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 Limited (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 12 APRIL, 2007

*£601,150,000**

Triton (European Loan Conduit No. 26) PLC

(incorporated with limited liability in England and Wales with registered number 6087641)

Commercial Mortgage Backed Floating Rate Notes due 2019

*Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the £337,500,000 Class A1 Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class A1 Notes**"), £100,000,000 Class A2 Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the " **Class A Notes**"), the US$87,309,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class B Notes**"), the £39,400,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class C Notes**"), the £10,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class D Notes**"), the £20,100,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class E Notes**"), the £10,400,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class F Notes**"), the £20,900,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class G Notes**"), and the £18,350,000 Class H Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class H Notes**", and, together with the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, the "**Notes**") of Triton (European Loan Conduit No. 26) 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 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 (or, in the case of the Class B Notes, in dollars) 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 (or, in the case of the Class B Notes, three-month dollar deposits) (save, in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for three months and four months sterling or dollar deposits, as the case may be) 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 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.*

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						
A1	AAA	Aaa	AAA	£337,500,000	0.16%	5.1	25th October, 2013	25th October, 2019	100%
A2	AAA	Aaa	AAA	£100,000,000	0.17%	5.1	25th October, 2013	25th October, 2019	100%
X	AAA	Aaa	AAA	n/a	Variable	n/a	25th October, 2013	25th October, 2019	n/a
B	AAA	-	AAA	US$87,309,000	0.155%	6.7	25th October, 2013	25th October, 2019	100%
C	AA+	-	AA	£39,400,000	0.24%	5.2	25th October, 2013	25th October, 2019	100%
D	AA	-	AA-	£10,000,000	0.28%	5.0	25th October, 2013	25th October, 2019	100%
E	A+	-	A	£20,100,000	0.42%	5.0	25th October, 2013	25th October, 2019	100%
F	A+	-	A-	£10,400,000	0.50%	5.4	25th October, 2013	25th October, 2019	100%
G	A-	-	-	£20,900,000	0.68%	5.4	25th October, 2013	25th October, 2019	100%
H	BBB+	-	-	£18,350,000	0.85%	5.7	25th October, 2013	25th October, 2019	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 Guarantors, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, 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 October 2019 (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 184*

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 228.*

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) (or in the case of certain Class B Notes, they are expected to settle in book-entry form through the facilities of DTC (as defined herein)) on or about 13 April, 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.

** Approximately, calculated using an exchange rate of £1=U.S.$1.962.*

MORGAN STANLEY

The date of this Offering Circular is 12 April, 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 Guarantors, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, 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 224 and "*Transfer Restrictions*" at page 228.

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 228 AND 222, RESPECTIVELY. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE

WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "TRANSFER RESTRICTIONS" AND "ERISA CONSIDERATIONS" AT PAGES 228 AND 222, 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 B NOTES, CLASS C NOTES, CLASS D NOTES, CLASS E NOTES, CLASS F NOTES AND CLASS G 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 EMPLOYEE BENEFIT PLAN OR PLAN, AND EACH PURCHASER OF A CLASS B NOTE, CLASS C NOTE, CLASS D NOTE, CLASS E NOTE, CLASS F NOTE OR CLASS G 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 222.

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 Loans (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 and all references in this document to "**dollar**" or "**US Dollar**" or "**US$**" or "**$**" are to the lawful currency for the time being of the United States of America.

In connection with this issue, Morgan Stanley & Co. International Limited or any person acting for it may over-allot Notes (provided that, in the case of Notes to be admitted to trading on a Regulated Market, 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 Limited or any of its agents will undertake stabilisation action to do this. 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 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.

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 the Closing Date the Issuer will issue the Notes and with the proceeds of such issuance 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**"), a portfolio of loans, together with the Originator's interests as beneficiary of the Loan Security Trusts created over the various security interests granted in respect of those loans (the "**Loan Pool**") and various contractual rights related to the Loan Pool.

The Loan Pool will consist of four loans (each a "**Securitised Loan**" and together, the "**Securitised Loans**"). As at 25th February, 2007 (the "**Cut-Off Date**"), the Securitised Loans had an outstanding aggregate principal amount of £601,150,000 (the "**Aggregate Cut-Off Date Balance**"). Each of the Securitised Loans is identifiable in this Offering Circular by a name, being the "**Devonshire Square Loan**", the **Access Self Storage Loan**", the "**Sanctuary Buildings Loan**" and the "**Nextra Portfolio UK Loan**", respectively.

In respect of three of the Securitised Loans in the Loan Pool (namely the Devonshire Square Loan, the Access Self Storage Loan and the Sanctuary Buildings Loan), the Securitised Loan that is to be sold to the Issuer is the senior portion (each a "**Senior Tranche**") of a loan made to the relevant Borrower. Except where stated otherwise, the information in this Offering Circular relates (in the case of such Loans) to the relevant Senior Tranches only. References to the "Securitised Loans" are to such Senior Tranches and the whole of the Nextra Portfolio UK Loan. Each such Senior Tranche together with the associated junior tranche (each a "**Junior Tranche**") are in this Offering Circular referred to as the "**Devonshire Square Whole Loan**", the "**Access Self Storage Whole Loan**" and the "**Sanctuary Buildings Whole Loan**" (the "**Tranched Loans**" and, together with the Nextra Portfolio UK Loan, the "**Whole Loans**" and each a "**Whole Loan**"). The relationship between the senior lenders (the "**Senior Lenders**") and the junior lenders (the "**Junior Lenders**") of the Tranched Loans is in each case governed by intercreditor arrangements between them (the "**Intercreditor Agreements**"). The Devonshire Intercreditor Agreement details the intercreditor arrangements in relation to a £20,000,000 capital expenditure loan granted under the Devonshire Square Whole Loan Agreement (the "**Devonshire Square Capex Loan**"), the senior portion of which ranks *pari passu* with the Devonshire Square Senior A Loan. In relation to the Devonshire Square Loan only, the parties will also enter into an additional agreement (the "**Devonshire Square Senior Intercreditor Agreement**") under which the interests of the Devonshire Square Senior A Lender and the Devonshire Square Junior A Lender (each as defined herein) are determined. Information relating to the Intercreditor Agreements is set out at "*The Loans – Intercreditor Agreements*" at page 83. The Nextra Portfolio UK Loan does not have any Junior Tranche.

All of the Securitised Loans provide for the relevant borrowers (each a "**Borrower**" and together, the "**Borrowers**") to pay a fixed rate of interest (except for the Nextra Portfolio UK Loan, which provides for a floating rate of interest), are governed by English law, are denominated in sterling, are full recourse obligations of the relevant Borrowers and are secured by, among other things, first ranking legal mortgages over commercial properties situated in England, granted by the relevant Borrowers or an affiliate of the relevant Borrower (the "**Mortgagor**"). For further information relating to such Loans see "*Loans and related Property Summaries*" at page 110.

The largest Securitised Loan in the Loan Pool is the Devonshire Square Loan, which represents approximately 48.0 per cent. of the Aggregate Cut-Off Date Balance and is secured over the Devonshire Square Estate, comprising 12 buildings located in the City of London (the "**Devonshire Square Property**"). The remaining three Securitised Loans in the Loan Pool are secured over a total of 34 properties (together with the Devonshire Square Property, the "**Properties**" and each individually a "**Property**"). The Properties (other than those Properties charged as security for the Access Self Storage Loan) are, where let, all substantially occupied by tenants under occupational leases, who make periodic rental payments. The Properties charged as security for the Access Self Storage Loan are let to an

associated company, which in turn grants leases or licences of individual self-storage units (and, in some cases, car parking spaces and other accommodation) to third party occupiers.

The terms of the credit agreements relating to the Whole Loans (each a "**Loan Agreement**" and together, the "**Loan Agreements**") require each Borrower to establish an account (each a "**Rent Account**" or, in the case of the Access Self Storage Loan, the "**Debt Service Account**") into which net rents payable by the tenants or occupiers of the relevant Property are to be paid. For further information relating to the bank account structure for each Loan, see "*The Structure of the Accounts*" at page 94 below.

Following the acquisition of the Securitised Loans by the Issuer pursuant to the Loan Sale Agreement, on each payment date under the Loan Agreements (each a "**Loan Payment Date**"), Morgan Stanley Mortgage Servicing Limited in its capacity as Servicer, will, to the extent funds are available for such purpose, transfer from the relevant Rent Account or Debt Service Account (together the "**Rent Accounts**") (or, in the case of a Tranched Loan, from the relevant tranching account into which all monies available for payment to creditors are to be paid pursuant to the relevant Intercreditor Agreement (each, a "**Tranching Account**")) 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 relevant 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 Loans.

In order to protect the Issuer against the risk of interest rate mismatches arising as a result of the Borrowers paying a fixed rate of interest on three of the Securitised Loans whilst the Issuer is required to pay floating rates of interest on all the Notes, the Issuer will enter into interest rate swap transactions (the "**Interest Rate Swap Transactions**") with the Interest Rate Swap Provider in relation to the three Securitised Loans paying a fixed rate of interest. The obligations of the Interest Rate Swap Provider under the Interest Rate Swap Transactions 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 Transactions. 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, among other things, a. either provide a third party guarantee from a suitably rated entity (in a form acceptable to the Issuer), b. provide collateral in support of its obligations under the Interest Rate Swap Agreement in an amount or value determined in accordance with the Interest Rate Swap Agreement Credit Support Document, or c. transfer its interest in the Interest Rate Swap Agreement to a suitably rated third party or take such other action agreed with the relevant Rating Agencies.

In addition, the Issuer will be protected against exchange rate risk arising as a result of the Class B Notes being denominated in dollars whilst the Securitised Loans are denominated in sterling by entering into an exchange rate swap transaction (the "**FX Swap Transaction**") with the FX Swap Provider.

If the rating of the short term, unsecured, unsubordinated debt obligations of the FX Swap Provider falls below any of "F1" by Fitch, "P-1" by Moody's or "A-1+" by S&P, or the long-term, unsecured, unsubordinated debt obligations of the FX Swap Provider falls below any of "A2" by Moody's

or "A+" by Fitch, the FX Swap Provider may be required to transfer collateral to an account in the name of the Issuer to support its obligations in respect of the FX 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 FX Swap Provider on or prior to the Closing Date and any such collateral will be returned to the FX 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 FX Swap Provider falls below "F2" by Fitch or "P-2" by Moody's or the rating of the long term unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "BBB+" by Fitch, "BBB-" by S&P or "A3" by Moody's then the FX 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 FX Swap Agreement to a suitably rated third party. In addition, if at any time the long term unsecured unsubordinated debt obligations of the FX Swap Provider falls below "BBB+" by S&P, a legal opinion must be provided, in accordance with the terms of the collateral agreement.

