Provider

Structured Finance Management Limited, a limited liability company incorporated in England and Wales (registered number 3853947), whose principal office is at 35 Great St. Helen's London EC3A 6AP will be appointed as Corporate Services Provider under the Corporate Services Agreement.

The Share Trustee

SFM Corporate Services Limited, a limited liability company incorporated in England and Wales (registered number 3920288), whose principal office in at 35 Great St. Helen's, London EC3A 6AP, will be appointed as Share Trustee under the Share Declaration of Trust.

The Nominee Trustee

SFM Nominees Limited, a limited liability company incorporated in England and Wales (registered number 4115230), whose principal office is at 35 Great St. Helen's, London EC3A 6AP will be appointed Nominee Trustee under the Nominee Declaration of Trust.

The PECO Holder

ELoC 27 PECO Holder Limited a limited liability company incorporated in England and Wales (registered number 6278698), whose registered office is at 35 Great St. Helen's, London EC3A 6AP will be appointed as PECO Holder under the Post Enforcement Call Option Agreement.

THE LOAN OBLIGORS

The obligors in relation to the Loan Agreement are as described below.

1. The Borrower

Constitution

The Borrower is CityPoint Holdings I Limited, a company incorporated with limited liability under the laws of Jersey with registered number 97040 on 2nd April, 2007. Its principal place of business is at Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG at which address its memorandum and articles of association may be inspected, in physical format, during usual business hours on any day (excluding Saturdays, Sundays and public holidays) for so long as any Notes are outstanding. Its telephone number is +44 (0) 1534 504 444.

Principal Activities

The main business of the Borrower is to acquire and hold its (99 per cent.) unit holding in the CityPoint Unit Trust (for further information with regard to the CityPoint Unit Trust - see "*The CityPoint Unit Trust*" – page 59 below). Since the date of its incorporation, it has not engaged in any other activities.

To the best of the Originator's knowledge, the Borrower is not, nor within the past 12 months has been, involved in any governmental, legal or arbitration proceedings (including any which are pending or, so far as the Borrower is aware, threatened) which, if adversely determined, are reasonably likely to have a material adverse effect on its business or financial condition. As at the date of this Offering Circular no accounts have yet been drawn up in respect of the Borrower.

Principal Officers

The principal officers of the Borrower are as follows:-

Name	**Business Address**
Darren Kelland	Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG
Richard Gough	Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG

The Principal Officers undertake their required duties as directors of the Borrower and, to the best of the Originator's knowledge, there are no conflicts of interest between their duties as directors of the Borrower and their private interests and/or other duties.

Loan Capital

The outstanding loan capital of the Borrower consists of the Whole Loan of £535,000,000 advanced by the Originator on 10th May, 2007, which is to be tranched into a senior tranche £429,000,000 comprising the Securitised Loan and subordinated tranches of £33,000,000 (the "**Senior B Loan Tranche**") and £73,000,000 (the "**Junior Loan Tranche**" and, together with the Senior B Loan Tranche, the "**Subordinated Tranches**", and the Subordinated Tranches together with the Securitised Loan, being the "**Tranches**" and each a "**Tranche**"). The Senior Tranche and the Subordinated Tranches both share the same security (see "*The Loan and the Related Security – Security Documents*" – page 72).

The Borrower has also borrowed monies from its shareholder, namely CityPoint Co-Investment LLC (a limited liability company organised under the laws of Delaware, USA) (the "**Shareholder**") – this is subordinated to the Whole Loan pursuant to a separate subordination agreement.

Share Capital

The Borrower has an unlimited amount of ordinary shares of no par value. The issued share capital is 133,341,704, all of which is owned by, and registered in the name of, the Shareholder.

Subsidiaries

The Borrower has no subsidiaries.

2. The CityPoint Unit Trust

Constitution

The CityPoint Unit Trust is duly established and validly constituted under the laws of Jersey, and is a unit trust scheme within the meaning of Section 237(1) of the Financial Services Management Act 2000. The Loan Security Trustee also has the benefit of Jersey law legal opinions which confirm, amongst other things, that the CityPoint Unit Trust has been validly constituted as a unit trust under the provisions of Article 7(3) of the Trusts (Jersey) Law 1984 (as amended).

The CityPoint Unit Trust was constituted pursuant to a trust instrument dated 29th November, 2005, as amended and restated on 19th January, 2006 and 10th May, 2007.

Legal Status

A Jersey unit trust is a legal structure whereby legal ownership of the trust assets is vested in trustees who hold these on trust for the benefit of unitholders. Under Jersey law, a unit trust must be constituted by written instrument which sets out, in effect, the terms upon which the trustees hold the trust's assets for the unit holders. Typically, trust instruments will contain provisions detailing the extent of the trustees' powers and discretions, governing the appointment, removal or retirement of the trustees and regulating the issue, redemption and valuation of the units. Consent to the establishment of a property unit trust must be obtained from the Jersey Financial Services Commission – this takes the form of a consent to the raising of money and the issue of units under the Control of Borrowing (Jersey) Order 1958.

A Jersey unit trust has no separate legal personality, and consequently all its assets must be held by trustees.

Trustees

The current trustees of the CityPoint Unit Trust are The Royal Bank of Scotland Trust Company (Jersey) Limited and RBSI Trust Company Limited (the "**Unit Trustees**") both independent companies incorporated under Jersey law whose registered offices are both situated at Royal Bank House, 71 Bath Street, St Helier, Jersey, JE4 8PJ. Both act as trustees of, and hold assets on behalf of, other trusts as well as the CityPoint Unit Trust.

Annual Accounts

A Jersey unit trust is not required under Jersey law to appoint an auditor, or to file or publish annual accounts.

Principal Activities

The principal business of the CityPoint Unit Trust is to own the entire beneficial interest in the freehold, headleasehold and underleasehold interests in the Property and other assets including the entire issued shareholding in the companies in which the legal interests in the Property is vested. Since the date of the constitution of the CityPoint Unit Trust, it has not engaged in any other activity.

To the best of the Originator's knowledge, the CityPoint Unit Trust is not, nor within the past 12 months has been, involved in any governmental, legal or arbitration proceedings (including any which are

pending or, so far as the borrower is aware, threatened) which, if adversely determined, would have a material adverse effect on its business or financial condition.

Units

As of the 10th May, 2007, the CityPoint Unit Trust had issued 4,900,500 units of which 4,851,495 were registered in the name of the Borrower and 49,005 in the name of the Co-Unitholder.

Loan Capital

To the best of the Originator's knowledge, the CityPoint Unit Trust had no borrowings as of the Cut Off Date.

3. Property Nominees

Constitution

There are four companies each holding a legal interest in the Property

(a) Wates CityPoint First Limited, (a limited liability company incorporated in England and Wales with registered number 3902926);

(b) Wates CityPoint Second Limited (a limited liability company also incorporated in England and Wales with registered number 3902877);

(together, the "**Freeholders**"), which together own the legal estate in the freehold interest in the Property);

(c) Dreamclose Limited, a limited company incorporated under the laws of England and Wales with registered number 4071458 ("**Dreamclose**"), which owns the legal estate in the headleasehold interest of the Property;

(d) Wavegrange Limited, a limited company also incorporated under the laws of England and Wales with registered number 4071405 ("**Wavegrange**") which owns the legal estate in the underleasehold interest of the Property.

The Freeholders were both incorporated on 6th January, 2000 and Dreamclose and Wavegrange were both incorporated on 14th September, 2000. The registered offices of the Freeholders, Dreamclose and Wavegrange (together the "**Property Nominees**") are all at York House, 45 Seymour Street, London, W1H 7LX.

Principal Activities

The only business of each of the Property Nominees is to hold the legal interest in the estate in the Property currently vested in it.

To the best of the Originator's knowledge, none of the Property Nominees:

(a) has since the date of its incorporation engaged in any other activities; nor

(b) is, nor within the past 12 months has been, involved in any governmental, legal or arbitration proceedings (including any which are pending or, so far as the Borrower is aware, threatened) which, if adversely determined, are reasonably likely to have a material adverse affect on its business or financial condition.

Principal Officers

The principal officers of each of the Property Nominees are as follows:-

Name	Business Address
Nancy J Broderick	c/o Beacon Capital Partners LLC, 200 State Street, 5th Floor, Boston, MA 02109, U.S.A.
John D Sanford	c/o Beacon Capital Partners LLC, 200 State Street, 5th Floor, Boston, MA 012109, U.S.A.

Loan Capital

None of the Property Nominees have any loan capital.

Share Capital

Each Property Nominee has an authorised share capital of 100 shares of £1 each of which one share of £1 had been issued. Each share is registered in the name of the Unit Trustees.

4. The Sponsor Guarantor

Constitution

The Sponsor Guarantor is BCSP V Europe Investments, L.P., a limited partnership organised under the laws of Delaware, U.S.A., on 14th December, 2006. Its registered office is at Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, 19801, U.S.A.

Partners

The general partner of the Sponsor Guarantor is BCSP V Europe, L.P., (a limited partnership constituted in England and Wales on 12 December, 2006 with registered number LP011772). Its limited partners comprised, as of 10th May, 2007, its General Partner, BCP Strategic Partners V, L.P., and Beacon Capital Strategic Partners V-A, L.P., (both limited partnerships also organised under the laws of Delaware, U.S.A).

Subsidiaries

The Sponsor Guarantor owns 100 per cent. of CityPoint Ventures LLC (another limited liability company organised under the laws of Delaware, U.S.A.) which in turn owns 73 per cent. of the Shareholder.

5. Other Parties

The following additional companies also provide security for the Whole Loan:

Co-Unitholder

CityPoint Holdings II Limited, a limited liability company incorporated in Jersey with registered number 97041, whose registered office is at Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG (the "**Co-Unitholder**").

Shareholder

CityPoint Co-Investment LLC, a limited liability company organised under the laws of Delaware, U.S.A., whose registered office is at Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware, 19801, U.S.A (the "**Shareholder**"). Its share capital is owned as to 73 per cent. by the Guarantor (see above) and as to 27 per cent. by MetLife Properties Ventures LLC (a limited liability company organised under the laws of Delaware, U.S.A.).

6. Mortgagors

The Co-Unitholder and Shareholder are, along with the Borrower, Property Nominees and Unit Trustees, in their capacity as providers of security for the Whole Loan, in this offering circular referred to together as the "**Mortgagors**" and individually each as a "**Mortgagor**".

THE LOAN AND THE RELATED SECURITY

1. The Origination Process

Lending Philosophy

The Originator is engaged in the business of, among other things, making loans secured directly or indirectly on commercial properties such as office, retail, industrial and warehouse properties and self-storage facilities. Such properties are intended to generate a regular periodic income, most usually from rental payments made by occupational tenants pursuant to occupational lease arrangements or, in the case of self-storage facilities, through net operating income.

Legal Due Diligence

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

General Information

In originating a loan in any jurisdiction, the Originator will appoint duly qualified and experienced legal advisers (the "**External Legal Advisers**") to assist the Originator in undertaking due diligence with respect to certain matters relating to the proposed loan. These matters include the background of the borrower and its exposure to other liabilities, actual or contingent, the structure of the loan related security package and the title of the borrower or other relevant entity to the relevant property or properties.

Property Title Investigation

An important part of the legal due diligence process undertaken by the External Legal Advisers is to verify that the prospective borrower or other relevant entity has or, if the relevant real property is being purchased using the proceeds of the loan, will have, good title to the relevant property, free from any encumbrances or other matters which would be considered to be of a material adverse nature from the perspective of the Originator. The process of title verification is different in each jurisdiction in which the Originator makes loans. However, in undertaking such title verification process, the Originator requires its External Legal Advisers to adopt a standard consistent with what the relevant External Legal Advisers consider to be best practice in the relevant jurisdiction, and with the quality of information available in that jurisdiction.

The title verification process will typically involve the External Legal Advisers undertaking searches of various public records relating to the relevant real property, reviewing documents relating to title to the relevant real property and raising various enquiries relating to the relevant real property. The Originator will typically, but not invariably, require its External Legal Advisers to prepare or obtain from suitably qualified legal advisers acting for the borrower a report which must be in form and substance reasonably satisfactory to the Originator on matters relating to title to the relevant property. The form of report on title may vary in accordance with the practice of the relevant jurisdiction.

Structural/Environmental Reports

Reports relating to the structure or construction of a property and/or environmental issues arising are also obtained by the Originator if it is thought appropriate in any particular instance to do so.

Reliance on Legal Due Diligence

The legal due diligence referred to above is in each case addressed to the Originator and Loan Security Trustee. It will not be updated prior to the sale of the relevant loan by the Originator for the purposes of undertaking a securitisation, nor will any report on title valuation or other due diligence report delivered on origination of a loan be re-addressed either to the Issuer or the Note Trustee.

Loan Documentation

The proposed loan is documented by means of a loan agreement, between the Originator, the borrower and principal security providers, which sets out the terms of the advance, interest payable thereon and repayment obligations, and various security documents by virtue of which security for the obligations of the borrower under the loan agreement is granted in favour of the Loan Security Trustee. The loan agreement and security documents are together referred to as the "Loan Documentation".

Drawdown and Post-Completion Formalities

The actual drawing of a loan is contingent upon the satisfaction by the borrower of certain conditions precedent. The conditions precedent required by the Originator are typically extensive, including delivery of reports on title and Originator Valuation Reports to the relevant property, corporate authorisation documents in respect of the borrower (if a body corporate), and all necessary authorisations and consents that the borrower must obtain before it can draw a loan, in each case in form and substance satisfactory to the Originator.

Following drawdown, it is usually the case that various registration formalities have to be undertaken with respect to the security interests granted in respect of a loan. The External Legal Advisers are required by the Originator to undertake, or ensure that the relevant borrower's legal counsel undertakes, such formalities within the prescribed time period so that the relevant security interests are registered in accordance with all applicable laws.

Against this background, the description in the following sections of this Offering Circular relates to the Whole Loan. The description does not contemplate, unless specifically stated, the transfer of the Securitised Loan from the Originator to the Issuer.

2. Terms of the Loan Agreement

The Whole Loan is documented in the Loan Agreement, which is governed by the laws of England and Wales. The Originator is entitled to assign to the Issuer any of its rights under and connected with the Loan Agreement without restriction. A summary of the principal terms of the Loan Agreement is set out below.

(A) Loan Amount, Drawdown and Further Advances

The amount of the Whole Loan is £535,000,000, which was advanced in full by way of a single drawdown on 10th May, 2007. The Loan Agreement does not place an obligation on the Issuer to make any further advance to the Borrower and, following the sale to the Issuer of the Securitised Loan and transfer to the Issuer of the beneficial interests in the Loan Security Trust, neither the Servicer nor the Special Servicer will be permitted under the Servicing Agreement to agree to an amendment of the terms of the Securitised Loan that would require the Issuer to make any further advances to the Borrower.

(B) Conditions Precedent

The obligations of the Originator under the Loan Agreement were subject to a number of conditions precedent. The conditions precedent to drawdown of the Whole Loan included:

(i) constitutional documents of the Borrower, Property Nominees, Co Unit Holder, the Sponsor Guarantor and the Shareholder;

(ii) board minutes of the Borrower, Property Nominees, Co Unit Holder and the Shareholder;

(iii) the Market Valuation;

(iv) evidence of the insurance cover in force and that the insurance policy accords with the terms of the Loan Agreement;

(v) a certificate on title in respect of the Property;

(vi) executed loan and security documents;

(vii) appropriate tax certificates and evidence of relevant elections and applications in relation to payment of tax;

(viii) relevant legal opinions; and

(ix) various documents in relation to the CityPoint Unit Trust.

(c) Interest and Repayments

Interest on the Whole Loan is payable by the Borrower quarterly in arrear on 20 January, 20 April, 20 July and 20 October or such other dates (each within five Business Days of such dates as may be notified by the Facility Agent to the Borrower).

If an obligor under the Loan Agreement fails to pay any amount payable by it under the Loan Agreement, it shall pay interest on the overdue amount from the due date up to the date of the actual payment at the rate of one per cent. per annum above the rate set out above.

The Whole Loan is required to be repaid in full by way of a single payment on 20th July, 2014 (the "**Loan Repayment Date**") (unless accelerated following an event of default).

(D) Prepayments

The Borrower may, upon 10 business days' prior written notice to the Facility Agent, prepay the Whole Loan in whole or in part (but, if in part, in a minimum amount of £250,000) on any Loan Payment Date or at any other time provided that the Borrower also pays to the Facility Agent (for the account of the lenders) all interest on the amount prepaid for the remainder of the then current interest period.

Involuntary prepayment will occur if it become unlawful for a lender to perform any of its obligations under the Loan Agreement or to fund or maintain its participation in the Whole Loan or if the Borrower has to pay any taxes or increased costs.

Unless a prepayment (i) is as a result of it becoming unlawful for a lender to perform its obligations under the Loan Agreement or to fund or maintain its participation in the Whole Loan, or as a result of the Borrower having to pay taxes or increased costs, (ii) follows the compulsory purchase of all or any part of the Property, or (iii) is from the proceeds of any insurance policy, the Borrower may be required to pay a prepayment fee, as calculated in accordance with the terms of a prepayment fees letter, on the date of prepayment.

(E) Rent Account and General Accounts

Under the terms of the Loan Agreement, Net Rental Income from the Property shall be paid into a designated sterling denominated rent account held by the Borrower (the "**Rent Account**") with the Bank of America or another account held with an eligible bank (which must be a member of the CHAPS Clearing Company Limited and rated at least "A+" by S&P or "Aa3" by Moody's if the bank holds funds for longer than 30 days). The Managing Agent shall collect all Rental Income in accordance with the Duty of Care Agreement.

On each Interest Payment Date, moneys are debited from the Rent Account, to discharge, amongst other things, any interest payments due but unpaid under the Finance Documents. The Facility Agent may authorise withdrawals at any time from the Rent Account to pay any amounts due but unpaid under the Finance Documents.

The Borrower may also open a general account denominated in sterling (the "**General Account**") and, subject to any restriction in the Subordination Agreement, and if no event of default is outstanding under the Loan Agreement, the Borrower may withdraw any amount from the General Account. At any time when an event of default under the Loan Agreement is outstanding, the Facility Agent may operate the General Account and withdraw from and apply amounts standing to the credit of the General Account towards any purpose for which moneys in the Rent Account may be applied.

(F) Sponsor Guarantee and Indemnity

As additional security for the obligations of the Borrower under the Loan Agreement, the Sponsor Guarantor has given a limited guarantee and has undertaken, on or before each Interest Payment Date up to and including 20th October, 2010, to pay the difference between the amount of net rental income standing to the credit of the Rent Account on such date and the amount of interest due pursuant to the Loan Agreement on such date. From and including the Loan Interest Payment Date falling on 20th January, 2011 the Sponsor Guarantor has guaranteed payment of interest due and payable by the Borrower under the Loan Agreement as of each such date, subject to a maximum liability of £5,000,000 which reduces pro rata to the extent that (i) payments are made by it and/or (ii) equity is injected by it whether by way of intra group loans or by the issue of additional shares.

The Sponsor Guarantee terminates if, at any time after 1st January, 2010, the ratio of net rental income (excluding VAT and service charge payments) for the immediately following period of 12 months to the interest payable under the Loan Agreement is 102.5 per cent. or greater, assuming that any Occupational Lease due to expire or which can be terminated during 2011 has so expired or been terminated save to the extent that new agreements for lease have been completed.

The Sponsor Guarantor or the Borrower may replace the Sponsor Guarantee with by a letter of credit issued by an eligible bank on terms and in an equivalent amount satisfactory to the Facility Agent (acting reasonably).

Subject to the above, the Sponsor Guarantor has agreed to irrevocably and unconditionally indemnify each of the Loan Security Trustee, each of the lenders under the Loan Agreement and the Facility Agent (each a "**Finance Party**" and together, the "**Finance Parties**") immediately on demand against any loss or liability suffered by that Finance Party if any obligation guaranteed or undertaken by it under the Sponsor Guarantee is or becomes unenforceable, invalid or illegal; the amount of the loss or liability under this indemnity will be equal to the amount the Finance Party would otherwise have been entitled to recover.

The Sponsor Guarantor has waived any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other right or security or claim payment from any person before claiming from the Sponsor Guarantor under the Sponsor Guarantee.

If on the date 3 Business Days prior to any Interest Payment Date falling on or after 20th January, 2011 there are insufficient monies standing to the credit of the Rent Account to pay in full interest due under the Loan Agreement as of such date, the Security Trustee may make demand on the Sponsor Guarantor in which case the Sponsor Guarantor shall pay or cause to be paid the amount demanded into the Rent Account no later than the day before the relative Loan Interest Payment Date.

Until all amounts which may be or become payable by the Borrower under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may without affecting the liability of the Sponsor Guarantor under the Sponsor Guarantee (a)(i) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) against those amounts; or (ii) apply and enforce them in such manner and order as it sees fit (whether against those amounts or otherwise); and (b) hold in an interest-bearing suspense account any moneys received from the Sponsor Guarantor or on account of the Sponsor Guarantor's liability under the Sponsor Guarantee.

Unless all amounts which may be or become payable by the Borrower under or in connection with the Finance Documents have been irrevocably paid in full; or the Facility Agent otherwise directs, the Sponsor Guarantor will not, after a claim has been made or by virtue of any payment or performance by it under the Sponsor Guarantee: (i) be subrogated to any rights, security or moneys held, received or receivable by any Finance Party (or any trustee or agent on its behalf); (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Sponsor Guarantor's liability under the Sponsor Guarantee; (iii) claim, rank, prove or vote as a creditor of any obligor or their estates in competition with any Finance Party (or any trustee or agent on its behalf); or (iv) receive, claim or have the benefit of any payment, distribution or security from or on account of any obligor, or exercise any right of set-off as against any obligor. The Sponsor Guarantor must hold in trust

for and immediately pay or transfer to the Facility Agent for the Finance Parties any payment or distribution or benefit of security received by it contrary to the Sponsor Guarantee or in accordance with any directions given by the Facility Agent under the Sponsor Guarantee.

The obligations of the Sponsor Guarantor pursuant to the Loan Agreement cease upon the earlier of the date that the Sponsor Guarantor shall have complied in full with its obligations under the Sponsor Guarantee and/or the date that its obligations under the Sponsor Guarantee shall have terminated as described above.

(G) Representations

The Borrower, Sponsor Guarantor and Property Nominees each make certain representations in favour of the Originator, Facility Agent and Loan Security Trustee. The representations by the Sponsor Guarantor and Property Nominees are made in respect of themselves only, but the Borrower makes representations in respect of itself and (separately) in respect of the Co-Unitholder.

The representations are made as of the date the Loan Agreement was entered into, the date of draw down for the Whole Loan and are (with the exception of (e) (i) (k) and (m) below, which are given only as at the date the Loan Documentation was entered into) deemed repeated on each Loan Payment Date. The representations will cease to be given by, or relate to, the Sponsor Guarantor after the Sponsor Guarantee has terminated.

The most material of the representations are as follows:

(a) each of the Borrower, the Co-Unitholder and the Property Nominees are a limited liability company, and the Sponsor Guarantor is a limited partnership, duly incorporated or constituted and validly existing under the laws of Jersey (in the case of the Borrower and the Co-Unitholder), England and Wales (in the case of the Property Nominees) or Delaware (in the case of the Sponsor Guarantor);

(b) the CityPoint Unit Trust is duly established and validly constituted under the laws of Jersey, qualifies as a unit trust scheme within the meaning of Section 237 of the Financial Services and Markets Act 2000, is a professional investor regulated scheme for the purposes of the Financial Services (Jersey) Law 1998 and all consents and approvals required by it to carry on its business have been obtained and observed;

(c) none of the Borrower, Co-Unitholder nor the Unit Trustees are subject to any insolvency proceedings or process under Jersey law;

(d) each has power and authority to enter into and perform its obligations under the Loan Documentation to which it is a party;

(e) the entry into the Loan Documentation will not breach, or constitute a default under, the constitutional documents, the documents constituting the CityPoint Unit Trust, any other agreement or document which is binding on it or any law or regulation to which it is subject;

(f) no default has occurred or will occur as a result of the advance of the Whole Loan;

(g) all acts, conditions and authorisations required to enable it to enter into its obligations under the Loan Documentation have been obtained and its obligations under such documents are legally valid, binding and enforceable against it;

(h) no litigation or similar proceedings have been commenced or are, so far as it is aware, threatened or pending, against the Co-Unitholder or any of the Borrower, any of the Property Nominees, any of the Unit Trustees and the Sponsor Guarantor, which would be reasonably likely, if adversely determined, to have a material adverse effect on its

business, financial condition or ability to perform its obligations under the Loan Documentation;

(i) all information supplied to the Originator, Facility Agent and Loan Security Trustee in connection with the Loan Documentation is true and, to the best of its knowledge and belief, materially complete and accurate in all material respects;

(j) each of the Property Nominees is the owner of its relative interest in the Property, and the Unit Trustees are the sole beneficial owners of the Property (on behalf of the CityPoint Unit Trust) and each has good and marketable title to the interest owned by it free from any encumbrances or onerous restrictions and covenants (save as set out in the Certificate of Title prepared in respect of the Property);

(k) all information provided to the valuers for the purposes of the Market Valuation and to the solicitors for preparation of the Certificate of Title was true, complete and accurate in all material respects;

(l) the security granted in favour of the Loan Security Trustee constitutes first priority security and is not subject to any prior or pari passu security interests;

(m) the Borrower is wholly owned by the Shareholder, the Property Nominees are wholly owned by the Unit Trustees and the Co-Unitholder is wholly owned by MetLife Property Ventures LLC;

(n) the Borrower and Co-Unitholder are the only unitholders in the CityPoint Unit Trust, owning 99 per cent. and 1 per cent. of the units issued respectively;

(o) each was incorporated on the date specified in the Loan Agreement for it and, since the date of its incorporation, neither the Borrower, nor any of the Property Nominees, nor the Co-Unitholder nor the CityPoint Unit Trust have, to the best of its knowledge and belief, carried on any business or owned any asset or incurred any liabilities other than in connection with the Property;

(p) the obligations of each of the Borrower, the Property Nominees, the Unit Trustees and the Sponsor Guarantor in the Loan Documentation are valid and binding;

(q) the centre of main interests is (in the case of the Borrower, Co-Unitholder and Trustees of CityPoint Unit Trust) in Jersey and (in the case of the Property Nominees) in England and Wales;

(r) there are no provisions of the laws of Jersey or Delaware which would require the Borrower, the Sponsor Guarantor or the Property Nominees to deduct tax on any amounts paid.

(H) Undertakings

The Borrower gives various undertakings, which will enure throughout the term of the Whole Loan, save that such will cease to apply or relate to the Sponsor Guarantor once the Sponsor Guarantee is terminated. The most material of the undertakings are as follows:-

(a) to deliver accounts and other financial information (as and when available);

(b) on each Loan Payment Date to deliver a schedule of information relating to the Property including details as to tenancies, arrears, rent reviews, surrenders and grants of leases and such other information as the Facility Agent may reasonably request;

(c) to deliver other information relating to the Borrower and/or the CityPoint Unit Trust, including promptly to deliver details as to any litigation in which either becomes involved;

(d) to notify the Facility Agent of any Event of Default under the Loan Agreement;

(e) to deliver compliance certificates relating to the Borrower and Sponsor Guarantor;

(f) to maintain all authorisations required in connection with the holding of the units in the CityPoint Unit Trust;

(g) to procure that security created by the Loan Documentation ranks at least pari passu with all its other present and future unsecured obligations;

(h) not to mortgage or charge or (save as specifically permitted under the terms of the Loan Agreement) sell, transfer, lease or otherwise dispose of any asset valued at more than £50,000 in any year or in aggregate £200,000 during the term of the Whole Loan and to procure that the Unit Trustees do not sell, transfer, lease or otherwise dispose of any of the assets of the CityPoint Unit Trust;

(i) not to engage in any business other than in connection with the Property and not to have any subsidiary or employees;

(j) not to migrate its assets or place of incorporation to any other jurisdiction;

(k) not to incur any further (and to procure that the CityPoint Unit Trust does not incur) further indebtedness (other than on a fully subordinated basis);

(l) not to declare or pay any dividend (other than out of surplus rental income received) nor issue any further shares nor pay nor redeem any of its share capital;

(m) not to merge the freehold, headleasehold or underleasehold interests in the Property;

(n) not to determine, consent to the assignment of nor accept the surrender of, nor materially vary, the headlease, underlease or any occupational lease, save that assignments and surrenders of occupational leases are permitted where the annual passing rent of such lease is equal to or less than £350,000, and a new occupational lease of any vacant part of the Property, or any part which is subject to a lease termination within the next 6 months, may be granted, without the prior written consent of the Facility Agent;

(o) to maintain insurance against comprehensive risks (including terrorism), third party liability and loss of rent in accordance with the terms of the Loan Agreement;

(p) to procure that a property manager and independent rent collection agent are appointed in respect of the Property, and not to change or dismiss any such rent collection agent or manager;

(q) not to enter into any further contracts other than in connection with the Loan Documentation, and/or the CityPoint Unit Trust;

(r) not to lend or provide any loan, or guarantee the obligations of any other person, save that the Borrower is permitted to make a loan to the Co-Unitholder to assist it in its acquisition of the units in the CityPoint Unit Trust;

(s) to use best endeavours to obtain approval from HM Revenue & Customs Centre for Non-Residents for payment of rental income without deduction of United Kingdom income tax;

(t) not to make any structural alterations to the Property without prior written consent of the Facility Agent;

(u) to maintain (in the case of the Borrower and Co-Unitholder) "exempt company" status for the purposes of Jersey tax law;

(v) to procure that the CityPoint Unit Trust does not issue any further units, nor permit any change to the unitholders and complies with its tax obligations from time to time and to pay all taxes due and assessed upon it;

(w) not to commence any winding up proceedings under Jersey law in respect of any entity incorporated or constituted there;

(x) not to effect any variations of the documents constituting the CityPoint Unit Trust and to use all reasonable endeavours to ensure that all other parties comply with such documents.

(I) Insurance

Under the terms of the Loan Agreement, the Borrower and the Property Nominees must insure:

(a) the Property and all plant, machinery, fixtures and fittings on a full reinstatement basis:

(b) at least 3 years' loss of rental income arising out of the Property;

(c) third party liability;

(d) insurance against acts of terrorism, to the extent available in the market on commercial terms; and

(e) such other insurances as a prudent company in the same business as the Borrower would effect;

in a form and with a company or underwriters reasonably acceptable to the Facility Agent. The interest of the Loan Security Trustee must be endorsed on the relative insurance policy or policies.

All insurances must be with an insurance company whose long term unsecured unsubordinated and unguaranteed debt instruments have a rating of "A" (or better) from S & P, "A-" (or better) from Fitch or "A3" (or better) from Moody's, save that 25 per cent. of the value of the Property may be insured with an insurance company or underwriter whose such instruments are rated at "A-" (or better) by S & P or such equivalent ratings by Fitch or Moody's.

The Borrower also gives further undertakings relating to insurance as follows:

(a) to use reasonable endeavours to supply information relating to the insurances as the Facility Agent may reasonably request;

(b) not knowingly to do or permit anything which might avoid any insurance;

(c) to maintain all insurance policies and pay all premiums due promptly;

(d) to apply insurance monies received (other than in respect of third party liability or loss of rent) in or towards reinstating/repairing the Property.

The property is currently insured in the names of (amongst others) the Borrower, Co-unitholder, Unit Trustees, Property Nominees and Loan Security Trustee with Allianz and others for a buildings sum insured of £525,000,000, loss or rent and service charge of £187,072,725 and third party liability of £10,000,000.

(J) Events of Default

The Loan Agreement lists the following events of default (save that, where such events relate to the Sponsor Guarantor, such events cease to be events of default as and when the Sponsor Guarantee is determined):-

(a) non-payment of interest or other monies due under the Loan Documentation (2 business days' grace is permitted in case of technical/administrative error);

(b) the Borrower or any other security provider fails to comply with its obligations under any of the Loan Documentation, and such is not remedied within 10 business days of notice to do so;

(c) any representation or warranty contained in the Loan Documentation is or becomes incorrect and is not remedied within 10 business days of notice to do so;

(d) any of the Borrower, Property Nominees or the CityPoint Unit Trust fails to pay when due any other financial indebtedness;

(e) the Borrower, any of the Property Nominees, the Sponsor Guarantor or the CityPoint Unit Trust enter into any form of insolvency proceedings, or have any receiver, liquidator, administrator or similar officer appointed over any of them or any of their respective assets;

(f) the Borrower, any of the Property Nominees or the CityPoint Unit Trust ceases, or threatens to cease, to carry on all or a substantial part of its business;

(g) it becomes unlawful for the Borrower, any of the Property Nominees, the CityPoint Unit Trust, or the Sponsor Guarantor to comply with any of their respective obligations under the Loan Documentation;

(h) any of the security provided for the Whole Loan ceases to be validly binding and enforceable against the relevant party;

(i) there occurs in relation to the Borrower, any of the Property Nominees and/or the CityPoint Unit Trust any event which would materially adversely affect its ability to perform or comply with its obligations under the Loan Documentation;

(j) there is a breach of any of the provisions of the documentation constituting the CityPoint Unit Trust which has a material adverse affect on the security granted or the CityPoint Unit Trust is terminated for any reason;

(k) the shares in the Borrower cease to be held by the Shareholder, the units in the CityPoint Unit Trust cease to be held by the Borrowers and Co-Unitholder, the shares in the Property Nominees cease to be held by the trustees of the CityPoint Unit Trust and/or the Property Nominees and/or CityPoint Unit Trust cease to own their respective interests in the Property.

After the occurrence of any such event of default (each a "**Loan Default**"") the Facility Agent may either demand immediate repayment of the Whole Loan or demand that the Whole Loan be payable on demand. It should be noted that the Facility Agent's ability to make such demand, and the procedure that should follow, is governed by the terms of the Intercreditor Agreement with the Subordinated Lenders (see "*Intercreditor Agreement*" – page 76 below).

3. Security Documents

(A) Overview

The security (all first ranking) granted in favour of the Loan Security Trustee for the obligations of the Borrower under the Loan Agreement (and other liabilities of other security providers under the Loan Documentation) is as follows:

Nature of Security	Security Provider	Assets Charged	Governing Law
Debenture	**Borrower**	**Fixed charge over transaction Rent Account and fixed and floating charges over all Borrower's assets (other than any situated in Jersey)**	**England & Wales**
Debenture	**Wates CityPoint First Limited/Wates CityPoint Second Limited**	**Legal mortgage over freehold estate in Property and fixed and floating charges over all other assets**	**England & Wales**
Debenture	**Dreamclose Limited**	**Legal mortgage over headleasehold estate in Property and fixed and floating charges over all other assets**	**England & Wales**
Debenture	**Wavegrange Limited**	**Legal mortgage over underleasehold estate in property and fixed and floating charges over all other assets**	**England & Wales**
Debenture	**Unit Trustees**	**Fixed charge over beneficial interest in freehold, headleasehold and underleasehold interests in Property, rental income derived from occupational leases, insurance proceeds and shares in Property Nominees. N.B. Charge is limited recourse to assets held by chargors in their capacity as trustees of the CityPoint Unit Trust and does <u>not</u> include a floating charge over the chargors' assets generally**	**England and Wales**

Nature of Security	Security Provider	Assets Charged	Governing Law
Unit Security Agreement	**Borrower**	**Security interest over Borrower's unitholding in units held in CityPoint Unit Trust**	**Jersey**
Unit Security Agreement	**Borrower**	**Security interest over Borrower's contractual rights under the security interest agreement entered into with the Co-Unitholder in its favour regarding the remaining units in CityPoint Unit Trust held by the Co-Unitholder**	**Jersey**
UPA Security Agreement	**Borrower**	**Security interest over Borrower's contractual rights under unit sale and purchase agreement**	**Jersey**
Share Security Agreement	**Shareholder**	**Security interest over issued share capital in Borrower**	**Jersey**

(B) Debentures

Creation of Security

Each debenture contains (in the case of a chargor holding a legal interest in any estate in the Property) a legal mortgage over such estate, a fixed charge over any other real property in which the chargor has an interest, charges over shares held in any other company, the proceeds of any insurance policy, any book debts and/or bank account balances and a floating charge over all the chargor's another assets (other than any assets situated in Jersey).