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 Loans and the Issuer's rights under and connected with the Loan Agreements and certain connected agreements;

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

(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 the Closing Date between the Issuer, the Originator, the Issuer Security Trustee and the Loan Security Trustee, agree to sell the Loan Pool to the Issuer.

For further information about the Originator, see "*The Parties – Morgan Stanley Bank International Limited*" at page 69.

Loan Security Trustee

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

The Loan Security Trustee holds all the security granted in connection with each Whole Loan (the "**Related Security**") on trust (each such trust being a "**Loan Security Trust**"). Prior to the purchase of a Securitised Loan by the Issuer pursuant to the Loan Sale Agreement, the Related Security for the related Whole Loan is held on trust by the Loan Security Trustee for the benefit of the Originator and any relevant Junior Lender in accordance with their respective interests. Following the sale of a 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 Junior 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 69.

The Issuer and its Related Parties

Issuer

Triton (European Loan Conduit No. 26) 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 67.

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 69.

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 69. For further information about the Issuer Security, see "*Security*" at page 43.

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 Devonshire Square Securitised Loan, the Sanctuary Buildings Securitised Loan and certain aspects of the Access Self Storage Securitised Loan and the Nextra Portfolio UK Loan pursuant to a servicing agreement (the "**Servicing Agreement**") between the Servicer, the Special Servicer, the Issuer, the Issuer Security Trustee, the Facility Agent and the Loan Security Trustee, and, in respect of the Access Self Storage Whole Loan, pursuant to a separate servicing agreement (the "**Access Self Storage Servicing Agreement**" and, together with the Servicing Agreement, the "**Servicing Agreements**") between the Servicer, the Special Servicer, the Issuer, the Issuer Security Trustee, the Facility Agent, the Access Junior Lender 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 69. For further information about the Servicing Agreement and the Access Self Storage Servicing Agreement, see "*Servicing*" at page 128.

Interest Rate Swap Provider and the Interest Rate Swap Agreement

Morgan Stanley & Co. International Limited (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 transactions (the "**Interest Rate Swap Transactions**") to be entered into pursuant to the Interest Rate Swap Agreement. The Issuer and the Interest Rate Swap Provider will enter into swap confirmations (which shall be subject to and comprise part of the Interest Rate Swap Agreement) evidencing the terms of the Interest Rate Swap Transactions.

Either party to the Interest Rate Swap Agreement may require that its obligations and those of its counterparty in respect of the

relevant Interest Rate Swap Transactions terminate proportionally in the event that the relevant Securitised Loans are prepaid (whether voluntarily or as the result of their enforcement) or are 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 Junior Lender, in accordance with an Intercreditor Agreement.

Upon such termination, either party to the relevant 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 an Interest Rate Swap Transaction is due to the prepayment of a 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 relevant Borrower. If the termination of an Interest Rate Swap Transaction is due to the repurchase of a 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 Junior Lender, in accordance with an 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 Junior 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 relevant Securitised Loan, subject in the last case to the terms of the relevant Intercreditor Agreement.

For further information about the Interest Rate Swap Provider, see "*The Parties – The Interest Rate Swap Provider*" at page 69. 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 151.

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 Transactions.

For further information about the Interest Rate Swap Guarantor, see "*The Parties – The Interest Rate Swap Guarantor and the Advance Guarantors*" at page 70. For further information about the Interest Rate Swap Guarantee, see "*Credit Structure – The Interest Rate Swap Guarantee*" at page 153.

FX Swap Provider and the FX Swap Agreement

HSBC Bank plc (in such capacity, the "**FX Swap Provider**" and, together with the Interest Rate Swap Provider, the "**Swap Providers**").

The FX Swap Provider will enter into a swap agreement in the form of an ISDA 1992 Master Agreement (Multicurrency-Cross Border) and schedule thereto (the "**FX Swap Agreement**" and, together with the Interest Rate Swap Agreement, the "**Swap Agreements**") with the Issuer in connection with the currency swap transaction (the "**FX Swap Transaction**" and, together

with the Interest Rate Swap Transactions, the "**Swap Transactions**") to be entered into pursuant to the FX Swap Agreement.

The Issuer and the FX Swap Provider will, on or prior to the Closing Date, enter into an exchange rate swap confirmation (which shall be subject to and comprise part of the FX Swap Agreement) evidencing the terms of the FX Swap Transaction in order to protect the Issuer against the risk of movements in foreign exchange rates given that the Class B Notes will be denominated in dollars whilst the Securitised Loans are denominated in Sterling.

Either party to the FX Swap Agreement may require that its obligations and those of its counterparty in respect of the FX Swap Transaction terminates proportionally in the event that the Securitised Loans are prepaid (whether voluntarily or as the result of their enforcement) or are 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 Junior Lender, in accordance with an Intercreditor Agreement. Upon such termination, the FX Swap Provider may, depending on the circumstances then prevailing, be required to make a termination payment to the Issuer. The Issuer will be required to make termination payments to the FX Swap Provider upon such early termination only to the extent that payments are received from a Replacement FX Swap Counterparty under a Replacement FX Swap Transaction (each as defined below).

For further information about the FX Swap Provider, see "*The Parties – The FX Swap Provider*" at page 69. For further information about the FX Swap Agreement, the FX Swap Transaction and the FX Swap Agreement Credit Support Agreement, see "*Credit Structure – The FX Swap Agreement*" at page 154.

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 Master 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 Borrowers in respect of any of the Securitised Loans ("**Interest Advances**");

(ii) to cover shortfalls in the amounts required to pay to any person other than a Secured Party (other than the FX Swap Provider and the Interest Rate Swap Provider), 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 ("**Issuer Expenses Advances**"); and

(iii) to make certain payments in relation to a Loan or a Property, including advances with respect to certain expenses that may be due in respect of a Property such as head lease payments or insurance premia that the Borrower failed to pay and any amounts required to be paid in respect of loan level swap transactions, if any ("**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 70. For further information about the Servicer Advance Facility Agreement, see "*Credit Structure – Advance Facility*" at page 147.

Advance Guarantors

Morgan Stanley and Morgan Stanley & Co. International Limited (each an "**Advance Guarantor**" and together, the "**Advance Guarantors**") each will, pursuant to and subject to the terms of separate guarantees, guarantee the Advance Provider's obligations under the Servicer Advance Facility Agreement in respect of the Advances.

For further information about the Advance Guarantors, see "*The Parties – The Interest Rate Swap Guarantor and the Advance Guarantors*" at page 70.

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 71.

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 71.

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 Loans. 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 70, and for further information about the Transaction Account, see "*The Structure of the Accounts – The Transaction Account*" at page 102.
Irish Paying Agent	NCB Stockbrokers 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 71.
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 71.
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 71.
PECO Holder	ELoC 26 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 71 and 200, 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 FX Swap Provider, the Advance Provider, the Advance Guarantors, 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 Loans and the Whole Loans

Loan Pool

All the Whole Loans are full recourse obligations of the relevant Borrowers and are secured by, among other things, first ranking mortgages on 46 properties located in England. By reference to the Market Valuations (as defined below), 88.4 per cent. of such properties are situated in London and 71.8 per cent. of such properties are predominantly office properties. The properties securing the Access Self Storage Whole Loan (the "**Access Self Storage Properties**") are self-storage warehouses.

On the basis of the Market Valuations, the weighted average loan to value ratio ("**LTV**") of the Securitised Loans as at the Cut-Off Date was approximately 65.8 per cent.

Lending Criteria

All of the Whole Loans were advanced by the Originator between 31 August, 2006 and 26 January, 2007. At the time of their origination, the Whole Loans complied, in all material respects, with the lending criteria described in "*The Loans and the Related Security*" at page 73 as applied by the Originator (the "**Lending Criteria**"), subject to such variations or waivers to the Lending Criteria as would have been acceptable to a reasonably prudent lender of money secured on commercial property or to such material variations or waivers as are described in "*The Loans and the Related Security*". The origination of each Whole Loan was a negotiated process.

Market Valuations

In relation to each Whole Loan, prior to making the initial advance, for its benefit the Originator obtained an independent valuation of the Property constituting security for such Whole Loan as a condition precedent to the making of the advance to the relevant Borrower (each a "**Market Valuation**" and together, the "**Market Valuations**"). Other than in limited circumstances, no further independent valuations of the Properties will be required to be obtained and accordingly all references in this Offering Circular to valuations (including related concepts such as LTVs and property values) are references to or, as the case may be, relate to references to the Market Valuations.

For further information about the valuations of the Properties, see "*The Loan Pool Overview*" at page 103. Further information about the valuations, or summaries of the valuations, are also contained, in electronic form, on a CD-ROM (which is available on request from the Issuer), these being based on the Market Valuations.

Payments on the Whole Loans

All of the Whole Loans were current as at the Cut-Off Date. The Whole Loans are repayable at their respective final maturity dates, subject to prepayment, voluntary as well as mandatory, under certain circumstances.

Each Whole Loan is prepayable by the relevant Borrower, in whole or in part, subject, in all cases, to the payment of a prepayment fee, dependent upon the amount of time left unexpired until the final maturity date of that Whole Loan. In certain circumstances, however, no prepayment fee will be payable, principally where the unexpired term of the relevant Whole Loan is relatively short.

Loan Security

In respect of each of the Whole Loans, each Borrower has executed a debenture over all of its assets in favour of the Loan Security Trustee, as security for the Borrower's obligations under the relevant Whole Loan and other liabilities owing from time to time to the lender (each, a "**Debenture**" and together, the "**Debentures**"). Each Debenture entered into by a Borrower or Mortgagor, if applicable, incorporates a first legal charge over the relevant Property.

Security for each Whole Loan will also include, where relevant, the benefit of a subordination agreement under which any other debt of the relevant Borrower is subordinated to the debt owed in respect of the relevant Whole Loan (a "**Subordination Agreement**"), a duty of care agreement entered into by, among others, an independent managing agent or agents in respect of the relevant Property or Properties (a "**Duty of Care Agreement**") and a charge over, or other security interest in, the shares of the relevant Borrower and/or Mortgagor (a "**Share Charge**").

In the case of the Access Self Storage Whole Loan, a charge is also taken from the general and limited partners over their respective partnership interests. In the case of the Devonshire Square Whole Loan, a charge is taken from the general partners over their partnership interests, together with charges over the units in the unit trusts comprising the limited partners.

All such charges and securities, together with the Debentures, Subordination Agreements, Duty of Care Agreements, Share Charges, the Mortgage and/or any other security (including the beneficial interests in the Loan Security Trusts 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**".

Further Advances

The Issuer is not required to make any further advance to any Borrower under the terms of any of the Loan Agreements. 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 a Loan Agreement that would require the Issuer to make a further advance to any Borrower.

Insurance

Each Property, other than the Sanctuary Buildings Property, is covered by a buildings insurance policy maintained by the relevant Borrower or another person with an appropriate insurable interest in the relevant Property and provided by an insurer which is reasonably acceptable to the Originator. The

Loan Security Trustee's interest has been noted or is in the course of being noted on each such policy or its interest is included in the relevant policy under a "general interest noted" provision and any such interest will be held by MSMS on trust for the Issuer pursuant to the terms of the Loan Security Trusts. The insurance obligations in relation to the Sanctuary Buildings Property have been suspended whilst the tenant is a government department.

For further information relating to the insurance arrangements in respect of the Properties and the risks in relation thereto, see "*Risk Factors – Factors Relating to the Securitised Loans and the Whole Loans – Insurance*" at page 48 and "*The Loans and the Related Security*" at page 73. For further information relating to the Servicer's responsibilities regarding the maintenance of insurance relating to the Properties, see "*Servicing – Insurance*" at page 130.

Sale of the Loan Pool

Warranties

The Loan Sale Agreement contains certain warranties given by the Originator in respect of the Securitised Loans and the Related Security which are summarised in "*The Loan Sale Agreement - Warranties*" at page 90.

If there is a material breach of any such warranty by the Originator with respect to any Securitised Loan or its Related Security, which breach 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 relevant 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 relevant Securitised Loan; (b) interest accrued (but unpaid) up to, but excluding, the date of repurchase; (c) 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 184.

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 Loans to it:

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

(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 amount of any extension fee paid in respect of the "**Nextra Portfolio UK Loan Extension Period**", being the period by which the Nextra Portfolio UK Loan repayment date may be extended by, at the request of the Borrower and in accordance with the terms of the Nextra Portfolio UK Loan Agreement;

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

(e) 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 to the holder of the Class X Certificates and shall be an amount equal to the product of: (a) the aggregate outstanding principal balance of the Securitised Loans 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 Loans by the Special Servicer during the Collection Period immediately preceding such Interest Period); (b) the Class X Weighted Average Strip Rate and (c) the fraction obtained by dividing (i) the number of days in the relevant Interest Period by (ii) 365;

The "**Class X Weighted Average Strip Rate**" with respect to any Interest Payment Date will be a per annum rate equal to the excess, if any, of (a) the Weighted Average 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 "**Weighted Average Net Mortgage Rate**" with respect to any Interest Payment Date will be equal to the weighted average of the Net Mortgage Rates for the Securitised Loans weighted on the basis of their respective principal balances 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 Loans by the Special Servicer during the Collection Period immediately preceding such Interest Period) and, in the case of the first Interest Payment Date, the Closing Date.

The "**Net Mortgage Rate**" for any Securitised Loan, with respect to any Interest Payment Date, will be equal to the per annum interest rate (excluding default interest) on such 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 Loans.

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 Loans immediately after the second preceding Loan Payment Date for such Interest Payment 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 Loans and the Notes. 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. 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. 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.

Class X Certificates

The rights of the Originator to the Class X Amount, Prepayment Fees received by the Issuer in respect of the Securitised Loans, Interest Rate Swap Breakage Receipts (to the extent they do not constitute Available Interest Receipts or Issuer Priority Payments), any fees in respect of the Nextra Portfolio UK Loan Extension Period 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 approximately £601,150,000 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 or, in the case of the Class B Notes, at least US$250,000 and integral multiples of US$1,000 thereafter. The Reg S Notes will be issued in denominations of at least £50,000 and integral multiples of £1,000 thereafter or, in the case of the Class B Notes, at least US$250,000 and integral multiples of US$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 A1 Notes, the Class A2 Notes (together 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 and the Class E Notes will rank higher in priority to the Class F Notes and the Class F Notes will rank higher in priority to the Class G Notes and the Class G Notes will rank higher in priority to the Class H 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, other than the Class B Rule 144A Global Note (as defined below), 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., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**" and, together with Euroclear and the Depositary Trust Company ("**DTC**"), the "**Clearing Systems**") on the Closing Date.

In respect of the Class B Notes only, the Rule 144A Global Note (the "**Class B Rule 144A Global Note**") will be deposited with HSBC Bank USA, National Association for The Depository Trust Company ("**DTC**") and registered in the name of DTC or its nominee at 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 228.

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 DTC, 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 A1 Notes (the "**Class A1 Noteholders**"), the holders of the Class A2 Notes (the "**Class A2 Noteholders**" and, together with the Class A1 Noteholders, the "**Class A Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**"), the holders of the Class E Notes (the "**Class E Noteholders**"), the holders of the Class F Notes (the "**Class F Noteholders**"), the holders of the Class G Notes (the "**Class G Noteholders**"), the holders of the Class H Notes (the "**Class H Noteholders**", and, together with the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H 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 177 and page 200, respectively.

Controlling Party

The Controlling Party will be the holders of the most junior class of Notes outstanding from time to time, which class has a total Principal Amount Outstanding that is not less than 25 per cent. of the original Principal Amount Outstanding of that class as at the Closing Date. However, if no class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the Controlling Party will be the holders of the most junior class of Notes then outstanding that has a Principal Amount Outstanding that is greater than zero.

The Controlling Party will have certain rights, including:

(a) the right to appoint an Operating Adviser to advise the Special Servicer in connection with certain matters relating to the Securitised Loans and the Related Security; and

(b) the right to require the termination of the appointment of a person as Special Servicer and the appointment of a replacement that is acceptable to the Controlling Party, subject to the receipt of a Rating Agency Confirmation in respect of such appointment and confirmation from Moody's (if it is then rating the Notes) that such appointment will not result in its then current ratings of the Notes of any class being withdrawn, downgraded or qualified.

For further information about the Operating Adviser and the termination of the appointment of the Special Servicer, see "*Servicing*" at page 128.

However, notwithstanding the above, in accordance with the terms of the Access Self Storage Intercreditor Agreement and the Sanctuary Intercreditor Agreement, in circumstances where a Control Valuation Event is not continuing, the Junior Lenders thereunder have the right to appoint a substitute Special Servicer in respect of the relevant Securitised Loan.

"**Control Valuation Event**" means any event upon the occurrence of which, if the relevant Property were to be sold at the market value (or, in the case of the Access Self Storage Properties, 90% of the market value) contained in the last valuation to have been obtained prior to such date, the applicable Junior Lender would receive less than 25 per cent. of the initial amount of the Junior Debt.

A "**Rating Agency Confirmation**" means a confirmation from one or more of the Rating Agencies then rating the Notes (save that, to the extent 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.

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 (including any Deferred AFC Fee) 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 200.

Closing Date

13 April, 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 (or, in the case of the Class B Notes, in dollars), 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 or, in the case of the Class B Notes, three-month dollar deposits (save in the case of the first Interest Period, in which context it will be a rate determined by the linear interpolation of LIBOR for three months and four months sterling deposits or dollar deposits, as the case may be) plus the Relevant Margin. The "*Relevant Margin*" in respect of each class of Notes will be:

Class	***Relevant Margin***
A1	*0.16 per cent. per annum*
A2	*0.17 per cent. per annum*
B	*0.155 per cent. per annum*
C	*0.24 per cent. per annum*
D	*0.28 per cent. per annum*
E	*0.42 per cent. per annum*
F	*0.50 per cent. per annum*
G	*0.68 per cent. per annum*
H	*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 save in the case of the Class B Notes when it will be calculated on the basis of actual days elapsed and a 360 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 195) which may in turn result in the Issuer Security Trustee enforcing the Issuer Security.

Interest on the Class H Notes

Notwithstanding any other provisions of any Transaction Document or the Conditions of the Notes, (including, without limitation, with regard to any deferral of interest), if the amount of interest that would be otherwise due and payable in respect of the Class H Notes is in excess of the Class H Adjusted Interest Payment, and such difference has arisen as a result of a reduction in the interest bearing balance of a Loan as a result of prepayment, the interest due in respect of the Class H Notes will be subject to a cap (the "**Available Funds Cap**") and will be capped at the Class H Adjusted Interest Payment and, subject to the following paragraph, the Issuer will have no further obligation to pay any amount in respect of interest that would otherwise be due and payable in respect of the Class H Notes on such Interest Payment Date.

To the extent that there is a difference between the interest that would, but for the paragraph above, be due and payable in respect of the Class H Notes and the Class H Adjusted Interest Payment, the Issuer will be obliged, on a subsequent Interest Payment Date to the extent that funds are available, to pay pursuant to the Conditions a fee as consideration for use of the principal amount of the Class H Notes (the "**Deferred AFC Fee**"), in an amount equal to the difference between the interest due on the Class H Notes in accordance with Condition 4(a) (*Accrual of Interest*) and the Class H Adjusted Interest Payment.

Any Deferred AFC Fee will accrue interest as if it had become due and payable on the relevant Interest Payment Date.

"**Class H Adjusted Interest Payment**" will be an amount equal to:

(i) Available Interest Receipts available for application on that Interest Payment Date or any other date following service of an Enforcement Notice or the Notes otherwise becoming due and repayable in full; minus

(ii) the sum of all amounts payable in priority to payments of interest on the Class H Notes in accordance with the applicable priority of payments.

Any undertaking issued by the Issuer in respect of any Deferred AFC Fee will not be transferable or assignable, except in accordance with the terms of the Post-Enforcement Call Option or Call Option Deed.

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 and less, for all purposes other than determining (a) the amount of interest accruing on that Note, as described in the following paragraph and (b) the amount payable on a redemption of the Notes, the NAI Amount of such Note. The amount of interest due and payable on a Note on an Interest Payment Date will be calculated on the Principal Amount Outstanding after deduction of any NAI Amount applicable to such Note on such Interest Payment Date. An amount equal to the difference between the amount of interest that has accrued on each Note and the amount of interest due and payable after application of an NAI Amount to such Note will be deferred and will become due and payable on, and shall continue to accrue interest until, the date on which such Note is redeemed in full. For further information, see Condition 4(d) at page 182.
NAI Amount	The non-accruing (in cash terms) interest amount (the "**NAI Amount**") of a Note means, with respect to any Calculation Date, a *pro rata* share of the NAI Shortfall Amount applied to the relevant class of Notes in accordance with the following sentence. On the Interest Payment Date immediately following any Calculation Date on which the existence of an NAI Shortfall Amount has been determined, the Principal Amount Outstanding of the Notes will, for all purposes other than Condition 4(a), Condition 5(a), Condition 5(c) and Condition 9(b) at pages 180, 184, 189 and 197 respectively, be reduced by an amount equal to such NAI Shortfall Amount as applied to the classes of Notes in a reverse sequential order beginning with the most subordinate class of Notes that has a Principal Amount Outstanding.
NAI Shortfall Amount	The non-accruing (in cash terms) interest shortfall amount (the "**NAI Shortfall Amount**") means, with respect to any Calculation Date, the excess of (a) the aggregate Principal Amount Outstanding of the Notes on the related Interest Payment Date (after application of any Principal Receipts, if any, to be applied on such Interest Payment Date) over (b) the aggregate amount of principal with respect to all Securitised Loans outstanding as at such Calculation Date, as determined by the Servicer after taking into account all principal received on or before such Calculation Date.