Representations

Each chargor represents as of the date of each debenture, the date of request for drawdown of the Whole Loan and on each subsequent interest date that

(a) it owned the interest or estate in the Property vested in it;

(b) to the best of its knowledge and belief (and save as disclosed in the Certificate of Title relating to the Property prepared by Clifford Chance and dated 4th April, 2007) there are no encumbrances, restrictions or breaches of any laws that would adversely affect the Property;

(c) the Borrower has complied with all applicable environmental legislation affecting the Property; and

(d) the debenture creates the security it purports to create and is not liable to be set aside on the insolvency of the chargor.

Undertakings

Each chargor undertakes to the Security Trustee at all times (amongst other things):

(a) not to create or permit to subsist any charge or encumbrance, nor sell nor dispose of, any asset charged;

(b) to collect rental income and other book debts owing to it;

(c) to comply with all applicable environmental legislation;

(d) to use reasonable endeavours to maintain its centre of main interests in the United Kingdom (in the case of chargors incorporated in England and Wales) or Jersey (in the case of chargors incorporated in Jersey);

(e) to keep the Property in good repair and condition;

(f) to comply with all laws and regulations affecting the assets charged;

(g) not to effect any development on the Property;

(h) to comply with obligations contained in any leases affecting the Property and not to allow the same to be forfeited or determined.

Enforceability

The security created by each debenture is expressed to be enforceable immediately upon execution of the same, but is qualified by the provisions of the Loan Agreement which require the occurrence and declaration of a Loan Default prior to security enforcement. Each debenture confers a wide range of powers (including a power of attorney) on any receiver or administrator appointed by the Loan Security Trustee in connection with the management, sale and disposal of the Property.

Each debenture permits the appointment of an administrator or receiver by the Loan Security Trustee following a Loan Default. Any receiver would be non-administrative as the debentures were granted after 15th September, 2003.

(c) Debenture made by Unit Trustees

Creation of Security

The debenture creates and contains a fixed charge over the beneficial interests in the freehold, headleasehold and underleasehold estates affecting (and rental income derived from) the Property, the interest of the CityPoint Unit Trust in its book debts, insurance claims, licences and authorisations and the shares in the Property Nominees.

Limited Recourse

The security created is limited in recourse to the assets held by the Unit Trustees in their capacity as trustees of the CityPoint Unit Trust. There is no recourse to, and no general or residual floating charge over, any of their other assets.

Representations

The Unit Trustees represent, as of the date of the debenture, the date of request for drawdown of the Whole Loan and each subsequent Interest Date, that:

(a) they are the beneficial owners of the Property in their capacity as trustees of the CityPoint Unit Trust;

(b) to the best of their knowledge and belief there subsists no breach of any law or regulation affecting the Property;

(c) they have not received notice of any adverse claim relating to the ownership of the Property;

(d) the Property is free from any mortgage or charge (save in favour of the Loan Security Trustee);

(e) the debenture creates the security it purports to create and is not liable to be set aside on the insolvency of either of them;

(f) to the best of their knowledge and belief, they have complied with all applicable environmental legislation;

(g) they are the legal owners of the shares in the Property Nominees.

Undertakings

The Unit Trustees undertake to the Loan Security Trustee at all times (amongst other things):

(a) not to create nor permit to subsist any charge or encumbrance over, and not to sell or dispose of, the assets charged;

(b) to comply with all applicable environmental legislation;

(c) with regard to the CityPoint Unit Trust, not to exercise any of their powers to borrow or lend money, to issue or redeem units, to make any distributions, to transfer or register the transfer of any units, to vary the trust instrument, appoint a new trustee or wind-up the trust, without the prior written consent of the Loan Security Trustee;

(d) to deliver to the Loan Security Trustee all reports and other information relating to the CityPoint Unit Trust delivered to unitholders.

Enforceability

The security created by the debenture is expressed to be enforceable immediately upon execution of the same, but is qualified by the provisions of the Loan Agreement which require the occurrence and declaration of a Loan Default prior to security enforcement. The debenture confers a wide range of powers (including a power of attorney) on any receiver appointed by the Loan Security Trustee in connection with the management, sale and disposal of the Property.

The debenture permits the appointment of a receiver by the Loan Security Trustee over any of the assets charged following a Loan Default. Any receiver would be non-administrative, and no administrator can be appointed, as there is no general or residual floating charge.

(D) Security Agreements

Creation of Security

The Security Agreements create security interests under Jersey law in favour of the Loan Security Trustee in respect of certain assets located in Jersey namely:

(a) the shares held in the Borrower by the Shareholder;

(b) the units held by the Borrower in the CityPoint Unit Trust;

(c) the contractual rights under the security interest agreement with the Co-Unitholder; and

(d) the rights of the Borrower pursuant to the agreement for purchase of such units.

The Security Agreement entered into by the Co-Unitholder in favour of the Borrower creates security interest under Jersey law in respect of the units held by the Co-Unitholder in the CityPoint Unit Trust.

Representations

The Borrower makes certain representations including that the assets assigned are not subject to any further encumbrance or security, the creation of the security will not conflict with any applicable legislation or authority and all authorisations required for the creation of the security have been obtained and that the grantor of the security is not bankrupt nor subject to any formal insolvency proceedings.

The representations are given by the Borrower throughout the security period, which is at any time whilst the liabilities under the Finance Documents are outstanding. The representations under the Share Security Agreement are given by the shareholder on the date of the agreement.

Undertakings

The grantor of the security undertakes, amongst other things, not to permit or allow any other security or encumbrance to arise in respect of, nor sell nor dispose of, any asset charged as security, to pay all calls made in respect of the security assets, to deliver documents of title relating to the security assets to the Loan Security Trustee and not to take any action which might impair the security created in favour of the Loan Security Trustee or the Borrower.

Enforcement

The Security Agreements entered into by the Borrower and the Loan Security Trustee are expressed to be enforceable at any time after the occurrence of a Loan Default subject to a statutory cure period of 14 days. Enforcement is subject to the provisions of the Security Interest (Jersey) Law 1983 giving rise to a power of sale in favour of the Loan Security Trustee in respect of the relevant assets. There is no right or ability to appoint any receiver, administrator or similar officer over the relevant assets.

The Security Agreements entered into by the Borrower and the Co-Unitholder are expressed to be enforceable at any time after an event of default in the loan agreement between the Borrower and the Co-Unitholder. The Security Agreement entered into by the Shareholder and the Loan Security Trustee is expressed to be enforceable at any time after a failure to pay under the Shareholder's guarantee of the Borrower's obligations contained in the Share Security Agreement.

(E) Other Security

All borrowing obligations of the Borrower to the Shareholder are fully subordinated to all amounts due to the Originator under the Loan Agreement. The Borrower undertakes, amongst other things, not to secure nor repay any part of any such subordinated liabilities (save out of surplus rental income after all monies due under the Loan Agreement have been paid, and provided that no event of default under the Loan Agreement has occurred). The Shareholder gives usual reciprocal undertakings, and also undertakes that it will not take any steps leading to the administration or winding-up of the Borrower.

When appointed, the Property Manager and rent collection agents will also enter into duty of care agreements in favour of the Loan Security Trustee.

4. Intercreditor Agreement

Tranching of the Whole Loan

The Issuer, the Subordinated Lenders, the Hedging Provider and others will, on or around the Closing Date enter into the Intercreditor Agreement regulating the claims of all such parties as to payments, subordination and priority in relation to the Whole Loan.

The Intercreditor Agreement divides the Whole Loan into three separate tranches comprising:

(i) the Securitised Loan;

(ii) the Senior B Loan Tranche; and

(iii) the Junior Loan Tranche.

The Interest Rate Swap Provider has, separately from the Interest Rate Swap Agreement, entered into interest rate hedging agreements with the Subordinated Lenders in respect of the Senior B Loan Tranche and the Junior Loan Tranche. These hedging arrangements are, along with the Interest Rate Hedging Agreement, collectively referred to as the "**Hedging Arrangements**" and, in its capacity as counterparty under the Hedging Arrangements, the Interest Rate Swap Provider is referred to as the "**Hedging Provider**".

Cure Rights

Each Subordinated Lender, after the occurrence of certain specified Loan Defaults, other than a default arising from an insolvency or similar event affecting the Borrower or other security provider (a "**Remediable Default**") has the right to cure that Remediable Default. There are grace periods of 5 business days (in the case of a payment default) or 20 business days (with a possible 10 business day extension) (in the case of any other Remediable Default) during which time no enforcement action in respect of the Related Security may be taken.

The curing Subordinated Lender may take whatever action it sees fit during the grace period to cure the Remediable Default, which in the case of a payment default includes making the relevant payment (a "**Cure Payment**") on the Borrower's behalf. The Subordinated Lenders may only make six Cure Payments during the term of the Whole Loan, and no more than two consecutively in any 12 month period. There is no limitation on the number of times any Subordinated Lender may seek to cure any Remediable Default (other than a payment default).

Purchase of Securitised Loan

Each Subordinated Lender may, after:

(a) any Material Default;

(b) any other Loan Default which causes any part of the Whole Loan to become a Specially Serviced Loan and has continued for more than 3 months;

(c) any action to enforce the Related Security is taken (other than action taken to enforce payment under the Sponsor Guarantee); or

(d) a Control Valuation Event has occurred with regard to a Subordinated Lender and the Issuer wishes to take certain actions (to which the Subordinated Lender has not agreed) in respect of which the Subordinated Lender previously had certain rights (as described in paragraphs (d), (e), (f) and (g) of "*Amendments and waivers under Loan Documentation*" at page 80 below),

(each a "**Purchase Event**"), purchase the Securitised Loan.

A Subordinated Lender, if it wishes to exercise its purchase right, must give notice to the Facility Agent to such effect and, having done so, must then purchase the Securitised Loan within 15 business days. On completion of such purchase, the purchasing Subordinated Lender must pay all principal, interest (including interest due to the next Loan Payment Date), unreimbursed advances and costs (including breakage costs incurred as a result of the purchase of the Securitised Loan), expenses and other amounts due in respect of the Securitised Loan (other than prepayment fees and default interest or late charges, save to the extent such is recovered from the Borrower). The acquiring Subordinated Lender may also require, subject to the Interest Rate Swap Provider's consent, the Issuer to novate its rights and obligations under the Interest Rate Swap Agreement so far as such relate to the Securitised Loan as part of such transfer.

Enforcement

A Subordinated Lender may not, for so long as the Securitised Loan subsists, take any action, or require the Loan Security Trustee or Facility Agent to take any action, to enforce any Related Security unless:

(i) a Loan Default has occurred and remained outstanding for 90 days or more (in the case of a payment default) or 150 days or more (in the case of any other Loan Default); or

(ii) demand for repayment of the Whole Loan has been made under the terms of the Loan Documentation

and (in each case) the open market value of the Property is 120 per cent. or more of the Securitised Loan (in the case of instructions given by the holder of the Senior B Loan Tranche) or 120 per cent. or more of the aggregate of the principal amount of the Securitised Loan and principal amount due to the holder of the Senior B Loan Tranche (in the case of instructions given by any other Subordinated Lender).

This does not, however, apply where the Loan Default arises as a result of failure by the Guarantor to pay any amounts owing by it under the Sponsor Guarantee. In such case any Subordinated Lender may require the Facility Agent to take proceedings against the Sponsor Guarantor to enforce payment of amounts due under the Sponsor Guarantee (other than proceedings which might involve petitioning for the insolvency or winding up of the Guarantor) but is not otherwise entitled to demand or take enforcement action.

For the purposes of the above, the value of the Property is determined by reference to the most recent open market valuation provided that, if this is more than 12 months' old, the Facility Agent shall (if requested to do so by the Issuer or any Subordinated Lender) obtain a further valuation for such purpose.

Order and Priority of Payments

Under the Loan Documentation and Intercreditor Agreement, for so long as no Material Default is outstanding, all amounts of principal, interest and other monies received under the Finance Documents and/or the Hedging Arrangements are paid into the Tranching Account and are then applied in a specified order. This order changes after the occurrence of a Loan Default (i) consisting of a payment default and/or (ii) arising from an insolvency or similar event affecting the Borrower or any other security provider (a "**Material Default**") and is as follows:-

Waterfall prior to Material Default

Prior to the occurrence of a Material Default, the balance standing to the credit of the Tranching Account will be applied in the following order:-

(i) any costs and expenses of the Issuer, Subordinated Lenders, Facility Agent and/or Loan Security Trustee under the Loan Documentation;

(ii) amounts due to the Hedging Provider under the Hedging Arrangements relating to the Senior B Loan Tranche and/or the Junior Loan Tranche (other than sums due as a result of early termination or close-out following the Hedging Provider's default (such sums, "**Subordinated Hedging Amounts**");

(iii) any work-out fee due to any Special Servicer;

(iv) accrued interest (other than default interest) payable in respect of the Whole Loan;

(v) any other amounts (including default interest) due under the Loan Documentation;

(vi) any Subordinated Hedging Amounts due to the Hedging Provider;

(vii) any other amounts due to the Issuer;

(viii) any other amounts due to the holder of the Senior B Loan Tranche; and

(ix) any other amounts due to any other Subordinated Lender.

Waterfall after Material Default

If a Material Default has occurred and remains outstanding, balances standing to the credit of the Tranching Account and the Rent Account are applied in the following order:

(a) fees and costs and expenses of the Facility Agent, Loan Security Trustee or any receiver, attorney or agent appointed in connection with the Loan Documentation;

(b) out of pocket fees, costs and expenses of the Issuer and (to the extent incurred following a request from the Facility Agent) fees, costs and expenses of the Issuer in connection with the enforcement of any Related Security;

(c) amounts due to the Hedging Provider under the Hedging Arrangements in so far as such relate to the Securitised Loan (other than any Subordinated Hedging Amounts);

(d) amounts due to the Hedging Provider under the Hedging Arrangements in so far as such relate to the Senior B Loan Tranche or Junior Loan Tranche (other than sums payable following the Hedging Provider's default);

(e) liquidation and work-out fees, together with any Special Servicing fees and costs and expenses of the Special Servicer with respect to the Securitised Loan;

(f) interest and principal (other than default interest and prepayment, exit or extension fees) payable in respect of the Securitised Loan;

(g) any Special Servicing fees and costs and expenses of the Special Servicer payable by any Subordinated Lender in respect of the Senior B Loan Tranche and/or the Junior Loan Tranche;

(h) out of pocket fees, costs and expenses of any Subordinated Lender in respect of the Senior B Loan Tranche;

(i) Cure Payments (and interest thereon) not previously repaid and made by a holder of the Senior B Loan Tranche;

(j) interest and principal (other than default interest and prepayment, exit or extension fees) payable in respect of the Senior B Loan Tranche;

(k) out of pocket fees, costs and expenses of any Subordinated Lender in respect of the Junior Loan Tranche;

(l) Cure Payments (and interest thereon) not previously been repaid and made by a holder of the Junior Loan Tranche;

(m) interest and principal (other than default interest and prepayment, exit or extension fees) payable in respect of the Junior Loan Tranche;

(n) unpaid default interest and prepayment, exit or extension fees due to the Issuer and/or the Subordinated Lenders on a pari passu pro rata basis;

(o) any Subordinated Hedging Amounts due to the Hedging Provider under the Hedging Arrangements, in so far as such relate to the Securitised Loan;

(p) any Subordinated Hedging Amounts amounts due to the Hedging Provider under the Hedging Arrangements, in so far as such relate to the Senior B Loan Tranche and/or the Junior Loan Tranche;

(q) any other amounts due to the Issuer;

(r) any other amounts due to the holder of the Senior B Loan Tranche;

(s) any other amounts due to any other Subordinated Lender; and

(t) any surplus to the Borrower or other person entitled.

Prepayments

Any amounts received by way of prepayment of any part of the Whole Loan prior to the final maturity date for the Whole Loan are applied, prior to any Material Loan Default, in the following order:-

(i) (to the extent not previously or otherwise paid) amounts due to the Hedging Provider as a result of the termination, close out or cancellation of any part of the Hedging Arrangements attributable to such prepayment; then

(ii) in reimbursement of interest breakage costs and payment of prepayment fees due to the Issuer and/or the Subordinated Lenders as a result of prepayment;

(iii) in prepayment, pari passu and pro rata, of the amounts due in respect of the Securitised Loan, the Senior B Loan Tranche and the Junior Loan Tranche.

After any Material Loan Default the prepayments are applied in the same order as set out under "Waterfall after Material Default" above.

Ability to appoint special servicer

A Subordinated Lender may, subject to satisfying certain conditions, require replacement of the initial Special Servicer if the Whole Loan becomes specially serviced as described in "*Servicing – Termination of appointment of Servicer or Special Servicer*" at page 105 below.

Subordinated Lender Undertakings

For so long as the Securitised Loan is outstanding no Subordinated Lender may

(a) receive any payment in respect of any monies due to it in respect of its Subordinated Tranche;

(b) discharge any monies due to it in respect of its Subordinated Tranche by way of set off, counterclaim, combination of accounts or otherwise;

(c) receive any security, guarantee, indemnity or other assurance in respect of its Subordinated Tranche;

(d) evidence its Subordinated Tranche by negotiable instruments;

(e) subordinate its Subordinated Tranche to any person;

(f) take, or omit to take, any action which might impair the priority intended to be achieved by the Intercreditor Agreement;

save as expressly provided in the Intercreditor Agreement

Amendments and waivers under Loan Documentation

The Facility Agent (or the Servicer acting on his behalf) may make changes to, or grants waivers or consents under, the Loan Documentation (subject to certain prohibited changes as set out below) if (i) the Issuer agrees or (ii) if such amendment, waiver or consent is given in accordance with the Loan Documentation and is a procedural or administrative or other change arising in the ordinary course of administration of the Whole Loan and is not, in the opinion of the Facility Agent, material.

The following changes or variations require the unanimous consent of the Issuer and all Subordinated Lenders:-

(a) a change to the margin or amount of any principal, interest or fee payment, or the basis or date upon which any such principal, interest, fees or amount are calculated;

(b) a currency change;

(c) an increase in the principal amount of all or any part of the Whole Loan;

(d) a release or substitution of any security, or of the obligations of the Borrower or any security provider, other than in accordance with the terms of the Loan Documentation;

(e) any sale of any part of the Whole Loan, or any change to the right of the Issuer or Subordinated Lenders to assign or transfer their respective rights under the Loan Documentation;

(f) any transfer of the whole or any part of the Property, or of any direct or indirect ownership interest in the Borrower except in each case as permitted in the Loan Documentation; or

(g) any change to the provisions of the Loan Documentation relating to rent collection, cash management or hedging requirements.

If there is in the reasonable opinion of the Servicer or Special Servicer (as applicable) any conflict between the exercise by the Subordinated Lenders of their rights to consent to the above matters and the Servicing Standard, the Servicing Standard shall prevail in the exercise of such rights. The consent or approval of a Subordinated Lender is not, however, required with regard to the changes specified in paragraph (d), (e), (f) and (g) above where a Control Valuation Event has occurred in relation to such Subordinated Lender. If any amendment only affects one party and does not adversely prejudice the others then the consent of the affected party only is required.

THE LOAN SALE AGREEMENT

Acquisition

Consideration

Pursuant to the Loan Sale Agreement, the Originator will agree to sell and the Issuer will agree to purchase the Securitised Loan, and the Originator will assign to the Issuer its beneficial interests in the Loan Security Trust created over the Related Security on the Closing Date. The initial purchase consideration in respect of the Securitised Loan and the beneficial interests in the Loan Security Trust will be £429,000,000 which will be paid on the Closing Date.

On each Interest Payment Date prior to the enforcement of the Issuer Security, the Issuer will pay to the holder of the Class X Certificates (who initially will be the Originator), to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Securitised Loan and the Related Security (the "**Deferred Consideration**"), 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 the aggregate of:

(a) the Class X Amount;

(b) the Prepayment Fees (to the extent received by the Issuer) received as a result of the prepayment of the Securitised Loan (other than principal of or interest on the Securitised Loan) received during that Collection Period. Prepayment Fees (to the extent received by the Issuer) payable upon the sale of the Property following enforcement of the Securitised Loan and Related Security will be applied as such only upon satisfaction in full of the principal amount outstanding under the Securitised Loan and all interest accrued due and payable thereon;

(c) the Interest Rate Swap Breakage Receipts (to the extent that they do not constitute Available Interest Receipts or Issuer Priority Payments) received as a result of the termination of the Interest Rate Swap Transaction or received from the Borrower as a result of the prepayment of the Securitised Loan; and

(d) the surplus Available Interest Receipts payable to the Issuer on such Interest Payment Date.

The amount of Deferred Consideration comprised by the Class X Amount, Prepayment Fees (to the extent received by the Issuer), applicable Interest Rate Swap Breakage Receipts and surplus Available Interest Receipts will be represented by Class X Certificates and will be payable to the holders of the Class X Certificates.

The Issuer will, under the terms of the Loan Sale Agreement, be entitled to receive interest accruing in respect of the Securitised Loan from the Closing Date onwards.

Registration and Legal Title

Within 15 Business Days of the Closing Date, written notice will be given to the Borrower and Mortgagor of the transfer of the Securitised Loan to the Issuer pursuant to the Loan Sale Agreement and written notice will be given to the Loan Security Trustee of the assignment of the Originator's beneficial interests in the Loan Security Trust to the Issuer and the Issuer's assignment by way of security of such beneficial interests to the Issuer Security Trustee.

Warranties

None of the Issuer or the Issuer Related Parties has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant asset would normally make in relation to the Securitised Loan or Related Security purchased on the Closing Date. In addition, none of the Issuer or the Issuer Related Parties has made or will make any enquiry, search or investigation at any time in

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

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

If there is a material breach of any warranty in relation to the Securitised Loan or Related Security (details of certain of which are set out below) and such breach is not capable of remedy or, if capable of remedy, has not been remedied, the Originator will be obliged, if required by the Note Trustee, to repurchase the Securitised Loan and to accept a reassignment of its beneficial interests in the Loan Security Trust from the Issuer for an aggregate amount equal to (a) the outstanding principal amount under the Securitised Loan, (b) interest accrued (but unpaid) up to, but excluding, the date of repurchase, (c) any amounts due to the Advance Provider or the Advance Guarantor, but not, for the avoidance of doubt, any amounts which have been drawn to cover interest referred to in paragraph (b) above and consequently which would be repaid as a result of the payment of the relevant amount referred to in paragraph (b) and (d) costs incurred by the Issuer in respect of having sold the Securitised Loan and the Securitised Loan being repurchased by the Originator. The Issuer will have no other remedy in respect of such a breach unless the Originator fails to purchase the Securitised Loan in accordance with the Loan Sale Agreement.

The warranties referred to will be given as of the Closing Date and will include, without limitation (but subject to disclosures in the Loan Sale Agreement and as disclosed in this Offering Circular) statements to the following effect:

(a) the Property is let predominantly for commercial use and comprises freehold and leasehold interests;

(b) in relation to the mortgage the related Mortgagor had, as at the date of the mortgage, a good and marketable title to the Property and is the legal or beneficial owner of its relative interest;

(c) in relation to the Property, the title has been registered at the Land Registry with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property;

(d) the Property was, as at the date of the relevant mortgage, held by the Mortgagor free (save for such mortgage or any other applicable element of the Related Security) from any encumbrance which would materially adversely affect the title or the value for mortgage purposes of the Property set out in the valuation (including any encumbrance contained in the leases in relation to the Property);

(e) the Securitised Loan constitutes a valid and binding obligation of, and is enforceable against, the Borrower;

(f) the mortgage executed by the Property Nominees is a valid and subsisting first charge by way of legal mortgage over the Property and all things necessary to perfect the Loan Security Trustee's title to the mortgage have been duly done at the appropriate time or are in the process of being done;

(g) the Loan Security Trustee has good title to, and is the legal owner of each mortgage free and clear of all encumbrances, overriding interests (other than those to which the Property is subject), claims and equities and there were, at the time of completion of the mortgage, no adverse entries of encumbrances, or applications for adverse entries of encumbrances against any title at the Land Registry to the Property which would rank higher in priority to the interest of the Loan Security Trustee;

(h) the Originator is the legal and beneficial owner of the Securitised Loan free and clear of all encumbrances, claims and equities;

(i) prior to completion of the Whole Loan, a certificate of title (and/or a summary of such certificate) addressed to the Originator in relation to the Property was obtained which, initially or after further investigation, disclosed nothing which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the advance on its agreed terms;

(j) prior to completion of the Whole Loan and mortgage, the nature of, and amount secured by, the Whole Loan and mortgage, and the circumstances of the Borrower and Mortgagor would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property;

(k) the Originator is not aware of any material default, breach or violation under the Securitised Loan or Related Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on commercial property would grant such a waiver) nor of any outstanding material default, breach or violation by the Borrower or a Mortgagor under the Securitised Loan or its Related Security, as the case may be, nor of any outstanding event which, with the giving of notice or lapse of any grace period, would constitute such a default, breach or violation;

(l) pursuant to the terms of the Securitised Loan, the Borrower is not entitled to exercise any right of set-off or counterclaim (or other analogous rights) against the Originator in respect of any amount that is payable in respect of the Securitised Loan;

(m) the Originator has not received written notice of any default of any occupational lease granted in respect of the Property or of the insolvency of any tenant which would render the Property unacceptable as security for the Securitised Loan;

(n) as at the Closing Date, to the best of the Originator's knowledge, the Property is covered by an insurance policy maintained by the Borrower or Mortgagor or another person with an interest in the Property in an amount which is equal to or greater than the amount which a qualified surveyor or valuer engaged by the Originator estimated to be equal to the Property's reinstatement value or otherwise included by the insurers under a "general interest noted" provision in the relevant policy;

(o) the Originator has undertaken all due diligence that a prudent commercial lender would undertake to establish and confirm that the Borrower has not engaged since its formation or incorporation in any activity other than those incidental to its formation or incorporation, entering into the Securitised Loan, mortgage, and other Related Security or acquiring and/or holding its interest in the Property and units in the CityPoint Unit Trust and has not had since its incorporation, nor does it have as at the Closing Date, any material liability or assets other than the Securitised Loan and/or the Property; and

(p) as at the date of advance of the Securitised Loan, the principal occupational leases affecting the Property were in a form such that a reasonably prudent lender would regard them as acceptable, from a legal perspective, as security for such a loan.

Save to the extent set out in clauses (a) through (p) above, no warranties will be given in relation to any Related Security provided in respect of the Securitised Loan. Therefore, except to the limited extent of any such warranty, there can be no assurance that there will be any Related Security for the Securitised Loan or, if there is, that such Related Security will be of any value in connection with the enforcement of the Securitised Loan or will realise any moneys which can be applied in satisfaction of any amounts outstanding from any Borrower under the Securitised Loan.

Representations

The Loan Sale Agreement also contains representations from the Originator, to the Issuer and the Issuer Security Trustee, to the effect that the information in this Offering Circular with regard to the Originator, its due diligence, the Securitised Loan, administration of the Securitised Loan, the Related Security, the Loan Security Trust, the Property and the relevant buildings insurance policies that is material in the context of the issue and the offering of the Notes, is true and accurate in all material respects and is not misleading in any material respect. Only the Issuer and the Issuer Security Trustee may rely upon this representation from the Originator. Breach of this representation will not give rise to any obligation on the Originator to repurchase the Securitised Loan but would enable the Issuer and/or the Issuer Security Trustee to claim damages from the Originator in respect of any loss incurred as a result of such breach.

THE STRUCTURE OF THE ACCOUNTS

The Borrower Accounts

The Loan Agreement requires the Borrower to maintain its bank accounts with an appropriately rated bank.

Rent Account

The Loan Agreement requires a specific banking account to be opened into which rental and other income derived from the Property is (either directly by the tenants or through independent managing agents) paid, being for these purposes the "**Rent Account**". The Facility Agent has sole signing rights in respect of such account.

The Loan Agreement provides for the Facility Agent, on each Loan Payment Date prior to the occurrence of a Loan Default or a potential Loan Default under the Loan Agreement, to apply the amounts then on deposit in the Rent Account in the following order of priority.

(a) **first**, payment of any fees, costs and expenses of the Facility Agent and the Loan Security Trustee due but unpaid under the Loan Documentation;

(b) **second**, payment to the relevant lenders of any accrued interest, fees and other amounts due but unpaid under the Loan Agreement;

(c) **third**, payment of unrecoverable service charge shortfalls and other operating expenses related to the Property;

(d) **fourth**, payment of any costs and fees due to the Unit Trustees; and

(f) **fifth**, any balance to be transferred to the General Account,

provided that the Facility Agent is not obliged to make any such payment or permit any withdrawal if a Loan Default has occurred and is continuing.

General Account

In addition to the Rent Account, the Borrower may open a General Account in its name, and in respect of which it has signing rights. The Borrower is entitled, provided no Loan Default has occurred under the Whole Loan, to withdraw monies freely from this account.

Tranching Account

In relation to the Whole Loan pursuant to the provisions of the Intercreditor Agreement, the Facility Agent must maintain an account (the "**Tranching Account**") and ensure that, on each Loan Payment Date for so long as no "*Material Loan Default*" is outstanding, all amounts received by the finance parties under the relevant Finance Documents and the relevant hedging agreements are paid into the Tranching Account for application in the order set out in the Intercreditor Agreement (see "*The Loan Documentation – Intercreditor Agreement*" above).

The Issuer Accounts

The Transaction Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Transaction Account**") into which the Loan Security Trustee or Facility Agent will, on the basis of information provided by the Servicer, transfer all amounts due from the Borrower, in accordance with the Intercreditor Agreement. The Cash Manager will instruct the Operating Bank to make all payments required to be made on behalf of the Issuer from the Transaction Account.

The Interest Rate Swap Collateral Cash Account and the Interest Rate Swap Collateral Custody Account

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

LOAN OVERVIEW

For the purposes of the information in this section and the following sections, the following assumptions and definitions were used.

"**Cut-Off Date**" means 25th June, 2007.

"**Distinct Tenants**" refer to tenants such as group companies which may have more than one occupational lease, but may be aggregated for the purposes of these tables.

"**ERV**" means the estimated headline annual rental value for the Property, as outlined in the applicable valuation report.

"**Implied Initial Yield**" means the Rental Income expressed as a percentage of the market value of the Property.

"**Loan Maturity Date**" means with respect to the Whole Loan, the date on which the entire outstanding principal balance of the Whole Loan is required to be repaid.

"**Net Rental Income** means Rental Income but excluding certain amounts including (a) amounts due to the underlessee from any tenants under an Occupational Lease or other occupiers by way of contribution to insurance premiums and the costs of insurance valuation or by way of service charges, (b) any contribution to any sinking fund, (c) any value added tax or similar taxes payable on rental income, (d) any Managing Agents' fees and (e) amounts held as security for the performance of a tenant's obligations pursuant to the terms of any Occupational Lease.

"**Occupancy Rate by Area**" means the ratio between (a) the floor area of the Property excluding vacant units and (b) the aggregate floor area of the Property.

"**Occupational Leases**" means tenants with occupational lease agreements. It counts separately Tenants occupying more than one unit and/or storage areas.

"**Property Obligors**" means the Property Nominees and the Unit Trustees.

"**Remaining Loan Term**" means the number of years remaining until the occurrence of the Loan Maturity Date determined as at the Cut-Off Date, assuming no loan extensions are exercised.

"**Rental Income**" means the aggregate of all amounts paid or payable to, or for the benefit or account of, any Property Obligor in connection with the letting or licensing of the Property or any part thereof, including (a) rent and/or licence fees and equivalent sums paid or payable, (b) any sums received or receivable from any deposit held as security for performance of any tenant's obligations, (c) any other moneys paid or payable in respect of occupation and/or usage of the Property and/or paid or payable to a Property Obligor under the terms of any Occupational Lease, any and every fixture and fitting therein and any and every fixture thereon, (d) any sums paid or payable or the value of consideration given in connection with the surrender or determination of any Occupational Lease and/or any grant or surrender of any underlease, (e) any profits, damages, compensation, settlement or expenses for or representing loss of rent or interest thereon awarded or agreed to be payable as a result of any proceedings taken or claim made for the same net of any costs, fees and expenses paid in furtherance of such proceedings or claim, (f) any moneys payable under any policy of insurance in respect of loss of rent or interest thereon, (g) any sum paid or payable by any guarantor of any occupational tenant or licensee under any Occupational Lease or other agreement; and (h) any interest paid or payable on any sum referred to above and any damages, compensation or settlement payable in respect of the same.

"**Securitised Loan All-In Rate**" means the fixed interest rate, including margin and credit charge, where applicable, payable by the Borrower on the Securitised Loan.

"**Securitised Loan Balance**" means the principal balance of the Securitised Loan.

"**Securitised Loan Cut-Off Date Balance**" means the Securitised Loan Balance as at the Cut-Off Date.

"**Securitised Loan Cut-Off Date DSCR/ICR**" means the debt service cover ratio/interest cover ratio which is calculated for the Securitised Loan as the quarterly Net Rental Income as of the Cut-Off Date which is generated by the Property, divided by the applicable Securitised Loan quarterly interest expense.

"**Securitised Loan Cut-Off Date LTV**" means the Securitised Loan Balance as at the Cut-Off Date divided by the Market Valuation.

"**Securitised Loan Exit LTV**" means the Securitised Loan Balance at the Loan Maturity Date divided by the Market Valuation of the Property.

"**Securitised Loan**" means the Senior Tranche of the Whole Loan as at the Cut-Off Date.

"**Tenant**" means an occupier from time to time of any part of the Property pursuant to any Occupational Lease thereof.

"**Weighted Average Time to Earlier of Lease Expiry Date or First Break Date**" is calculated from the Cut-Off Date to the earlier of lease expiry date or first break date, weighted by Net Rental Income.

"**Weighted Average Time to Lease Expiry**" is calculated from the Cut-Off Date to the lease expiry date weighted by Net Rental Income.

"**Whole Loan All-In Rate**" means the fixed interest rate, including margin, payable by the Borrower on the Whole Loan.

"**Whole Loan Balance**" means the principal balance of the Whole Loan.

"**Whole Loan Cut-Off Date DSCR/ICR**" means the debt service cover ratio/interest cover ratio which is calculated for the Whole Loan as the quarterly Net Rental Income as of the Cut-Off Date which is generated by the Property, divided by the applicable Whole Loan quarterly interest expense.

"**Whole Loan Cut-Off Date LTV**" means the Whole Loan Balance as at the Cut-Off Date divided by the Market Valuation.

"**Whole Loan Exit LTV**" means the Whole Loan Balance at the Loan Maturity Date divided by the Market Valuation of the Property securing the Whole Loan.

Table 1

Loan Overview

Loan Information	**City Point**
Borrower Name	CityPoint Holdings I Limited
Sponsor	Beacon Capital
Purpose	Acquisition Finance
Origination Date	10 May 2007
Maturity Date	20 July 2014
Cut-Off Date Securitised Balance (£)	429,000,000
Securitised Loan Cut-Off Date LTV	65.0%
Whole Loan Cut-Off Date LTV	81.1%
Securitised Loan Amortisation	Interest Only
Securitised Loan Exit LTV	65.0%
Whole Loan Exit LTV	81.1%
Interest Rate Type	Fixed
Securitised Loan All-In Rate	5.98%
Whole Loan All-In Rate	6.19%
Securitised Loan Cut-Off Date ICR(1)	1.23 x
Whole Loan Cut-Off Date ICR(1)	0.96 x
Securitised Loan Cut-Off Date DSCR(1)	1.23 x
Whole Loan Cut-Off Date DSCR(1)	0.96 x
Loan Seasoning (years)	0.1
Remaining Loan Term (years)	7.1
W.A Time to Lease Expiry (years)	13.9
W.A Time to Earlier of Lease Expiry or First Break (years)	9.7
Pledged Rent Account	Yes
Subordinated Tranches Balance (£)	106,000,000

(1) ICR/DSCR calculations excluding benefit of Sponsor Guarantee.

Table 2
Lease Rollover Profile (Earlier of Lease Expiry or First Break)

From (Years From Cut-Off Date)	To (Years From Cut-Off Date)	Number of Occupational Leases which Expire (to earlier of break or expiry date)	Net Rental Income (£)	% of Net Rental Income	Cumulative Net Rental Income (%)	Sq ft Rolling	% of Sq ft Rolling	Cumulative Sq ft Rolling
-	Holdover	1	10,000	0.0%	0.0%	78	0.0%	0.0%
Cut-Off Date	2008	0	0	0.0%	0.0%	0	0.0%	0.0%
2008	2009	2	8.976	0.0%	0.1%	561	0.1%	0.1%
2009	2010	1	12,500	0.0%	0.1%	278	0.0%	0.1%
2010	2011	2	19,688	0.1%	0.2%	668	0.1%	0.2%
2011	2012	10	6,278,631	19.9%	20.1%	110,495	15.8%	16.0%
2012	2013	0	0	0.0%	20.1%	0	0.0%	16.0%
2013	2014	1	20,000	0.1%	20.1%	332	0.0%	16.1%
2014	2015	0	0	0.0	20.1%	0	0.0%	16.1%
2015	2016	1	77,500	0.2%	20.4%	1,075	0.2%	16.2%
2016	2017	12	9,097,449	28.8%	49.2%	165,799	23.7%	39.9%
2017	2018	5	2,651,868	8.4%	57.6%	57,803	8.3%	48.2%
2018	2019	1	705,784	2.2%	59.9%	12,385	1.8%	50.%
2019	2020	2	868,950	2.8%	62.6%	16,041	2.3%	52.3%
2020	2021	5	11,249,167	35.7%	98.3%	288,101	41.2%	93.5%
2021	2022	0	0	0.0%	98.3%	0	0.0%	93.5%
2022 and above		2	543,755	1.7%	100.0%	45,494	6.5%	100.0%
Total Occupational Leases		**45**	**31,544,268**	**100.0%**	**100.0%**	**699,110**	**100.0%**	**100.0%**
Vacant Space		N/A	0	N/A	N/A	6,313	N/A	N/A
Total		**45**	**31,544,268**	**100.0%**	**100.0%**	**705,423**	**100.0%**	**100.0%**

Table 3
Property Type

Property Breakdown – by Use **Class**	**Area (sq ft)**	**%**	**Net Rental Income (£)**	**%**
Office	588,807	83.5%	29,357,162	93.1%
Retail	27,083	3.8%	799,905	2.5%
Other	60,735	8.6%	731,038	2.3%
Storage	28,798	4.1%	361,162	1.1%
Parking	0	0.0%	295,000	0.9%
Total	**705,423**	**100.0%**	**31,544,268**	**100.00%**

Property Breakdown – by Tenant Industry **Class**	**Area (sq ft)**	**%**	**Net Rental Income (£)**	**%**
Law	404,729	57.4%	17,672,776	56.0%
Finance	82,244	11.7%	4,649,486	14.7%
Outsourcing	79,458	11.3%	4,355,427	13.8%
Shipping	38,292	5.4%	2,212,429	7.0%
Hospitality	46,608	6.6%	1,490,400	4.7%
Manufacturing	14,240	2.0%	817,974	2.6%
Other	33,539	4.8%	345,776	1.1%
Vacant	6,313	0.9%	0	0.0%
Total	**705,423**	**100.0%**	**31,544,268**	**100.0%**

(1) Includes leisure centre, Simmons & Simmons canteen and auditorium and corridors.
(2) 99 parking spaces, including 10 disabled spaces which are not rentable.

Table 4
Tenant Overview

Tenant Ranking	Tenant	Rating (S/M/F)[1,2]	Net Rental Income (£)	% Net Rental Income	Area (Sq ft)	% of Total Area	Rent Review Date	W.A. Time to Lease Expiry (years)	W.A. Time to Earlier of Lease Expiry or First Break Date (years)
1	Simmons & Simmons	68	11,129,167	35.3%	282,744	40.1%	Mar 10	17.7	12.8
2	Regus (UK) Ltd	- / - / -	4,355,427	13.8%	79,458	11.3%	Sep 10	13.3	9.2
3	Macquarie Bank Ltd	A / A1 / A+	3,003,144	9.5%	55,137	7.8%	Jun 06, Jun 11 (55%) Mar 07, Mar 12 (11%) Jan 09 (11%) Feb 10 (24%)	9.0	3.9
4	Simpson Thatcher & Bartlett LLP	24	2,561,868	8.1%	53,262	7.6%	Sep 10 (26%) Dec 10 (74%)	13.3	9.8
5	NYK Line (Europe) Ltd	BBB / A3 / -[4]	2,212,429	7.0%	38,292	5.4%	May 06 (29%) Jun 06 (71%)	3.9	3.9
6	Vinson & Elkins Ltd	48	1,785,460	5.7%	27,461	3.9%	Jun 06, Jun 11 (50%) Jun 11 (50%)	8.9	8.9
7	Cravath Swaine & Moore LLP	49	1,379,383	4.4%	26,121	3.7%	Jun 10	18.0	9.3
8	Landesbank Baden Wűrttemberg	A+ / Aa1 / A+	940,558	3.0%	14,722	2.1%	Jun 06	4.0	4.0
9	Stemcor Holdings Ltd	- / - / -	817,974	2.6%	14,240	2.0%	Apr 11	13.8	9.4
10	Howrey, Simon, Arnold & White LLP	72	806,450	2.6%	14,488	2.1%	Mar 11	18.7	11.7
11	Janus Capital International Ltd	- / - / -	705,784	2.2%	12,385	1.8%	Dec 10	18.5	11.0
12	Whitbread Group PLC	- / - / -	633,633	2.0%	13,694	1.9%	Jun 10	18.0	9.1
13	Playgate Ltd	- / - / -	327,560	1.0%	32,963	4.7%	Mar 26	18.7	18.7
14	A3D2 Limited (trading as Digress)	- / - / -	216,195	0.7%	12,531	1.8%	Jun 07, Jun 10	20.0	20.0
15	Corney & Barrow Wine Bars Limited	- / - / -	125,572	0.4%	4,825	0.7%	Sep 06, Sep 11	9.3	9.3
16	Pret A Manger (Europe) Limited	- / - / -	122,500	0.4%	2,344	0.3%	Jun 06, Jun 11	19.0	4.0
17	Step Change Bars Limited (trading as The Cuban)	- / - / -	120,000	0.4%	5,357	0.8%	Jun 10	12.7	12.7
18	Wagamama Limited	- / - / -	90,000	0.3%	4,541	0.6%	Mar 07, Mar 12	9.7	9.7
19	Costa Limited	- / - / -	87,500	0.3%	1,153	0.2%	Dec 05, Nov 10 (89%) Feb 07 (11%)	13.5	8.5
20	Japanese Canteen Limited (trading as Blossom)	- / - / -	62,500	0.2%	1,553	0.2%	Aug 09	12.1	12.1
21	Lawrence Edward Weimer (trading as Edward Holland Gentlemen's Barbers)	- / - / -	20,000	0.1%	332	0.0%	Sep 08	6.5	6.5
22	Pinsent Masons	87	18,216	0.1%	576	0.1%	Apr 15	7.8	2.7
23	Firoz Mitha and Salim Mitha	- / - / -	12,500	0.0%	278	0.0%	Dec 11	4.4	2.5
24	Akin Gump Strauss Hauer & Feid LLP	30	7,088	0.0%	443	0.1%	Apr 08	0.8	0.8
25	Gide Loyrette Nouel Multinational Partnership	- / - / -	1,888	0.0%	118	0.0%	Mar 17	9.7	1.5

Tenant Ranking	Tenant	Rating (S/M/F)[1,2]	Net Rental Income (£)	% Net Rental Income	Area (Sq ft)	% of Total Area	Rent Review Date	W.A. Time to Lease Expiry (years)	W.A. Time to Earlier of Lease Expiry or First Break Date (years)
26	Morrison & Foerster LLP	27	1,472	0.0%	92	0.0%	Apr 15	7.8	3.3
	Vacant space		-	0.0%	6,313	0.9%			
	Total		**31,544,268**		**705,423**	**100.0%**		**13.9**	**9.7**

1. Ratings based on senior unsecured long term debt. If tenant itself is not rated, showing ratings related to an associated entity or parent, regardless of whether such associated entity or parent is obligor or guarantor under the lease.
2. In the case of law firms, ranking in Global Top 100 Firms (Source: The Lawyer Global 100).
3. Multiple rent review dates reflect multiple leases in place with such tenant. Adjacent percentages reflect proportion of total tenant rental income attributable to each lease with such rent review date. Where two rent review dates are listed, the first rent review date is currently outstanding and the second is the following rent review date.
4. Rating of Nippon Yusen Kabushiki Kaisha, which is guarantor under the lease.

PROPERTY SUMMARY

The Property

Property Information	
Market Valuation (£)	660,000,000
ERV (£)	36,978,050
ERV psf (£)	52.4
Net Rental Income (£)	31,544,268
Net Rental Income psf[1] (£)	45.1
Implied Initial Yield	4.8%
Tenure	Freehold
Valuer	Savills
Date of Valuation	May 2007
Property Size (Sq ft)	705,423
Occupancy by Area	99.1%
Weighted Average Time to Lease Expiry (years)	13.9
Weighted Average Time to Earlier of First Break or Lease Expiry (years)	9.7
Number of Tenants	26
Number of Occupational Leases	45
Major Tenants	**% of Net Rental Income**
Simmons & Simmons	35.3%
Regus (UK) Ltd	13.8%
Macquarie Bank Ltd	9.5%

(1) Excluding vacant space.

Location

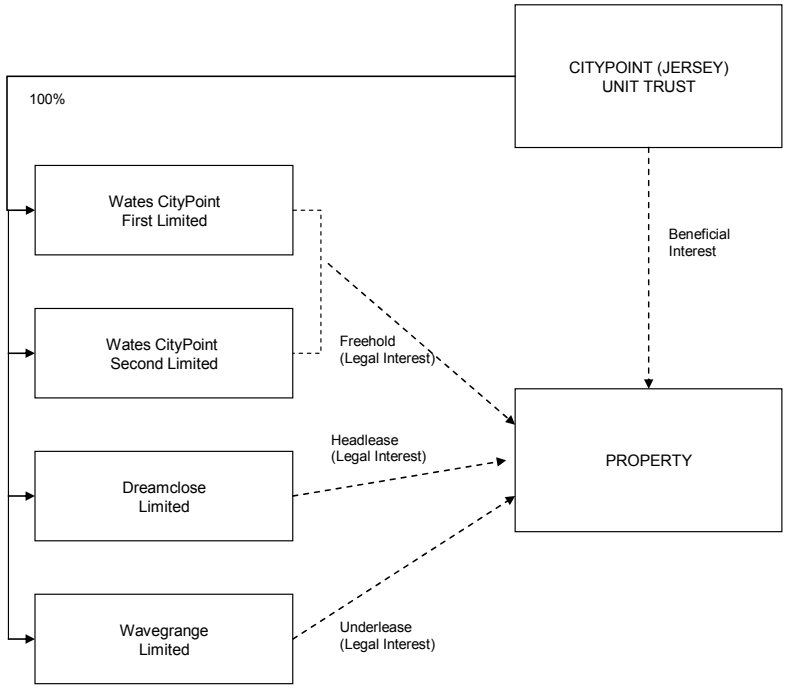
The Property is known as CityPoint, 1 Ropemaker Street, London, EC2 and comprises a single building subject to multiple underlettings. It is principally used for office purposes although there are a number of small retail units located at the ground floor level.

The Property was originally constructed in 1967 as the worldwide headquarters of the British Petroleum (BP) Group but was substantially redeveloped and enlarged in 2001. It comprises a total of approximately 705,423 square feet.

Title

The Property is divided into freehold, headleasehold and underleasehold estates (which are further divided between the legal and beneficial interests), and is subject to various occupational leases. The legal interest in the freehold estate is vested jointly in Wates CityPoint First Limited and Wates CityPoint Second Limited, the legal interest in the headleasehold estate is vested in Dreamclose Limited and the legal interest in the underleasehold estate is vested in Wavegrange Limited (see "*Property Nominees*" – page 60 above). The beneficial interests in each of the freehold, headleasehold and underleasehold estates (and accordingly the beneficial interest in the net rental income generated by the occupational leases) are vested in the CityPoint Unit Trust.

A diagram showing the different layers of title is set out below.



Each of the freehold, headleasehold and underleasehold estates, and the legal and beneficial interests in each of these, is charged by way of first ranking legal mortgage or charge in favour of the Loan Security Trustee. The net rental income generated by the occupational leases is all paid into a single transaction Rent Account (see "The Structure of the Accounts – Rent Account" – page 86 above/below). The terms of the headlease and underlease, and rents payable pursuant to the same, are accordingly disregarded.

Tenancies

The Property is underlet under various leases to 26 different tenants generating a total rental income, net of service charge and VAT payments, as of the Cut-Off Date of £31,544,268. Please see Table 5 "Tenant Overview" on page 93 above for more information.

Subtenancies

Approximately 18% [(1)] of total lettable area in the property is currently sublet. The largest lessor of sublet space is Simmons & Simmons, which sublets 68,762 sqft, approximately 24% of total Simmons & Simmons space. The largest lessee of sublet space is Macquarie Bank Ltd, which occupies approximately 34,200 sqft of sublet space, 27%[(1)] of total sublet space.

Valuation

The legal and beneficial interests in the freehold/headleasehold and underleasehold interests in the Property were valued for the purposes of the Loan by Savills in May 2007 at £660,000,000. For the purposes of the valuation, the valuers assumed that certain current outstanding rent reviews would be

[(1)] The total sublet space used to calculate these percentages excludes one sub-tenancy for which details are not available.

settled at figures equivalent to the valuers' opinion of the open market rental values of the relevant premises, resulting in a figure for the aggregate net rental income of £31,785,302.

SERVICING

Servicing Agreement

On the Closing Date, the Issuer, the Servicer, the Special Servicer, the Subordinated Lenders, the Issuer Security Trustee, the Loan Security Trustee, the Facility Agent and the Note Trustee will enter into an agreement (the "**Servicing Agreement**") pursuant to which MSMS will be appointed to act as the Servicer and Special Servicer of the Whole Loan (including the Subordinated Tranches) and the Related Security.

The duties of the Servicer include monitoring the payments made by the Borrower and issuing certain reports and notices (including quarterly loan performance reports, watchlist reports and prepayment reports) to the Issuer, the Note Trustee, the Issuer Security Trustee, the Operating Adviser (if any), the Cash Manager, the Calculation and Reporting Agent and the Rating Agencies in respect of the performance of the Whole Loan. The Servicer will procure that notice is given to Noteholders of any change in the website used for dissemination of servicing reports and notices in accordance with Condition 14 at page 158. No such website forms part of the information contained in this Offering Circular. Registration may be required for access to any such website and disclaimers may be posted with respect to the information posted thereon.

Certain of the services to be provided by the Servicer under the Servicing Agreement, such as the exercise on behalf of the Issuer, the Subordinated Lenders, and the Facility Agent and the Loan Security Trustee of their rights, powers and discretions as lender and mortgagee, respectively, under the Whole Loan and the Related Security, require the Servicer to exercise discretion in their performance. The remainder of the services to be performed by the Servicer under the Servicing Agreement, such as the provision of reports relating to the performance of the Whole Loan and the rental income generated by the Property, are administrative in nature. If the Whole Loan becomes a Specially Serviced Loan, the Special Servicer will provide the discretionary services relating to the Whole Loan in place of the Servicer.

For further information regarding the circumstances in which the Whole Loan will become a Specially Serviced Loan, see "*Transfer of powers to the Special Servicer*" at page 100. For further information regarding the manner in which Servicer and the Special Servicer will exercise their respective discretions under the Servicing Agreement, and restrictions on their ability to do so, see "*Modifications and Exercise of Discretions*" at page 102.

Standards to be Applied

In performing their respective obligations under the Servicing Agreement, each of the Servicer and Special Servicer must act in accordance with the following requirements, applying these in the following order of priority in the event of a conflict:

(a) any and all applicable laws and regulations;

(b) the express provisions of the Loan Documentation including the Intercreditor Agreement;

(c) the express provisions of the Servicing Agreement; and

(d) the Servicing Standard.

The "**Servicing Standard**" is the standard of skill, care and diligence the Servicer or Special Servicer would apply if it were the beneficial owner of the Whole Loan, with a view to the timely collection of all sums owing under the Whole Loan and, on the occurrence of a Loan Default in relation to the Whole Loan, the maximisation of recoveries available in respect of the Whole Loan (taking into account the likelihood of recovery of amounts due, the timing of any such recovery and the costs of recovery) for the lenders as a collective whole (including the Subordinated Lenders) but taking into account the subordination of the Subordinated Lenders. The requirements set out above must be applied without regard to any fees or other compensation to which the Servicer or the Special Servicer may be entitled, any obligation of the Servicer or the Special Servicer to incur any expense in connection with the performance of its obligations, any relationship the Servicer or the Special Servicer or any of their

respective affiliates may have with the Borrower (or any affiliate of the Borrower) or any other party to the transactions contemplated by the issue of the Notes or the advance of any Subordinated Tranche, the different payment priorities among the Notes or the ownership of any Note or any interest in any Subordinated Tranche by the Servicer or Special Servicer or any affiliate thereof.

The servicing of the Whole Loan will be undertaken for the benefit of the Issuer, the Subordinated Lenders, the Facility Agent and the Issuer Security Trustee according to their respective rights and interests in the Tranches and the Issuer Security and subject to the specific rights and restrictions set out in the Servicing Agreement and the Intercreditor Agreement (as summarised in this section and in the section entitled "*Intercreditor Agreement*" at page 76). If there is, in the reasonable opinion of the Servicer, any conflict between the exercise by the Subordinated Lenders of their rights under the Intercreditor Agreement and the Servicing Standard (other than in respect of certain entrenched rights of the Subordinated Lenders – see "*The Loan and the Related Security – 4. The Intercreditor Agreement – Amendments and waivers under Loan Documentation*" on page *Amendments and waivers under Loan Documentation*80 above, the Servicing Standard shall prevail in the exercise of those rights.

Delegation by the Servicer and Special Servicer

The Servicing Agreement permits each of the Servicer and the Special Servicer to sub-contract or delegate all or any of its duties thereunder. Notwithstanding any such sub-contracting arrangements, neither the Servicer nor the Special Servicer will be released or discharged from their respective liabilities under the Servicing Agreement and the Servicer and the Special Servicer will remain responsible for the performance by any sub-contractor or delegate of their respective duties thereunder.

Collection and Allocation of Funds

The Servicer will from time to time transfer or direct the Facility Agent to transfer payments made in respect of the Whole Loan from the Rent Account to the Tranching Account, as described under "*The Structure of the Accounts*" at page 86 above. The Cash Management Agreement requires the Calculation and Reporting Agent on each Calculation Date, to determine and notify to the Cash Manager the Available Prepayment Redemption Funds, the Available Principal Recovery Funds and the Available Final Redemption Funds (each as defined in Condition 5(*b*)(A) at page 144).

Arrears and Default Procedures

The Servicer or, in respect of a Specially Serviced Loan, the Special Servicer will be responsible for the supervision and monitoring of payments falling due in respect of the Whole Loan and, on the occurrence of a default, the application of the then-current default procedures (the "**Default Procedures**").

The Default Procedures must comply with the Servicing Standard. On the occurrence of an event of default in relation to the Whole Loan, the Default Procedures may result in a receiver being appointed who will agree with the Servicer, or (as is more likely in a Loan Default situation) the Special Servicer, the best strategy for preserving the rights of the Issuer and of the Subordinated Lenders in respect of the Whole Loan and in respect of the Property. An agreed strategy may result in the receiver managing the Property for a certain time or seeking to sell the Property. However, under certain circumstances, the Servicer or Special Servicer may determine that the Servicing Standard requires it to waive, vary or amend certain terms of the documentation relating to the Whole Loan (the "**Loan Documentation**") (subject, in certain cases, to obtaining the prior consent of the relevant Subordinated Lenders or, if a Subordinated Lender is the Controlling Creditor, the Operating Advisor on behalf of such Subordinated Lender), rather than to appoint a receiver or take any other formal enforcement action.

The net proceeds realised upon the enforcement of any Related Security (after payment of the costs and expenses of the enforcement) will, together with any amount payable on any related insurance contracts, be applied against the sums owing from the Borrower in the manner and order of priority described under "*The Loan and the Related Security - Intercreditor Agreement*" at page 76.

Insurance

The Servicer will be responsible for establishing and maintaining procedures to monitor compliance with the terms of the Loan Documentation regarding insurance of the Property whether or not the Whole Loan is a Specially Serviced Loan.

Upon becoming aware that any policy of buildings insurance has lapsed or that the Property is otherwise not insured in accordance with the terms of the Loan Agreement, the Servicer must request a Servicer Advance in order to pay for the required level of insurance coverage unless it considers that it would be a Non-Recoverable Advance (subject to certain exceptions as described in the "*Advance Facility*" section on page 115 below). The Loan Agreement requires the Borrower to reimburse the Facility Agent (on behalf of the Lenders) for the costs of reinstating any buildings insurance coverage and the Servicer must use all reasonable endeavours to recover such sums from the Borrower.

For further information about insurance arrangements in respect of the Property, see "*Summary - Insurance*" at page 15 and "*Risk Factors – Factors Relating to the Securitised Loan and the Whole Loan – Insurance*" at page 35.

Annual Review Procedure

The Servicer is required to undertake an annual review in respect of the Borrower and the Whole Loan in accordance with its servicing procedures. The Servicer is authorised to conduct this review process more frequently if the Servicer, in accordance with the Servicing Standard, has cause for concern as to the ability of the Borrower to meet its financial obligations under the Whole Loan. Such a review may include an inspection of the Property, a consideration of the quality of the cash flow arising from the Property and a compliance check of all of the Borrower's covenants under the Whole Loan.

Information and Reporting

The duties of the Servicer include monitoring the payments made by the Borrower and issuing quarterly reports in respect of the performance of the Whole Loan during the immediately preceding Collection Period. The Servicer will publish additional reports for the Noteholders and certain other persons via the Servicer's internet website currently located at www.morganstanley.com, pursuant to the Cash Management Agreement; however, such websites do not form part of the information provided for the purposes of this Offering Circular. Registration may be required for access to any website and disclaimers may be posted with respect to the information posted thereon. The Servicer or, if at the relevant time the Whole Loan is a Specially Serviced Loan, the Special Servicer, will be obliged to notify each other, the Issuer and the Issuer Security Trustee of any matter which becomes known to the Servicer or the Special Servicer which is a breach of any of the warranties made by the Originator to the Issuer in the Loan Sale Agreement.

Transfer of powers to the Special Servicer

If:

(a) the Borrower fails to repay any amount of principal due and payable on a day other than the maturity date of the Whole Loan or pay any amount of interest, in each case for ten business days after the Servicer has notified the Borrower that such repayment of principal or payment of interest is overdue (taking into account any grace period permitted to the Borrower in the Loan Document or any cure periods under the Intercreditor Agreement); or

(b) the payment required to be made by the Borrower in respect of the Whole Loan on its maturity date is not paid when due provided that no Servicing Transfer Event will have occurred if the Servicer has agreed to an extension of the maturity date of, and the Borrower has entered into a refinancing arrangement in respect of, the Whole Loan; or

(c) the Borrower and/or a Mortgagor has become subject to, entered into or consented to any insolvency, moratorium, administration, liquidation, receivership or similar proceedings

(unless the Servicer, acting in accordance with the Servicing Standard, is satisfied that such procedures or proceedings are vexatious or frivolous or that the Borrower or Mortgagor is in good faith disputing such proceedings); or

(d) the Servicer reasonably considers that there is an imminent risk of a Loan Default in respect of the Whole Loan, which will not be cured within 60 days of its occurrence; or

(e) any other material Loan Default occurs, and the Servicer reasonably determines that such Loan Default will not be cured within 60 days of its occurrence,

(each a "**Servicing Transfer Event**"), the Servicer shall notify the Operating Adviser (if one has been appointed), the Issuer Security Trustee and the Special Servicer of such event, whereupon the Whole Loan will become a Specially Serviced Loan and will remain so until it becomes a Corrected Loan (as described below) or until the Default Procedures are completed in relation thereto or until it is sold or redeemed in full.

The Specially Serviced Loan will become a "**Corrected Loan**" if, for two consecutive Collection Periods, the Borrower pays all principal, interest and other amounts owing in respect of the Specially Serviced Loan when they fall due and no other Servicing Transfer Event is persisting.

The designation of the Whole Loan as a Specially Serviced Loan will not affect the performance of the Servicer's obligations which are expressly retained by it notwithstanding the Whole Loan becoming a Specially Serviced Loan (such as its reporting and cash management functions).

Appointment of Operating Adviser

The Controlling Creditor, being the Subordinated Lenders in relation to either the Junior Loan Tranche if no Control Valuation Event has occurred in relation to such Tranche or, if a Control Valuation Event has occurred in relation to such Tranche, the Senior B Loan Tranche, if no Control Valuation Event has occurred in relation to such Tranche, failing which the Issuer (the "**Controlling Creditor**"), may appoint an operating adviser (the "**Operating Adviser**") to represent its interests and to advise the Special Servicer about certain matters in relation to a Specially Serviced Loan including:

(a) appointment of a receiver or similar actions to be taken;

(b) the amendment, waiver or modification of any term of the Loan Documentation which affects the amount payable by the Borrower or the time at which any amounts are payable, or any other material term of the Loan Documentation;

(c) any action taken in order to ensure compliance with environmental laws at the Property; and

(d) the release of any part of the Specially Serviced Loan's Related Security, or the acceptance of substitute or additional Related Security other than in accordance with the terms of the Loan Documentation.

Before taking any action in connection with any such matters, the Special Servicer must notify the Operating Adviser of the action it intends to take and take due account of the advice and representations of the Operating Adviser. However, if the Special Servicer determines that immediate action is required to meet the Servicing Standard, it may take whatever action it considers necessary without waiting for the Operating Adviser's response. If the Special Servicer does take such action and the Operating Adviser objects in writing to the actions so taken within 10 Business Days after being notified of the action and provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Creditor.

The Operating Adviser will be considered to have no further comment on any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within 10 Business Days and the Special Servicer shall not be obliged to consult further with the Operating Adviser

for any actions to be taken with respect to the Specially Serviced Loan if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the Whole Loan and, for 30 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Standard. However, no consultation rights that the Operating Adviser may have will restrict the Special Servicer from acting in a manner consistent with the Servicing Standard nor require it to deviate from the Servicing Standard. To that extent, the obligation of the Special Servicer to comply with the Servicing Standard overrides the consultation rights given to the Operating Adviser.

The Operating Adviser and its officers, directors, employees and owners will have no liability to the Issuer, the Subordinated Lenders, the Facility Agent, the Loan Security Trustee or any Noteholders (other than the Controlling Creditor) for any advice given, or representations made, to the Special Servicer, or for refraining from the giving of advice or making of representations. The Operating Adviser is not prohibited from:

(a) having special relationships and interests that conflict with those of holders of one or more classes of Notes;

(b) acting solely in the interests of the Controlling Creditor; and

(c) acting to favour the interests of the Controlling Creditor over the interests of any other person. The Operating Adviser will neither violate any duty nor incur any liability by acting solely in the interests of the Controlling Creditor and, in fact, owes no duties to any class of Noteholder except the Controlling Creditor if it is a Class of Noteholder. Notwithstanding the appointment of and rights of an Operating Adviser, the Special Servicer must act at all times in accordance with the requirements of the Servicing Agreement, including the requirement to act in accordance with the Servicing Standard.

Modifications and Exercise of Discretions

In addition to those restrictions imposed by the Intercreditor Agreement, the Servicing Agreement imposes restrictions on the ability of the Servicer and the Special Servicer to consent to waivers, variations or amendments of certain terms of the Loan Documentation. For example, the Issuer cannot be required to make a further advance, including any deferral of interest, and the Issuer Security Trustee's consent is required to any waiver, variation or amendment which would vary the rate of interest payable in respect of the Whole Loan or would waive any of the principal amount outstanding of the Whole Loan as at the Cut-Off Date. While any of the Notes are outstanding, the Issuer Security Trustee shall not grant its consent to any of these matters unless instructed to do so by the Note Trustee (and, for the avoidance of doubt but subject to any fiduciary duties the Note Trustee owes to the Noteholders, the Note Trustee will not be liable if consent of the Noteholders is given or not given to any such matters and may, in relation to such matters, have regard to any Rating Agency Confirmation relating to such matter). Neither the Issuer Security Trustee nor the Note Trustee will be liable for any delay if, as a result of being required to consent to such waiver, variation or amendment, the Note Trustee calls a meeting of the Noteholders or any class of Noteholders and/or seeks expert advice in connection therewith. Also, the consent of the Issuer Security Trustee and a Rating Agency Confirmation is required to an amendment in respect of the Loan Documentation which would extend the maturity date of the Whole Loan beyond the Interest Payment Date occurring in July 2014.

If the consent of the Issuer Security Trustee or a Subordinated Lender is required before action is taken in respect of the Whole Loan, neither the Servicer nor the Special Servicer shall be in breach of the Servicing Agreement if, pending receipt of such consent or confirmation, they do not take the action in respect of which the consent is sought.

The Servicer or (in the case of an amendment or waiver made by or at the direction of the Special Servicer) the Special Servicer will notify the Rating Agencies of all modifications, amendments and waivers to the Loan Documentation and will provide to the Rating Agencies such further information in relation thereto as they may reasonably require.

The Issuer Security Trustee may issue instructions to the Servicer and Special Servicer regarding the performance of their respective obligations under the Servicing Agreement if (a) the instructions are issued in connection with the exercise of a discretion or the issuance of an instruction or direction of which the Issuer Security Trustee has been given prior written notice as described above, or (b) an Enforcement Notice has been served.

Payments to the Servicer and the Special Servicer

Pursuant to the Servicing Agreement, on each Interest Payment Date the Issuer will pay to the Servicer (a) a fee (the "**Servicing Fee**") in respect of the Whole Loan payable at the rate of 0.015 per cent. per annum (exclusive of any applicable value added tax) (payable quarterly in arrear) of the outstanding principal balance of the Whole Loan calculated on the first day of the Collection Period to which that Interest Payment Date relates; and (b) a fee (the "**Administrative Services Fee**") equal to 0.02 per cent. per annum (exclusive of any applicable value added tax) (payable quarterly in arrear) of the aggregate outstanding principal balance of the Whole Loan on the first day of the Collection Period to which that Interest Payment Date relates.

The Servicing Fee and the Administrative Services Fee will accrue from day to day and will be calculated on the basis of a 365-day year and the actual number of days elapsed in the relevant Collection Period. However, for the purposes of calculating the amount of the Servicing Fee there shall be disregarded any days falling after (i) the completion of the Default Procedures, (ii) the sale or redemption in full of the Whole Loan and (iii) any days on which the Whole Loan or a particular Tranche is of the Whole Loan is specially serviced. Where a payment default has not occurred in respect of the Securitised Loan or a Subordinated Tranche the Servicing Fee will continue to be payable after the completion of the Default Procedures.

If the Whole Loan becomes a Specially Serviced Loan, each of the Issuer (but only in the circumstances set out below) and the relevant Subordinated Lenders (but only in the circumstances set out below), shall pay to the Special Servicer a fee (the "**Special Servicing Fee**") equal to 0.15 per cent. per annum (exclusive of value added tax) (or such lesser percentage rate per annum as may be agreed between the Special Servicer, the Issuer, the Subordinated Lenders and the Issuer Security Trustee, from time to time) (payable quarterly in arrear) of the outstanding principal amount of their respective Tranche, in respect of which the payment default has occurred, calculated on the first day of the Collection Period during which it became a Specially Serviced Loan. The Special Servicing Fee will accrue from day to day, will be calculated on the basis of a 365-day year and the actual number of days elapsed from and including the date on which the Whole Loan became a Specially Serviced Loan until, but excluding, the date on which the Whole Loan ceases to be a Specially Serviced Loan. The Special Servicing Fee will be payable in arrear on each Interest Payment Date commencing with the Interest Payment Date following the date on which the Whole Loan became a Specially Serviced Loan and ending on the Interest Payment Date following the date on which the Whole Loan ceases to be a Specially Serviced Loan.

Notwithstanding the fact that the Whole Loan may be a Specially Serviced Loan, the Issuer will not be required to pay any Special Servicing Fee unless the Whole Loan has become a Specially Serviced Loan and a payment default has occurred in relation to the Securitised Loan. In the event that a payment default has occurred in relation to the Subordinated Tranches but not in relation to the Securitised Loan, Special Servicing Fees will be payable by one or all of the Subordinated Lenders in relation to the Subordinated Tranches.

Notwithstanding the fact that the Whole Loan may be a Specially Serviced Loan, the lender of the Senior B Loan Tranche will not be required to pay any Special Servicing Fee unless the Whole Loan has become a Specially Serviced Loan and a payment default has occurred in relation to the Senior B Loan Tranche. In the event that a payment default has occurred in relation to the Junior Loan Tranche but not in relation to the Senior B Loan Tranche, Special Servicing Fees will be payable by the lenders of the Junior Loan Tranche.

In addition to any Special Servicing Fee then payable to the Special Servicer on each Interest Payment Date, the Special Servicer will be entitled to a fee (the "**Liquidation Fee**") which is calculated by reference to the Whole Loan Principal Recovery Funds received by or on behalf of the Issuer or the Subordinated Lenders, as the case may be, in respect of the Specially Serviced Loan during the Interest

Period then ended. The Liquidation Fee payable in respect of the Specially Serviced Loan on an Interest Payment Date will be an amount equal to 1 per cent. of the Principal Recovery Funds recovered during the related Collection Period as a result of the sale of the Property. Furthermore, on each Interest Payment Date, the Special Servicer will be entitled to a fee (the "**Work-out Fee**") equal to up to the aggregate (exclusive of value added tax) of not more than 1 per cent. of the Whole Loan Interest Receipts and not more than 1 per cent. of the Whole Loan Principal Receipts received by or on behalf of the Issuer and the Subordinated Lenders during the Interest Period then ended in respect of the Whole Loan which is, and remains, a Corrected Loan. However:

(a) no Liquidation Fee is payable in respect of Whole Loan Principal Recovery Funds derived from the purchase of the Property relating or the Specially Serviced Loan by the Servicer, the Special Servicer, any sub-servicer or sub-special servicer, any Noteholder or any Subordinated Lender pursuant to the terms of the Intercreditor Agreement or any affiliate of any of the foregoing;

(b) no Liquidation Fee is payable in respect of Whole Loan Principal Recovery Funds derived from the repurchase of the Securitised Loan if it has become a Specially Serviced Loan by the Originator in accordance with the terms of the Loan Sale Agreement;

(c) no Work-out Fee is payable in respect of a Corrected Loan in relation to which a Restructuring Fee was recovered from the Borrower in relation to the Corrected Loan and paid to the Special Servicer, as described below; and

(d) no Work-out Fee is payable in respect of the Corrected Loan unless the Corrected Loan was a Specially Serviced Loan for three or more consecutive Collection Periods prior to becoming a Corrected Loan.