The NAI Shortfall Amount will represent the principal amount of the Securitised Loans written-off following completion of Default Procedures in respect of such Securitised Loans.

Principal Final Redemption

Unless previously redeemed, the Notes will be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in October 2019 (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 37, including upon the Servicer exercising its right to purchase Securitised Loans in certain limited circumstances pursuant to the Servicing Agreement or a Junior Lender exercising its right to purchase the Securitised Loans pursuant to an Intercreditor Agreement. Either party to the Interest Rate Swap Agreement may require that its obligations and those of its counterparty in respect of the relevant Interest Rate Swap Transaction terminate proportionally in the event that the Securitised Loans are repaid. Upon such termination, either party to the relevant 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 184.

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 Borrowers in relation to any of the Securitised Loans 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 31, 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.

For further information about the circumstances under which mandatory redemption in respect of the Notes, see Conditions 5(c) and 5(d) at page 189 and page 190, 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			
A1	AAA	Aaa	AAA
A2	AAA	Aaa	AAA
X	AAA	Aaa	AAA
B	AAA	-	AAA
C	AA+	-	AA
D	AA	-	AA-
E	A+	-	A
F	A+	-	A-
G	A-	-	-
H	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 Certificate, 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 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 Guarantors and the Interest Rate Swap Guarantor and in the case of the Class B Notes the ratings of the Class B Notes are dependent upon, among other things, the short-term, unsecured, unsubordinated debt ratings of the FX Swap Provider. 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 228.

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 and, in the case of the Class B Rule 144A Global Note, DTC.

Euroclear is situated at 151 Boulevard Emile Jacqmain, 1210 Brussels, Belgium. Clearstream is situated at 42nd Floor, 1 Canada Square, Canary Wharf, London E14 5DR. DTC is situated at 55 Water Street, New York, New York 10041, USA.

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 Loans.

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 and FX Swap Breakage Receipts),

costs, expenses, commissions and other sums paid by Borrowers in respect of the Securitised Loans or the Related Security (other than any payments in respect of principal), including recoveries in respect of such amounts on enforcement of a 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 Junior Lender in connection with the purchase of any Securitised Loan by the Servicer, the repurchase of any Securitised Loan by the Originator or the purchase of any Securitised Loan by the Junior Lender in accordance with the Servicing Agreements, the Loan Sale Agreement or the relevant Intercreditor Agreement, respectively;

(b) "**Prepayment Redemption Funds**", which comprise all payments of principal made by the Borrowers in connection with any prepayment in part or in full in respect of a Securitised Loan (including insurance proceeds not applied to reinstate any of the Properties 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 any Securitised Loan pursuant to the terms of the Loan Sale Agreement, the purchase by the Servicer of any Securitised Loan in accordance with the Servicing Agreement, the purchase by the Junior Lender of any Securitised Loan in accordance with the relevant Intercreditor Agreement or disposal of the Securitised Loans pursuant to a liquidation of the Issuer;

(c) "**Final Redemption Funds**", which comprise the repayment of principal of each 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 Loans as a result of the enforcement of the Securitised Loans or the Related Security;

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

(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 any Interest Rate Swap Transaction prior to its scheduled termination date and all swap breakage costs paid by a Borrower as a result of the prepayment in part or in full of a Securitised Loan, both prior to and following its enforcement; and

(g) "**FX Swap Breakage Receipts**", comprising all termination payments paid to the Issuer by the FX Swap Provider under the FX Swap Agreement as a result of the termination of the FX Swap Transaction prior to its scheduled termination date.

Prepayment Fees (other than those that form a part of Available Interest Receipts or Issuer Priority Payments) 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 Accounts and the Swap Collateral Custody accounts 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 Transactions and/or the FX Swap Transaction, as the case may be, the Cash Manager will pay the relevant Swap Provider from time to time, amounts equal to any relevant amounts of interest on the credit balance of the relevant Swap Collateral Cash Account and/or amounts equivalent to distributions received on securities held in the relevant Swap Collateral Custody Account as well as any other payments required to be made by the Issuer in accordance with the terms of the relevant 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 Junior 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 Junior 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 a Borrower as a result of any termination of an Interest Rate Swap Transaction (excluding, for the avoidance of doubt, any funds required to cover any shortfall in interest arising on the enforcement of a Securitised Loan, the liquidation of which caused the Issuer to terminate the Interest Rate Swap Transaction); 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 a 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 Agreements or a Junior Lender in accordance with an Intercreditor Agreement and which do not, therefore, belong to the Issuer but to the Originator, the Servicer or the relevant Junior 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 each of the Securitised Loans during the period from and including the Loan Payment Dates for the relevant Securitised Loans that fell immediately prior 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 Dates that fall 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 an 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, a Issuer Expenses Advance to the extent available.

FX Swap Payment

On each Interest Payment Date, the Issuer will pay to the FX Swap Provider an amount in sterling equal to the interest accrued during the Interest Period ending on such Interest Payment Date of the aggregate Principal Amount Outstanding of the Class B Notes for the relevant Interest Period. On each Interest Payment Date, the FX Swap Provider will, subject to receipt of funds from the Issuer, in accordance with the FX Swap Transaction documentation, pay to the Issuer an amount in US dollars equal to the interest due on the Class B Notes in respect of the Interest Period ending on such Interest Payment Date. On any day on which any amount of principal is due to be paid by the Issuer in respect of the Class B Notes, the Issuer will pay to the FX Swap Provider an amount in sterling equal to the aggregate principal amount due to be paid on the Class B Notes and the FX Swap Provider shall pay to the Issuer an amount in US dollars equal to the aggregate principal amount due to be paid on the Class B Notes.

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 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 relevant Borrower, or (ii) are required for the purposes of covering any shortfall in interest arising on the enforcement of a 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 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 any 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**, 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, any amounts due to the Servicer and the Special Servicer pursuant to the Servicing Agreements (including, without limitation, the Servicing Fee, the Administrative Services Fee, the Special Servicing Fee, any Liquidation Fee, and any Work-out 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 an 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; 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) a replacement foreign exchange swap provider upon entry into a currency swap agreement replacing the existing FX Swap Agreement or in order for the Issuer to enter into a replacement currency swap agreement; and then

(xiv) 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 come due in the following Interest Period and the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(c) **third**, in each case, *pari passu* and *pro rata*, in or towards payment or discharge of (A) interest due on the Class A1 Notes, (B) interest due on the Class A2 Notes and (C) the Class X Amount due and payable;

(d) **fourth**, in payment or discharge of Sterling amounts due to the FX Swap Provider under the FX Swap Transaction (to enable the Issuer, or the Cash Manager on its behalf, to make the payment using the corresponding US dollar amounts received from the FX Swap Provider to be made pursuant to the Class B Notes in respect of interest payments due and interest overdue (and any interest due on such overdue interest) on such Class B Notes) (and including a fee equal to 0.055 per cent. per annum of the Principal Amount Outstanding of the Class B Notes payable to the FX Swap Provider);

(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 interest due and interest overdue (and any interest due on such overdue interest) on the Class F Notes;

(i) **ninth**, in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class G Notes;

(j) **tenth**, in payment or discharge to or towards interest due and interest overdue (and any interest due on such overdue interest) on the Class H Notes (other than any Deferred AFC Fee);

(k) **eleventh**, 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;

(l) **twelfth**, 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);

(m) **thirteenth**, in payment and discharge to or towards all amounts of interest then due or overdue in respect of the Deferred AFC Fee, and, following redemption in full of the Notes, the Deferred AFC Fee;

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

(o) **fifteenth**, any surplus, if any, to the Issuer or, if any exists, any other person entitled thereto.

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 184).

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 in the manner set out below (and, in the event that the Available Principal is referable to more than one Securitised Loan, in the order of application set out below). The amount by which a particular class of Notes will be redeemed on a particular Interest Payment Date will equal the sum of:

(A) an amount equal to the percentage applicable to the relevant class of Notes of Available Principal (other than Available Principal Recovery Funds allocated pursuant to paragraph (B) below) received in respect of the Group 1 Securitised Loan, the Group 2 Securitised Loan and the Group 3 Securitised Loans. The relevant percentages for each class of Notes and the groups of Securitised Loans for these purposes is set out below:

	Group 1 Securitised Loan	**Group 2 Securitised Loan**	**Group 3 Securitised Loans**
Class A1/A2/B Notes	82%	95%	80%
Class C Notes	6%	5%	7%
Class D/E Notes	6%	0%	6%
Class F/G Notes	6%	0%	4%
Class H Notes	0%	0%	3%

Group 1 Securitised Loan:

Sanctuary Buildings Loan

Group 2 Securitised Loan:

Nextra Portfolio UK Loan

Group 3 Securitised Loans:

Access Self Storage Loan
Devonshire Square Loan

Allocation of the relevant percentage for the Group 1 Securitised Loan, the Group 2 Securitised Loan and the Group 3 Securitised Loan between the Class A1 Notes, the Class A2 Notes and the Class B Notes shall be *pro rata* between the Class A1 Notes and the Class A2 Notes in accordance with their Principal Amount Outstanding at the relevant time until the Principal Amount Outstanding of the Class A Notes has been reduced to zero after which any allocated amount shall be applied to redeem the Class B Notes; then

Allocation of the relevant percentage for the Group 1 Securitised Loan and the Group 3 Securitised Loans between the Class D Notes and the Class E Notes shall be pro rata between each class of such Notes in accordance with their Principal Amount Outstanding at the relevant time; then

Allocation of the relevant percentage for the Group 1 Securitised Loan and the Group 3 Securitised Loans between the Class F Notes and the Class G Notes shall

be pro rata between each class of such Notes in accordance with their Principal Amount Outstanding at the relevant time; and

(B) an amount of Available Principal Recovery Funds received in respect of each Securitised Loan allocated to the relevant class of Notes in accordance with the procedure described in the following sentence. The Available Principal Recovery Funds received in respect of a Securitised Loan will be applied sequentially to achieve the Target Redemption Amount for each class of Notes. The "**Target Redemption Amount**" for each class of Notes in relation to each Securitised Loan on any day will be equal to the product of (a) the aggregate principal amount outstanding of the relevant Securitised Loan on that day and (b) the percentage applicable to the relevant class of Notes and the relevant Securitised Loan according to its group.

For the purpose of determining the amount of Available Principal to be allocated to redeem any class of Notes, if in accordance with the above allocation rules the amount of Available Principal available to redeem a class of Notes would exceed the Principal Amount Outstanding of such class of Notes, an amount equal to the excess will be allocated to the other classes of Notes on a *pro rata* basis in accordance with the following sentence. The percentage of such excess amount to be applied to a class of Notes will be equal to the fraction (expressed as a percentage) of (a) the Weighted Average Loan Allocation Percentage applicable to the relevant outstanding class of Notes divided by (b) the aggregate of the Weighted Average Loan Allocation Percentages applicable to all the classes of Notes with a Principal Amount Outstanding of greater than zero. The "**Weighted Average Loan Allocation Percentage**" of a class of Notes on any Calculation Date will be equal to (a) the sum of the products of the amount of Available Principal applicable to each Securitised Loan and the relevant percentage applicable to the relevant Class of Notes divided by (b) the amount of Available Principal to be allocated on such Calculation Date.

Notwithstanding the above, if on any Interest Payment Date where a Sequential Redemption Event is not outstanding, but a Work-out Fee or Liquidation Fee is payable by the Issuer in respect of principal with the effect that Available Principal available to redeem the Notes is reduced, then the above application of Available Principal shall be altered. In such circumstances, the amount of such Work-out Fee or Liquidation Fee shall, for the purposes of calculating the amount of each class of Notes to be redeemed, be added to the amount of the then Available Principal and the waterfall above applied as if such amounts were available to the Issuer. Then the relevant amount of Work-out Fee or Liquidation Fee shall be deducted from the amount by which the most junior class of Notes would have been redeemed if such increased sum of Available Principal had been available and the Notes of each class shall then be redeemed by reference to such revised amounts. Thus, the consequences of a Work-Out Fee or a Liquidation Fee being paid under those circumstances is borne by the most junior class of Notes.

Sequential Redemption Event

A "**Sequential Redemption Event**" shall occur if any of the following circumstances exist on a Calculation Date:

(A) more than 26.5 per cent. of the principal amount outstanding of the Securitised Loans at the relevant Calculation Date are Specially Serviced Loans or two or more Securitised Loans are Specially Serviced Loans; or

(B) the cumulative percentage of Securitised Loans (calculated by reference to the principal amount outstanding of the Securitised Loans as at the Closing Date) which have defaulted since the Closing Date is greater than 26.5 per cent. of the aggregate principal amount outstanding of the Securitised Loans as at the Closing Date or two or more Securitised Loans are in default; provided that, in determining whether a Securitised Loan has defaulted for the purposes of this paragraph:

(1) such determination shall be made solely on the basis of the terms of the relevant Loan Agreement as at the Closing Date and without regard to any subsequent amendments to the relevant Loan Agreement or waivers granted in respect thereof; and

(2) an event of default shall not be deemed to have occurred if (a) the default is with respect to payment and such default has been remedied or cured within five Business Days of such default, and/or (b) the default is other than with respect to payment, is capable of being remedied or cured and such default has been remedied or cured within 30 days of such default being notified in accordance with the terms of the relevant Loan Agreement, and/or (c) Default Procedures have been completed and the principal amount outstanding and all amounts of interest, fees, expenses and any other amounts payable by the relevant Borrower in respect of such defaulted Securitised Loan have been received in full or the relevant Borrower has prepaid the defaulted Securitised Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the relevant Borrower in respect of such defaulted Securitised Loan); or

(C) there has been any loss incurred by the Noteholders of any class of Notes since the Closing Date resulting from a failure to repay principal of, or, other than in respect of the most senior class of Notes then outstanding, pay interest on, any Note on the due date for such payment.

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 each case, *pari passu* and *pro rata*, in or towards repaying the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes until all the Class A1 Notes and the Class A2 Notes have been redeemed in full;

(ii) **second**, in payment of the sterling amount due to the FX Swap Provider under the FX Swap Transaction (to enable payment using the corresponding US dollar amounts received from the FX Swap Provider to be made pursuant to the Class B Notes in order to repay 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;

(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;

(vi) **sixth**, in or towards repaying the Principal Amount Outstanding of the Class F Notes until the Class F Notes have been repaid in full;

(vii) **seventh**, in or towards repaying the Principal Amount Outstanding of the Class G Notes until the Class G Notes have been repaid in full; and

(viii) **eighth**, in or towards repaying the Principal Amount Outstanding of the Class H Notes until the Class H Notes have been repaid in full.

For further information regarding the redemption of the Notes, see Condition 5 at page 184.

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 144.

Early Termination of the FX Swap Agreement

If, prior to the service of an Enforcement Notice, there is an early termination of the FX Swap Agreement as a result of an event of default where the FX Swap Provider is the Defaulting Party (as defined in the FX Swap Agreement) because (i) the rating of the short term, unsecured, unsubordinated debt obligations of the FX Swap Provider falls below any of "F1" by Fitch, "P-1" by Moody's or "A-1+" by S&P, or the long-term, unsecured, unsubordinated debt obligations of the FX Swap Provider falls below any of "A2" by Moody's or "A+" by Fitch, the FX Swap Provider may be required to transfer collateral to an account in the name of the Issuer to support its obligations in respect of the FX 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 FX Swap Provider on or prior to the Closing Date and any such collateral will be returned to the FX Swap Provider if it is not required for the purposes of collateralising its obligations in accordance with the terms of the collateral agreement; or (ii), the rating of the short-term unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "F2" by Fitch or "P-2" by Moody's or the rating of the long term unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "BBB+" by Fitch, "BBB-" by S&P or "A3" by Moody's, then the Issuer will either provide a third party guarantee from a suitably rated entity (in a form acceptable to the Issuer) or use its best endeavours to enter into a replacement FX Swap Agreement (a "**Replacement FX Swap Agreement**") on substantially the same terms as the original FX Swap Agreement (or on such terms as may be reasonably acceptable to the Issuer Security Trustee) with a counterparty (a "**Replacement FX Swap Provider**") whose (or whose guarantor's) short-term unsecured, unsubordinated debt obligations is above "F1" by Fitch, "P-1" by Moody's or "A-1+" by S&P, or whose long-term, unsecured, unsubordinated debt obligations are above "A2" by Moody's or "A+" by Fitch, and which agrees to be bound by, among other things, the terms of the Deed of Charge and Assignment on substantially the same terms as the original FX Swap Provider (such replacement swap transaction entered into by a Replacement FX Swap Provider, a "**Replacement FX Swap Transaction**").

The amount payable by the Issuer to the FX Swap Provider upon an early termination of the FX Swap Agreement shall be limited to the amount received from any Replacement FX Swap Provider upon the entry into of a Replacement FX Swap Transaction. In the event that the Replacement FX Swap Provider makes a payment to the Issuer upon the entry into of a Replacement FX Swap Transaction, the Issuer shall apply such payment in making any early termination payment due from it to the FX Swap Provider. The FX Swap Provider shall have no recourse to the Issuer for any amounts over and above those received by the Issuer from the Replacement FX Swap Provider.

If, following an early termination of the FX Swap Transaction, the Issuer would be required to make any payment to a Replacement FX Swap Provider to enter into a Replacement FX Swap Transaction, the Issuer will use (a) any funds standing to the credit of any FX Swap Collateral Cash Account or the proceeds of liquidation of any securities standing to the credit of the FX Swap Collateral Custody Account, and (b) any FX Swap Breakage Receipts, in making the required payment to the Replacement FX Swap Provider. If the Issuer is, for any reason, unable to enter into a Replacement FX Swap Transaction, the Issuer shall purchase US dollars in order to make payments due to the Class B Noteholders at the prevailing spot rate of exchange on the relevant payment date using only the amounts in sterling that would otherwise have been available to pay amounts due to the FX Swap Provider under the FX Swap Transaction. The Class B Noteholders shall have no recourse to the Issuer for such shortfall amounts in the amount of US dollars available for such payments.

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 FX 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 Loans and the Issuer's rights under the Loan Agreements and the connected contractual rights;

(b) an assignment by way of security of the Issuer's beneficial interests in the Loan Security Trusts 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 Access Self Storage 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 FX Swap Agreement (subject to netting and set-off provisions), the FX 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, the FX Swap Collateral Cash Account, the FX 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 (ix), (x) and (xi), respectively, of "*Credit Structure – Post-Enforcement Priority of Payments*" at page 144.

Upon service of an Enforcement Notice, the Class A1 Noteholders, the Class A2 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, all amounts owing to the Class E Noteholders will rank after all payments on the Class D Notes, all amounts owing to the Class F Noteholders will rank after all payments on the Class E Notes and all amounts owing to the Class G Noteholders will rank after all payments on the Class F Notes and all amounts owing to the Class H Noteholders will rank after all payments on the Class G 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 Loans, the Related Security, the Properties and other associated matters (for further information, see "*The Loans and the Related Security – The Loan Sale Agreement – Warranties*" at page 90).

These matters have been grouped into the following categories:

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

(b) Factors Relating to the Securities.

Factors Relating to the Securitised Loans and the Whole Loans

Borrowers' Ability to Pay

If the Issuer does not receive the full amount due from the Borrowers in respect of the Securitised Loans, 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 Borrowers of any sums payable under the Securitised Loans.

A Borrower's ability to make timely payment of amounts due in respect of a Whole Loan will, in most cases, be dependent on the ability of the Property or Properties securing that Borrower's Whole Loan to generate income which is sufficient to make such payments. Investors should assume that no funds other than those derived from the Properties will be available to Borrowers to enable them to make payments due on their Whole Loans. Furthermore, if a Borrower defaults in its obligations in respect of a Whole Loan and the Loan Security Trustee enforces the Related Security or if a Borrower's ability to repay a Whole Loan on its maturity is dependent on the reletting, sale or refinancing of the related Property or Properties, the Issuer's ability to recover all amounts due in respect of the relevant Securitised Loan will depend on the market value of the Property or Properties securing its repayment.

The ability of a 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 a 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; (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 and (g) in the case of the properties charged as security for the Access Self Storage Loan which comprise self-storage warehouses, the effectiveness of the management and operation of the business carried on there or a reduction in demand for the business undertaken at the relevant property. Other factors are more general in nature, such as: (a) national, regional or local economic conditions (including plant closures, industry slowdowns and unemployment rates); (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 a particular Property is able to generate and/or on its market value, which could in turn cause the relevant Borrower to default on its Whole Loan, reduce the chances of refinancing a 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 related Securitised Loan.