The Servicer will notify the Issuer Security Trustee and the Rating Agencies in writing if a Work-out Fee has become payable in respect of the Corrected Loan. Both before enforcement of the Notes and thereafter, all fees and other sums due to the Special Servicer will be payable in priority to payments on the Notes. The Work-out Fee shall cease to apply to the Corrected Loan if the Corrected Loan becomes a Specially Serviced Loan on a second or subsequent occasion, however it will become payable once more if the Whole Loan becomes a Corrected Loan again.

On the Interest Payment Date immediately following the Interest Period during which they are incurred, the Issuer (but only in the circumstances referred to below) and the Subordinated Lenders will be obliged on a pro rata basis, according to the outstanding principal amounts of their respective Tranche, to reimburse the Servicer and the Special Servicer in respect of any out-of-pocket costs, expenses and charges properly incurred by them in the performance of their respective duties, together with interest thereon at the rate of 1 per cent. per annum over three-month LIBOR (the "**Reimbursement Rate**") from the date on which such costs, expenses or charges were incurred by the Servicer or the Special Servicer until the Interest Payment Date on which they are reimbursed. To the extent that such costs, expenses and charges are incurred and the recovery of such amounts is permitted by the Loan Documentation, the Servicer or, as the case may be, the Special Servicer shall be required to use all reasonable endeavours to ensure that the same are recovered from the Borrower.

Notwithstanding the fact that the Whole Loan may be a Specially Serviced Loan, the Issuer will not be required to pay any out-of-pocket costs, expenses and charges of the Special Servicer unless the Whole Loan has become a Specially Serviced Loan and a payment default has occurred in relation to the Securitised Loan. In the event that a payment default has occurred in relation to one or more of the Subordinated Tranches but not in relation to the Securitised Loan, such costs, expenses and charges will be payable by the lender of the Senior B Loan Tranche and the lenders of the Junior Loan Tranche, each in accordance with the Intercreditor Agreement.

Prior to agreeing to waive, vary or amend any of the terms of the Loan Documentation, the Servicer or the Special Servicer must determine and procure that the Borrower is notified of the amount of the fee (the "**Restructuring Fee**") (which must be a reasonable and customary amount) to be charged for the work undertaken in relation to that waiver, variation or amendment. The Servicer or, as the case may be, the Special Servicer will only agree to the relevant waiver, variation or amendment if the Borrower

pays the Restructuring Fee in advance, unless such an instruction would contravene the Servicing Standard. If a Restructuring Fee is charged to and recovered from the Borrower, the Issuer and the Subordinated Lenders shall promptly following such recovery, pay to the Servicer (or, in the case of a fee charged to the Borrower in relation to the Securitised Loan while it is a Specially Serviced Loan, the Special Servicer) an amount equal to the fees so recovered, each such payment to be made on a pro rata basis according to the outstanding principal amounts of their respective Tranche.

All fees, costs, expenses and charges payable to the Servicer and the Special Servicer will be paid out of the Tranching Account in accordance with the Intercreditor Agreement.

The Servicer and Special Servicer may assign all or any part of the fees to which it is entitled under the Servicing Agreement subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment. Following any termination of the appointment of the Servicer, the Servicing Fee, Administrative Services Fee and Special Servicing Fee will be paid to any substitute servicer or special servicer appointed, provided that the Servicing Fee, Administrative Services Fee and Special Servicing Fee may be payable at a higher rate (not exceeding the rate then commonly charged by providers of loan servicing services secured on commercial properties in England and Wales) agreed in writing by the Issuer and the Issuer Security Trustee to any substitute servicer.

Ability to Purchase the Securitised Loan and Related Security

The Issuer has, pursuant to the Servicing Agreement granted to the Servicer the option to purchase, on any Interest Payment Date, all, but not some only, of the Securitised Loan and Related Security, provided that on the Interest Payment Date on which the Servicer intends to purchase the Securitised Loan and the corresponding rights under the Related Security, the then aggregate principal amount outstanding of the Securitised Loan (calculated as at the Calculation Date immediately preceding such Interest Payment Date) is less than 10 per cent. of the principal balance of the Securitised Loan as at the Cut-Off Date. The Servicer must give the Issuer Security Trustee not more than 60 nor less than 30 days' prior written notice of its intention to purchase the Securitised Loan. The purchase price to be paid by the Servicer to the Issuer in respect of the Securitised Loan will be an aggregate amount equal to (a) the outstanding principal amount under the Securitised Loan (b) interest accrued (but unpaid) up to, but excluding, the date of repurchase, (c) any amounts due to the Advance Provider or the Advance Guarantor, but not, for the avoidance of doubt, any amounts which have been drawn to cover interest referred to in paragraph (b) above and consequently which would be repaid as a result of the payment of the relevant amount referred to in paragraph (b) and (d) costs incurred by the Issuer (including any Interest Rate Swap breakage costs, if any, unless otherwise agreed with the Secured Parties) in respect of having sold the Securitised Loan and the Securitised Loan being purchased by the Servicer.

Following the completion of such a purchase of the Securitised Loan by the Servicer, in the case of the Issuer, all of its rights, title and interest in the Securitised Loan (and its beneficial interest in the Loan Security Trust created over the Related Security) shall be transferred to the Servicer and, in the case of the Issuer Security Trustee, a release and discharge of its security interests in the Securitised Loan shall be perfected.

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 Issuer Security Trustee or the Controlling Creditor following a termination event, by voluntary termination or once the Securitised Loan has been repaid in full.

The Issuer Security Trustee may terminate the Servicer's or Special Servicer's appointment under the Servicing Agreement, (a) upon the occurrence of a termination event in respect of that entity under the terms of the Servicing Agreement, including, among other things, a default in the payment on the due date of any payment to be made by it under the Servicing Agreement which continues for a period of five Business Days after the earlier of the Servicer or the Special Servicer, as the case may be, becomes aware of such default and receipt by the Servicer or the Special Servicer of written notice from the Issuer Security Trustee and/or the relevant Subordinated Lender requires the same to be remedied, or, (b) in certain circumstances, a default in performance of any of its other material covenants or obligations under the Servicing Agreement, or (c) if 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 the Special Servicer, the Issuer Security Trustee may, subject to certain conditions (including, but not limited to, the receipt of confirmation of ratings from S&P, Fitch and Moody's in relation to such appointment and a confirmation from Moody's (if it is then rating the Notes) that the appointment of a substitute servicer or special servicer will not result in its then current ratings of the Notes of any class being withdrawn, downgraded or qualified, unless otherwise agreed by an Extraordinary Resolution of separate class meetings of each class of the Noteholders), appoint a substitute servicer or, special servicer. If the appointment of the Special Servicer is terminated in respect of the Securitised Loan (otherwise than by reason of the Securitised 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 rights and obligations of the Special Servicer in respect of the Securitised Loan.

In addition the Controlling Creditor may require the Note Trustee to instruct the Issuer Security Trustee to terminate the appointment of the person then acting as the Special Servicer (a) upon not less than three months' prior written notice to each of the Issuer, the Loan Security Trustee, the Note Trustee, the Issuer Security Trustee and the Servicer or the Special Servicer (whichever is not purporting to give notice) or (b) upon the occurrence of a termination event in respect of the relevant entity as set out in the previous paragraph. Each of the Servicer and the Special Servicer may terminate its appointment upon not less than three months' prior written notice to each of the Issuer, the Loan Security Trustee, the Note Trustee, the Issuer Security Trustee and the Servicer or the Special Servicer (whichever is not purporting to give notice). No such termination shall be effective, however, unless and until (a) a qualified substitute servicer or substitute special servicer, as the case may be, has been appointed and agreed to be bound by the Servicing Agreement (including, but not limited to, those provisions as to the fees, costs and expenses) and the Deed of Charge and Assignment, such appointment to be effective not later than the date of termination of the Servicing Agreement, (b) such substitute servicer or substitute special servicer and the forms of its appointment are approved in writing by the Issuer, the Subordinated Lenders and the Issuer Security Trustee and (c) the Rating Agencies have provided a written Rating Agency Confirmation in relation to such appointment and a confirmation from Moody's (if it is then rating the Notes) that the appointment of a substitute servicer or special servicer will not result in its then current ratings of the Notes of any class being withdrawn, downgraded or qualified (unless otherwise agreed by an Extraordinary Resolution at separate meetings of each class of Noteholders).

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

CASH MANAGEMENT

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain, in the name of the Issuer, the Transaction Account, the Interest Rate Swap Collateral Cash Account and the Interest Rate Swap Collateral Custody Account. The Operating Bank has agreed to comply with any directions of the Cash Manager, the Issuer or the Issuer Security Trustee to effect payments from the Transaction Account or the Interest Rate Swap Collateral Cash Account if such direction is made in accordance with the mandate governing the applicable account.

Calculation of Amounts and Payments

As described in "*Servicing – Collection and Allocation of Funds*" on page 99, in each Collection Period the Servicer will transfer funds from the Rent Account to the Tranched Account and then from the Tranched Account to the Transaction Account. In addition, all payments made by the Interest Rate Swap Provider and/or the Interest Rate Swap Guarantor (other than those contemplated by the Interest Rate Swap Agreement Credit Support Document (as applicable) and all Interest Advances and Issuer Expense Advances will be paid into the Transaction Account. All payments required to be made by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swap Agreement will be deducted from the Transaction Account and applied, where relevant, in accordance with the waterfall. Once such funds have been credited to the Transaction Account, the Cash Manager shall, on a non-discretionary basis, arrange for such sums to be invested in Eligible Investments. Funds will be applied by the Cash Manager as required by the Deed of Charge and Assignment and the Cash Management Agreement. For further information regarding how the Cash Manager will apply funds on Interest Payment Dates, see "*Summary – Available funds and their Priority and Application: The Notes – Payments out of the Transaction Account prior to Service of an Enforcement Notice Issuer Priority of Payments*" at page 26 and "*Credit Structure – Post-Enforcement Priority of Payments*" at page 113.

"**Eligible Investments**" means investments made in any one of the following categories of investment in the following order and in the following circumstances (a) liquidity funds and/or money market funds, demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one business day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated "A-1+" by S&P, "F1" by Fitch and "P-1" by Moody's (if such investments are to be held with such entity for less than 90 days, the long-term unsecured, unguaranteed and unsubordinated debt obligations of such entity are rated "A1" by Moody's) or, if no such investment is available in the market, (b) sterling denominated government securities or, if no such investment is available in the market (c) such investments as are otherwise acceptable to the Rating Agencies if the deposits are (i) to be held in such account for 30 days or more and the short-term debt obligations of which have a short-term rating of not less than "A-1+" from S&P, "F1+" from Fitch and "P-1" (and, if such investments are to be held in such account for more than 90 days, a long-term rating of "Aaa") from Moody's or (ii) to be held in such account for less than 30 days and the short-term debt obligations of which have a short-term rating of not less than "P-1" from Moody's, or a long-term rating of not less than A2 from Moody's, or such other account or accounts with respect to which the Rating Agencies shall have provided a Rating Agency Confirmation in writing and which, if Moody's is then rating the Notes, are consistent with the then current Moody's criteria applicable to eligible investments.

The Cash Manager shall, if it invests monies in Eligible Investments, follow a prudent low-risk investment strategy by investing in Eligible Investments that are readily realisable with a view to achieving a reasonable return on the monies invested. The Cash Manager will not actively manage such investments with a view to achieving the highest possible returns.

On each Calculation Date (being the third Business Day prior to the relevant Interest Payment Date, save in respect of the Interest Payment Date falling in July 2017 when it means the actual Interest Payment Date in July 2017), the Calculation and Reporting Agent will determine, the Available Interest Receipts, the Available Principal and the Prepayment Fees (to the extent received by the Issuer) as well as the amounts required to be paid on the Securities on the forthcoming Interest Payment Date and all other

amounts then payable by the Issuer. The Calculation and Reporting Agent will also calculate the Principal Amount Outstanding for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date. Forthwith upon making such calculations, the Calculation and Reporting Agent will notify the Cash Manager thereof.

On each Interest Payment Date, the Cash Manager will instruct the Operating Bank to: (a) make any payment required to be made by the Issuer under the Interest Rate Swap Transaction (and any payment required to be made in order to enter into a replacement swap agreement); and (b) pay on behalf of the Issuer, out of the Available Interest Receipts and Available Principal determined by the Calculation and Reporting Agent to be available for such purposes, each of the payments required to be paid pursuant to, and in the priority set forth in, the Deed of Charge and Assignment, including all payments required to carry out redemption of the Notes pursuant to Condition 5(b) at page 144, in each case according to the provisions of such Condition. On each Business Day on which the same are paid into the Transaction Account, the Cash Manager shall (x) arrange to be paid to the Class X Certificate Holders an amount equal to the Prepayment Fees that were transferred to the Transaction Account during the related Collection Period as a component of the Deferred Consideration; and (y) arrange to be paid to the Class X Certificate Holders as a component of the Deferred Consideration an amount equal to the Interest Rate Swap Breakage Receipts (to the extent they do not constitute Available Interest Receipts or Issuer Priority Payments) payable to the Class X Certificate Holders that were transferred to the Transaction Account during the related Collection Period. In addition, on each Business Day on which the Cash Manager is notified by the Servicer that it is required to do so, the Cash Manager will instruct the Operating Bank to pay, out of Issuer Interest Receipts or (if the same are insufficient) out of Issuer Principal Receipts, all Revenue Priority Amounts and Principal Priority Amounts required to be paid by the Issuer on that date.

Ledgers

The Cash Manager will maintain the following ledgers:

(a) a ledger in respect of Issuer Interest Receipts (the "**Interest Ledger**");

(b) a ledger in respect of Issuer Principal Receipts (the "**Principal Ledger**");

(c) a ledger in respect of drawings made under the Servicer Advance Facility Agreement (the "**Advance Facility Ledger**");

(d) a ledger in respect of prepayment fees (the "**Prepayment Fee Ledger**"); and

(e) a ledger in respect of Interest Rate Swap Breakage Receipts (the "**Interest Rate Swap Breakage Receipts Ledger**").

The Cash Manager will from time to time on the basis of information delivered to it by the Calculation and Reporting Agent and in accordance with the payments made:

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

(ii) credit the Principal Ledger with all Issuer Principal Receipts transferred and credited to the Transaction Account and debit the Principal Ledger with all payments made out of Issuer Principal Receipts;

(iii) credit the Advance Facility Ledger with all payments of interest on and repayments of principal of drawings made under the Servicer Advance Facility Agreement and debit the Advance Facility Ledger with all Advance Facility Drawings made by the Issuer under the Servicer Advance Facility Agreement;

(iv) credit the Prepayment Fee Ledger with all Prepayment Fees (to the extent received by the Issuer) transferred and credited to the Transaction Account and debit the Prepayment Fee

Ledger with all payments made to the Class X Certificate Holder in respect of that part of the Deferred Consideration which comprises an amount equal to Prepayment Fees due and payable to such Class X Certificate Holder; and

(v) credit the Interest Rate Swap Breakage Receipts Ledger with all Interest Rate Swap Breakage Receipts transferred and credited to the Transaction Account and debit the Interest Rate Swap Breakage Receipts Ledger with (x) all payments made to the Class X Certificate Holders in respect of that part of the Deferred Consideration which comprises an amount equal to Interest Rate Swap Breakage Receipts (other than Interest Rate Swap Breakage Receipts which constitute Available Interest Amounts or Issuer Priority Payments) due and payable to the Class X Certificate Holder and (y) all amounts of Interest Rate Swap Breakage Receipts that are to be applied as Available Interest Amounts or as Issuer Priority Payments.

Calculation and Reporting Agent's Reports

The Calculation and Reporting Agent will deliver a bond payment report by 12.00 noon (London time) on the Business Day immediately preceding each Interest Payment Date. In addition, the Calculation and Reporting Agent will deliver a preliminary pool factor report (a "**Preliminary Pool Factor Report**") by 12.00 noon. (London time) on the second Business Day prior to each Interest Payment Date. Each Preliminary Pool Factor Report will contain information concerning the Pool Factor for the relevant Collection Period. All such reports will also be made available to Noteholders and certain other persons via the Servicer's internet website currently located at www.morganstanley.com, pursuant to the Servicing Agreement; however, such websites do not form part of the information provided for the purposes of this Offering Circular. Registration may be required for access to any website and disclaimers may be posted with respect to the information posted thereon.

Delegation by the Cash Manager

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

Fees

Pursuant to the Cash Management Agreement the Issuer will pay on each Interest Payment Date a cash management fee to the Cash Manager and will arrange for a Calculation and Reporting Agent fee to be paid to the Calculation and Reporting Agent. The Issuer will also reimburse the Cash Manager, the Calculation and Reporting Agent and the Operating Bank for all out-of-pocket costs and expenses properly incurred by them in the performance of the services to be provided by them under the Cash Management Agreement as Cash Manager, Calculation and Reporting Agent and Operating Bank, respectively. Any successor will receive remuneration on the same basis.

Both before enforcement of the Notes and thereafter (subject to certain exceptions), amounts payable by the Issuer to the Cash Manager, the Calculation and Reporting Agent and the Operating Bank will be payable in priority to interest payments due on the Notes. This order of priority has been agreed with a view to procuring the continuing performance by each of the Cash Manager, the Calculation and Reporting Agent and the Operating Bank of their duties in relation to the Issuer, the Issuer Security Trustee and the Note Trustee.

Termination of Appointment of the Cash Manager and Calculation and Reporting Agent

The appointment of each of the Cash Manager and the Calculation and Reporting Agent under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Issuer Security Trustee. The Issuer or the Issuer Security Trustee may terminate the Cash Manager's or

Calculation and Reporting Agent's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event as set out in the Cash Management Agreement, including, among other things, (a) a failure by the Cash Manager or Calculation and Reporting Agent to make when due a payment required to be made by the Cash Manager on behalf of the Issuer in accordance with the Cash Management Agreement, or (b) a default in the performance of any of the Cash Manager's or, as applicable, the Calculation and Reporting Agent's other duties under the Cash Management Agreement which continues unremedied for a period of fifteen Business Days after the earlier of the Cash Manager or Calculation and Reporting Agent becoming aware of such default or receipt by the Cash Manager or Calculation and Reporting Agent of written notice from the Issuer Security Trustee requiring the same to be remedied, or (c) a petition is presented, an effective resolution is passed, or an application is made for its winding up or the appointment of a liquidator, an administrator or similar official, or a notice of intention to appoint an administrator is served, or an administrator is otherwise appointed.

The Cash Management Agreement requires that the Operating Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If the Operating Bank ceases to be an Authorised Entity, the Cash Manager will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer and the Issuer Security Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement, procure the transfer in certain circumstances, of the Issuer Accounts, to another bank which is an Authorised Entity.

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

The Cash Manager may resign as cash manager and the Calculation and Reporting Agent may resign as Calculation and Reporting Agent upon not less than three months' written notice of resignation to each of the Issuer, the Servicer, the Operating Bank and the Issuer Security Trustee. Any resignation or removal of the Cash Manager or the Calculation and Reporting Agent will only take effect when a suitably qualified successor Cash Manager or Calculation and Reporting Agent shall have been appointed in accordance with the Cash Management Agreement.

THE TRUST DEED

Among other things, the Trust Deed:

(a) sets out when, and the terms upon which, the Note 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);

(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 Note 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 Note Trustee against liabilities, losses and costs arising out of the Note Trustee's exercise of its powers and performance of its duties;

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

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

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

(g) sets out the scope of the Note Trustee's liability for any breach of duty or breach of trust, negligence or default in connection with the exercise of its duties;

(h) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that an Event of Default (as defined in Condition 9) or any event, condition or act, which, with the giving of notice and/or the lapse of time and/or the Note Trustee issuing any relevant notice, would constitute an Event of Default (any such event, condition or act, a "**Potential Event of Default**") will not be treated as such;

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

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

The Trust Deed also contains provisions governing the retirement or removal of the Note Trustee and the appointment of a successor note trustee. The Note Trustee may at any time and for any reason resign as Note 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 Note Trustee from office. No retirement or removal of the Note Trustee (or any successor note trustee) will be effective until a trust corporation has been appointed to act as successor Trustee.

The appointment of a successor Note Trustee will be made by the Issuer or, where the Note 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 Note Trustee itself. No person may be appointed to act as a successor Note Trustee unless that person has been previously approved by an Extraordinary Resolution of each class of the Noteholders.

CREDIT STRUCTURE

The composition of the Securitised Loan and the Related Security and the structure of the transaction and the other arrangements for the protection of the Noteholders, in light of the risks involved, have been reviewed by the Rating Agencies. The ratings assigned by the Rating Agencies to each class of Notes are set out in "*Summary – The Notes – Ratings*" at page 23. 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 Securities are dependent upon, among other things, the short-term unsecured, unguaranteed, unsubordinated debt ratings of the Advance Guarantor and the long term unsecured, unsubordinated debt rating of the Interest Rate Swap Guarantor. Consequently, a qualification, downgrade or withdrawal of either such ratings may have an adverse effect on the ratings of the Securities.

The principal risks associated with the Securities 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*" at page 35 for a description of the principal risks in respect of the Securitised Loan and Related Security.

Liquidity, Credit and Interest Rate

The Issuer is subject to:

(a) the risk of delay arising between scheduled Loan Payment Dates and the receipt of payments due from the Borrower on such dates. This risk is addressed in respect of the Notes through the ability of the Issuer to seek drawings under the Servicer Advance Facility Agreement to cover certain third party expenses, as well as shortfalls in the scheduled amounts of Borrower Interest Receipts and by the liquidity support provided to more senior classes of Notes by those classes of Notes (if any) ranking lower in priority;

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

(c) the risk of the interest rates payable by the Borrower on the Securitised Loan being less than that required by the Issuer in order to meet its commitments under the Securities and its other obligations. This risk is addressed by the Interest Rate Swap Transaction (for further information as to which, see "*The Interest Rate Swap Agreement*" at page 119), and by the ability of the Issuer to seek drawings under the Servicer Advance Facility Agreement to cover certain third party expenses and shortfalls in Borrower Interest Receipts.

Liabilities under the Securities

The Notes and interest thereon and the Class X Certificates and amounts due thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Securities will not be obligations or responsibilities of, or be guaranteed by the Originator, or of or by the Manager, the Servicer, the Special Servicer, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Corporate Services Provider, the Loan Security Trustee, the Share Trustee, the Nominee Trustee, the PECO Holder, the Paying Agents, the Agent Bank, the Registrar, the Advance Provider, the Advance Guarantor, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the Calculation and Reporting Agent or the Operating Bank or any company in the same group of companies as those parties listed above and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Securities.

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 (a) interest on the Class A Notes, and (b) the Class X Amount, which rank *pari passu*, and other liabilities of the Issuer ranking higher in priority to interest payments on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, respectively, as provided in "*Summary – Available Funds and their Priority of Application: The Notes – Available Interest Receipts*" at page 27, 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 Securities then outstanding, after making the payments and provisions ranking higher in priority to the relevant interest payment, as the case may be, such interest will not then be due and payable but 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, or on the date on which the relevant Notes are due to be redeemed in full.

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 and the Class X Amounts. Available Principal will be applied as described in "*Cashflows – Available Funds and their Priority of Application: The Notes – Available Issuer Principal Receipts*" at page 31 and Condition 4(b) at page 141.

Post-Enforcement Priority of Payments

The Issuer Security will become enforceable upon the Note Trustee serving an Enforcement Notice. Following the service of an Enforcement Notice to the Issuer Security, the Issuer Security Trustee will be required to apply all funds, to the extent not otherwise already paid (other than (1) Prepayment Fees or Interest Rate Swap Breakage Receipts payable as part of the Deferred Consideration under the Loan Sale Agreement (2) any Excess Interest Rate Swap Collateral (which is to be paid directly and only to the Interest Rate Swap Provider) 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 payment or discharge of any amounts due and payable by the Issuer to (a) the Note Trustee, the Issuer Security Trustee, any appointee of either of them and any receiver appointed by or on behalf of the Issuer Security Trustee pursuant to the Deed of Charge and Assignment, *pari passu* and *pro rata*; then (b) to the Interest Rate Swap Provider in respect of amounts due or overdue to it under the Interest Rate Swap Agreement and the Interest Rate Swap Agreement Credit Support Document including payments due to be made by the Issuer following an early termination of the Interest Rate Swap Agreement (other than Interest Rate Swap Subordinated Amounts); then (c) the Paying Agents, the Registrar and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency and Reporting Agreement, *pari passu* and *pro rata*; then (d) the Servicer in respect of the Servicing Fee and the Administrative Services Fee and the Special Servicer in respect of any Special Servicing Fees and any other amounts due to the Servicer and the Special Servicer pursuant to the Servicing Agreement, in each case as between the Servicer and the Special Servicer, *pari passu* and *pro rata* and to the extent such fees and other amounts have not already been paid from the Tranching Account, then (e) the Cash Manager under the Cash Management Agreement; then (f) the Corporate Services Provider under the Corporate Services Agreement; then (g) the Share Trustee under the Share Declaration of Trust; then (h) the Nominee Trustee under the Nominee Declaration of Trust; then (i) the Operating Bank under the Cash Management Agreement; and then (j) the Calculation and Reporting Agent under the Cash Management Agreement; then (k) the Advance Provider under and in accordance with the Servicer Advance Facility Agreement, other than any Advance Facility Subordinated Amounts;

(ii) in each case *pari passu* and *pro rata* (a) in or towards payment of (x) interest due or overdue on the Class A Notes and (y) the Class X Amount due or overdue; and after payment of all such sums, (b) in repayment of 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) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class B Notes; and after payments of all such sums (b) in repayment of all amounts of principal due or overdue on the Class B Notes and all other amounts of principal due in respect of the Class B Notes until the outstanding principal balance of the Class B Notes is reduced to zero);

(iv) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class C Notes; and after payments of all such sums (b) in repayment of 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) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class D Notes; and after payments of all such sums (b) in repayment of 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) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class E Notes; and after payments of all such sums (b) in repayment of 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 payment or discharge to or towards any Interest Rate Swap Subordinated Amounts due and payable by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swap Agreement;

(viii) in or towards payment of any Advance Facility Subordinated Amounts;

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

(x) any surplus to the Issuer or other persons entitled thereto as advised to the Calculation and Reporting Agent by the Issuer,

provided that at the time a payment is proposed to be made to an Issuer Secured Party (other than the Noteholders) following an enforcement of the Issuer Security and that Issuer Secured Party is in default under any of its obligations under any of the transaction documents under the terms of which it is required to make any payments to the Issuer, the amount of the payment which may be made to that Issuer Secured Party shall be reduced by an amount equal to such defaulted payment.

Following service of an Enforcement Notice, the Issuer Security Trustee will have recourse only to the rights of the Issuer to the Securitised Loan and the Related Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreement for material breach of warranty in relation to the Securitised Loan and, in certain limited circumstances, the Related Security (as to which, for further information, see "*The Loan Sale Agreement – Warranties*" at page 82) 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 the Originator set out therein, the Issuer and/or the Issuer Security Trustee will have no recourse to MSMS or the Originator.

The terms on which the Issuer Security will be held will provide that, upon enforcement, certain payments, including all amounts payable to any receiver, the Issuer Security Trustee, the Note Trustee and any appointee of either of them, all amounts due to the Servicer or any other person in respect of, among other things, the Servicing Fee and the Administrative Services Fee and to the Special Servicer in respect

of the Special Servicing Fee and Liquidation Fees, the Cash Manager, the Calculation and Reporting Agent, the Corporate Services Provider, the Share Trustee, the Operating Bank, all payments due to the Interest Rate Swap Provider under the Interest Rate Swap Transaction (other than in respect of amounts specified at item (x) above) and all payments due to the Advance Provider under the Advance Facility (other than Advance Facility Subordinated Amounts) will be made in priority to payments in respect of the Securities. Following service of an Enforcement Notice, all amounts owing to the Class A Noteholders and the Class X Amounts will rank higher in priority to all amounts owing to the Class B Noteholders. All amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders. All amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders. All amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Securities, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom (which will be borne in accordance with the terms of the Deed of Charge and Assignment).

Advance Facility

On the Closing Date, the Issuer will enter into the Servicer Advance Facility Agreement with the Advance Provider, the Servicer, the Special Servicer and the Issuer Security Trustee, whereby the Advance Provider will provide an advance facility (the "**Advance Facility**") in a maximum amount of £41,000,000 (or such further amount as the Advance Provider may at its sole discretion agree to lend) (the "**Advance Facility Commitment**") to the Issuer.

If on any Business Day the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer determines that there will be a shortfall in the amount available to pay certain Loan Related Expenses (as defined below) the Servicer or Special Servicer, on behalf of the Issuer, may request an advance in an amount equal to the required payment (such amount a "**Loan Protection Advance**").

"**Loan Related Expenses**" includes, among other things,:

(a) buildings insurance premia;

(b) in the case of a Specially Serviced Loan, operating, leasing, managing and liquidation expenses to the extent that a receiver of the Property has requested the payment of such amounts;

(c) environmental inspections, to the extent that the Loan Agreement or the Servicing Agreement require the same to be obtained;

(d) property taxes, assessments and other items which the Borrower is obliged to pay by virtue of its ownership of the Property;

(e) valuations of the Property, to the extent required to enable the Servicer or, as the case may be, the Special Servicer, to perform its duties under the Servicing Agreement; and

(f) (to the extent that the Servicer or the Special Servicer is required to be put in funds in relation to, or reimbursed for, any such amounts under the Servicing Agreement) any out-of-pocket costs and expenses required to be incurred by the Servicer or the Special Servicer in connection with the performance of their respective duties under the Servicing Agreement including, without limitation, those required to be incurred by the Servicer or Special Servicer in connection with a waiver or modification of the Loan Documentation.

On each Calculation Date, if the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer determines that on the immediately following Interest Payment Date an Interest Shortfall will arise in respect of the Securitised Loan the Servicer may request, on behalf of the Issuer, an advance in an amount equal to the relevant Interest Shortfall (such amount an "**Interest Advance**") (subject to any

Appraisal Reduction, as described at page 119 below). Any Interest Advance made pursuant to such a request will be credited to the Transaction Account.

The Advance Provider shall decline to make any Advance requested if, as a result of making such Advance, the total amount of Advances outstanding in relation to the Securitised Loan would be 50 per cent. or more of the value of the Property.

An "**Interest Shortfall**" means with respect to the Securitised Loan on any Interest Payment Date, the amount, if any, by which the Scheduled Interest Receipts due in relation to the Securitised Loan during the Collection Period immediately preceding such Interest Payment Date were more than the Borrower Interest Receipts actually received by or on behalf of the Issuer in respect of the Securitised Loan during such Collection Period.

If on any Business Day the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer determines that there will be a shortfall in the amount available to pay the amounts due from the Issuer to a third party other than to a Secured Party (other than the Interest Rate Swap Provider) including the Issuer's liability, if any, to corporation tax and/or value added tax and any other obligations incurred in the course of the Issuer's business, the Servicer may request, on behalf of the Issuer, an advance in an amount necessary to cover such shortfall (such advance an "**Issuer Expenses Advance**" and, together with a Loan Protection Advance and an Interest Advance, the "**Advance Facility Drawings**" or "**Advances**"). If, on any date, the undrawn balance of the Advance Facility Commitment is less than the aggregate amount of all Advance Facility Drawings that the Issuer would otherwise be entitled to seek on that date, such undrawn balance shall be drawn by, or on behalf of, the Issuer, first as Issuer Expenses Advances, second as Loan Protection Advances and third as Interest Advances.

The Advance Facility will not be available to fund shortfalls in the amount of Final Redemption Funds, Principal Recovery Funds or Prepayment Redemption Funds or to fund any Principal Priority Amount or any other repayment of principal due from the Borrower.

Notwithstanding the above, neither the Servicer nor the Special Servicer shall request the Advance Provider to make a Loan Protection Advance or an Interest Advance if, subject as stated below, it would not be ultimately recoverable from Late Collections or any other recovery on or in respect of the Securitised Loan or its Related Security (a "**Nonrecoverable Advance**"). Prior to requesting a Loan Protection Advance or an Interest Advance (other than the first Interest Advance made in relation to a particular Loan), the Servicer or, while the Loan is a Specially Serviced Loan, the Special Servicer shall determine whether or not such Advance, if made, would constitute a Nonrecoverable Advance. The information to be taken into account by the Servicer or the Special Servicer in making a recoverability determination shall include, but not be limited to, information available to the Servicer and Special Servicer regarding income and expense statements, rent rolls and occupancy status and the findings of any property inspections. If a valuation of the Property has been commissioned, the results of such valuation shall also be included. In determining whether an advance is a Nonrecoverable Advance the Servicer or the Special Servicer, as applicable, will always act in accordance with the Servicing Standard.

If the Securitised Loan is at any time a Specially Serviced Loan, the Special Servicer shall determine whether an Advance would be a Nonrecoverable Advance, but if the Servicer believes that any proposed Advance Facility Drawing that the Special Servicer determines to be recoverable would, in fact, be nonrecoverable, the Servicer may notify the Advance Provider and the Advance Provider shall not be required to make such an Advance Facility Drawing. In relation to a Specially Serviced Loan, the Special Servicer may, with the prior written consent of the Issuer Security Trustee, itself advance an amount equal to Loan Related Expenses if the Servicer determines that a Loan Protection Advance drawn to cover such amounts would be a Nonrecoverable Advance. If the Special Servicer advances such an amount it will be entitled to be repaid in the same manner as the Advance Provider would have been repaid had the Advance Provider made the Loan Protection Advance. The Servicer may submit a request for a Loan Protection Advance notwithstanding that it or the Special Servicer considers that such Loan Protection Advance would, if made, constitute a Nonrecoverable Advance if the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer has determined that the making of such a Loan Protection Advance would be in accordance with the Servicing Standard. The Advance Provider will be entitled to rely conclusively upon any such determinations of recoverability made by the Servicer or the Special Servicer; provided, however, that neither the Servicer nor the Special Servicer shall incur any liability to any other party in respect of

any losses or liability incurred by any party which result from the estimate or determination of the Advance Facility Drawings which are required to be made (other than as a result of the Servicer's or, as the case may be, the Special Servicer's negligence or wilful misconduct).

The Advance Provider will be entitled to reimbursement for any Interest Advances or Loan Protection Advances made in relation to the Securitised Loan upon receipt from the Borrower of Late Collections on the Securitised Loan. In addition, the Advance Provider will be entitled to repayment from funds standing to the credit of the Transaction Account, if the Servicer or Special Servicer, as applicable, determines (in accordance with the Servicing Standard) that an Advance Facility Drawing has become a Nonrecoverable Advance. The Servicer and the Special Servicer, as applicable, will be required to advise the Advance Provider on a quarterly basis of any Advance Facility Drawings made by the Advance Provider that it determines to be a Nonrecoverable Advance or if enforcement proceedings have been completed in respect of the Securitised Loan and insufficient proceeds have been received to repay all the Advance Facility Drawings made in respect of the Securitised Loan. The Advance Provider will be entitled to receive interest at the Advance Facility Reimbursement Rate in effect from time to time accrued on the amount of any outstanding Advance Facility Drawings from the date made to, but not including, the date of reimbursement. The Servicer will reimburse the Advance Provider for any outstanding Loan Protection Advance or Interest Advance from Late Collections as soon as practically possible after funds available for such purpose have been received by the Servicer. The Issuer is required to repay any Issuer Expenses Advance in full on the Interest Payment Date following the date of drawing.