Refinancing Risk

None of the Securitised Loans have scheduled amortisation nor require any capital repayments until the relevant maturity date. However, under the terms of the Securitised Loans, prepayments in whole or in part may be made prior to the relevant maturity date. The ability of a Borrower to make the payment of principal due on the final maturity date of any Whole Loan may be dependent upon that Borrower's ability to refinance the relevant Whole Loan or to sell the Property or Properties securing that Whole Loan. Neither the Issuer nor the Originator is under any obligation to provide any such refinancing and there can be no assurance that a Borrower would be able to refinance its Whole Loan or that a Borrower would be able to sell the relevant Property or Properties in a timely fashion. Failure by a Borrower to refinance the relevant Whole Loan or by the Borrower to sell or to procure the sale of the relevant Property or Properties may result in that Borrower defaulting on its 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.

Loan Concentration

In relation to any pool of loans, loan losses may be more severe if (a) the pool is comprised of a small number of loans, each with a relatively large principal amount; or (b) if the losses relate to loans that account for a disproportionately large percentage of the pool's aggregate principal balance. As there are only four Securitised Loans in the Loan Pool, losses on any Securitised Loan may have a substantial adverse effect on the ability of the Issuer to make payments due under the Securities. In particular, the Devonshire Square Loan (by principal balance) represents approximately 48 per cent. of the Aggregate Cut-Off Date Balance.

In addition, concentrations of Properties in geographic areas may increase the risk that adverse economic or other developments affecting a particular region could increase the frequency and severity of losses on the Whole Loans which are secured by such Properties. As of the Cut-Off Date, 37 of the Properties, representing approximately 88.4 per cent. of the Properties by value, were located in Greater London.

Tenant Default

Any tenant of a 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 a Property were to default in its obligations to pay rent, the related Borrower is unlikely to have other funds available to enable it to make payments due on its Whole Loan. The Borrower may also incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and reletting the relevant Property, 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 Properties 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 relevant Borrower or Mortgagor, as appropriate, 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 relevant 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. Properties leased to a small number of tenants, or a sole tenant, also are more susceptible to interruptions of cash flow if a tenant fails to renew its Lease. This is so because (i) the financial effect of the absence of rental income may be severe, (ii) more time may be required to re-lease the space, and (iii) substantial capital costs may need to be incurred to make the space appropriate for replacement tenants.

In addition, risks related to tenants may also be increased if there is a concentration of tenants which operate in the same or related industries as one another at one or more Properties. If a Property is leased predominantly to tenants in a particular industry, the relevant lender may not have the benefit of risk diversification that would exist in a case where tenants were not so concentrated. A number of the larger tenants, particularly those of the Properties relating to the Devonshire Square Loan, operate in the financial services and legal areas. Aon Limited, a large insurance broking company holds leases which, in terms of rental income, account for approximately 59.1 per cent. of the total rental income attributable to the Devonshire Square Property.

Types of Properties

The Devonshire Square Loan, the Sanctuary Buildings Loan and the Nextra Portfolio UK Loan, together representing 73.7 per cent. of the Aggregate Cut-Off Date Balance, are secured primarily by office properties. 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, a given 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.

The Properties charged as security for the Access Self Storage Loan comprise self-storage warehouses. Individual units (and, in some cases, associated facilities such as car parking spaces) are licensed to individual occupiers on agreements which are generally terminable upon short notice. Income from self storage properties may accordingly be more sensitive to economic downturns or increased competitive conditions than income from other Properties. In addition, the effective management and operation of the self storage properties will be a significant factor affecting the revenues, expenses and value of those Properties. No assurance can be given regarding the ability of the self storage properties to generate income which is sufficient to enable the Access Self Storage Borrower to make all payments on its Loan when due. For a more detailed description of the arrangements for the operation of the Access Self Storage Properties see "*Loans and Related Property Summaries – Access Self Storage Securitised Loan*" on page 298.

A limited part of the Devonshire Square Property has retail use. The value of retail 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 spaces or the construction of other shopping centres, retail properties face competition from other forms of retailing

outside a given property market (such as mail order and catalogue selling), which may reduce retailers' need for space and, therefore, the rents collectable from retail properties. Income from the various businesses carried out from retail Properties may be more sensitive than income from other commercial properties, which are partly or wholly let, 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, a particular Property, which could in turn cause the relevant Borrower to default on its Whole Loan, reduce the chances of a Borrower refinancing a Whole Loan or reduce a Borrower's, or Mortgagor's, ability to sell a Property at a required price or at all.

Due Diligence; Warranties

The Originator undertook due diligence in relation to the Whole Loans and the Properties securing such Whole Loans at the time of their 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 Loans 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 Loans or the Properties or as to the status of the Borrowers and/or Mortgagor 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 90. If any breach of a warranty relating to any 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 such Securitised Loan together with its beneficial interest in the related Loan Security Trust. The Issuer will have no recourse to the Originator in respect of losses arising in relation to the Securitised Loans or their Related Security, other than to require the Originator to repurchase any Securitised Loan in relation to which a warranty has been breached. 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 Valuations

The Market Valuations in respect of the Properties have been provided by a number of independent qualified firms. The Market Valuations express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such 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, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. There can be no assurance that the market value of a Property will continue to equal or exceed the valuation contained in the relevant report compiled for the purposes of ascertaining the Market Valuation in respect of each Property prior to advancing any amounts under the relevant Whole Loan (each an "**Origination Valuation Report**"). If the market value of a 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 made in respect of that Property and any other amounts due under the relevant Loan Agreement. If the Property is sold following an event of default in respect of a 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 relevant Securitised Loan, irrespective of the value ascribed to it.

Further information regarding the Market Valuations of each of the Properties is contained in electronic form on a CD-ROM which is available on request from the Issuer.

Insurance

The Loan Agreements in respect of all the Whole Loans require each relevant Property (save where a Property is let to a U.K. Government tenant) to be insured at appropriate levels and against risks

customarily insured against for properties similar to the Properties. 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 a Property, the relevant 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, Borrowers are relying on the creditworthiness of the insurers 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 each Whole Loan was originated, it was the policy of the Originator to verify that insurance was in place which met the requirements of the applicable Loan Documentation. No further verification of such insurance arrangements has been undertaken in connection with the sale of the Securitised Loans to the Issuer. However, the Servicer has agreed to monitor compliance by the Borrowers with the terms of their 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.

In the case of the Sanctuary Buildings Property, the insurance obligations have been suspended whilst the tenant is a government department.

For further information regarding the Borrowers' obligations relating to insurance, see "*The Loans and the Related Security*" at page 73. For further information regarding the basis on which the Servicer will make alternative insurance arrangements, see "*Servicing - Insurance*" at page 130.

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 a Borrower was to incur any costs as a result of environmental liabilities at a Property, this may reduce the amount available to make payments in respect of the related Securitised Loan. Environmental liabilities at a 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 a Property for damages and costs resulting from substances emanating from that 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 a 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.

Borrowers/Mortgagor

Each 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 with the exception of the Access Self Storage Whole Loan which allows additional equal ranking financial indebtedness subject to a maximum aggregate amount of £50,000 and the Devonshire Square Whole Loan which provides for an equal ranking capital expenditure facility of £20,000,000) and prohibit such entities from conducting business other than in connection with the relative Property.

All of the Whole Loans and the Loan Documentation contain provisions that require the relative 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 a Borrower, and even if all or most of such restrictions have been complied with by all Borrowers, there can be no assurance that such Borrowers will nevertheless not become insolvent. The Borrowers are designed to be insolvency remote, not insolvency proof.

In addition, all of the Borrowers and/or, where the Property is held by a Mortgagor that is not the Borrower, the Mortgagor, were incorporated or formed for the purposes of acquiring (or refinancing the acquisition of) and holding the legal and/or beneficial interests in the Property or Properties charged as security for its related Whole Loan. Save as set out under "*The Loans and the Related Security*" at page 73, such parties represent that they have no material or contingent liabilities (other than indebtedness permitted under the related Loan Agreement and which is fully subordinated pursuant to a formal subordination agreement and, in the case of the Access Self Storage Whole Loan and the Devonshire Square Whole Loan, subject as mentioned above) except in relation to the Property or Properties which are security for the Whole Loans. The existence of other indebtedness incurred by the Borrower other than the Whole Loan could adversely affect the financial viability of such Borrower and additional debt increases the likelihood that a 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 a Borrower may result in the insolvency or (if appropriate) the administration of that Borrower which may lead to an unanticipated default under the Whole Loan.

An insolvency of any Borrower would result in an event of default with respect to the related Whole Loan giving rise to an acceleration of such 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.

Limited Partnerships and Administration

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

By virtue of the Insolvent Partnership Order 1994 (the "**1994 Order**"), certain provisions of the Insolvency Act 1986 apply to an insolvent English partnership, subject to the modifications set out in the 1994 Order. The Insolvency Act 1986 together with the 1994 Order provides a mechanism whereby an insolvent partnership may (a) be put into administration rather than be statutorily wound up i.e. the affairs and business of the partnership and the partnership property are managed by an administrator appointed for the purpose by the court and (b) propose a partnership voluntary arrangement either with or without a moratorium (provided the partnership satisfies the relevant criteria which correspond to the criteria for small companies (as discussed in "*Voluntary Arrangements*" below)). The effect of an administration order is, amongst other things, to impose a moratorium so that any winding up petition must be dismissed and no steps may be taken to enforce any security over the partnership property. It directs that the affairs and business of the partnership and the partnership property should be managed by the administrator. During the period of an administration order (a) no order may be made for the winding up of the partnership, (b) no order may be made on the joint petition for bankruptcy of the members as such, (c) the court may not decree a dissolution of the partnership under the statutory provisions in the Partnership Act

1890, and (d) most enforcement proceedings including execution and repossession of goods are barred save with the consent of the administrator or with the permission of the court.

Limited Payment History; Recent Acquisitions

All of the Whole Loans were originated since August 2006. As such, the Whole Loans do not have a long standing 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, in the case of three of the Loans the relevant Borrower or Mortgager acquired its related Properties shortly before or contemporaneously with the origination of their respective Whole Loan. Accordingly, the relevant Borrowers or Mortgagor may have limited operating history with respect to the Properties and, therefore, there may be a risk that the net operating income and cash flow of such Properties will vary significantly from the operations, net operating income and cash flow generated by the Properties under prior ownership and management.

Access Self Storage Properties

Ownership

All but five of the Access Self Storage Properties are currently vested jointly in the general partner of the Access Self Storage Borrower and a nominee (which is a wholly owned subsidiary of the general partner) on behalf of the Access Self Storage Borrower. The remaining five properties are all leasehold and because (as of the Cut-Off Date) the requisite landlord's licence to assign has not yet been obtained, remain vested in previous owners of the Property all of whom are associated with, and hold the relevant Properties on trust for, the Access Self Storage Borrower.