For as long as any Advance Facility Drawings remain outstanding in relation to the Securitised Loan a new Market Valuation in relation to the Property Loan must be conducted every 12 months. In addition, if at any time the amount of an Advance Facility Drawing exceeds 5 per cent. of the property valuation of the Property, an additional Market Valuation of the Property must be carried out.

The determination by the Servicer or the Special Servicer that an Advance Facility Drawing previously made constitutes a Nonrecoverable Advance or that any proposed Advance would, if made, constitute a Nonrecoverable Advance, shall be evidenced by an Officer's Certificate delivered to the Issuer Security Trustee and the Special Servicer, setting forth the basis of such determination of nonrecoverability and the factors taken into account by the Servicer or the Special Servicer in making such a determination.

"**Advance Facility Reimbursement Rate**" means, the rate per annum applicable to the accrual of interest on Advance Facility Drawings in accordance with the terms of the Servicer Advance Facility Agreement, which rate per annum will equal the sum of the rate, from time to time, of LIBOR for three-month sterling deposits and 0.40 per cent. per annum.

"**Default Interest**" means with respect to the Securitised Loan in relation to which a default has occurred interest accrued on the Securitised Loan in accordance with the terms of the Loan Agreement at the rate that exceeds the rate at which interest accrues while the Securitised Loan is not in default.

"**Late Charges**" means any amount charged to and recovered from the Borrower (other than Default Interest and Prepayment Fees) as a result of the Borrower's late payment of any amount due under the Securitised Loan.

"**Late Collections**" means, with respect to the Securitised Loan, all Interest Receipts received thereon during any Collection Period (other than those allocated towards Late Charges) which represent late payments of Scheduled Interest Receipts that were due in previous Collection Periods.

Upon a determination that a previously made Advance Facility Drawing has become a Nonrecoverable Advance, instead of obtaining reimbursement out of Late Collections, the Advance Provider shall be entitled (at its discretion) to be repaid for such Nonrecoverable Advance over subsequent Interest Payment Dates (not to exceed 12 months or such longer period of time as agreed to by the Advance Provider and the holders of the most junior class of Notes) and the outstanding principal amount of such Advance Facility Drawing will accrue interest at the Advance Facility Reimbursement Rate.

The amount of Scheduled Interest Receipts due in a Collection Period will be calculated on the assumption that the Borrower has made all prior payments under the Loan Agreement when due (but taking into account, for the avoidance of doubt, any prepayment made by the Borrower). Further, if the

Borrower defaults in payment of the Final Redemption Funds due in respect of the Borrower's Securitised Loan, the "**Scheduled Interest Receipts**" due from the Borrower during each Collection Period after the date on which such Final Redemption Funds became due will be the amount of interest (including, without limitation, overdue interest and interest thereon), fees (other than Prepayment Fees), breakage costs (other than Interest Rate Swap Breakage Receipts), expenses, commissions and other sums (other than any amount of principal then payable) that the Borrower is required to pay under the terms of the Securitised Loan as a result of the failure to pay the Final Redemption Funds when due.

If an Appraisal Reduction exists with respect to the Securitised Loan, then the amount of any Interest Advance requested by the Servicer, pursuant to the Servicer Advance Facility, shall be reduced to equal the product of the amount of the Interest Shortfall; multiplied by a fraction, expressed as a percentage, the numerator of which shall equal the outstanding principal balance of the Securitised Loan calculated on the Calculation Date immediately prior to such Interest Payment Date, net of the related Appraisal Reduction amount and the denominator of which shall equal the outstanding principal balance of the Securitised Loan calculated on the Calculation Date immediately prior to such Interest Payment Date.

Advance Guarantor

If the Advance Provider does not make or declines to make a required Advance, the Servicer shall notify the Advance Guarantor, on a general basis, who shall be required to make such an Advance. To the extent that the Advance Guarantor makes any Advance following a request to do so by the Servicer, the Issuer shall be obliged to repay the same directly to the Advance Guarantor, together with interest thereon, at the same time and in the same amounts as the Issuer would have been obliged to pay the Advance Provider, had it made the Advance itself.

If at any time the Advance Guarantor ceases to have the Requisite Ratings, a downgrade event (an "**Advance Guarantor Downgrade Event**") shall occur and the Advance Provider shall (on a reasonable efforts basis) as soon as reasonably practicable after the occurrence of the same, either:

(a) procure that the Advance Guarantor transfers all of its rights and obligations with respect to the Servicer Advance Facility Agreement to either a replacement third party nominated by the Servicer with the Requisite Rating; or

(b) enters into and make all arrangements that the Servicer may (after consultations with all the Rating Agencies then rating the Notes issued by the Issuer to which the Servicer Advance Facility Agreement applies) reasonably require to protect the holders of Notes issued by the Issuer from the effects of the event which gave rise to the downgrade of the debt of the Advance Guarantor.

If the Advance Provider is unable to locate a replacement Advance Guarantor with the Requisite Rating or to implement or agree measures to protect the holders of Notes from the effects of the event which gave rise to the downgrade of the debt of the Advance Guarantor, the existing Advance Guarantor shall continue to perform all of its duties and obligations under the Advance Guarantee in accordance with its terms until notified to the contrary by the Servicer.

"**Requisite Rating**" means a "F1" rating (or its equivalent) by Fitch and an "A-1+" rating (or its equivalent) by S&P and a "P-1" rating (or its equivalent) by Moody's for such party's short-term, unguaranteed, unsecured and unsubordinated debt obligations (or such other short-term debt rating as is at least commensurate with the rating assigned to the Notes from time to time).

Appraisals and Valuations

Not later than the earliest to occur of (a) the date 120 days after the occurrence of any non-payment with respect to the Securitised Loan if such non-payment remains uncured, (b) the date 90 days after an order is made or an effective resolution is passed for the winding up of the Borrower or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Borrower or the Property, provided such order, resolution or appointment is still in effect, (c) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of the Securitised Loan, other than the

extension of the date that a final principal payment is due for a period of less than six months, and (d) the date 30 days following the date the Securitised Loan becomes a Specially Serviced Loan, the Servicer or, if appointed in relation to the Specially Serviced Loan, the Special Servicer is required to obtain an appraisal by a member of the Royal Institute of Chartered Surveyors of the Property, unless such an appraisal had previously been obtained within the preceding 12 months. The Special Servicer shall be entitled to request a Loan Protection Advance in order to meet its out-of-pocket costs incurred, or to be incurred, in connection with such valuation. As a result of such appraisal, an "**Appraisal Reduction**" may be created, which will reduce the amount of any Interest Advance that the Issuer will be entitled to draw under the Servicer Advance Facility Agreement to equal the product of (i) the amount of any Interest Shortfall, multiplied by (ii) a fraction, expressed as a percentage, the numerator of which shall equal the outstanding principal balance of the Securitised Loan calculated on the Calculation Date immediately prior to such Interest Payment Date, net of the related Appraisal Reduction amount and the denominator of which shall equal the outstanding principal balance of the Securitised Loan calculated on the Calculation Date immediately prior to such Interest Payment Date. The amount of the Appraisal Reduction, calculated as of the first Calculation Date that is at least 15 days after the date on which the appraisal or valuation is obtained or performed, will be equal to the excess, if any, of the sum of the outstanding principal balance of the Securitised Loan, all unpaid interest on the Securitised Loan, all currently due and unpaid taxes and assessments (net of any amount escrowed for such items), insurance premiums, and, if applicable, ground rents in respect of the Property, over 90 per cent. of the appraised value of the Property as determined by such appraisal or valuation.

The Appraisal Reduction in relation to the Securitised Loan shall be reduced to zero as of the date that the Securitised Loan is brought current under the then current terms of the Loan Agreement for at least three consecutive months, paid in full, liquidated, repurchased or otherwise disposed of.

The Interest Rate Swap Agreement

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

Pursuant to the Interest Rate Swap Agreement, the Issuer will enter into an interest rate swap transaction with the Interest Rate Swap Provider in order to protect itself against interest rate risk arising in respect of the Securitised Loan which pays interest by reference to a fixed rate (the "**Interest Rate Swap Transaction**").

Under the terms of the Interest Rate Swap Transaction, the Issuer will pay to the Interest Rate 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 Borrower during the relevant Collection Period ("**X**") over an amount determined by reference to three-month sterling LIBOR (or, in the case of the first Interest Period, an amount determined with respect to LIBOR for one-month sterling deposits) ("**Y**") and the Interest Rate Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y over X.

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

Subject to the following, the Interest Rate Swap Provider and the Interest Rate Swap Guarantor are only obliged to make payments under the Interest Rate 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 Interest Rate Swap Transaction will constitute a default thereunder and entitle the Interest Rate Swap Provider to terminate the Interest Rate Swap Transaction.

The Interest Rate Swap Provider will be obliged to make payments under the Interest Rate Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Interest Rate 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 Interest Rate Swap Provider, the Issuer shall use all reasonable endeavours to reach agreement to mitigate the incidence of tax on the Interest Rate Swap Provider. The Issuer is similarly obliged to make payments under the Interest Rate Swap Agreement without any withholding or deduction of taxes unless required by law and is similarly obliged to pay additional amounts and the Interest Rate Swap Provider is similarly obliged to use reasonable endeavours to reach agreement to mitigate the incidence of tax on the Issuer. Such additional amounts will be payable in priority to amounts payable on the Notes.

The Interest Rate Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority, action brought in a court of competent jurisdiction or any change in tax law, either the Issuer or the Interest Rate Swap Provider will, or there is a substantial likelihood that either will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Interest Rate Swap Agreement or will, or there is a substantial likelihood that either 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 "**Interest Rate Swap Tax Event**"), the Interest Rate 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 Interest Rate Swap Tax Event. If no such transfer can be effected, the Interest Rate Swap Agreement and the Interest Rate Swap Transaction may be terminated. If an Interest Rate Swap Agreement is terminated and the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use its best endeavours to find a replacement interest rate swap provider) and the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it and the Issuer has certified that it has sufficient funds to discharge all of its liabilities in respect of the Notes and any amounts due under the Deed of Charge and Assignment, then the Issuer shall redeem all of the Notes in full. Such redemption will be made by the Issuer to the extent of an amount equal to the then aggregate Principal Amount Outstanding of each class of Notes then outstanding plus interest accrued and unpaid thereon. For further information, see *Condition 5(d)* at page 146.

The Interest Rate Swap Agreement will contain certain other limited termination events and events of default (which are acceptable to the Rating Agencies) which will entitle either party to terminate the Interest Rate Swap Agreement and, in the event of such termination, may require either party to make a termination payment to the other, depending on the circumstances then prevailing. In particular in the event that the Securitised Loan is prepaid an additional termination event will occur in respect of the Interest Rate Swap Transaction. In the event that the Securitised Loan is repurchased by the Originator pursuant to the Loan Sale Agreement or purchased by a Subordinated Lender pursuant to the Intercreditor Agreement or by the Servicer pursuant to the Servicing Agreement, the Interest Rate Swap Transaction will not be terminated, but the rights and obligations of the Issuer under the Interest Rate Swap Transaction will, in accordance with the terms of the Interest Rate Swap Agreement, be novated to the Originator, the Subordinated Lenders or the Servicer, as the case may be.

The Interest Rate Swap Provider may, at its own discretion and at its own expense, assign its rights or novate its rights and obligations under the Interest Rate Swap Agreement (including the Interest Rate Swap Transaction) to any third party provided, among other things, that Fitch and S&P have provided a written Rating Agency Confirmation, provided that the short-term, unsecured, unsubordinated debt obligations of such third party are rated not less than "P-1" by Moody's, "A-1" by S&P and "F1" by Fitch, and the long-term, unsecured debt obligations of such third party are rated not less than "A2" by Moody's and "A" by Fitch, and provided further that such third party agrees to be bound by, among other things, the terms of the Deed of Charge and Assignment, on substantially the same terms as the Interest Rate Swap Provider and, to the extent applicable, downgrade triggers substantially in the form contained in the Interest Rate Swap Agreement.

The Interest Rate Swap Guarantee

The Interest Rate Swap Provider's obligations under the Interest Rate Swap Transaction are guaranteed pursuant to, and subject to the terms of, the Interest Rate Swap Guarantee provided by the Interest Rate Swap Guarantor. In the event that Morgan Stanley & Co. International plc ceases (other than by virtue of its own default) to be the Interest Rate Swap Provider or it is replaced by a suitably rated third party, Morgan Stanley will cease to be the Interest Rate Swap Guarantor.

Interest Rate Swap Guarantor Downgrade Event

If the rating of the short-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below any of "F1" by Fitch, "A-1" by S&P or "P-1" by Moody's, or the long-term, unsecured , unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below any of "A2" by Moody's or "A" by Fitch, the Interest Rate Swap Provider may be required to transfer collateral in the form of cash or securities or both to an account in the name of the Issuer in support of its obligations under the Interest Rate Swap Agreement in an amount or value determined in accordance with the terms of the Interest Rate Swap Agreement Credit Support Document.

If the rating of the short-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider falls below "F2" by Fitch, or below "P-2" by Moody's, or the long-term, unsecured debt obligations of the Interest Rate Swap Guarantor and the Interest Rate Swap Provider fall below "A3" by Moody's, "BBB-" by S&P or "BBB+" by Fitch at any time, then the Interest Rate Swap Provider will be required to among other things:

(a) obtain a guarantee of its obligations under the Interest Rate Swap Agreement from a third party whose short-term unsecured, unsubordinated debt obligations are rated "P-1" or above by Moody's, "A-1" or above by S&P and "F1" or above by Fitch, and whose long-term, unsecured debt obligations are rated not less than "A2" or above by Moody's and "A" or above by Fitch; or

(b) transfer all its rights and obligations under the Interest Rate Swap Agreement to a replacement third party provided that such third party's (or that third party's credit support provider's) short-term unsecured, unsubordinated debt obligations are rated "P-1" or above by Moody's, "A-1" or above by S&P and "F1" or above by Fitch, and such third party's (or that third party's credit support provider's) long-term, unsecured, unsubordinated debt obligations are rated "A2" or above by Moody's and "A" or above by Fitch,

or take other action agreed with the relevant Rating Agencies.

Interest Rate Swap Agreement Credit Support Document

If at any time the Interest Rate Swap Provider is required to provide collateral in respect of any of its obligations under the Interest Rate Swap Agreement it will also do so under the terms of the 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into on or prior to the Closing Date between the Issuer and the Interest Rate Swap Provider (the "**Interest Rate Swap Agreement Credit Support Document**"). The Interest Rate Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in the Interest Rate Swap Agreement Credit Support Document, the Interest Rate Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Interest Rate Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Interest Rate Swap Agreement Credit Support Document.

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

If the Interest Rate Swap Collateral Cash Account and the Interest Rate Swap Collateral Custody Account are opened, amounts equal to any amounts of interest on the credit balance of the Interest Rate Swap Collateral Cash Account, or equivalent to distributions received on securities held in the Interest Rate Swap Collateral Custody Account, are required to be paid to the Interest Rate Swap Provider in accordance with the terms of the Interest Rate 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 Security Trustee and for a receiver following the enforcement of the Notes excluding the Excess Interest Rate Swap Collateral (as defined below) from amounts to be paid to the Security Trustee following

Enforcement. These amounts should be paid to the Interest Rate Swap Provider directly. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the Interest Rate Swap Agreement Credit Support Document is to return collateral of the same type, nominal value, description and amount as the collateral posted to the Issuer by the Interest Rate Swap Provider.

"**Excess Interest Rate Swap Collateral**" means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by the Interest Rate Swap Provider to the Issuer in respect of the Interest Rate Swap Provider's obligations to transfer collateral to the Issuer under the Interest Rate Swap Agreement Credit Support Document (as a result of the rating downgrade provisions of the Interest Rate Swap Agreement), which is in excess of the Interest Rate Swap Provider's liability to the Issuer under the Interest Rate Swap Agreement, or which the Interest Rate Swap Provider is otherwise entitled to have returned to it under the terms of the Interest Rate Swap Agreement and the Interest Rate Swap Agreement Credit Support Document.

DESCRIPTION OF THE NOTES

Form, Denomination and Transfer

The Securities have 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 or any other relevant jurisdiction. For certain restrictions on resales, see "*Transfer Restrictions*" on page 179.

Each Note is being offered either outside the United States in reliance on Regulation S to non-U.S. Persons in offshore transactions (as defined in Regulation S) or within the United States in reliance on Rule 144A only to Qualified Institutional Buyers that are also Qualified Purchasers.

Notes sold to persons who are Qualified Purchasers who are also Qualified Institutional Buyers in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered form without interest coupons (each such global note in relation to a class of those notes being a "**Rule 144A Global Note**").

Notes sold to non-U.S. Persons outside the United States in reliance on Regulation S will be represented by one or more permanent global notes in fully registered form without interest coupons (each such global note in relation to a class of those Notes being a "**Reg S Global Note**").

The Rule 144A Global Notes together with the Reg S Global Notes are the "**Global Notes**". Save in certain limited circumstances, Notes in definitive form will not be issued in exchange for the Global Notes (for further information as to which, see "*Issue of Notes in Definitive Form*" below). The Trust Deed will include the form of the Global Notes and the Definitive Notes.

The Rule 144A Notes will be issued in denominations of at least £250,000 and integral multiples of £1,000 thereafter. The Reg S Notes will be issued in denominations of at least £50,000 and integral multiples of £1,000 thereafter. Each holding of Notes must be an integral multiple of £1,000 and for not less than the relevant minimum denomination.

Each Global Note will be deposited with, and registered in the name of, or a nominee of, HSBC Bank plc as common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**") on the Closing Date.

Information regarding Euroclear and Clearstream Luxembourg

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows: Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities. Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other. Account holders in both Euroclear and Clearstream, Luxembourg are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system. An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

Notices to Noteholders may be made to the Clearing System

Any notice to Noteholders in respect of Notes represented by Global Notes shall be deemed to have been duly given if sent to Euroclear and/or Clearstream, Luxembourg (as applicable) and shall be deemed to have been given on the date on which such notice was so sent.

Clearance and settlement of transfers of interests in Global Notes

Title to the Global Notes and, if issued, any Definitive Notes (for further information as to which, see "*Issue of Notes in Definitive Form*" below) will pass by transfer and registration as described in Condition 1, at page 135. Restrictions on the offer, sale, purchase, resale, pledge or transfer of Notes are described in "*Transfer Restrictions*" at page 179.

Holding of beneficial interests in Global Notes

Ownership of beneficial interests in the Global Notes will be limited to persons that have accounts with a Clearing System ("**Participants**") or persons that hold interests in the Global Notes through participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearing System, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective amount of Notes beneficially owned by such participants on each of their respective book-entry registration and transfer systems.

Investors may hold beneficial interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg, if they are Participants, or indirectly through organisations which are account holders in such systems. Beneficial interests in a Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. Euroclear and Clearstream, Luxembourg will hold beneficial interests in each Reg S Global Note on behalf of their account holders through securities accounts in the respective account holders' name on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer system.

Beneficial interests in the Global Notes will be shown on, and transfers of book-entry interests or the interest therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of their Indirect Participants).

Beneficial interests in a Reg S Global Note may not be held by a "**U.S. Person**" (as defined in Regulation S under the Securities Act) at any time. By its acquisition of a beneficial interest in a Reg S Global Note, the purchaser thereof will be deemed to represent that it is not a U.S. Person and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes to be a non U.S. Person or, subject to compliance with the transfer restrictions and certification requirements in the Trust Deed, to a person who takes delivery in the form of an interest in a Rule 144A Global Note.

Except as described below under "*Issue of Notes in Definitive Form*" below, Participants or Indirect Participants in a Clearing System 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 form and will not be considered the holders thereof under the Trust Deed or the Notes. Such Participants or Indirect Participants in a Clearing System will have no rights under the Trust Deed with respect to the Reg S Global Notes and the Rule 144A Global Notes held on their behalf by the Common Depositary for Euroclear and Clearstream, Luxembourg, and the Common Depositary for Euroclear and Clearstream, Luxembourg may be treated by the Issuer, the Note Trustee and any agent of the Issuer or the Note Trustee as the holder of such Reg S Global Notes or Rule 144A Global Notes, as the case may be, for all purposes whatsoever. Accordingly, each person holding a beneficial interest in the Global Notes must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Global Notes, to exercise any rights and obligations of a holder of Notes under the Trust Deed.

The Issuer understands that, under existing industry practices, if either the Issuer or the Note Trustee requests any action of owners of beneficial interests in Global Notes or if an owner of a beneficial interest in a Global Note desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant beneficial interest in the Global Note 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.

Procedures applicable to transfers of beneficial interests in Global Notes

For so long as a Note is represented by a Global Note, permitted transfers of such Note and beneficial interests in that Note will be effected in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing in paragraph (3) under "*Transfer Restrictions*" on page 179, 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 Regulation S Global Note of the same class, whether before or after the expiry of the Note Distribution Compliance Period, only upon receipt by the Common Depositary of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available), and in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and that, if such transfer occurs prior to the expiry of the Note Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

Each Regulation S Global Note will bear a legend substantially identical to that appearing in paragraph (5) under "*Transfer Restrictions*" on page 179. Until and including the 40th day after the later of the commencement of the offering of the Notes and the Closing Date (the "**Note Distribution Compliance Period**"), book-entry interests in a Regulation 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 expiry of the Note Distribution Compliance Period, a book-entry interest in a Regulation 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 of written certification from the transferor 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 Regulation 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 Regulation 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 Regulation 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 Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to book-entry interests in a Regulation S Global Note as long as it remains such a book-entry interest.

In order to comply with rules of the United States Department of Labor under the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), the Notes may not be transferred to any retirement plan or other employee benefit plan or arrangement that is subject to ERISA or Section 4975 of the U.S. Internal Revenue Code, except under the conditions described herein under "*U.S. ERISA*

Considerations". Each owner of a beneficial interest in the Notes will be deemed (and, in certain cases, required) to represent that it complies with such transfer restrictions and any transfer in violation of such restrictions will be void. See "*Transfer Restrictions*" and "*U.S. ERISA Considerations*" herein.

No service charge will be made for any registration of transfer or exchange of Notes of any class, but the Issuer and the Note Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

In addition, there are restrictions on the distribution of this Offering Circular and the offer, sale and delivery of the Notes in the United Kingdom.

Procedures for payments in respect of the Notes

Payments in respect of the Global Notes

Each payment of principal and interest in respect of the Notes shall be made in accordance with the Agency and Reporting Agreement. Principal and interest on each Note represented by a Global Note will be payable to the registered owner of that Global Note and such registered owner will be the only person entitled to receive payments in respect of that Note and the Issuer will be discharged by payment to, or to the order of the registered owner of that Global Note in respect of each amount so paid. No person other than the registered owner of the Global Notes representing a Note shall have any claim against the Issuer in respect of any payment due on that Note.

While a Note is represented by a Global Note, each payment in respect of that Note will be made via the Paying Agents to the relevant Holder (as defined in Condition 1(c) at page 135) (or its nominee) of that Global Note in pounds sterling.

The Issuer expects that 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 in respect of a Global Note held by the Common Depositary for Euroclear and Clearstream, Luxembourg, the respective systems will, in accordance with their roles and procedures, promptly credit their participants' accounts with payments in amounts proportionate to their respective beneficial interests in such Global Note as shown in the records of Euroclear or of Clearstream, Luxembourg. None of the Issuer, the Note Trustee, the Manager, any Paying Agent and any of their respective agents will have any responsibility or liability for any aspect of the records of the Clearing Systems relating to or payments or credits made by the Clearing Systems on account of beneficial interests in the Global Notes or for maintaining, supervising or reviewing any records of the Clearing Systems relating to those beneficial interests.

The Issuer also expects that payments by participants to owners of beneficial interests in a Global Note 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 registered in "street name" or in the names of nominees for such customers. Such payments will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Manager, any Paying Agent and any of their respective agents 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 beneficial interests in such Global Notes or for maintaining, supervising or reviewing any records relating to a participant's ownership of beneficial interests in such Global Notes.

A record of each payment made on a Global Note, distinguishing between any payment of principal and/or payment of interest, will be recorded in the Register in respect of such Global Note by the Registrar and such record shall be *prima facie* evidence that the payment in question has been made.

Issue of Notes in Definitive Form

If (i) in the case of a Global Note, either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business; or (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of,

or in the administration of, such laws or regulations which become 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 a Note which would not be required were that Note in definitive physical registered form, then the Issuer will (at the Issuer's expense) issue Definitive Notes in exchange for the whole outstanding interest in the relevant Global Note within 30 days of the occurrence of the relevant event but in any event not prior to the expiry of the Distribution Compliance Period.

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 £249,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class A Notes**"), the £76,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class B Notes**"), the £48,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class C Notes**"), the £45,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class D Notes**") and the £11,000,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2017 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Notes**") of Ulysses (European Loan Conduit No. 27) PLC (the "**Issuer**") are constituted by a trust deed dated on or about 6 July, 2007 (the "**Closing Date**") (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 HSBC Trustee (C.I.) Limited (in such capacity, the "**Note Trustee**", which expression includes its successors or any further or other note trustee under the Trust Deed). 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 and 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 dated on or about the Closing Date (the "**Deed of Charge and Assignment**", which expression includes such deed of charge and assignment as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Note Trustee and HSBC Trustee (C.I.) Limited (in such capacity, the "**Issuer Security Trustee**", which expression includes its successors or any further or other security trustee under the Deed of Charge and Assignment). By an Agency and Reporting Agreement dated on or about the Closing Date (the "**Agency and Reporting Agreement**", which expression includes such Agency and Reporting 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, among others, the Issuer, the Note Trustee, the Issuer Security Trustee and HSBC Bank plc 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) and agent bank (the "**Agent Bank**", which expression shall include any other agent bank appointed in respect of the Notes), HSBC Institutional Trust Services (Ireland) Limited as paying agent in Ireland (the "**Irish Paying Agent**", which expression shall include any other paying agent appointed in Ireland in respect of the Notes), HSBC Bank plc as registrar (the "**Registrar**", which expression shall include any other registrar appointed in respect of the Notes) (the Principal Paying Agent together with any further or other paying agents for the time being appointed in respect of the Notes, being the "**Paying Agents**" and, together with the Agent Bank and the Registrar, the "**Agents**"), provision is made for, among other things, 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 and Reporting Agreement, the Deed of Charge and Assignment and the Master Definitions Schedule (each as defined herein). In addition to the Trust Deed, the Deed of Charge and Assignment and the Agency and Reporting Agreement, the following agreements have been or will be entered into on or prior to the Closing Date in relation to the Notes:

(i) a cash management agreement dated on or about the Closing Date (the "**Cash Management Agreement**") between HSBC Bank plc as operating bank (the "**Operating Bank**", which expression shall include any successor or substitute bank appointed pursuant to the terms of the Cash Management Agreement) and in its capacity as cash manager (the "**Cash Manager**", which expression shall include any successor or substitute cash manager appointed pursuant to the terms of the Cash Management Agreement), Morgan Stanley Bank International Limited in its capacity

as originator (the "**Originator**"), the Servicer, the Special Servicer, the Issuer and the Issuer Security Trustee;

(ii) a servicing agreement dated on or about the Closing Date (the "**Servicing Agreement**") between, *inter alios*, the Issuer, Morgan Stanley Mortgage Servicing Limited in its capacity as servicer (the "**Servicer**", which expression shall include any successor or substitute servicer appointed pursuant to the terms of the Servicing Agreement) and in its capacity as the special servicer (the "**Special Servicer**", which expression shall include any successor or substitute special servicer appointed pursuant to the terms of the Servicing Agreement) and the Issuer Security Trustee;

(iii) a Servicer Advance Facility Agreement dated on or about the Closing Date (the "**Servicer Advance Facility Agreement**") between Morgan Stanley Principal Funding Inc. in its capacity as Advance Provider (the "**Advance Provider**", which expression shall include any person to whom some or all of the rights and obligations under the Servicer Advance Facility Agreement are transferred or novated), the Servicer, the Special Servicer, the Issuer Security Trustee and the Issuer;

(iv) a loan sale agreement dated on or about the Closing Date (the "**Loan Sale Agreement**") between the Originator, the Issuer, the Issuer Security Trustee and the Loan Security Trustee;

(v) a corporate services agreement dated on or about the Closing Date (the "**Corporate Services Agreement**") between the Issuer, Structured Finance Management Limited (the "**Corporate Services Provider**"), ELOC 27 PECO Holder Limited (the "**PECO Holder**") and the Issuer Security Trustee;

(vi) the post-enforcement call option agreement dated on or about the Closing Date (the "**Post-Enforcement Call Option Agreement**") between PECO Holder and the Issuer Security Trustee;

(vii) a subscription agreement dated on or about the date of this Offering Circular (the "**Subscription Agreement**") between, amongst others, the Originator and the Issuer;

(viii) the ISDA 1992 Master Agreement (Multi-Currency Cross Border) the ("**Interest Rate Swap Agreement**") dated as of the Closing Date between the Issuer and Morgan Stanley & Co. International plc (the "**Interest Rate Swap Provider**"), evidencing the terms of the Interest Rate Swap Transaction, including the schedules and confirmations (the "**Interest Rate Swap Confirmations**") to be entered into pursuant to the Interest Rate Swap Agreement; and

(ix) a master definitions agreement dated on or about the Closing Date (the "**Master Definitions Schedule**", which expression includes such master definitions schedule 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) between, amongst others, the Issuer and the Issuer Security Trustee.

Copies of the Trust Deed, the Agency and Reporting Agreement, the Cash Management Agreement, the Deed of Charge and Assignment, the Servicing Agreement, the Servicer Advance Facility Agreement, the Loan Sale Agreement, the Corporate Services Agreement, the Interest Rate Swap Agreement, the Post-Enforcement Call Option Agreement, the Subscription Agreement and the Master Definitions Schedule (each as defined herein, and, together, the "**Transaction Documents**") are available for inspection by the Noteholders 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 and Reporting Agreement, the Cash Management Agreement, the Deed of Charge and Assignment, the Servicing Agreement, the Servicer Advance Facility Agreement, the Loan Sale Agreement, the Corporate Services Agreement, the Interest Rate Swap Agreement, the Post-Enforcement Call Option Agreement, the Subscription Agreement and the Master Definitions Schedule and the documents referred to in each of them.

1.1 Definitions

In these Conditions, all capitalised terms that are not otherwise herein defined shall have the meanings given to them in the Master Definitions Schedule.

"**Available Final Redemption Funds**" has the meaning given to such term in Condition 5.

"**Available Interest Receipts**" means, in respect of each Interest Payment Date, prior to the service of an Enforcement Notice, the aggregate amount of:

(a) all Issuer Interest Receipts (other than Interest Rate Swap Breakage Receipts described in (c) below) transferred to the Transaction Account during the Collection Period ending immediately prior to the relevant Interest Payment Date (the "**related Collection Period**") (net of any Issuer Interest Receipts applied during such Collection Period in payment of Issuer Priority Payments or to make any relevant payment under the Interest Rate Swap Agreement); plus

(b) any payments (other than Interest Rate Swap Breakage Receipts) which the Calculation and Reporting Agent has determined will be received by the Issuer from the Interest Rate Swap Provider or the Interest Rate Swap Guarantor in respect of any Interest Rate Swap Transaction on the relevant Interest Payment Date; plus

(c) any Interest Rate Swap Breakage Receipts received by the Issuer during the related Collection Period which (i) are paid to the Issuer following an early termination of an Interest Rate Swap Transaction and which are not payable to the Borrower, or (ii) are required for the purposes of covering any shortfall in interest arising on the enforcement of the Securitised Loan, the liquidation of which caused the Issuer to terminate an Interest Rate Swap Transaction, or (iii) are required for the purposes of making a payment in order for the Issuer to enter into a replacement swap agreement; plus

(d) the proceeds of any Interest Advance or Issuer Expenses Advance made by the Issuer under and in accordance with the Servicer Advance Facility Agreement in respect of such Interest Payment Date; plus

(e) any interest accrued upon and paid to the Issuer in respect of funds standing to the credit of the Transaction Account or any other account maintained by the Issuer and not paid out on any previous Interest Payment Date or the proceeds of Eligible Investments purchased by the Issuer using such funds; plus

(f) an amount equal to 1 per cent. of the aggregate of any Principal Recovery Funds recovered by or on behalf of the Issuer in respect of the related Collection Period (such amounts having been deducted from the Available Principal); plus

(g) an amount equal to the aggregate of the following (such amounts having been deducted from the Available Principal): up to 1 per cent. of the Prepayment Redemptions Funds and Final Redemption Funds received by or on behalf of the Issuer during the related Collection Period in respect of the Securitised Loan while it was a Corrected Loan.

"**Available Prepayment Redemption Funds**" has the meaning given to such term in Condition 5.

"**Available Principal**" has the meaning given to such term in Condition 5.

"**Available Principal Recovery Funds**" has the meaning given to such term in Condition 5.

"**Basic Terms Modification**" means any of the following matters in respect of any class of the Notes, namely:

(a) any modification of the date of maturity of such Notes;

(b) any modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes, or altering the currency of payment of such Notes or of interest thereon; or

(c) any alteration of this definition of "Basic Terms Modification"; or

(d) any alteration of the majority required to pass any Extraordinary Resolution.

"**Borrower**" means, in relation to the Whole Loan, the person or persons to whom the Whole Loan is made in the Loan Agreement.

"**Business Day**" has the meaning given to such term in Condition 4.

"**Calculation and Reporting Agent**" means Wells Fargo Securitisation Services Limited.

"**Calculation Date**" has the meaning given to such term in Condition 5.

"**Class A Noteholders**" has the meaning given to such term in Condition 2.

"**Class B Noteholders**" has the meaning given to such term in Condition 2.

"**Class C Noteholders**" has the meaning given to such term in Condition 2.

"**Class D Noteholders**" has the meaning given to such term in Condition 2.

"**Class E Noteholders**" has the meaning given to such term in Condition 2.

"**Clearing Systems**" has the meaning given to such term in Condition 1.2.

"**Clearstream, Luxembourg**" has the meaning given to such term in Condition 1.2.

"**Closing Date**" means 6 July, 2007.

"**Collection Period**" has the meaning given to such term in Condition 5.

"**Common Depositary**" has the meaning given to such term in Condition 1.2.

"**Control Valuation Event**" means, in relation to the Senior B Loan Tranche or the Junior Loan Tranche, an event causing the occurrence of the outstanding amount of such Tranche minus the Value Reduction Amount to be less than 25 per cent. of the outstanding principal of such Tranche.

"**Controlling Creditor**" has the meaning given to such term in Condition 3.

"**Definitive Note**" has the meaning given to such term in Condition 1.2.

"**Distribution Compliance Period**" means the period up to 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;

"**Eligible Noteholders**" has the meaning given to such term in Condition 9.

"**Enforcement Notice**" has the meaning given to such term in Condition 9.

"**Euroclear**" has the meaning given to such term in Condition 1.2.

"**Event of Default**" has the meaning given to such term in Condition 9.

"**Exchange Act**" has the meaning given to such term in Condition 18.

"**Extraordinary Resolution**" has the meaning given to such term in Condition 11.

"**Final Redemption Funds**" has the meaning given to such term in Condition 5.

"**Fitch**" has the meaning given to such term in Condition 14.

"**Global Notes**" has the meaning given to such term in Condition 1.2.

"**Holder**" has the meaning given to such term in Condition 1.2.

"**Intended U.S. Tax Treatment**" has the meaning given to such term in Condition 18.

"**Interest Amount**" has the meaning given to such term in Condition 4.

"**Interest Determination Date**" has the meaning given to such term in Condition 4.

"**Interest Payment Date**" has the meaning given to such term in Condition 4.

"**Interest Period**" has the meaning given to such term in Condition 4.

"**Interest Rate Swap Breakage Receipts**", comprising all termination payments paid to the Issuer by the Interest Rate Swap Provider or Interest Rate Swap Guarantor under the Interest Rate Swap Agreement or the Interest Rate Swap Guarantee as a result of the termination of any Interest Rate Swap Transaction prior to its scheduled termination date and all swap breakage costs paid by the Borrower as a result of the prepayment in part or in full of the Securitised Loan, both prior to and following its enforcement.

"**Interest Rate Swap Collateral Cash Account**" means the interest bearing account opened by the Issuer in connection with the Interest Rate Swap Agreement Credit Support Document (account no. GBP 67716776) in the name of the Issuer and entitled "*Ulysses (European Loan Conduit No. 27) PLC Interest Rate Swap Collateral Cash Account*" at the Operating Bank.

"**Interest Rate Swap Collateral Custody Account**" means the custody account opened by the Issuer in connection with the Interest Rate Swap Agreement Credit Support Document to be entitled "*Ulysses (European Loan Conduit No. 27) PLC Interest Rate Swap Collateral Custody Account*" at the Operating Bank.

"**Interest Rate Swap Guarantee**" means the guarantee from the Interest Rate Swap Guarantor in favour of the Issuer dated on or prior to the Closing Date pursuant to which all of the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement and the Interest Rate Swap Transaction are guaranteed.

"**Interest Rate Swap Guarantor**" means Morgan Stanley, whose principal office is located at 1585 Broadway, New York, New York 10036, in its capacity as Interest Rate Swap Guarantor under the Interest Rate Swap Guarantee, together with its successors and assigns as such.

"**Interest Rate Swap Transaction**" means the interest rate swap transaction entered into between the Issuer and the Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement, the terms of which are evidenced by Interest Rate Swap Confirmation.

"**Interest Residual Amount**" has the meaning given to such term in Condition 15.

"**Interest Rate Swap Tax Event**" has the meaning given to such term in Condition 5.

"**Irish Stock Exchange**" has the meaning given to such term in Condition 4.

"**Issuer Accounts**" means the Transaction Account, the Interest Rate Swap Collateral Cash Account and the Interest Rate Swap Collateral Custody Account.

"**Issuer Principal Receipts**" has the meaning given to such term in Condition 5.

"**Issuer Security**" means the security created by the Issuer in favour of the Secured Parties pursuant to Clause 3 of the Deed of Charge and Assignment.

"**Liquidation Fee**" means the fee payable by the Issuer to the Special Servicer on an Interest Payment Date, which is calculated by reference to the Principal Recovery Funds received by or on behalf of the Issuer in respect of a Specially Serviced Loan during the Interest Period then ended as the result of the sale of the Property securing that loan, provided that the Liquidation Fee shall be payable in respect of Principal Recovery Funds derived from the purchase of the Property relating to a Specially Serviced Loan or of a Specially Serviced Loan by the Servicer, the Special Servicer, any sub-servicer or sub-special servicer, any Noteholder or any affiliate of any of the foregoing.

"**Loan Agreement**" means the loan agreement made between, amongst others, the Originator, the Loan Security Trustee and the Borrower, pursuant to which the terms and conditions applicable to the advance of the Whole Loan are documented.

"**Moody's**" has the meaning given to such term in Condition 14.

"**Note Principal Payment**" has the meaning given to such term in Condition 5.

"**Operating Adviser**" has the meaning given to such term in Condition 3.

"**Owner**" has the meaning given to such term in Condition 18.

"**Payee**" has the meaning given to such term in Condition 6.

"**PECO Holder**" has the meaning given to such term in Condition 10.

"**Pool Factor**" has the meaning given to such term in Condition 5.

"**Post-Enforcement Call Option**" has the meaning given to such term in Condition 10.

"**Prepayment Redemption Funds**" has the meaning given to such term in Condition 5.

"**Principal Amount Outstanding**" has the meaning given to such term in Condition 5.

"**Principal Recovery Funds**" has the meaning given to such term in Condition 5.

"**Qualified Institutional Buyers**" has the meaning given to such term in Condition 1.2.

"**Qualified Purchasers**" has the meaning given to such term in Condition 1.2.

"**Rate of Interest**" has the meaning given to such term in Condition 4.

"**Rating Agencies**" has the meaning given to such term in Condition 14.

"**Record Date**" has the meaning given to such term in Condition 6.

"**Reference Banks**" has the meaning given to such term in Condition 4.

"**Register**" has the meaning given to such term in Condition 1.2.

"**Reg S**" has the meaning given to such term in Condition 1.2.

"**Reg S Global Notes**" has the meaning given to such term in Condition 1.2.

"**Related Security**" means all of the security granted by the Borrower in respect of the Whole Loan held by the Loan Security Trustee.

"**relevant date**" has the meaning given to such term in Condition 8.

"**Relevant Margin**" has the meaning given to such term in Condition 4.

"**Rule 144A**" has the meaning given to such term in Condition 1.2.

"**Rule 144A Global Notes**" has the meaning given to such term in Condition 1.2.

"**S&P**" has the meaning given to such term in Condition 14.

"**Screen Rate**" has the meaning given to such term in Condition 4.

"**Secured Party**" or "**Issuer Secured Party**" means the Noteholders, the Note Trustee, the Issuer Security Trustee, the Loan Security Trustee, the Corporate Services Provider, the Servicer, the Special Servicer, the Cash Manager, the Advance Provider, the Interest Rate Swap Provider, the Paying Agents, the Agent Bank, the Registrar, the Operating Bank, the Calculation and Reporting Agent, the Originator or any receiver or administrator appointed by or on behalf of the Issuer Security Trustee pursuant to the Deed of Charge and Assignment or by or on behalf of the Loan Security Trustee in respect of the Whole Loan or its Related Security and "**Secured Parties**" means all of such persons collectively.

"**Securities Act**" has the meaning given to such term in Condition 1.2.

"**Specially Serviced Loan**" has the meaning given in Clause 3.4 of the Servicing Agreement.

"**Target Redemption Amount**" has the meaning given to such term in Condition 5.

"**Transaction Account**" means the bank account (account no. 67717308 and sort code 40-05-15) in the name of the Issuer and entitled "*Ulysses (European Loan Conduit No. 27) PLC Transaction Account*" at the Operating Bank into which the Loan Security Trustee will transfer all amounts received from the Borrower under the Securitised Loan.

"**Transfer Regulations**" has the meaning given to such term in Condition 1.2.

"**United States**" has the meaning given to such term in Condition 1.2.

"**U.S. Person**" has the meaning given to such term in Condition 1.2.

"**Value Reduction Amount**" means an amount equal to the excess of:

(i) the aggregate of:

(A) outstanding principal balance of the Whole Loan less the aggregate amounts standing to the credit of the Rent Account;

(B) all unpaid interest on the Whole Loan (excluding default interest); and

(C) all taxes, insurance premiums and ground rents (if applicable) then due but unpaid (net of any amount held in escrow on account of such item),

over

(ii) an amount equal to 90% of the value of the Property as determined from the most recent Valuation

provided that, for the purposes of calculating whether a Control Valuation Event has occurred in relation to the Senior B Loan Tranche, the Value Reduction Amount shall be calculated as if "Whole Loan" comprised the Securitised Loan and the Senior B Loan Tranche only.

1.2 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 offered and sold in the United States of America (the "**United States**") to "qualified institutional buyers" ("**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, that are also "qualified purchasers" (as defined in Section 2(a) (51) of the Investment Company Act of 1940, "**Qualified Purchasers**") will be represented by one or more permanent global notes in fully registered form without interest coupons for each class of Note (collectively, the "**Rule 144A Global Notes**").

Each Global Note will be deposited, and registered in the name of, or a nominee of, HSBC Bank plc as common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**") on or about the Closing Date.

(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 under the Securities Act ("**Reg S**") will be represented by one or more permanent global notes in fully registered form without interest coupons for each class of Note (collectively, the "**Reg S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**").

Each Global Note will be deposited, and registered in the name of, or a nominee of, HSBC Bank plc as common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**") on or about the Closing Date.

(c) Title to the Notes

The Issuer will cause to be kept at the specified office of the Registrar a register (the "**Register**") on which shall be entered the names and addresses of the holders of the Notes and the particulars of such Notes held by them and all transfers and redemptions of such Notes. In these Conditions, the "**Holder**" of a Note at any time means the person in whose name such Note is registered at that time in the Register (or, in the case of a joint holding, the first named person).

In relation to each Note, the Holder will, to the fullest extent permitted by applicable law, be deemed and treated at all times, by all persons and for all purposes (including the making of payments), as the absolute owner of such Note regardless of any notice to the contrary, any notice of ownership, theft or loss, or of any trust or other interest in that Note or of any writing on that Note (other than the endorsed form of transfer).

No transfer of a Note will be valid unless and until entered on the Register. Transfers and exchanges of beneficial interests in the Global Notes and entries on the Register relating

to the Notes will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency and Reporting Agreement, the Trust Deed and the relevant legends appearing on the face of the Notes (such regulations and legends being the "**Transfer Regulations**"). Each transfer or purported transfer of a beneficial interest in a Global Note or a Definitive Note made in violation of the Transfer Regulations shall be void *ab initio* and will not be honoured by the Issuer or the Note Trustee. The Transfer Regulations may be changed by the Issuer with the prior written approval of the Note Trustee and the Registrar. A copy of the current Transfer Regulations will be sent by the Registrar to any Holder of a Note who so requests and by the Principal Paying Agent to any Holder of a Note who so requests.

For so long as any Note is represented by a Global Note, transfers and exchanges of beneficial interests in that Global Note and entitlement to payments under that Global Note will be effected in accordance with the rules and procedures from time to time of Euroclear and/or Clearstream, Luxembourg.

Beneficial interests in a Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. Prior to the expiry of the Distribution Compliance Period beneficial interests in a Reg S Global Note may not be held by a "**U.S. Person**" (as defined in Reg S).

(d) *Denomination of the Notes*

The Rule 144A Notes will be issued in the minimum denomination of £250,000. The Reg S Notes will be issued in the minimum denomination of £50,000. Each holding of Notes must be an integral multiple of £1,000 thereafter.

(e) *Issue of Definitive Notes*

The beneficial interests represented by the Global Notes will be exchanged for definitive Notes of the relevant class in registered form (each a "**Definitive Note**") only upon the occurrence of certain limited circumstances specified in the Trust Deed. Upon such exchange the aggregate principal amount of the Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the corresponding Global Note subject to and in accordance with the detailed provisions of these Conditions, the Agency and Reporting Agreement, the Trust Deed and the relevant Global Note. If issued, Definitive Notes will be in the relevant denominations set out above, will be serially numbered and will be issued in registered form only.

2. 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 Issuer Security. The Notes of each class rank *pari passu* without preference or priority among the other Notes of such class.

(b) In the event of the Issuer Security being enforced, the Class A Notes will rank higher 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 higher in priority to the Class C Notes, the Class D Notes and the Class E Notes; the Class C Notes will rank higher in priority to the Class D Notes and the Class E Notes; and the Class D Notes will rank higher in priority to the Class E Notes. Save as described in Condition 5, prior to enforcement of the Issuer Security, repayments of principal of, and payments of interest on, the Class E Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; repayments of principal

of, and payments of interest on, the Class D Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes, the Class B Notes and the Class C Notes; repayments of principal of, and payments of interest on, the Class C Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes and the Class B Notes; and repayments of principal of, and payments of interest on, the Class B Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes.

(c) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, the Class E Notes equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise including, without limitation, as provided in Condition 11), provided that:

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

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

(B) holders of the Class B Notes (the "**Class B Noteholders**") and/or holders of the Class C Notes (the "**Class C Noteholders**") and/or holders of the Class D Notes (the "**Class D Noteholders**") and/or holders of the Class E Notes (the "**Class E Noteholders**"), then the Note Trustee shall have regard only to the interests of the Class A Noteholders;

(ii) if, in the Note 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 Note Trustee shall, subject to (i) above, have regard only to the interests of the Class B Noteholders;

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

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

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

(B) the Class E Noteholders,

then the Note Trustee shall, subject to (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 remain outstanding, the Note 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, among other things, to request or direct the Note 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, (ii) the Class C Noteholders, among other things, to request or direct the Note 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 and/or the Class B Noteholders; (iii) the Class D Noteholders, among other things, to request or direct the Note 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 and/or the Class B Noteholders and/or the Class C Noteholders; and (iv) the Class E Noteholders, among other things, to request or direct the Note 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 and/or the Class B Noteholders and/or the Class C Noteholders and/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 powers by the Class B Noteholders will be binding on the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, the exercise of powers by the Class C Noteholders will be binding on the Class D Noteholders and the Class E Noteholders and the exercise of powers by the Class D Noteholders will be binding on the Class E Noteholders, in each case irrespective of the effect thereof on their interests.

(B) Security and Priority of Payments

The Issuer Security is set out in the Deed of Charge and Assignment. The Deed of Charge and Assignment also contains provisions regulating the priority of application of the Available Interest Receipts among the persons entitled thereto prior to the service of an Enforcement Notice (as defined in Condition 9*(a)*), and of the Available Interest Receipts, the Available Principal and the proceeds of enforcement or realisation of the Issuer Security by the Issuer Security Trustee after the service of an Enforcement Notice.

The Issuer Security may be enforced following the service of an Enforcement Notice by the Note Trustee 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 Issuer Security Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (i) a sufficient amount (in the opinion of the Issuer Security Trustee) 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 in priority to the Notes, or (ii) the Issuer Security Trustee is of the opinion, which will be binding on the Noteholders, reached after considering at any time and from time to time the advice, upon which the Issuer Security Trustee will be entitled to rely, of such professional advisers as are selected by the Issuer Security 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 in priority to the Notes, or (iii) the Issuer Security Trustee

determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event and in each case, the Issuer Security Trustee has been indemnified and/or secured to its satisfaction.

3. Covenants

(A) Restrictions

Save with the prior written consent of the Note Trustee (which consent shall not be given without the prior resolution of the Noteholders, such resolution having been passed by the holders of not less than 50.1 per cent. of the aggregate of the Principal Amount Outstanding of all the Notes then outstanding and shall not be required if all the Notes have been redeemed in full) or unless otherwise provided in or envisaged by these Conditions or the other Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security, assignment, assignation, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation 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 Transaction 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;

(iii) amend, supplement or otherwise modify its constitutive documents; or

(iv) engage, or permit any of its affiliates, to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under United States federal income tax principles, and hold, or permit any of its affiliates to hold, any property that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States federal income tax principles;

(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 therein other than in accordance with the provisions of the Transaction Documents;

(d) Dividends or Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares;

(e) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except as contemplated by the Interest Rate Swap Transaction, or the Servicer Advance Facility 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; and

(g) *Bank Accounts*

have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Issuer Security Trustee on terms acceptable to it.

In giving any consent to the foregoing (in furtherance of the resolutions of the Noteholders referred to in the first paragraph of this Condition 3) and subject to Condition 11, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders, provided that the Note Trustee has received a written Rating Agency Confirmation in relation to such matter.

(B) Cash Manager and Servicer

So long as any of the Notes remain outstanding, the Issuer will procure that there will at all times be a cash manager in respect of the monies from time to time standing to the credit of the Transaction Account and any other account of the Issuer from time to time and a master loan servicer. Neither the Cash Manager nor the Servicer will be permitted to terminate its appointment unless a replacement cash manager or master loan servicer, as the case may be, acceptable to the Issuer and the Issuer Security Trustee has been appointed. The appointment of the Cash Manager and the Servicer may be terminated by the Issuer Security Trustee if, among other things, 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 Servicing Agreement, or the Cash Management Agreement, as applicable, which default is not remedied (i) within 15 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 Issuer or the Issuer Security 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 30 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 Issuer Security Trustee.

(c) Special Servicer

Upon being required to do so by the Note Trustee (acting as directed by an Extraordinary Resolution of the Controlling Creditor, if the Controlling Creditor represents a class of Notes), the Issuer Security Trustee shall, subject to the requirements of the Servicing Agreement regarding the appointment of a substitute and upon the occurrence of a termination event as set out in the Servicing Agreement, terminate the appointment of the person then acting as the Special Servicer and replace such person with a Special Servicer who is acceptable to the Controlling Creditor. The "**Controlling Creditor**", if the Issuer is the Controlling Creditor, in accordance with the Intercreditor Agreement, will be the holders of the most junior class of the Notes outstanding from time to time, which class has a total Principal Amount Outstanding that is not less than 25 per cent. of that class's original Principal Amount Outstanding on the Closing Date; provided, however, that if no class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the Controlling Creditor will be the holders of the most junior class of Notes then outstanding that has a Principal Amount Outstanding that is greater than zero.

(D) Operating Adviser

Subject to the Intercreditor Agreement, the Controlling Creditor may, if the Controlling Party is a class of Notes, by passing an Extraordinary Resolution, appoint a person to act as an adviser (the "**Operating Adviser**") with whom the Special Servicer will be required to liaise in accordance with the Servicing Agreement. The Note Trustee will notify the Special Servicer of the identity of the Operating

Adviser so appointed and the Special Servicer will not be required to liaise with the Operating Adviser until it is so notified.

4. Interest

(a) Accrual of Interest

Each Note will 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) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused or default is otherwise made in the payment thereof. 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, repayment 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 (either in accordance with Condition 14 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 15(a), interest on the Notes is payable quarterly in arrear on the 25th day of January, April, July and October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an "**Interest Payment Date**") in respect of the Interest Period ending immediately prior thereto. The first Interest Payment Date in respect of each Note will be the Interest Payment Date falling on 25th July, 2007.

In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or, in respect of the first Interest Period, the Closing Date) to (but excluding) the next following (or first) Interest Payment Date, and "**Business Day**", in these Conditions (other than Condition 5 and Condition 6), means a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York and Dublin.

(c) Rate of Interest

The rates of interest payable from time to time in respect of the Notes of each class (each a "**Rate of Interest**") will be determined by the Agent Bank on each Interest Payment Date or, in the case of the first Interest Period, on the Closing Date (each an "**Interest Determination Date**").

Each Rate of Interest for the Interest Period 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 of a percentage value with the mid-point rounded up) for three-month sterling deposits (save, in the case of the first Interest Determination Date, with respect to LIBOR for one-month sterling deposits) in the London inter-bank market which appear on Reuters screen page LIBOR01 (the "**Screen Rate**") (or (i) such other page as may replace Reuters LIBOR01 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 Note Trustee) as may replace the Reuters screen) 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 of a percentage value with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 4(*h*) below) as the rate at which three-month sterling deposits in an amount of £10,000,000 (save, in the case of the first Interest Determination Date, with respect to LIBOR for one-month sterling deposits) are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London inter-bank market at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. If on any such Interest Determination Date, two or three only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate will be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provide the Agent Bank with such an offered quotation, the Agent Bank will forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Note Trustee suitable for such purpose) and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (ii) shall have applied.

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

(A) in respect of the Class A Notes, 0.16 per cent. per annum;

(B) in respect of the Class B Notes, 0.23 per cent. per annum;

(C) in respect of the Class C Notes, 0.28 per cent. per annum;

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

(E) in respect of the Class E Notes, 0.85 per cent. per annum.

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

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Note Trustee, the Cash Manager, the Calculation and Reporting Agent and the Paying Agents in writing of (i) the Rate of Interest applicable to the Interest Period beginning on that Interest Determination Date in respect of the Notes of each class, and (ii) the sterling amount (the "**Interest Amount**") payable in respect of such Interest Period in respect of the Notes of each class. Each Interest Amount in respect of the Notes shall be calculated by applying the applicable Rate of Interest to the Principal Amount Outstanding of the Notes of each class, multiplying such sum by the

actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure downward to the nearest penny.

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

As soon as practicable after receiving notification thereof, the Issuer shall cause the Rate of Interest and Interest Amount applicable to the Notes of each class for each Interest Period and the Interest Payment Date in respect thereof to be notified in writing to Irish Stock Exchange Limited (the "**Irish Stock Exchange**") (for so long as the Notes are listed on the Irish Stock Exchange) and shall cause notice thereof to be given to the Noteholders in accordance with Condition 14. 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 Note Trustee*

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for each class of Notes in accordance with the foregoing Conditions, the Note Trustee may (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 Notes in the manner specified in Condition 4(*d*) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(g) *Notifications to be Final*

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

(h) *Reference Banks and Agent Bank*

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

5. Redemption and Cancellation

(a) *Final Redemption*

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in July 2017.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in this Condition 5 but without prejudice to Condition 9.

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

Subject as provided in Conditions 5(c) and 5(*d*), prior to the service of an Enforcement Notice and subject as provided below, each class of Notes shall be subject to mandatory redemption in part on each Interest Payment Date to the extent that on the Calculation Date (as defined below) relating thereto amounts in respect of Available Principal are available to the Issuer on such Interest Payment Date.

The "**Calculation Date**" means the third Business Day prior to the relevant Interest Payment Date save in respect of the Interest Payment Date falling in July 2017 when it means the actual Interest Payment Date in July 2017.

The "**Available Principal**" on any Interest Payment Date means all Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds.

The "**Issuer Principal Receipts**" means, together, Final Redemption Funds, Prepayment Redemption Funds and Principal Recovery Funds.

For the purposes of these Conditions:

(A) "**Final Redemption Funds**" means the aggregate amount allocated towards principal payments received by or on behalf of the Issuer in respect of the Securitised Loan as a result of the repayment of the Whole Loan upon its scheduled final maturity date, and "**Available Final Redemption Funds**" means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer during the period from (and including) the preceding Calculation Date to (but excluding) such Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (and including) the Closing Date to (but excluding) such first Calculation Date) (each a "**Collection Period**") less any amount of Final Redemption Funds to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Work-out Fees;

(B) "**Prepayment Redemption Funds**" means (i) the aggregate amount allocated towards principal payments received by or on behalf of the Issuer in respect of the Securitised Loan as a result of any prepayment in part or in full of the Whole Loan (including upon the receipt of insurance proceeds not applied in reinstating the Property prior to the final maturity of the Whole Loan), (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 Securitised Loan by the Originator pursuant to the Loan Sale Agreement and (iii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of the Securitised Loan by the Servicer pursuant to the Servicing Agreement or a Subordinated Lender under the Intercreditor 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 any amount of Prepayment Redemption Funds to be transferred to Available Interest Receipts on the Interest Payment Date

immediately following such Calculation Date for the purpose of paying Work-out Fees;

(c) "**Principal Recovery Funds**" means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of actions taken in accordance with the Default Procedures in respect of the Securitised 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 any amount of Principal Recovery Funds to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Interest Payment Date,

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Principal on any preceding Calculation Date.

On each Interest Payment Date prior to the service of an Enforcement Notice, the Available Principal will be applied as set out below.

Subject as provided below, on each Interest Payment Date where a Sequential Redemption Event has not occurred, the Available Principal will be applied to redeem the Notes pro rata and pari passu between each class of Notes then outstanding according to their Principal Amount Outstanding.

A "**Sequential Redemption Event**" shall occur if a Servicing Transfer Event has occurred or if the Securitised Loan is not redeemed in full on the Loan Payment Date in July 2014.

If a Sequential Redemption Event has occurred then all Available Principal will be applied on each subsequent Interest Payment Date in the following order of priority:

(i) **first**, in or towards repaying the Principal Amount Outstanding of the Class A Notes until all the Class A Notes have been redeemed in full;

(ii) **second**, in or towards repaying the Principal Amount Outstanding of the Class B Notes until all the Class B Notes have been redeemed in full;

(iii) **third**, in or towards repaying the Principal Amount Outstanding of the Class C Notes until the Class C Notes have been repaid in full;

(iv) **fourth**, in or towards repaying the Principal Amount Outstanding of the Class D Notes until the Class D Notes have been repaid in full; and

(v) **fifth**, in or towards repaying the Principal Amount Outstanding of the Class E Notes until the Class E Notes have been repaid in full.

(c) Mandatory Redemption for Tax or Other Reasons

If the Corporate Services Provider, acting on behalf of the Issuer, at any time notifies the Note Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than (i) where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes, or (ii) 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 Borrower in relation to the Securitised 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 Note Trustee that either (x) it will have the necessary funds on the relevant Interest Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed or repaid under this Condition 5(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 or repaid, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most junior class of Notes then outstanding, and that the Issuer has obtained the written consent of all of the Noteholders of the most junior class of Notes then outstanding to the redemption at such lower amount, which certificate shall be conclusive and binding, and provided that, on the Interest Payment Date on which such notice expires, no Enforcement Notice has been served, then the Issuer shall, 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 Note Trustee, the Paying Agents and to the Noteholders in accordance with Condition 14, 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;

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

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

After giving notice of redemption or repayment pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes other than by way of redemption or repayment pursuant to this Condition 5(c). Once redeemed or repaid to the full extent provided in this Condition 5(c), the Notes shall cease to bear interest.

(d) Mandatory Redemption in Full –Interest Rate Swap Transaction

If, at any time, the Interest Rate Swap Transaction is terminated by reason of the occurrence of a Interest Rate Swap Tax Event (as defined below) under the Interest Rate Swap Agreement and (i) the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it, (ii) the Interest Rate Swap Provider are unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Interest Rate Swap Tax Event, and (iii) the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use its best endeavours to find a replacement interest rate swap provider) then, on giving not more than 60 nor less than 30 days' written notice to the Note Trustee and to the Noteholders in accordance with Condition 14 and provided that, on the Interest Payment Date on which such notice expires, no 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 Note Trustee that either (x) 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 5(*d*) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher or *pari passu* in priority to the Notes, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most junior class of Notes then outstanding and that the Issuer has obtained the written consent of all of the Noteholders of the most junior class of Notes then outstanding to the redemption at such lower amount, which certificate will be conclusive and binding, the Issuer shall on such Interest Payment Date redeem the Notes as follows:

(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;

(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;

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

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

After giving notice of redemption or repayment pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes other than by way of redemption pursuant to this Condition 5(*d*). Once redeemed to the full extent provided in this sub-paragraph, the Notes shall cease to bear interest.

For these purposes, an "**Interest Rate Swap Tax Event**" means:

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

(e) *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 5(*b*) or Condition 5(*c*) or Condition 5(*d*), as applicable, will, in relation to the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Condition 5(*b*) or Condition 5(*c*) or Condition 5(*d*), 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 Calculation and Reporting Agent 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 in the case of the Reg S Notes and £250,000 in the case of the Rule 144A Notes and the denominator is £50,000 in the case of the Reg S Notes and £250,000 in the case of the Rule 144A Notes. Each determination by the Calculation and Reporting Agent 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 on a particular day will be the principal amount of that Note on the Closing Date less the aggregate amount of any principal repaid by the Issuer on or prior to such day The amount of interest due and payable on a Note on an Interest Payment Date will be calculated on the Principal Amount Outstanding on such Interest Payment Date.

The Issuer (or the Calculation and Reporting Agent on its behalf) will cause determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Note Trustee, the Issuer Security Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and (for so long as the Notes are admitted to trading on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be given to the Noteholders in accordance with Condition 14 as soon as reasonably practicable.

If the Issuer (or the Calculation and Reporting Agent on its behalf) 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 5(*e*), such Note Principal Payment, Principal Amount Outstanding and Pool Factor may be determined by the Note Trustee (but without any liability accruing to the Note Trustee as a result) in accordance with this Condition 5(*e*), and each such determination or calculation will be binding and will be deemed to have been made by the Issuer or the Calculation and Reporting Agent, as the case may be.

(f) *Notice of Redemption*

Any such notice as is referred to in Condition 5(c), (*d*) or (*e*) 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.

(g) *Cancellation*

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

6. Payments

(a) *Means of making payments*

Payments of principal and interest in respect of each Note will be made to the person listed at the close of business on the Record Date in the Register as the holder of that Note (the "**Payee**") (or if two or more persons are so listed, the person first appearing in the list), by wire transfer of immediately available funds, if such Payee shall have provided wiring instructions no less than five Business Days prior to the Record Date, or otherwise by sterling cheque drawn on a branch of a bank in London posted to the Payee (or the first-named of two joint holders) of such 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 Note is not made in full, the Registrar will annotate the Register with a record of the amount, if any, paid. In the case of the final redemption, and provided that payment is made in full, payment will only be made against the surrender of those Notes to the Registrar.

Upon application by a Payee to the specified office of the Registrar not later than the Record Date for payment in respect of such 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 Note until such time as the Registrar is notified in writing to the contrary by the Payee. The "**Record Date**" means in connection with any payment, the fifteenth day before the due date for such payment.

(b) *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. Noteholders will not be charged commissions or expenses on these payments.

(c) *Definitive Notes*

If a Noteholder holds Definitive Notes, payments of principal and interest on a Note (except in the case of a final payment that pays off the entire principal on the Note) will be made by cheque and mailed to the Noteholder at the address shown in the Register. In the case of final redemption, payment will be made only when the Note is surrendered. If the Noteholder makes an application to the Registrar, payments can instead be made by transfer to a bank account.

(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 will still be payable in accordance with the usual procedures.

(e) *Change of Agents*

The Principal Paying Agent is HSBC Bank plc at its office at 8 Canada Square, London E14 5HQ. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and the Agent Bank and to appoint additional or other Agents. The Issuer will at all times maintain a Paying Agent in London, in New York and in Dublin (in the case of Dublin, for so long as the Notes are listed on the Irish Stock Exchange, Dublin). The Issuer shall cause at least 30 days' notice of any change in or addition to the Paying Agents or the Registrar to be given to the Noteholders in accordance with Condition 14.

(f) *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 6(*a*)), 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 14, provided that such interest and interest thereon are, in fact, paid.

(g) *Redenomination in Euro*

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

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

(ii) Where such a change in currency occurs, the Global Notes in respect of the Notes then outstanding and these Conditions in respect of the Notes will be amended in the manner agreed by the Issuer and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Note 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 6(*g*) will be binding upon holders of such Notes.

(iii) Notification of the amendments made to the Notes pursuant to this Condition 6(*g*) will be made to the Noteholders in accordance with Condition 14 which will state, among other things, the date on which such amendments are to take or took effect, as the case may be.

7. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

8. Prescription

Claims for principal and interest in respect of the Notes will become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 8, the "**relevant date**" means the date on which a payment in respect thereof first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Note 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 14.

9. Events of Default

(a) *Eligible Noteholders*

If, while any of the Notes are outstanding, any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**") the Note Trustee may, and will, 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 of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders holding outstanding Notes, and in any case aforesaid, subject to the Note Trustee being indemnified and/or secured to its satisfaction, give notice (an "**Enforcement Notice**") to the Issuer, with a copy to the Issuer Security Trustee, declaring all the Notes to be due and repayable and the Issuer Security enforceable:

(i) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, any Class A Note; or if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class B Notes outstanding, any Class C Note; or, if there are no Class C Notes outstanding, any Class D Note; or, if there are no Class D Notes outstanding, any Class E Note; or

(ii) default is made by the Issuer in the performance or observance of any obligation (other than a payment default as described in (i) above) binding upon it under any of the Notes of any class, the Trust Deed, the Deed of Charge and Assignment or the other Transaction Documents to which it is party and, in any such case (except where the Note 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 Note Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) 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 Note Trustee in writing or by an Extraordinary Resolution of the then most senior class of Noteholders holding outstanding Notes; or

(iv) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(*a*)(iii) above, ceases or, consequent

upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time); or

(v) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, any application to court for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer takes possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process is levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally,

provided that, in the case of each of the events described in Condition 9(*a*)(ii) or 9(*a*)(iv), the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders holding outstanding Notes.

In the event of a conflict between the instructions of the Eligible Noteholders of a class of Notes and an Extraordinary Resolution of the holders of the same class of Notes, the instructions issued pursuant to the Extraordinary Resolution shall prevail.

(b) Effect of Enforcement Notice

Upon the giving of an Enforcement Notice in accordance with Condition 9(*a*) above, all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Deed of Charge and Assignment.

10. Enforcement and Post-Enforcement Call Option

(a) Enforcement

(i) Subject to the provisions of Condition 15, the Note Trustee may, without notice, take such proceedings against the Issuer or any other person as are appropriate to enforce the provisions of the Notes and the Transaction Documents and the Issuer Security Trustee may, at any time after the Issuer Security has become enforceable, without notice, enforce the Issuer Security and/or take possession of the Issuer Security or any part thereof and may in its discretion sell, call in, collect and convert into money the Issuer Security or any part thereof in such manner and upon such terms as the Issuer Security Trustee may think fit to enforce the Issuer Security, but neither the Note Trustee nor the Issuer Security Trustee will be bound to take any such proceedings or steps unless:

(A) in the case of the Issuer Security Trustee, for so long as any Notes are outstanding, it has been directed in writing to do so by the Note Trustee; 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.

(ii) The Note Trustee will not be bound to issue directions to the Issuer Security Trustee in respect of the enforcement of the Issuer Security unless, subject to the proviso below, it is directed to do so, in accordance with Condition 9, 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

PROVIDED THAT:

(i) the Note 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 Note Trustee be materially prejudicial to the interests of the Class A Noteholders or the Note Trustee has been directed to take such action by an Extraordinary Resolution of the Class A Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes;

(ii) the Note 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 Note Trustee be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or the Note Trustee has been directed to take such action by an Extraordinary Resolution 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 Note 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 Note Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or the Note Trustee has been directed to take such action by an Extraordinary Resolution 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 Note 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 Note 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 Note Trustee has been directed to take such action by an Extraordinary Resolution 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.

Enforcement of the Issuer Security will be the only remedy available to the Note Trustee and the Noteholders for the repayment of the Notes and any interest thereon. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Issuer Security Trustee, having become bound to do so, fails to do so within 90 days from the date it becomes so bound and such failure shall be continuing; provided that no Class B Noteholder (for so long as there is any Class A Note outstanding), no Class C Noteholder (for so long as there is any Class A Note or Class B Note outstanding), no Class D Noteholder (for so long as there is any Class A Note, Class B Note or Class C Note outstanding) and no Class E Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note or Class D Note outstanding) shall be entitled to take such action. No Noteholder will be entitled to directly take proceedings for the winding up or administration of the Issuer. The Issuer Security 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.

(b) *Post-Enforcement Call Option*

Following the Post-Enforcement Call Option becoming exercisable, the Noteholders will, at the request of ELOC 27 PECO Holder Limited (the "**PECO Holder**"), sell all (but not some only) of their holdings of Notes then outstanding to the PECO Holder pursuant to the option, which entitles the PECO Holder to acquire all (but not some only) of the outstanding Notes (plus accrued interest thereon for a consideration of £0.01 per Note (the "**Post-Enforcement Call Option**"), granted to the PECO Holder by the Note Trustee (on behalf of the Noteholders) pursuant to the Post-Enforcement Call Option Agreement.

The Post-Enforcement Call Option will become exercisable by the PECO Holder on the date upon which the Issuer Security Trustee gives written notice to the PECO Holder that it has determined in its sole opinion and discretion that (i) all amounts outstanding under the Notes have become due and payable and (ii) there is no reasonable likelihood of there being any further realisations (whether arising from an enforcement of the Issuer Security or otherwise) which would be available to pay amounts outstanding under the Notes.