Each of the Access Self Storage Properties is currently let to an associated company, namely Access Self Storage Limited, a limited company incorporated in England & Wales (the "**Access Self Storage Operator**") under the terms of an operating lease. The Access Self Storage Operator, in turn, lets or licenses parts of each Property to third party users. For further information with regard to the property ownership, letting and operation arrangements see "*Loans and Related Property Summaries – Access Self Storage Securitised Loan*" at page 298.

Access Self Storage Business

The income generating ability of the relevant Properties depends substantially on the continued existence and financial strength of, and the public perception of the corporate brand of, the Access Self Storage Operator. In addition, the effective management and operation of the relevant Properties will be a significant factor affecting the revenues, expenses and value of those Properties. The Access Self Storage Operator is not a single purpose entity but operates a number of similar premises and has assets and liabilities which are unconnected with those arising from the operation of the Access Self Storage Properties.

An insolvency affecting the Access Self Storage Operator, or the group of which it and the Access Self Storage Borrower form part, could therefore have a material adverse effect on the management and operation of the Access Self Storage Properties and on the ability of the Access Self Storage Borrower to make payments under the Access Self Storage Whole Loan. Further, a termination of the operating leases affecting the Access Self Storage Properties would leave the businesses undertaken from such Properties without an operator and consequently require the Access Self Storage Borrower to appoint a suitable replacement. No assurance can be given that a suitable alternative operator could be appointed on similar terms nor that any such termination would not have an adverse effect on the revenues of the affected Access Self Storage Property and so, ultimately, upon the capability of the Issuer to meet its obligations under the Securities.

Leasehold Properties

Eight of the Access Self Storage Properties are held wholly or partially upon the terms of leases which, amongst other things, contain provisions entitling the relative landlord to determine or forfeit the lease in case of failure to pay rent or breach of the tenant's obligations. Four of the Properties are subject to leases which also contain provisions entitling the relative landlord to forfeit upon the liquidation of the

tenant (two of these further entitle the landlord to forfeit upon the administration or receivership of the tenant).

Should any such event occur and a landlord attempts to forfeit such a lease, the nominees holding the relative Property on behalf of the Access Self Storage Borrower, as tenants, could apply for relief. Where forfeiture was claimed on the ground of non-payment of rent, this would normally be available automatically upon payment of the arrears in full within six months. In other cases relief is granted at the discretion of the court and consequently no assurance can be given that relief would be given nor, if granted, as to any conditions which might be imposed. However, relief would usually be given if the tenant acted promptly, in good faith and (in the case of forfeiture for breach of covenant) took steps to remedy the breach complained of. In the case of forfeiture upon the liquidation, receivership or administration of a tenant, the tenant would additionally need to demonstrate to the court's satisfaction that it could assign the lease to another person or company which had sufficient standing and resources to pay future rents due, and observe and perform the relative tenants' covenants, under such lease.

Where relief from forfeiture is not available, or not granted, in favour of the Access Self Storage Borrower, then the Loan Security Trustee, separately and in its own right, can apply for relief as mortgagee of the Properties. This is also a matter for the court's discretion but, whilst no assurance that relief will be granted can be given, such would normally be available if the Loan Security Trustee acted in good faith and remedied any breach of covenant. In this case, relief would take the form of a new lease (in similar terms) granted to the Loan Security Trustee.

In order to reduce the risk of an insolvency event affecting the Access Self Storage Borrower or Access Self Storage Operator which would give rise to a landlords' right to forfeit a lease on the insolvency of the tenant, it is intended that the Properties subject to leases which contain such a right be transferred to separate, single purpose limited liability companies, which would be wholly owned subsidiaries of the general partner of the Access Self Storage Borrower and would hold such Properties on trust for the Access Self Storage Borrower. This will however, in the case of two such Properties, be subject to obtaining landlord's licence to assign (see below).

Landlord's Licence to Assign

Five of the Access Self Storage Properties are held under the terms of leases which require the landlord's consent to any assignment of the same. As of the Cut-Off Date, whilst such licence had been applied for, this had not yet been granted and accordingly these Properties remain vested in the previous owners, all of whom are companies associated with, and hold the Properties on trust for, the Access Self Storage Borrower. There can be no assurance or guarantee that the requisite landlord's licence to transfer each such Property will be forthcoming (nor that it will be forthcoming on acceptable terms) and, until such consent is granted, there is a risk that an insolvency event affecting, or breach of covenant by, the company or companies currently owning the Properties could lead to a landlord taking forfeiture action which, if relief cannot be obtained, would result in loss of the lease of such Property.

Access Self Storage Operator: Ability to make Rental Payments to Access Self Storage Borrower

In addition to the rental payments which the Access Self Storage Operator is obliged to make to the Access Self Storage Borrower, the Access Self Storage Operator may have tax liabilities that it is required to discharge from time to time including as a result of the Access Self Storage Operator being unable to obtain a tax deduction for the full amount of the rent payable under the leases from the Access Self Storage Borrower. The Issuer understands that, based on projected cash flows, the Access Self Storage Operator will be able to meet in full its obligations both to make rental payments to the Access Self Storage Borrower and to discharge any such tax liabilities.

Hornsey Property

The Access Self Storage Property at Hornsey is held under the terms of three separate leases and, in respect of one of these leases, there is a dispute as to the amount of rent payable following a recent review. Rent is currently only being paid at a rate less than that demanded and consequently, should the landlord's claim subsequently be substantiated, the lease would be liable to forfeiture for non-payment of rent. The Issuer has been informed that the landlord is in the process of instituting forfeiture proceedings

to which the Access Self Storage Borrower has submitted a full defence. A rent review notice has been received in relation to the disputed lease and a counter notice has been served by the Access Self Storage Borrower challenging the rent which has been proposed. On the origination of the Access Self Storage Whole Loan, an amount equal to approximately 2 years' rent attributable to this Property was paid into a blocked deposit account charged to the Loan Security Trustee to provide funds with which to pay any arrears of rent successfully claimed by the landlord (and consequently obtain relief from any forfeiture proceedings) – see "*The Structure of the Accounts – Other Accounts – Access Self Storage Whole Loan – Hornsey Reserve Account*" – page 98 below.

There can be no guarantee or assurance that the landlord will not be successful in its claim for the increased rent nor, if the landlord does succeed, that the amount standing to the credit of the Hornsey Reserve Account will be sufficient to pay the arrears and other monies necessary due in order to prevent forfeiture. In such event, however, monies standing to credit of the Hornsey Reserve Account would be available to pay interest and/or prepay in part the Access Self Storage Whole Loan.

Property Management

The net cash flow realised from and/or the residual value of the Properties may be affected by management decisions. Some property managers, such as those of the Devonshire Square Property, have wide discretions to actively manage the Properties; in particular, they are (subject to certain restrictions set out in the Loan Documentation) responsible for finding and selecting new tenants on the expiry or termination of existing tenancies and for negotiating the terms of the tenancies with such tenants. While such persons are experienced in managing properties, there can be no assurance that decisions taken by them or by a future managing agent and/or property manager will not adversely affect the value and/or cashflows of the Properties.

Enforcement

General

If a Borrower defaults in its obligations in relation to a Whole Loan and/or its Related Security (and, in the case of a Senior Tranche, such default is not cured by the relevant Junior Lender in accordance with the relevant Intercreditor Agreement) the Servicer or, if at the relevant time the relevant 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 any 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, in certain cases, procuring that the Loan Security Trustee obtains possession of the relevant Property. Pending completion of the Default Procedures in relation to a Securitised Loan, delays could be experienced in the collection of amounts due from Borrowers 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 relevant Borrower and, for so long as the LPA Receiver acted within his powers, would only incur liability on behalf of the Borrower. 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 a 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. 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 relevant Whole Loan.

A mortgagee in possession will have an obligation to account to the Borrower or the Mortgagor 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 a Property, will have a duty to the Borrower or the Mortgagor, as the case may be, to take reasonable care to obtain a proper price. Any failure to do so will put that Loan Security Trustee at risk of an action by the relevant Borrower or Mortgagor for breach of duty, although it is for the Borrower or the Mortgagor in such circumstances to prove such a breach of duty has occurred. The Mortgagor may also take court action to attempt to force the Loan Security Trustee to sell the relevant Property within a reasonable time.

Prescribed Part

Section 176A of the Insolvency Act 1986 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 1986) 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, certain of the Borrowers may currently come within the ambit of the "small companies" provisions, such that they may (subject to the exemptions referred to below) be eligible to seek protection from their creditors, in advance of a company voluntary arrangement.

A Borrower or Mortgagor, 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. As regards any Borrower incorporated in another jurisdiction, such Borrower 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, an establishment in the UK for the purposes of the European Union Insolvency Regulation. It will also be possible for a Borrower or Mortgagor 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

Borrowers or Mortgagors which are 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. The Borrower under the Sanctuary Buildings Loan is incorporated and has its registered office in Cyprus. The Nextra Portfolio UK Borrower is incorporated and has its registered office in Jersey. The Borrowers under the two remaining Loans consist of limited partnerships constituted under the laws of England and Wales. In relation to the two Borrowers under the Devonshire Square Loan, both partnerships have two general partners (each of which are limited companies incorporated in England and Wales) and two limited partners (each of which are limited companies incorporated in Jersey). Under the Access Self Storage Loan, the limited partnership has a single general partner and a single limited partner, each of which are limited liability companies incorporated in the British Virgin Islands. All Borrowers therefore comprise, in whole or in part, limited companies incorporated outside England and Wales (each a "**Foreign Borrower**").

With respect to the Foreign Borrowers, there is the risk that:

(a) third party creditors may commence insolvency proceedings against such Foreign Borrowers in the jurisdiction of their incorporation or another relevant jurisdiction;

(b) an English court might decline jurisdiction if the relevant lender 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 Cyprus, Jersey or the British Virgin Islands, as applicable) 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 such Foreign Borrowers, 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 Cyprus, Jersey or the British Virgin Islands, as applicable (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 Foreign Borrower will be determined by the Insolvency Act 1986, as amended. English law insolvency proceedings, including administration proceedings, could be commenced in respect of the Foreign Borrowers following a request for assistance from certain foreign courts, including the courts of Jersey and the British Virgin Islands (but not Cyprus) for example pursuant to section 426 of the Insolvency Act, as amended, which provides for cooperation between courts exercising jurisdiction in relation to insolvency or should the relevant Foreign 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 the Foreign Borrower has a sufficient connection with the jurisdiction, or in the United Kingdom if the relevant Foreign Borrower 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 "**UNCITRAL Regulations**"), 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".

The location of the "centre of a company's main interests" will be a question of fact in each case. A limited partnership may also have a "centre of main interests" separate from that of its partners. There is a rebuttable presumption that it is in the place of the registered office. This may be rebutted, for example where the entity administers its interests on a permanent basis in a manner ascertainable by third parties in another jurisdiction. 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 a Foreign 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 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).