Each of the Noteholders grants to the Note Trustee and acknowledges that the Note Trustee has the authority and the power to bind such Noteholder in accordance with the provisions set out in the Post-Enforcement Call Option Agreement and each Noteholder by acquiring the relevant Notes irrevocably authorises the Note Trustee to act on its behalf in respect of the Post-Enforcement Call Option and agrees to be bound to the terms of this Condition and the Post-Enforcement Call Option Agreement and ratifies the Note Trustee's entry into the Post-Enforcement Call Option Agreement, on its behalf, accordingly.

The Issuer shall give notice of exercise of the Post-Enforcement Call Option to the Noteholders in accordance with Condition 14.

11. Meetings of Noteholders, Modification and Waiver

(a) The Trust Deed contains provisions for convening meetings of the Noteholders of each class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, among other things, the removal of the Note Trustee or a modification of the Notes (including these Conditions) or the provisions of any of the other Transaction Documents.

(b) An Extraordinary Resolution passed at any meeting of the Class A Noteholders will be binding on all other 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 other Transaction Documents, which (except as provided in Condition 11(*m*) and

Condition 11(*n*)) will not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each other class of Noteholders (or it will not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders of each other class of Notes).

The term "**Extraordinary Resolution**" means a resolution passed at a meeting of the relevant class of Noteholders duly convened and held in accordance with the provisions contained in the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 per cent. of the votes given on such poll.

(c) An Extraordinary Resolution passed at any meeting of Class B Noteholders (other than as referred to in Condition 11(*b*)) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders will be binding on all other Noteholders (other than the Class A 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 Transaction Documents which (except as provided in Condition 11(*m*) and Condition 11(*n*)) will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (or it will not, in the opinion of the Trustee, 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 Condition 11(*b*) or 11(*c*)) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders.

An Extraordinary Resolution passed at any meeting of the Class C Noteholders will be binding on all other Noteholders (other than the Class A Noteholders and the Class B 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 Transaction Documents which (except as provided in Condition 11(*m*) and Condition 11(*n*)) will not take effect unless it has been sanctioned by an Extraordinary Resolution of the Class D Noteholders and the Class E Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class D Noteholders and the Class E Noteholders).

(e) An Extraordinary Resolution passed at any meeting of Class D Noteholders (other than as referred to in Condition 11(*b*), 11(*c*) or 11(*d*)) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders.

An Extraordinary Resolution passed at any meeting of the Class D Noteholders will be binding on all other Noteholders (other than the Class A Noteholders, the Class B Noteholders and the Class C 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 Transaction Documents which (except as provided in Condition 11(*m*) and Condition 11(*n*)) will not take effect unless it has been sanctioned by an Extraordinary Resolution of the Class E Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class E Noteholders).

(f) An Extraordinary Resolution passed at any meeting of Class E Noteholders (other than as referred to in Condition 11(*b*), 11(*c*), 11 (*d*) or 11(*e*)) shall not be effective for any purpose unless either:

(i) the Note 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.

(j) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes (whether being Definitive Notes or represented by a Global Note) of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, 33 ⅓ per cent. in Principal Amount Outstanding of the Notes of such class for the time being outstanding.

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.

(k) Subject to Condition 11(*m*), the Note Trustee may agree, without the consent of the Noteholders, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of any class of Noteholders, or (ii) to any modification of the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Note Trustee, is to correct a manifest or proven error or an error which is, in the opinion of the Note Trustee, of a formal, minor or technical nature. The Note Trustee may also, without the consent of the Noteholders of any class, determine that an Event of Default will not, subject to specified conditions, be treated as such, provided always that the Note Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or,

if no Class A Notes are outstanding, the then most senior class of Noteholders holding outstanding Notes (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

(l) Where either the Note Trustee or the Issuer Security 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 Note Trustee and the Issuer Security 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 Note Trustee and the Issuer Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee, the Issuer Security Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(m) Each of the Note Trustee and the Issuer Security Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or the Noteholders of any class and if the Note Trustee or the Issuer Security Trustee, as the case may be, shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the Noteholders. In making such a determination, the Note Trustee and the Issuer Security Trustee shall be entitled to take into account, among other things, any Rating Agency Confirmation provided that neither the Note Transfer nor the Issuer Security Trustee shall be obliged to treat any Rating Agency Confirmation as determinative.

(n) Nothing in this Condition 11 will limit the exercise of any right of the Controlling Creditor with regard to the appointment of a Special Servicer or Operating Adviser set forth in Condition 3.

12. Indemnification and Exoneration of the Note Trustee and the Issuer Security Trustee

The Trust Deed and the Deed of Charge and Assignment contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Issuer Security Trustee and for their respective indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to their satisfaction. The Issuer Security 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 Transaction 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 Issuer Security Trustee.

The Deed of Charge and Assignment, contains provisions pursuant to which the Issuer Security Trustee or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as security trustee for the holders of any other securities related to the Issuer and/or any other person who is a party to the Transaction 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 Issuer Secured Parties, 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 contains provisions pursuant to which the Note Trustee or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction 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 Transaction 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.

Neither the Note Trustee nor the Issuer Security Trustee will be obliged to take any action which might result in its incurring personal liabilities unless indemnified to its satisfaction.

The Deed of Charge and Assignment relieves the Issuer Security Trustee of liability for, among other things, not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge and Assignment. The Issuer Security Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. Neither the Note Trustee nor the Issuer Security Trustee will 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 Issuer, the Servicer, the Special Servicer, the Calculation and Reporting Agent, the Cash Manager, the Advance Provider, the Advance Guarantor, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor or any other person of their obligations under the Transaction Documents and each of the Note Trustee and the Issuer Security Trustee will assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

13. Replacement of 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 Note Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

14. Notice to Noteholders

(a) All notices, other than notices given in accordance with the following paragraphs of this Condition 14, to Noteholders shall be deemed to have been validly given if published in a leading daily newspaper printed in the English language with general circulation in Dublin (which is expected to be The Irish Times) or, if that is not practicable, in such English language newspaper or newspapers as the Note Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. For so long as the Notes of any class are represented by Global Notes, notices to Noteholders will be validly given if published as described above or, for so long as the Notes are listed on the Irish Stock Exchange, and the rules of the Irish Stock Exchange so allow, at the option of the Issuer, if delivered to the Registrar for communication by it to Euroclear and/or Clearstream, Luxembourg (as applicable) 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 (as applicable) as aforesaid shall be deemed to have been given on the day on which it is delivered to the Registrar.

(b) Any notice specifying a Note Principal Payment, Interest Payment Date, Pool Factor, 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 Servicer's internet website currently located at www.morganstanley.com, pursuant to the Servicing Agreement) or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee and notified to the Noteholders pursuant to Condition 14(*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 14(*a*).

(c) A copy of each notice given in accordance with this Condition 14 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange and at all times to Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch and Moody's, the "**Rating Agencies**", which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any class thereof), with a copy to the Registrar. 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 Note 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 Note Trustee shall require.

15. Subordination

(a) *Interest*

Subject to Condition 10 and for so long as any Class A Note is outstanding, in the event that, on any Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (d) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class B Notes), and items (a) to (e) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class C Notes), and items (a) to (f) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class D Notes), and items (a) to (g) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class E Notes), respectively, (each such amount with respect to the relevant class of Notes, an "**Interest Residual Amount**"), are not sufficient to satisfy in full the Interest Amount due and payable on the Class B Notes, the Class C Notes, the Class D Notes and 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 and/or Class C Note and/or Class D Note and/or Class E Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant class or classes of Notes on such Interest Payment Date, calculated by dividing the original principal amount outstanding of each such Class B Note, Class C Note, Class D Note or Class E Note, as the case may be, by the aggregate principal amount of the Class B Notes, Class C Notes, Class D Notes and 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.

If on any Interest Payment Date an insufficiency of the type described in the preceding paragraph exists in relation to the Notes 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, the Class C Notes, the Class D Notes and/or the Class E Notes, as the case may be, on any Interest Payment Date in accordance with this Condition 15(*a*) falls short of the Interest Amount due on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, on that date pursuant to Condition 4. 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 the earlier of (x) any succeeding Interest Payment Date 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 (d) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class B Notes); items (a) to (e) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class C Notes); items (a) to (f) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class D Notes); and items (a) to (g) of Clause 6.3.1 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, or (y) the date on which the relevant Notes are due to be redeemed in full.

In the event that no Class A Note is outstanding, the provisions in this Condition 15(*a*) shall apply, *mutatis mutandis*, save that reference to the most senior class of Notes outstanding at that time and all references to classes of Notes that were, prior to their redemption, senior to that class of Notes shall be deleted.

(b) Principal

Subject to Condition 5(b), Condition 9 and Condition 10, while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes respectively. Subject to Condition 5(b), while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall 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 5(b), while any Class C Notes are outstanding, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class D Notes and the Class E Notes respectively. Subject to Condition 5(b), while any Class D Notes are outstanding, the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class E Notes.

(c) Notification

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes, the Class C Notes, 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 15, the Issuer will give notice thereof to the Class B Noteholders, Class C Noteholders, the Class D Noteholders or the Class E Noteholders, as the case may be, in accordance with Condition 14 and, so long as the Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

16. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Conditions, 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.

17. Governing Law

The Trust Deed, these Conditions and the Notes are governed by, and shall be construed in accordance with, English law.

18. U.S. Federal Income Tax Treatment and Provision of Information

(a) It is the intention of the Issuer, each Noteholder and each beneficial owner ("**Owner**") of an interest in the Notes that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be indebtedness of the Issuer and the Class E Notes, although denominated as debt, will be treated as equity in 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 each class of 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, consistently with the Intended U.S. Tax Treatment and to report each class of 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 United States Exchange Act of 1934, as amended (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 NET PROCEEDS

The proceeds from the issuance of the Notes will be approximately £429,000,000 and this sum will be applied by the Issuer towards payment to the Originator of the purchase consideration in respect of the Securitised Loan, the Originator's beneficial interests in the Loan Security Trust comprising the Related Security to be purchased on the Closing Date pursuant to the Loan Sale Agreement. For further information, see "*The Loan and the Related Security*" at page 63. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Morgan Stanley & Co. International plc or Morgan Stanley Bank International Limited.

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 United Kingdom tax law and H.M. Revenue & Customs practice as at the date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. Withholding tax on payments of interest on the Notes

For so long as the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the Irish Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on each of the Notes will be treated as a "payment of interest on a quoted Eurobond" within the meaning of section 882 of the Income Tax Act 2007. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a recognised stock exchange, an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.) from interest paid on them, subject to any direction to the contrary from H.M. Revenue & Customs in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or to the interest being paid to the persons (including companies within the charge to United Kingdom corporation tax) and in the circumstances specified in sections 930 to 938 of the Income Tax Act 2007.

2. Further United Kingdom income tax issues for non-United Kingdom resident Noteholders

Interest on the Notes constitutes United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding, subject to such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company, which carries on a trade through a permanent establishment) in the United Kingdom in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax and obtain relief as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

1. Taxation of chargeable gains

It is expected that the Notes will not be regarded by H.M. Revenue & Customs as constituting "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the "accrued income scheme" described in paragraph 2 below.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the "accrued income scheme" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

3. Stamp Duty and SDRT

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes or of a Definitive Note.

4. EU Directive on Taxation of Savings Income

The EU has adopted a directive regarding the taxation of savings income, under which each EU member state is required to provide to the tax authorities of another member state details of payments of interest and other similar income paid by a person within its jurisdiction to an individual in that other member state, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. A number of non-European countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland).

UNITED STATES FEDERAL INCOME TAXATION

The following is a summary of certain United States federal income tax considerations for original purchasers of the Notes that use the accrual method of accounting for United States federal income tax purposes and that hold the Notes as capital assets. This summary does not discuss all aspects of United States federal income taxation that might be important to particular investors in light of their individual investment circumstances, such as investors subject to special tax rules (e.g., financial institutions, insurance companies, tax-exempt institutions, non-United States persons engaged in a trade or business within the United States, or persons the functional currency of which is not the United States dollar). In particular, investors not using the accrual method of accounting for United States federal income tax purposes may be subject to rules not described herein. In addition, this summary does not discuss any non-United States federal, 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 United States 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.

* * * *

Any discussion of United States federal tax issues set forth in this Offering Circular is written in connection with the promotion and marketing by the Issuer and Manager of the transaction described in this Offering Circular. Such discussion is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any United States federal income tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

* * * *

For the purposes of this summary, a "**United States holder**" means a beneficial owner of a Note that is, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organised in or under the laws of the United States or of any political subdivision thereof, (iii) an estate (other than a foreign estate described in section 7701(a)(31)(A) of the Code), or (iv) a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of such trust. A "**non-United States holder**" means a beneficial owner of a Note that is not a United States holder.

United States persons and non-United States persons who own an interest in a holder that is treated as a pass-through entity under the Code will generally receive the same tax treatment with respect to the material tax consequences of their indirect ownership of the Notes as is described herein for direct United States holders and non-United States holders, respectively. Nonetheless, such persons should consult their United States tax advisors with respect to their particular circumstances, including issues related to tax elections and information reporting requirements.

Class X Certificates

The Class X Certificates are not being offered and sold pursuant to this Offering Circular in connection with the issuance of the Notes and there is no direct authority under current law addressing the purchase, ownership and disposition of the Class X Certificates and the treatment of payments made in relation thereto for United States federal income tax purposes. This summary does not discuss the material United States federal income tax consequences resulting from the purchase, ownership or disposition of an interest in the Class X Certificates and, hence, does not constitute tax advice regarding the treatment of the Class X Certificates for United States federal income tax purposes. Holders of an interest in the Class X Certificates are urged to consult with their United States tax advisors regarding the federal, state, and local income and other tax consequences of owning an interest in the Class X Certificates, including the possibility that the Class X Certificates may be characterized as debt or equity of the Issuer, as assignable contract rights or as a notional principal contract for United States federal income tax purposes.

Characterisation of the Notes

The Issuer intends to take the position that, while the matter is not clear and there is no authority directly on point, (A) the Notes, other than the Class X Certificates and the Class E Notes (collectively, the "**Priority Notes**"), are debt of the Issuer for United States federal income tax purposes and (B) the Class E Notes are equity in the Issuer for United States federal income tax purposes. However, because of the features of the Class E Notes (and to a lesser extent, more senior classes of the Priority Notes) and because the characterization of the Class X Certificates for United States federal income tax purposes is not entirely clear, there is a significant possibility that the IRS could contend that some or all of the Priority Notes should be treated as equity in the Issuer for United States federal income tax purposes. For further information, see "*Possible Alternative Characterisations of the Notes*", "*Distributions on the Class E Notes to United States holders*" and "*Dispositions of Class E Notes by United States holders*" below. The Issuer intends to take the position that the Class E Notes are equity in the Issuer for United States federal income tax purposes because there is a strong likelihood that, under United States federal income tax principles, the Class E Notes, although denominated as debt, will be treated as equity.

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 (A) the Priority Notes as debt and (B) the Class E Notes as equity 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 each agrees to report its ownership interest in one or more classes of Notes on all applicable tax returns in a manner consistent with such treatment. In general, the characterization of an instrument for United States federal income tax purposes as debt or equity by its issuer as of the time of issuance is binding on a holder (but not the IRS), unless the holder takes an inconsistent position and discloses such position in its United States federal tax return. The Issuer will not obtain any rulings from the IRS or opinions of counsel on the characterisation of the Notes and the Class X Certificates and there can be no assurance that the IRS or the courts will agree with the positions of the Issuer. Unless otherwise indicated, the discussion in the following paragraphs assumes that the characterisations of the Priority Notes as debt and the Class E Notes as equity are correct for United States federal income tax purposes.

The following paragraphs are also based on the assumption that the Issuer will not be engaged in a trade or business within the United States to which the income from the Notes is effectively connected.

Interest Income on the Priority Notes to United States Holders

In General

The Priority Notes will not be issued with original issue discount ("**OID**") for United States federal income tax purposes (as discussed below), and, as a result, because interest on the Priority Notes is paid in arrears on each Interest Payment Date, interest on the Priority Notes will be taxable to a United States holder as ordinary income at the time it is accrued prior to the receipt of cash attributable to that income.

A Priority 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 Priority Notes is first sold (not including sales to the Manager)) by an amount equal to or greater than 0.25 per cent. of such Priority Note's stated redemption price at maturity multiplied by such Priority Note's weighted average maturity ("**WAM**"). In general, a Priority Note's "stated redemption price at maturity" is the sum of all payments to be made on the Priority Note other than payments of "qualified stated interest." The WAM of a Priority 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 Priority Notes. The pricing of the Priority Notes is calculated on the basis of the amortisation payments, if any, of the Securitised Loan on the assumption that there will be no prepayments of the Securitised Loan.

In general, interest on the Priority Notes will constitute "qualified stated interest" only if such interest is "unconditionally payable" at least annually at a single fixed or qualifying variable rate (or permitted combination of the foregoing) within the meaning of applicable United States Treasury

Regulations. Interest will be considered "unconditionally payable" for these purposes if legal remedies exist to compel timely payment of such interest or if the Priority 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 Priority Notes (other than the Class A Notes), Treasury Regulations provide that in determining whether interest is unconditionally payable the possibility of non-payment due to default, insolvency or similar circumstances is ignored. Accordingly, the Issuer intends to take the position that interest payments on the Priority Notes constitute "qualified stated interest". It is possible that the IRS could take a contrary position, in which case it is anticipated that the Priority Notes would be treated as OID instruments for United States federal income tax purposes.

Sourcing

Interest on a Priority Note will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations, United Kingdom withholding tax, if any, imposed on payments on the Priority Notes will generally be treated as a foreign tax eligible for credit against a United States holder's United States federal income tax (unless such tax is refundable under United Kingdom law or a United Kingdom – United States income tax 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 Priority 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 Priority Notes during an accrual period. The United States dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. In addition, such United States holder will recognise additional exchange gain or loss, treated as ordinary income or loss, with respect to accrued interest income on the date such income is actually received or the applicable Priority 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 Priority Note is disposed of) in respect of such accrual period and (ii) the United States dollar value of interest income that has accrued during such accrual period (determined at the average rate as described above). Alternatively, a United States holder may elect to translate interest income into United States dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the interest accrual period is within five business days of the date of receipt, the spot rate on the date of receipt. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Disposition of Priority Notes by United States Holders

In General

Upon the sale, exchange or retirement of a Priority 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 Priority Note. For these purposes, the amount realised does not include any amount attributable to accrued interest on the Priority Note (which will be treated as interest as described under "*Interest Income on the Priority Notes to United States Holders*" above). A United States holder's adjusted tax basis in a Priority Note generally will equal the cost of the Priority Note to the United States holder, decreased by any payments (other than payments of qualified stated interest) received on the Priority Note and increased by the amount of OID, if any, included in income.

In general, except as described below, gain or loss realised on the sale, exchange or redemption of a Priority Note will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in a Priority 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 Priority 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 Priority 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 Priority 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 Priority Note, and any payment with respect to accrued interest, translated at the spot rate on the date such payment is received or such Priority Note is disposed of, and (ii) the United States dollar value of the applicable sterling principal amount of such Priority Note, on the date such holder acquired such Priority Note, and the United States dollar amounts previously included in income in respect of the accrued interest received at the spot rate on that day. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a United States holder on the sale, exchange or retirement of the Priority 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 Priority 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 Priority 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.

Taxation of Priority Notes to Non-United States Holders

A non-United States holder of the Priority Notes will be exempt from any United States federal income or withholding taxes with respect to the gain derived from the sale, exchange or retirement or any payments received in respect of the Priority Notes, unless such gain or payments are effectively connected with a United States trade or business of such holder, or such holder is a non-resident alien individual who holds the Priority Notes as a capital asset and who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are satisfied.

Possible Alternative Characterisations of the Priority Notes

In General

Although, as described above, the Issuer intends to take the position that the Priority Notes will be treated as debt for United States federal income tax purposes, such position is not binding on the IRS or the courts and therefore no assurance can be given that such characterisation will prevail. In particular, because of the features of the Class E Notes (and to a lesser extent, more senior classes of the Priority Notes) and because the characterisation of the Class X Certificates for United States federal income tax purposes is not entirely clear, there is a significant possibility that the IRS could contend that some or all of the Priority Notes should be treated as equity in the Issuer for United States federal income tax purposes.

The timing and character of income under the Priority Notes may differ substantially depending on whether the Priority Notes are treated as debt or equity for United States federal income tax purposes. If one or more classes of Priority Notes were treated as equity interests in the Issuer (any such Note, a "**Recharacterised Note**"), such Recharacterised Notes and the treatment of payments made in relation thereto for United States federal income tax purposes would be substantially similar to the discussion with respect to the Class E Notes below under "*Distributions on the Class E Notes to United States Holders*" and "*Disposition of Class E Notes by United States Holders*". Prospective investors should consult their own United States tax advisors with respect to the potential impact of an alternative characterisation of the

Priority Notes for United States federal income tax purposes, including the making of a protective QEF election under the passive foreign investment company rules of the Code at the time when an investor acquires its ownership interest in the Priority Notes.

Distributions on the Class E Notes to United States Holders

Except as provided below, a United States holder of a Class E Note is required to include, in income, payments of "interest" as distributions on equity of the Issuer (with no dividends received deduction available to corporate United States holders). In addition, unless the Issuer is treated as being engaged in a U.S. trade or business, generally, "interest" income derived by a United States holder of a Class E Note with respect to a Class E Note which is treated as equity should constitute foreign source income that will be treated as passive income for United States foreign tax credit purposes (or, in the case of certain United States holders, financial services income). "Dividend" income derived by a United States holder of a Class E Note will not be eligible for the preferential income tax rates provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Each United States holder of a Class E Note should consult its own United States tax advisors as to how it should treat this income for the purposes of its particular foreign tax credit calculation.

Investment in a Passive Foreign Investment Company.

The Issuer expects to be treated as a "passive foreign investment company" (a "**PFIC**"). United States holders of Class E Notes will be considered United States shareholders in a PFIC (each, a "**U.S. shareholder**"). In general, a U.S. shareholder in a PFIC may desire to make an election to treat the Issuer as a qualified electing fund ("**QEF**") with respect to such U.S. shareholder. However, as described in more detail below, the Issuer does not intend to provide information that a U.S. shareholder making a QEF election will need for U.S. federal income tax reporting purposes. Generally, a QEF election should be made on or before the due date for filing a U.S. shareholder's federal income tax return for the first taxable year for which it held Class E Notes. An electing U.S. shareholder will be required to include in gross income such U.S. shareholder's *pro rata* share of the Issuer's ordinary earnings and to include as long-term capital gain such U.S. shareholder's *pro rata* share of the Issuer's net capital gain, whether or not distributed, assuming that the Issuer does not constitute a controlled foreign corporation in which the U.S. shareholder is a U.S. Shareholder, as discussed further below. A United States holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to such United States holder. In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. shareholders may also be permitted to elect generally to defer payment of the taxes on the QEF's undistributed earnings until such amounts are distributed or Class E Notes are disposed of, subject to an interest charge on the deferred amount. In this respect, prospective purchasers of Class E Notes should be aware that the Issuer may have significant earnings, but distributions attributable to such earnings may be deferred, perhaps for a substantial period of time. Thus, absent an election to defer payment of taxes, U.S. shareholders of the Issuer that make a QEF election may owe tax on significant "phantom" income.

In addition, it should be noted that if the Issuer disposes of mortgage loans or other investments that are not in registered form, a U.S. shareholder making a QEF election (i) may not be permitted to take a deduction for any loss attributable to such obligations and (ii) may be required to treat earnings as ordinary income even though such earnings would otherwise constitute capital gains.

The Issuer does not intend to provide information to holders of Class E Notes (or any other class of Notes that is treated as equity for U.S. federal income tax purposes) that a U.S. shareholder making a QEF election will need for U.S. federal income tax reporting purposes (e.g., the U.S. shareholder's *pro rata* share of ordinary income and net capital gain as computed for U.S. federal income tax purposes) and the Issuer will not provide a PFIC Annual Information Statement as described in Treasury Regulations. U.S. shareholders that are considering making a QEF election should consult their United States tax advisors with respect to their particular circumstances, including issues related to their annual U.S. federal income tax reporting obligations under the PFIC rules and the computations required to effect a QEF election.

A U.S. shareholder that holds "marketable stock" in a PFIC may also avoid certain unfavourable consequences of the PFIC rules by electing to mark the Class E Notes to market as of the close of each

taxable year. A U.S. shareholder 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 Class E Notes at the close of the year over the U.S. shareholder's adjusted tax basis in the Class E Notes. For this purpose, a U.S. shareholder's adjusted tax basis generally would be the U.S. shareholder's cost for the Class E Notes, increased by the amount previously included in the U.S. shareholder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the U.S. shareholder as a deduction pursuant to such election (as described below). If, at the close of the year, the U.S. shareholder's adjusted tax basis exceeded the fair market value of the Class E Notes, then the U.S. shareholder would be allowed to deduct any such excess from ordinary income, but only to the extent of net mark-to-market gains on such Class E Notes previously included in income. Any gain from the actual sale of the Class E 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. Class E Notes would be considered "marketable stock" in a PFIC for these purposes only if they were regularly traded on an exchange which the IRS determines has rules adequate for these purposes. Application has been made to the Official List of the Irish Stock Exchange for listing of the Notes and for the Class X Certificates to be admitted to the Official List and to trading on the alternative securities market of the Irish Stock Exchange. However, there can be no assurance that the Securities will be listed on the Official List of the Irish Stock Exchange, that the Class E Notes will be "regularly traded", that the Class X Certificates will be traded on the alternative securities market of the Irish Stock Exchange, or that such exchange would be considered a qualified exchange for these purposes.

If a U.S. shareholder does not make a QEF election or mark-to-market election and the PFIC rules are otherwise applicable, a U.S. shareholder that has held such the Class E Notes during more than one taxable year would be required to report any gain on the disposition of any Class E Notes as ordinary income and to compute the tax liability on such gain and certain excess distributions as if the items had been earned rateably over each day in the U.S. shareholder's holding period for the Class E Notes and would be subject to the highest ordinary income tax rate for each prior taxable year in which the items were treated as having been earned, regardless of the rate otherwise applicable to the U.S. shareholder. Such U.S. shareholder would also be liable for an additional tax equal to interest on the tax liability attributable to such income allocated to prior years as if such liability had been due with respect to each such prior year. An excess distribution is the amount by which distributions during a taxable year in respect of the Class E Notes exceed 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. shareholder's holding period for the Class E Notes). Because the Class E Notes pay "interest" at a floating rate, it is possible that a United States holder will received excess distributions as a result of fluctuations in the rate of LIBOR over the term of the Class E Notes. U.S. shareholders of the Class E Notes should consider carefully whether to make a QEF election or mark-to-market election with respect to the Class E Notes and the consequences of not making such an election.

Investment in a Controlled Foreign Corporation.

Depending on a United States holder's degree of ownership of the equity interests in the Issuer, the Issuer may constitute a controlled foreign corporation (a "**CFC**"). In general, a foreign corporation will constitute a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to combined voting power or value, are held, directly or indirectly, by U.S. Shareholders. For this purpose, a "**U.S. Shareholder**" is any person that is a United States person for United States federal income tax purposes that possesses (actually or constructively) 10 per cent. or more of the combined voting power of all classes of shares of a corporation (persons who own interests in a U.S. pass-through entity that is a U.S. Shareholder will also be subject to the CFC rules). United States holders possessing 10 per cent. or more of such Class E Notes are U.S. Shareholders. If more than 50 per cent. of the equity interests in the Issuer were held by such U.S. Shareholders, the Issuer would be treated as a CFC.

If the Issuer should be treated as a CFC, a U.S. Shareholder would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer an amount equal to that person's *pro rata* share of the "subpart F income" and certain U.S. source income of the Issuer. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of

insurance income and income from certain transactions with related parties. It is anticipated that all of the Issuer's income would be subpart F income.

If the Issuer should be treated as a CFC, a U.S. Shareholder would be taxable on the Issuer's subpart F income under the CFC rules and not under the PFIC rules. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains will be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the PFIC rules if a QEF election were made.

United States holders of the Class E Notes should consult their United States tax advisors as to timing and character mismatches that may result from the Issuer being treated as a PFIC or CFC.

Distributions on the Class E Notes.

The treatment of actual distributions on the Class E Notes, in very general terms, will vary depending on (A) (i) whether a United States holder has made a timely QEF election as described above, and (ii) the U.S. shareholder's *pro rata* share of the Issuer's ordinary earnings (as determined under the Code) and the U.S. shareholder's *pro rata* share of the Issuer's net capital gain for the United States holder's taxable year in which or with which the taxable year of the Issuer ends, and (B) whether a United States holder has made a timely mark-to-market election as described above. See "*Investment in a Passive Foreign Investment Company*". If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent would not be taxable to United States holders. Distributions in excess of such previously taxed amounts will be treated first as a non-taxable return of capital and then as capital gain.

In the event that a United States holder does not make a QEF election or a mark-to-market election, then except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Class E Notes may constitute excess distributions, taxable as previously described in "*Investment in a Passive Foreign Investment Company*" above.

A United States holder will determine the US dollar value of a distribution which is denominated in sterling made on the Class E Note (or any other class of Notes which is treated as equity for U.S. federal income tax purposes) by translating the sterling payment at the spot rate of exchange on the date of such distribution.

Disposition of Class E Notes by United States Holders

Sale, Redemption or Other Disposition on Class E Notes.

In general, a United States holder of a Class E Note will recognize gain or loss upon the sale or other disposition of a Class E Note equal to the difference between the amount realized and such holder's adjusted tax basis in the Class E Note. If a United States holder has made a timely QEF selection as described above, such gain or loss will be long-term capital gain or loss if the United States holder held the Class E Notes for more than 12 months at the time of the disposition. If a United States holder has made a timely mark-to-market election, such gain or loss will tax as discussed above under "*Investment in a Passive Foreign Investment Company*" above.

Initially, the tax basis of a United States holder should equal the amount paid for a Class E Note. Such basis will be increased by amounts taxable to such holder by virtue of a QEF election, mark-to-market election or the CFC rules and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as non-taxable returns of capital.

If a United States holder does not make a QEF election or mark-to-market election, any gain realized on the sale or exchange of a Class E Note will be subject to an interest charge and taxed as ordinary income. For further information, see "*Investment in a Passive Foreign Investment Company*" above.

If the Issuer were treated as a CFC and a United States holder were treated as a U.S. Shareholder therein, then any gain realized by such holder upon the disposition of Class E Notes be treated as ordinary

income to the extent of the current and accumulated earnings and profits of the Issuer. In this respect, earnings and profits would not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules.

A United States holder will determine the US dollar value of amounts realized which are denominated in sterling from the sale, redemption or other disposition of a Class E Note (or any other class of Notes which is treated as equity for U.S. federal income tax purposes) by translating the sterling payment at the spot rate of exchange on the date of such sale, redemption or other disposition.

Taxation of Class E Notes to Non-United States Holders

A non-United States holder of the Class E Notes will be exempt from any U.S. federal income or withholding taxes with respect to gain derived from the sale, exchange, or retirement or any payments received in respect of the Class E Notes, unless such gain or payments are effectively connected with a U.S. trade or business of such holder, or such holder is a non-resident alien individual who holds the Class E Notes as a capital asset and who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are satisfied.

Information Reporting Requirements

The Treasury Department has issued regulations with regard to reporting requirements relating to the transfer of property (including certain transfers of cash) to a foreign corporation by United States persons or entities. In general, these rules require United States holders who acquire Notes that are characterized (in whole or in part) as equity of the Issuer to file a Form 926 with the IRS and to supply certain additional information to the IRS. In the event a United States holder fails to file any such required form, the United States holder may be subject to a penalty equal to 10 per cent. of the fair market value of the Notes as of the date of purchase (generally up to a maximum penalty of US$100,000 in the absence of intentional disregard of the filing requirement; in case of intentional disregard, no maximum applies). In addition, if (i) United States holders acquire Notes that are recharacterised as equity of the Issuer and (ii) the Issuer is treated as a "controlled foreign corporation" for United States federal income tax purposes, certain of those United States holders will generally be subject to additional information reporting requirements (e.g., certain United States holders will be required to file a Form 5471). Prospective investors should consult with their United States tax advisors concerning the additional information reporting requirements with respect to holding equity interest in foreign corporations.

Share Capital of the Issuer

The Issuer intends to treat the Share Capital in the Issuer as equity for United States federal income tax purposes. The Issuer will allocate for United States federal income tax purposes any item of income that is not paid in relation to the Notes and the Class X Certificates or as Deferred Consideration to the Originator and to the owner of the Share Capital.

Realised Losses

It is anticipated that each class of Notes will be treated as a "security" as defined in section 165(g)(2) of the Code. Accordingly, any loss with respect to the Notes as a result of one or more realised losses on the Securitised Loan 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 with respect to a Priority Note without giving effect to any reductions attributable to defaults on the assumption that no defaults or delinquencies occur with respect to the Securitised Loan until it can be established that those payment reductions are not receivable. Accordingly, particularly with respect to the Class E Notes, the amount of taxable income reported during the early years of the term of the Priority Notes may exceed the economic income actually realised by the holder during that period. Although the United States holder of a Priority 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.

Backup Withholding and Information Reporting

Information reporting to the IRS generally will be required with respect to payments of principal or interest 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. "Backup" withholding tax will apply to those payments if such United States holder fails to provide certain identifying information (including such holder's taxpayer identification number) to such payor, intermediary or other withholding agent or such holder is notified by the IRS that it is subject to backup withholding. Non-United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding tax is not an additional tax and generally may be credited against a holder's United States federal income tax liability provided that such holder provides the necessary information to the IRS.

Tax Shelter Reporting Requirements – Currency Exchange Losses

Under United States Treasury regulations on tax shelter disclosure and list maintenance, taxpayers that enter into "reportable transactions" on or after 1st January, 2003, are required to file information returns. In the case of a corporation or a partnership whose partners are all corporations, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a loss claimed under Section 165 of the Code (without taking into account any offsetting items) (a "**Section 165 Loss**") of at least US$10 million in any one taxable year or US$20 million in any combination of taxable years. In the case of any other partnership, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a Section 165 Loss of at least US$2 million in any taxable year or US$4 million in any combination of taxable years. In the case of an individual or trust, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a Section 165 Loss of at least US$50,000 in any one taxable year arising from a currency exchange loss (for further information, see "*Disposition of Priority Notes by United States Holders - Foreign Currency Considerations*" above). In determining whether a transaction results in a taxpayer claiming a loss that meets the threshold over a combination of taxable years, only losses claimed in the taxable year that the transaction is entered into and the five succeeding taxable years are combined. Accordingly, if a United States holder realises currency exchange losses on the Notes satisfying the monetary thresholds discussed above, such United States holder would have to file an information return. Prospective investors should consult their tax advisers regarding these information return requirements.

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 minimise 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 realised by the Plan or profits realised 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, the Class B Notes, the Class C Notes and the 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, the Class B Notes, the Class C Notes or the Class D Notes are treated as an equity interest for such purposes, the acquisition or holding of Notes of any of these classes 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, the Originator, the Manager, the Note 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 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.

Moreover, even if an Exemption applies, a Plan generally should not purchase any Class A Notes, Class B Notes, Class C Notes or Class D Notes if the Issuer, the Originator, the Manager, the Note Trustee, the Servicer, the Special Servicer, the Paying Agents, the Cash Manager, the Operating Bank, the Agent Bank, the Loan Security Trustee, the Share Trustee, the Share Nominee, the PECO Holder, the Registrar, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the Advance Provider, the Corporate Services Provider or any of their respective affiliates either (a) has investment discretion with respect to the investment of assets of such Plan; (b) has authority or responsibility to give or regularly gives investment advice with respect to assets of such Plan, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

An insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to ERISA and Section 4975 of the Code. A United States Department of Labor final regulation provides guidance for determining, in cases where insurance policies supported by an insurer's general account are issued to or for the benefit of a Plan on or before 31st December, 1998, which general account assets are plan assets. That regulation generally provides that, if certain specified requirements are satisfied with respect to insurance policies issued on or before 31st December, 1998, the assets of an insurance company general account will not be plan assets. Nevertheless, certain assets of an insurance company general account may be considered to be plan assets. Therefore, if an insurance company acquires Notes using assets of its general account, certain of the insurance company's assets may be plan assets and the provisions of ERISA and Section 4975 of the Code could apply to such acquisition and the subsequent holding of the Notes. An insurance company using assets of its general account may not acquire Class E Notes if any of such general account assets are considered to be plan assets.

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Originator, the Manager or the Note 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 Class A Notes, Class B Notes, Class C Notes or 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 non-exempt 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 acquisition and holding of an interest in such Notes by the transferee 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 or to a person investing plan assets of a Plan. Any Plan fiduciary that proposes to use plan assets or 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 plc (the "**Manager**"), pursuant to a subscription agreement that will be dated on or about the date of this Offering Circular (the "**Subscription Agreement**"), between the Manager, the Issuer, MSMS and the Originator, agreed, subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of the principal amount of such Notes, the Class B Notes at 100 per cent. of the principal amount of such Notes, the Class C Notes at 100 per cent. of the principal amount of such Notes, the Class D Notes at 100 per cent. of the principal amount of such Notes and the Class E Notes at 100 per cent. of the principal amount of such Notes.

The Issuer has agreed to reimburse the Manager for certain of its expenses in connection with the issue of the Securities. The Subscription Agreement is subject to a number of conditions and may be terminated by the Manager in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Securities.

United States of America

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and may not be offered, sold or delivered in the United States to, or for the account or benefit of, U.S. Persons except in transactions exempt from the registration requirements of the Securities Act. In addition, each beneficial owner in the Notes taking delivery in the form of an interest in a Rule 144A Global Note will be deemed to represent and warrant, among other things, that it and each of the accounts, if any, for which it is purchasing an interest in a Rule 144A Global Note is both a Qualified Institutional Buyer and a Qualified Purchaser.

If such beneficial owner is a Qualified International Buyer, then (a) if it is a dealer of the type described in paragraph (a)(1)(ii) of Rule 144A under the Securities Act, it owns and invests on a discretionary basis not less than U.S.$25,000,000 in securities of issuers that are not affiliated with it and (b) it is not a participant-directed employee plan, such as a 401(k) plan, or any other type of plan referred to in paragraph (a)(l)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such plan, unless investment decisions with respect to the plans are made solely by the fiduciary, trustee or sponsor of such plan. In the case of a Rule 144A Global Note or any other Note being transferred pursuant to Rule 144A, such beneficial owner acknowledges that such transfer is being made in reliance on Rule 144A and will inform any transferee from it that the transfer is being made in reliance on Rule 144A.

Further, if such beneficial owner is acquiring a beneficial interest in a Rule 144A Global Note, such beneficial owner is a qualified purchaser (as defined in Section 2(a)(51) of the Investment Company Act and the rules thereunder). Regardless of the type of Global Note being acquired by such beneficial owner, such beneficial owner is acquiring such Notes as principal for its own account for investment and not for sale in connection with any distribution thereof, such beneficial owner was not formed for the specific purpose of investing in such Notes or any other securities of the Issuer or the Issuer, and additional capital or similar contributions were not specifically solicited from any person owning a beneficial interest in such beneficial owner for the purpose of enabling such beneficial owner to purchase any Notes. Such beneficial owner is not a (i) corporation, (ii) partnership, (iii) common trust fund or (iv) special trust, pension, profit sharing or other retirement trust fund or plan in which the shareholders, equity owners, partners, beneficiaries, beneficial owners or participants, as applicable, may designate the particular investments to be made or the allocation of any investment among such shareholders, equity owners, partners, beneficiaries, beneficial owners or participants, and such beneficial owner represents and agrees that it shall not hold such Notes for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes and that it shall not sell participation interests in such Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on such Notes and further that such Notes purchased directly or indirectly by it constitute an investment of no more than 40% of such beneficial owner's assets after giving effect to its purchase of Notes and/or other securities of the Issuer. Such beneficial owner is not an investment company that relies on the exclusion from the definition of "investment company" provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) with respect to its holders that are U.S. Persons), which was formed on or before

April 30, 1996, unless it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a qualified purchaser (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules and regulations thereunder. Such beneficial owner understands and agrees that any purported transfer of such Notes to a purchaser (including, without limitation, the transfer of Notes to such beneficial owner) that does not comply with the requirements of this paragraph shall be null and void *ab initio* and the Issuer retains the right to resell any Notes sold to any purchaser (including, without limitation, such beneficial owner) unless such purchaser complies with this paragraph above.

The Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise after the expiration of the Distribution Compliance Period within the United States or to, or for the account or benefit of, U.S. Persons and, accordingly, that neither it, its affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable 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 Manager has represented and agreed with the Issuer that within the United States it will only sell the Notes to persons (including other dealers) who are both Qualified Institutional Buyers and Qualified Purchasers in the form of an interest in a Rule 144A Global Note that is set out in the Trust Deed. In addition, the Issuer will have represented and agreed with the Manager that, based on discussions with the Manager and other factors that the Issuer or their counsel may deem appropriate, the Issuer has a reasonable belief that initial sales and subsequent transfers of the 144A Notes to U.S. Persons will be limited to persons who are both Qualified Institutional Buyers and Qualified Purchasers.

The Manager has agreed that, in connection with each sale to a Qualified Institutional Buyer that is also a Qualified Purchaser, it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of the Notes are restricted as set forth in the Trust Deed.

In addition, with respect to the Notes, an offer or sale of such Notes within the United States by a manager or placement agent that is not participating in the offering may violate the registration requirements of the Securities Act. Any offer or sale of Notes will be made by broker-dealers, including affiliates of the Manager, who are registered as broker-dealers under the Exchange Act. The Manager may allow a concession, not in excess of the selling concession, to certain brokers or dealers.

The Issuer and the Manager will extend to each prospective investor the opportunity, prior to the consummation of the sale of the Notes, to ask questions of, and receive answers from, the Issuer concerning the Notes and the terms and conditions of this offering and to obtain any additional information it may consider necessary in making an informed investment decision and any information in order to verify the accuracy of the information set forth herein, to the extent the Issuer and/or the Manager, as applicable, possesses the same. Requests for such additional information may be directed to the directors of the Issuer.

The Subscription Agreement provides that Morgan Stanley & Co. International plc, through Morgan Stanley & Co. Incorporated which is a registered broker-dealer in the United States, may resell the Notes in the United States to a limited number of Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act who are also Qualified Purchasers.

United Kingdom

The Manager has further represented and agreed that except as permitted by the Subscription Agreement:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

The Manager has further represented and agreed that:

(a) in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland;

(b) either (i) it has complied and will comply with all applicable provisions of the Investment Intermediaries Act, 1995 (as amended) of Ireland including, without limitation, Sections 9 and 23 (including advertising restrictions made thereunder) thereof and the codes of conduct made under Section 37 thereof, or (ii) it is acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March, 2000 (as amended or extended) and it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 (as amended) of Ireland, in each case with respect to anything done by it in relation to the Notes if operating in, or otherwise involving, Ireland; and

(c) it has only issued or passed on, and it will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on.

General

Other than the approval by the Financial Regulator in Ireland of this Offering Circular as a prospectus in respect of the Notes in accordance with the requirements of the Prospectus Directive and the relevant implementing measures in Ireland and the approval of these Listing Particulars for the Class X Certificates to be admitted to the Official List and to trading on the alternative securities market of the Irish Stock Exchange, 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. 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.

The Manager 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*" at page 1.

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.

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and accordingly, may not be re-offered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Each purchaser of an interest in the Notes (each initial purchaser of Notes, together with each subsequent transferee of Notes, is referred to herein as the "**Purchaser**") 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) *Purchaser Requirements*. The Purchaser (i) in the case of Rule 144A Global Notes (A) is both a Qualified Institutional Buyer and a Qualified Purchaser (B) is an Eligible Investor (as defined below), (C) will provide notice of applicable transfer restrictions to any subsequent transferee, and (D) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (D), or (ii) in the case of Reg S Global Notes the Purchaser is not a U.S. person and is acquiring the Notes pursuant to Rule 903 or 904 of Regulation S.

"**Eligible Investors**" are defined for the purposes hereof as persons who are Qualified Institutional Buyers acting for their own account or for the account of other Qualified Institutional Buyers and excludes therefrom:

(1) Qualified Institutional Buyers that are broker dealers that own and invest on a discretionary basis less than $25 million in "securities" as such term is defined under Rule 144A,

(2) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made, or the allocation thereof,

(3) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes,

(4) any investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to 30th April, 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder, and

(5) any entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to any purchase of the Notes.

The Purchaser acknowledges that each of the Issuer and the Note Trustee reserve the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer or the Note Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.

(2) *Notice of Transfer Restrictions*. Each Purchaser acknowledges and agrees that (1) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been registered as an "investment company" under the Investment Company Act, (2) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set forth above and (3) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.

(3) *Legends on Rule 144A Global Note*. Each Purchaser acknowledges that each Rule 144A Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove such legend.

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, AS IT HAS BEEN DETERMINED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION STAFF TO APPLY IN THE CONTEXT OF SECTION 7(d) OF THE INVESTMENT COMPANY ACT.

BY PURCHASING OR OTHERWISE ACQUIRING A BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I)(A) IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, (B) IS AN "ELIGIBLE INVESTOR" (AS DEFINED BELOW), (C) WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, (D) IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL THE PRECEDING REQUIREMENTS AND (E) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN TO ANY PERSON EXCEPT TO A PERSON THAT MEETS ALL THE PRECEDING REQUIREMENTS AND AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN ACCORDANCE WITH THIS CLAUSE (E) OR (II) IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTES PURSUANT TO RULE 903 OR 904 OF REGULATION S. IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (II), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE REG S GLOBAL NOTE (AS DEFINED IN THE TRUST DEED).

"**ELIGIBLE INVESTORS**" ARE DEFINED FOR THE PURPOSES HEREOF AS PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER QUALIFIED INSTITUTIONAL BUYERS AND EXCLUDES THEREFROM: (I) QUALIFIED INSTITUTIONAL BUYERS THAT ARE BROKER DEALERS THAT OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN "SECURITIES" AS SUCH TERM IS DEFINED UNDER RULE 144A, (II) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND, RETIREMENT PLAN OR OTHER ENTITY IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) AN ENTITY THAT WAS FORMED, REFORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT PURSUANT TO SECTION 3(c)(1) OR SECTION 3(c)(7) THEREOF AND FORMED PRIOR TO 30TH APRIL, 1996, THAT HAS NOT RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(A)(51)(C) OF THE INVESTMENT COMPANY ACT AND RULES THEREUNDER AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN THE SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF THE NOTES.

THE PURCHASER ACKNOWLEDGES THAT EACH OF THE ISSUER AND THE NOTE TRUSTEE RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER OR THE NOTE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT

THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS. EACH HOLDER OF A BENEFICIAL INTEREST IN THIS GLOBAL NOTE ACKNOWLEDGES THAT (I) THE ISSUER OR A PERSON ACTING ON BEHALF OF THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS FROM EUROCLEAR BANK S.A./N.V. ("**EUROCLEAR**") AND CLEARSTREAM BANKING, SOCIÉTÉ ANONYME, LUXEMBOURG ("**CLEARSTREAM, LUXEMBOURG**") OR ANY OTHER DEPOSITARY HOLDING BENEFICIAL INTERESTS IN THE NOTES AND (II) IN THE EVENT THAT AT ANY TIME THE ISSUER DETERMINES OR IS NOTIFIED BY A PERSON ACTING ON BEHALF OF THE ISSUER THAT SUCH PURCHASER WAS IN BREACH, AT THE TIME GIVEN OR DEEMED TO BE GIVEN, OF ANY OF THE REPRESENTATIONS OR AGREEMENTS SET FORTH IN THIS LEGEND OR OTHERWISE DETERMINES THAT ANY TRANSFER OR OTHER DISPOSITION OF ANY NOTES WOULD, IN THE SOLE DETERMINATION OF THE ISSUER OR A PERSON ACTING ON ITS BEHALF, REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE PROVISIONS OF THE INVESTMENT COMPANY ACT, SUCH PURCHASE OR OTHER TRANSFER WILL BE VOID AB INITIO AND WILL NOT BE HONOURED BY THE NOTE TRUSTEE. ACCORDINGLY, ANY SUCH PURPORTED TRANSFEREE OR OTHER HOLDER WILL NOT BE ENTITLED TO ANY RIGHTS AS A NOTEHOLDER AND THE ISSUER SHALL HAVE THE RIGHT, IN ACCORDANCE WITH THE CONDITIONS OF THE NOTES, TO FORCE THE TRANSFER OF, OR REDEEM, ANY SUCH NOTES.

EACH PURCHASER OF THIS NOTE OR ANY INTEREST THEREIN, BY ITS ACQUISITION OF SUCH NOTE, REPRESENTS AND WARRANTS THAT (A) EITHER (1) IT IS NOT A BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT THERETO (A "**BENEFIT PLAN**"), OR ANY PLAN AS DEFINED IN SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") WHICH IS SUBJECT THERETO (A "**PLAN**"), AN ENTITY USING THE ASSETS OR ACTING ON BEHALF OF SUCH A BENEFIT PLAN OR A PLAN, OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE PLAN ASSETS OF ANY SUCH BENEFIT PLAN OR PLAN (A "**PLAN ASSET ENTITY**") OR (2) THE PURCHASER IS ACQUIRING CLASS A NOTES, CLASS B NOTES, CLASS C NOTES OR CLASS D NOTES AND THE ACQUISITION AND HOLDING OF SUCH NOTES IS EXEMPT PURSUANT TO ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION EXEMPTIONS ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR ("**DOL**"): PROHIBITED TRANSACTION CLASS EXEMPTION ("**PTCE**") 96-23 (RELATING TO CERTAIN TRANSACTIONS EFFECTED BY "IN-HOUSE ASSET MANAGERS"), PTCE 95-60 (RELATING TO CERTAIN TRANSACTIONS INVOLVING INSURANCE COMPANY GENERAL ACCOUNTS), PTCE 91-38 (RELATING TO CERTAIN TRANSACTIONS INVOLVING BANK COLLECTIVE INVESTMENT FUNDS), PTCE 90-1 (RELATING TO CERTAIN TRANSACTIONS INVOLVING INSURANCE COMPANY POOLED SEPARATE ACCOUNTS) OR PTCE 84-14 (RELATING TO CERTAIN TRANSACTIONS EFFECTED BY INDEPENDENT "QUALIFIED PROFESSIONAL ASSET MANAGERS") OR ANY OTHER PROHIBITED TRANSACTION EXEMPTION ISSUED BY THE DOL, AND (B) THAT THE PURCHASER WILL NOT TRANSFER ANY NOTES OR INTEREST THEREIN TO A PLAN, BENEFIT PLAN OR 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 SATISFY ONE OR MORE EXEMPTIONS AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE. ANY ATTEMPTED TRANSFER OF SUCH NOTE OR ANY INTEREST THEREIN IN VIOLATION OF SUCH REPRESENTATION AND WARRANTY SHALL BE VOID AB INITIO.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. TERMS WHICH ARE USED IN THIS LEGEND HAVE THE MEANINGS GIVEN TO THEM UNDER SUCH RULE.

(4) *Rule 144A Information*. Each Purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the

exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.

(5) *Legends on Reg S Global Note*. Each Purchaser acknowledges that each Reg S Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove either such legend.

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR ARE EXPECTED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, AS IT HAS BEEN DETERMINED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION STAFF TO APPLY IN THE CONTEXT OF SECTION 7(d) OF THE INVESTMENT COMPANY ACT.

BY PURCHASING OR OTHERWISE ACQUIRING ANY BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE AGREED FOR THE BENEFIT OF THE ISSUER THAT IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT. ACCORDINGLY, ANY TRANSFERS OF THIS NOTE MAY ONLY BE OFFERED OR SOLD PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD, OUTSIDE THE UNITED STATES OF AMERICA TO A NON-U.S. PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT.

(6) *Mandatory Transfer/Redemption*. Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines (or is notified by a person acting on behalf of the Issuer) that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set forth above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or the Note Trustee acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, such purchase or other transfer will be void ab initio and will not be honoured by the Note Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right to force the transfer of, or redeem, any such Notes.

(7) Regulation S Transfers during the Distribution Compliance Period. The purchaser of a Reg S Global Note understands that prior to the first Business Day following the expiration of the Distribution Compliance Period, any resale or transfer of beneficial interests in a Reg S Global Note to U.S. persons (as defined in Regulation S) shall not be permitted.

GENERAL INFORMATION

1. The issue of the Securities was authorised by resolution of the board of directors of the Issuer passed on or around 3 July, 2007.

   It is expected that the listing of the Securities on the Official List of the Irish Stock Exchange and the admission to trading of the Class X Certificates on the alternative securities market of the Irish Stock Exchange will be granted on or about 6 July, 2007 subject only to the issue of the Global Notes and of the Class X Certificates. The listing of the Notes will be cancelled if the Global Notes are not issued and the listing of the Class X Certificates will be cancelled if the Class X Certificates 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. In December 2004, Directive 2004/109/EC (the "**Transparency Directive**") was formally adopted. The Transparency Directive relates to information about issuers whose securities are admitted to trading on a regulated market in the European Union ("**EU**") such as the Irish Stock Exchange. The Transparency Directive was required to be implemented in EU member states by 20th January, 2007. Should the Transparency Directive impose requirements on the Issuer that it in good faith determines are unduly burdensome, the Issuer may de-list the Notes in accordance with the rules of the Regulated Market of the Irish Stock Exchange. The Issuer will use its best endeavours to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system or market outside the EU (or on an alternative non-regulated market in the EU) and outside the United States, as it may decide, in any case such that the Transparency Directive would not apply to the Issuer. If such an alternative admission is not available to the Issuer or is, in the Issuer's good faith opinion, unduly burdensome, an alternative admission may not be obtained.

   Although no assurance is made as to the liquidity of the Notes as a result of the listing on the Irish Stock Exchange, de-listing the Notes from the Irish Stock Exchange may have a material effect on the ability to resell the Notes in the secondary market.

2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (as applicable) as follows:

Class	Common Code (for Reg S Notes)	ISIN (for Reg S Notes)	Common Code (for Rule 144A Notes)	ISIN (for Rule 144A Notes)
A	030874510	XS0308745107	030883802	XS0308838027
B	030874765	XS0308747657	030883861	XS0308838613
C	030874820	XS0308748200	030883900	XS0308839009
D	030874862	XS0308748622	030883926	XS0308839264
E	030874935	XS0308749356	030883969	XS0308839694

3. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Securities are listed on the Official List of the Irish Stock Exchange, the Notes are admitted to trading on the regulated market of the Irish Stock Exchange, and the Class X Certificates are admitted to trading on the alternative securities market 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 offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

4. The Issuer is not, and has not been, involved in any governmental, 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.

5. 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.

6. Save as disclosed herein, since 14 June, 2007 (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.

7. Copies of the following documents in electronic format may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at 35 Great St Helen's, London EC3A 6AP and at the specified offices of the Irish Paying Agent in Dublin for the term of the Notes:

   (i) the Memorandum and Articles of Association of the Issuer;

   (ii) the Subscription Agreement referred to in paragraph 5 above; and

   (iii) drafts (subject to modification) of the following documents:

      (a) the Trust Deed;

      (b) the Loan Sale Agreement;

      (c) the Deed of Charge and Assignment;

      (d) the Declaration of Trust;

      (e) the Servicing Agreement;

      (f) the Cash Management Agreement;

      (g) the Interest Rate Swap Agreement, the Interest Rate Swap Agreement Credit Support Document and the Interest Rate Swap Guarantee;

      (h) the Corporate Services Agreement;

      (i) the Post-Enforcement Call Option Agreement;

      (j) the Servicer Advance Facility Agreement;

      (k) the Agency and Reporting Agreement;

      (l) the Master Definitions Schedule; and

      (m) the Advance Guarantee.

APPENDIX 1 – THE VALUATION

CITYPOINT
ONE ROPEMAKER STREET
LONDON
EC2

ADDRESSED TO:

Morgan Stanley & Co. International plc, as Manager
25 Cabot Square
Canary Wharf
London E14 4QA

Ulysses (European Loan Conduit No. 27) PLC, as Issuer
35 Great St. Helen's
London EC3A 6AP

HSBC Trustee (C.I.) Limited, as Note Trustee and Issuer Security Trustee
1 Grenville Street
St. Helier
Jersey
JE4 9PF

Introduction

This Executive Summary forms part of our Report and Valuation dated 9 May 2007, addressed to Morgan Stanley Mortgage Servicing Limited. The valuations and opinions expressed herein are on the basis of the assumptions and conditions contained in our formal report, with liability of our report extended to named parties only.

Location

CityPoint is a landmark office building located to the north of the City core on Ropemaker Street, immediately to the east of the Barbican Arts and Conference centre. Ropemaker Street connects with Moorgate to the east which links with London Wall and the Bank of England 750 metres to the south, the traditional core of the City. The EC2 district within which the property lies has traditionally been and remains host to the banking industry and its professional advisors.

Major buildings/occupiers in the vicinity of the property include Shire and Milton House owned by Beacon Capital Partners ("Beacon") (the Borrower) and let to Linklaters. Other occupiers include Slaughter and May, West LB, HVB, Bloomberg, JP Morgan Chase and UBS, and within CityPoint, Simmons & Simmons. Immediately opposite the property, to the north, is Ropemaker Place, a major speculative office development of 500,000 sq ft (46,451 sq m), which is being undertaken by British Land.

Situation

CityPoint, owing to its size and scale, being the largest and the third tallest building in the City, dominates the immediate surroundings and is a distinctive landmark on the City skyline.

The property occupies the majority of a broadly rectangular shaped island site of 2.49 acres (1.009 hectares) with the well defined boundaries of Ropemaker Street to the north and Moor Lane to the west. To the east, part of the site which includes the large piazza in front of the building, extends to Moorfield, with the balance of the boundary abutting Moorfields House and including Tenter House's car park ramp. On the south side of the piazza is Tenter House and New Union Street, from which the subject property takes its service and vehicular access.

Description

CityPoint is a major landmark City office complex arranged on four basement levels, lower ground, ground and 34 upper floors, the ground floor being Level 1 and extending to Level 36, with no Level 13. Extending to 120 metres it is the third tallest building in the City and at 706,557 sq ft (65,642 sq m) is the largest building in the City, accessed via a grand public piazza.

The floorplates of the main office tower are arranged around a central core and designed in the shape of an oil tanker with a bow and stern end, as the building was originally built as British Petroleum's (BP) headquarters in the 1960s, then known as Britannic Tower. At that time, the property consisted of the main tower and a six storey building to the west.

In the late 1990s the building was stripped back to the structural frame and substantially extended and redeveloped by Wates, reaching practical completion in June 2001. This involved remodelling the tower including the provision of additional roof areas to house plant and extending the floorplates of the main tower by approximately 1 metre around the perimeter.

Two wings were created to the east and west of the tower with retail malls or gallerias between, and form the base of an atrium extending the full height of each wing housing the retail and restaurant units. The wings extend to nine upper floors and link to the tower at most of these levels to provide substantial, up to 43,000 sq ft (3,995 sq m) floorplates up to Level 7, reducing to a typical tower floorplate of circa 12,500 sq ft (1,161 sq m). A canopy feature links the wings from Level 9 to Level 12 of the tower.

Construction

The property is formed principally of a cast in-situ reinforced concrete structural frame and floor slabs with steel frames added as part of the redevelopment works. The elevations comprise almost entirely storey height double glazed curtain walling with laminated inner panes and toughened solar controlled outer leaves, together with limited solid or perforated aluminium panels.

Specification

The individual office floors when practically completed to shell and core were offered with either a capital contribution for the 'Category A' fit-out or the landlord would undertake the works on behalf of the tenant. Accordingly, various floors have been fitted out on slightly different bases as reflected in the fit-out documentation. The fit-out documentation includes a Base Building Specification which sets out the performance criteria of the building and landlords installations. The Grade A specification includes raised floors, metal tile suspended ceilings with recessed fluorescent lighting and four-pipe fan-coil air conditioning systems.

Condition

Beacon commissioned Savills to prepare a Building Inspection Report. This included a Report on the Mechanical, Electrical, Public Health and Lift Services was commissioned from Capita Symonds and a Cladding Inspection was prepared by Buro Happold. The Building Inspection Report confirms that the property is generally of a very good quality and no material defects were highlighted.

Environmental

RPS Health, Safety & Environmental have undertaken a Site Environmental Risk Assessment (SERA) on behalf of the Borrower. RPS has not identified a significant risk of third party liability or regulatory action whilst the site remains in its current use and form. The environmental report provides an Overall Risk Rank of Low and considers the property, "… to be acceptable as security from an environmental risk perspective".

Tenure

Freehold. There is a headlease between Wates CityPoint First Limited and Wates CityPoint Second Limited and Dreamclose Limited, together with an underlease dated 24 November 2000, between Dreamclose Limited and Wavegrange Limited. We understand that both these agreements relate to the structure of the JPUT owning the freehold and as such do not have an effect on our opinion of value of the property.

We confirm that we have read the final draft Executive Summary of a Certificate of Title by Sidley Austin (UK) LLP, on behalf of the Bank who have reviewed a Certificate on Title prepared by Clifford Chance LLP on behalf of the Borrower. There are no matters contained therein that would cause us to adjust our opinion of value.

Tenancies

CityPoint is to all intents and purposes fully let to 27 tenants on a total of 47 leases, 30 of which are in respect of the office accommodation, 12 in respect of the retail and leisure accommodation, 4 for basement stores and 1 for a management suite. Major office tenants include Simmons & Simmons, Regus, NYK Line (Europe) Limited, Simpson Thacher & Bartlett LLP, Cravath Swaine & Moore LLP, Macquarie Bank Limited and Landesbank Baden Wurttermberg. Retail tenants include Wagamama, Corney & Barrow, Pret A Manager and Costa Coffee.

Unexpired lease terms vary from around four to twenty years with a weighted unexpired term certain of 14 years. There are a number of break clauses on the upper floors, i.e. in respect of 55,137 sq ft (5,122 sq m) exercisable in May 2011.

The aggregate passing rent is £31,785,302 per annum, which reflects an overall rent, inclusive of car parking of £45.06 per sq ft (£485 per sq m). The aggregate rent is the rent assumed for the purposes of our valuation, and assumes that the outstanding rent reviews are settled at our opinion of the Market Rent. The total contracted rental income is £31,554,268 per annum.

Tenants' Covenant

Around 20% of the income is receivable from tenants which would be considered to be of strong covenant strength with a further 21% from tenants which would be perceived to offer a good covenant strength.

Three law firms account for in excess of 45% of the total income, for which there is limited financial information available. However, all three firms are ranked in the Top 100 Global Firms, as defined by The Lawyer, and the limited information provided by Dun & Bradstreet provides the firms with a minimum or lower than average risk rating. We, therefore, are of the opinion that the investment market would perceive them to be of good covenant strength well able to meet their lease obligations.

The remaining income is in respect of the leisure and retail accommodation, which accounts for only 3.88% of the income.

Overall we consider the tenants offer good covenant strength, and the multi-let nature of the property reduces the overall risk of tenant default. The security of income is particularly attractive to debt-backed investors where highly competitive finance is currently available from a variety of lenders.

Market Rent

In assessing the headline Market Rent of the building we have broken the office accommodation into five bands, being: Levels 33 to 36, Levels 25-32, Levels 15 to 24, Levels 9 to 14 and Levels 0 to 8. We consider the Market Rent on a headline basis for the best upper floors is £67.50 per sq ft (£727 per sq m), with an aggregate Market Rent of £35,361,000 per annum.

The retail and leisure accommodation comprises 10 retail units, a leisure/health club and a kiosk on the piazza. We consider this element of the property has a Market Ret of £1,488,500 per annum, which with ancillary areas provides for an aggregate headline Market Rent for the building of £36,978,050 per annum.

However, it is the post fit-out pre-incentive rent i.e. after stripping out tenant incentives that is to be derived for rent review purposes. We consider that the appropriate discounts to the current headline Market Rent for the office leases range between 1.50% and 11.50%, and are of the opinion that the post fit-out pre-incentive rent is £35,063,450 per annum, equivalent to approximately 95% of the headline rent. Thus the property is £5,192,748 per annum or 16.3% reversionary overall on a headline basis and on a post fit-out pre-incentive basis by £3,278,148 per annum or 10.3%.

We are forecasting strong rental growth in the City over the next few years. Our growth forecasts which have been used in our Discounted Cashflow analysis are as follows:

Rental Growth per annum

Year January to January	**Tower Buildings**	**Prime**	**Average Grade A**
2007	12.00%	8.30%	2.30%
2008	3.07%	2.40%	3.20%
2009	4.49%	3.90%	4.00%
2010	2.76%	5.20%	5.40%
2011	2.21%	2.30%	5.70%
Average	**4.35%**	**4.11%**	**4.21%**
Thereafter	3.00%		

We have assumed Tower Rental growth in respect of Levels 15 to 36. However, in respect of the Levels 0 to 14 we have tempered the growth on account of the floors being more akin to conventional Grade A City office floorplates, i.e. with floorplates up to circa 40,000 sq ft (3,716 sq m) and the aspect of floors compromised by surrounding buildings. We have therefore discounted the rental growth adopted in respect of these lower floors by 10%.

Investment Quality

The principal features of the investment, in our opinion, can be summarised as follows:

Advantages:

(i) The City of London is Europe's pre-eminent financial centre. Vacancy rates are falling, the occupational market is improving and rental growth prospects are positive in the short to medium term.

(ii) The property is situated on the edge of the City core in an improving location. The extensive refurbishment of the subject property brought renewed focus to the area and a number of development sites capable of offering large buildings can be expected to further improve the profile of this area of the city.

(iii) An iconic landmark office tower, the building is constructed and finished to an excellent standard and offers a high specification of services. The building also benefits from panoramic views over the City and beyond.

(iv) Freehold tenure, which is attractive to prospective purchasers.

(v) Let to a range of good covenants with 90% of the income secured on leases with a weighted average unexpired term certain in excess of 9 years and offering excellent asset management opportunities.

(vi) Reversionary overall by 16.3% on a headline basis and 10.2% on a post fit-out pre-incentive basis, with City rents well poised for further growth in 2007.

(vii) Good prospects for rental growth given that the occupational market is generally considered to be improving with shortages of good quality Grade A space forecast in the next few years.

(viii) Highly marketable investment opportunity notwithstanding lot size.

Disadvantages:

(i) Threat of oversupply of new Grade A floorspace in 2009 and beyond may affect longer term rental growth prospects.

(ii) Most tenants' breaks and rent reviews are due in 2010 and 2011, which may coincide with a growing supply of Grade A floorspace, and in particular competing tower developments.

(iii) Substantial lot size could affect liquidity in a weak market.

Valuations

Having carefully considered the matter, we are of the opinion that the current Market Value of the freehold interest in the property, on the bases stated below, is as follows:

(i) Subject to and with the benefit of the occupational leases at a current aggregate rent of £31,785,302 per annum, at or about £660.00M.

(ii) With the benefit of full vacant possession, at or about £470.00M.

Our opinion of Market Value reflects a net initial yield of 4.59% on the current aggregate net income of £31,785,302 per annum after allowing for purchaser's costs of 4.82% (see below). This is a deemed rent as there are four outstanding rent reviews which are assumed to have been settled at our opinion of the Market Rent prevailing at the relevant review date. The actual contracted rent is £31,554,268 per annum, i.e. an uplift in rent of £231,034 per annum is expected. Our valuation equates to £933 per sq ft (£10,043 per sq m) and supports the purchase price. The yield actually enjoyed by the Borrower is slightly higher at 4.76%, after allowing for 0.82% purchaser's costs, as no Stamp Duty Land Tax is being paid.

Purchaser's Costs have been taken at 4.82% reflecting 4.0% Stamp Duty, 0.50% agent fees and 0.2% legal fees, together with 17.5% VAT on professional fees. Fees have been taken at less generous levels than the standard 1.0% and 0.5% for agent and lawyers fees respectively on account of the investment lot size.

The equivalent yield is 5.14%, and the True Equivalent Yield, which is on the basis of rents receivable quarterly in advance, is 5.30%.

On a Discounted Cash Flow basis, the Internal Rate of Return (IRR) for the following holding periods can be summarised as follows:

Period	Exit Value	IRR
3 years	£750M	7.10%
5 years	£738M	6.13%
7.25 years	£755M	6.40%
10 years	£735M	6.03%
15 years	£803M	6.38%
20 years	£825M	6.12%

The cashflow appraisals produce ungeared IRRs ranging between 6.03% and 7.10%, the lowest being in relation to the 10 year hold period which assumes an exit sale at 5.25% and the highest IRR of 7.10% on a 3 year hold period.

Suitability for Loan Security

The property forms an iconic landmark office tower building in the City core. The high quality of the accommodation within the tower will enhance its relettability in the event that the leasing market weakens after 2008, as tower buildings have historically enjoyed lower vacancy rates. There is usually a "flight to quality" in poorer market conditions. The different floorplate sizes within the tower also broadens its appeal among occupiers.

At loan maturity in July 2014, there will be circa 7 years remaining on the leases, assuming the break clauses are not exercised. The lease length and rental growth prospects are thus the key drivers of value and can expect to remain so throughout the term of the loan facility.

Overall, we consider that the property provides good security for a loan secured upon it, which reflects the nature of the property, our reported opinions of value, and the risks involved.

Confidentiality

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Yours faithfully
For and on behalf of Savills Commercial Limited

IAN MALDEN
Director

EDWARD SHAKESPEARE
Associate Director

CHARLOTTE ASCHAN
Associate Director

APPENDIX 2
INDEX OF PRINCIPAL DEFINED TERMS

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CD-ROM

Prospective investors in the Notes may by request to the Issuer obtain a CD-ROM which contains the Market Valuation, in pdf format, prior to advancing any amounts under the Whole Loan. Prospective investors should be aware that the Market Valuation on which the summary is based was prepared prior to the date of this Offering Circular. The firm that produced the Market Valuation has not been requested to update or revise any of the information contained in the Market Valuation nor to review, update or comment on the information contained in the summaries provided in the enclosed CD-ROM, nor shall it be requested to do so prior to the issue of the Notes. Accordingly, the information included in the Market Valuation and, therefore, the summary contained in the enclosed CD-ROM, may not reflect the current physical, economic, competitive, market and other conditions with respect to the Property. Certain of the information contained in the CD-ROM does not appear elsewhere in paper form in this Offering Circular and must be considered together with all of the information contained elsewhere in this Offering Circular, including without limitation, the statements made in the section entitled "*Risk Factors– Market Valuation*". All of the information contained in the CD-ROM is subject to the same limitations, qualifications and restrictions contained in the other portions of this Offering Circular. Prospective investors are strongly urged to read this Offering Circular in its entirety prior to accessing the CD-ROM. If the CD-ROM was not received in a sealed package, there can be no assurance that it remains in its original format and should not be relied upon for any purpose.

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