Application of Rental Income

In evaluating whether a Borrower would be able to meet its payment obligations in respect of a Whole Loan, the Originator took into account any rental income ("**Rental Income**") that would be generated by the Properties offered as security for that Whole Loan 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 Properties will be available to Borrowers to enable them to make payments due on their Whole Loans.

All Rental Income in respect of all the Properties (other than the Access Self Storage Properties) is paid into a Rent Account either directly or indirectly through a managing agent appointed in respect of the relevant Properties (a "**Managing Agent**"). Each such Rent Account is in the name of the relative Borrower and is charged in favour of the Loan Security Trustee as additional security for the Whole Loan. On each Loan Payment Date, the Loan Security Trustee (acting on the instructions of the Servicer) applies funds standing to the credit of the Rent Account related to a particular Whole Loan to meet the relevant Borrower's obligations before distributing the balance as required by the applicable Loan Agreement and/or Intercreditor Agreement. Where income from a Property securing a Whole Loan is paid to a Managing Agent before being transferred into the appropriate Rent Account, such Managing Agent entered into a Duty of Care Agreement with the Loan Security Trustee, undertaking to pay the income (net of certain costs and expenses and other amounts as described in "*The Structure of the Accounts – The Borrower Accounts*" at page 94) directly into the relevant Rent Account and to hold the Rental Income on trust until it is paid into the Rent Account. To the extent, therefore, that any Managing Agent failed to make payments into a Rent Account as required, the Loan Security Trustee would have recourse to the Managing Agent concerned and the Rental Income held on trust by a Managing Agent would not be available to the creditors of such Managing Agent upon its insolvency.

In the case of the Access Self Storage Properties, all income is initially paid into a separate "*Store*" Account in the name of the Operator for the particular Property. On a weekly basis, the Operator is obliged to sweep all monies standing to the credit of each Store Account above £2,500 into a further "*Collection*" Account, also in the name of the Operator and, on a monthly basis, an amount equal to one-twelfth of the net rent payable by the Operator to the Access Self Storage Borrower under the terms of the operating leases for each of the Access Self Storage Properties is transferred from the Operating Account into a "*Debt-Service*" Account in the name of the Access Self Storage Borrower. The Debt Service Account serves the same function as the Rent Account for the other Loans. For further information see "*The Structure of the Accounts*" on page 94.

Security over Rental Income

The charges over the Rent Accounts (in the case of the Access Self Storage Loan, the Debt Service Account) are expressed to be fixed charges. However, under English law, whether a charge over book debts, such as monies standing to the credit of the Rent Accounts, is fixed or floating will depend on the circumstances of the case, and it is possible that such charges will take effect only as floating charges. There is some doubt whether under English law a limited partnership is able to create a floating charge. The Rent Accounts have been structured with a view to ensuring that the Loan Security Trustee (or Facility Agent) will have sole control over the operation of these accounts, thereby increasing the likelihood that the charges will take effect, as a matter of law, as a fixed charges.

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 a 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 a Property will be of a

similar credit quality to the original tenant, or that any subsequent assignees (who in the context of a new tenancy will not be covered by the original tenant's authorised guarantee) will be of a similar credit quality.

To the extent any occupational leases in respect of the Properties were entered into before 1st January, 1996 or pursuant to agreements for lease in existence before 1st January, 1996, the original tenant of a lease of any such Property in England will remain liable under these leases notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment.

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.

Borrowers or Mortgagors as Landlords

Parts of certain Properties, or parts of neighbouring land used by such Properties, are not intended to be let to tenants, but instead comprise common areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the property collectively, rather than being attributable to one particular unit or tenant. Occupational tenancies will usually contain provisions for the relevant tenant to make a contribution towards the cost of maintaining common areas calculated with reference, 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 a Borrower or 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 relevant 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 a Property were to be frustrated, the relevant Borrower's ability to generate cash-flow would be compromised, as would its ability to make payments of interest and repayments of principal on its 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 a Property, an event of default may occur under the relevant Loan Agreement. Furthermore, there can be no assurances that any compensation paid to a Borrower would be sufficient to meet the Borrower's liabilities in respect of the relevant 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 Loans 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 Agreements 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 a Rating Agency Confirmation. However, there is no guarantee that an appropriate substitute could be found who would be willing to service the relevant Securitised Loans and the Related Security. Furthermore, the ability of any substitute to service effectively the relevant Securitised Loans 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 Agreements provide 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 or of the relevant amount due on the Class X Certificates.

Conflicts between the Issuer and the Junior Lenders

The consent of the Junior Lender must be obtained prior to the Servicer or Special Servicer agreeing to certain modifications or waivers of the Loan Documentation relating to the applicable Securitised Loan and its related Junior Loan, as described in "*The Loan Documentation – Intercreditor Agreements – Amendments and Waivers re: Loan Documentation*". The views of the Junior Lender 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 applicable Servicing Agreement. For the Access Self Storage Whole Loan under the Access Self Storage Servicing Agreement, the Junior Lenders have also appointed the same Servicer and the same Special Servicer as the Issuer under the Servicing Agreement.

In relation to the Devonshire Square Whole Loan, the consent of the Junior A Lender must be obtained by the applicable Facility Agent prior to agreeing its certain modifications or waivers of the Devonshire Square Senior Intercreditor Agreement. The views of the Junior A Lender in relation to any amendment, waiver or approval in respect of which its consent must be obtained may differ from those of the Senior A Lender (or the Facility Agent on behalf of the Senior Lenders) 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.

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 Properties. 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 Properties. 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 Loans in the circumstances described in "*Servicing – Transfer of Powers to the Special Servicer*" at page 131. The Controlling Party, whose interests may conflict with the interest of the holders of other classes of Notes, is, subject as specified below, 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 Party and who may (but need not necessarily) be an affiliate of a Noteholder who holds Notes of the Controlling Party. In addition, under the Access Self Storage Intercreditor Agreement and the Sanctuary Intercreditor Agreement, the applicable Junior Lenders whose interests may conflict with the interests of the Controlling Party, is entitled to replace the Special Servicer with a person who is acceptable to such Junior Lenders. The Special Servicer or its affiliates may, at any time, hold any or all of the Securities, including those of the Controlling Party, and the holders of the Securities so held may have interests which conflict with the interests of the holders of the holders of the other Securities.

The Interest Rate Swap Transactions

The Whole Loans (except for the Nextra Portfolio UK Loan, which provides for a floating rate of interest) bear interest at a fixed rate while each class of the Notes bears interest at a rate based on, except in the case of the first Interest Period, three-month LIBOR plus a margin (for further information as to which, see Condition 4 at page 180). In order to hedge this interest rate risk, the Issuer will enter into the Interest Rate Swap Transactions pursuant to the Interest Rate Swap Agreement. However, there can be no assurance that the Interest Rate Swap Transactions will adequately address unforeseen hedging risks. 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 a Borrower under a Loan Agreement, the Interest Rate Swap Transactions are 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 31 and page 144 respectively.

The Nextra Portfolio UK Loan bears interest at a floating rate. However, in accordance with the terms of the Nextra Portfolio UK Loan Agreement, following notification from the Facility Agent to the Borrower that the swap rate has reached a pre-determined level, hedging arrangements in form and substance reasonably satisfactory to the Facility Agent must be put in place in accordance with the terms of the Nextra Portfolio UK Loan Agreement. However, until the swap threshold is reached, the Nextra Portfolio UK Loan will remain unhedged.

The FX Swap Transaction

The Securitised Loans are denominated in sterling whereas the Class B Notes are denominated in US dollars. In order to address the risk of movements in foreign exchange rates the Issuer will enter into the FX Swap Transaction pursuant to the FX Swap Agreement. However, there can be no assurance that the FX Swap Transaction will adequately address unforeseen foreign exchange hedging risks. Furthermore, in certain circumstances the FX Swap Transaction may be terminated and as a result the Issuer may be unhedged if a Replacement FX Swap Transaction cannot be entered into. In particular, Class B Noteholders may suffer a loss if the Issuer is unable to enter into a Replacement FX Swap Transaction and the Issuer is consequently required to purchase US dollars in order to make payments due to the Class B Noteholders, at the prevailing spot rate of exchange on the relevant Interest Payment Date using only the amounts in sterling that would otherwise have been available to pay amounts due to the FX Swap Provider under the FX Swap Transaction. The Class B Noteholders shall have no recourse to the Issuer for shortfall amounts in the amount of US dollars available for such payments.

For a more detailed description of the FX Swap Agreement, see "*Credit Structure – The FX Swap Agreement*".

Changes to the Portfolio

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

Intercreditor Agreements

The terms of the Intercreditor Agreements relating to the Securitised Loans (other than the Nextra Portfolio UK Loan, where there is no junior tranche) provide for payments due to the hedging provider in respect of the relative Junior Tranche to rank ahead of payments of principal and interest due under the each Securitised Loan (other than, under the Access Self Storage Intercreditor Agreement, "**Access Subordinated Hedging Amounts**" being payments due to that hedging provider on close-out or termination of the hedging arrangements as a result of an event of default where that hedging provider is the defaulting party). Consequently periodic and non-periodic payments (including breakage costs) payable to the hedging provider upon the termination of the relative hedging arrangements, even where (other than for the Access Self Storage Whole Loan) such termination arises as a result of a breach by such hedging provider, will be payable ahead of monies payable to the Issuer, which may, particularly if the relative Securitised Loan is then in default, result in the Issuer having insufficient funds to pay amounts due to the Noteholders in full.

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 Guarantors, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, 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 Loans, the Related Security, the Properties 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, the Interest Rate Swap Guarantor and the FX Swap Provider, the long-term), unsecured, unguaranteed and unsubordinated debt ratings of the Advance Guarantors, the Interest Rate Swap Provider and the Interest Rate Swap Guarantor, and, in the case of the Class B Notes, the FX Swap Provider, and reflect only the views of the Rating Agencies.

In the event of redemption of the Class H Notes under Condition 5(c) the Issuer will immediately prior to redemption deliver to the Class H Noteholders an unsecured documentary undertaking to pay any outstanding Deferred AFC Fee and such documentary undertaking will be issued subject to the Post Enforcement Call Option in Condition 10.

The ratings from Fitch and S&P only address the likelihood of timely receipt by any Noteholder or Class X Certificate Holder of interest (other than the Deferred AFC Fee) 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 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 (other than the Deferred AFC Fee) 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 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 its 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 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 Loans may be prepaid in whole or in part prior to their respective stated final maturity dates. A high prepayment rate in respect of the Whole Loans and/or the prepayment of one or more of the Whole Loans with larger principal balance, will result in a reduction in interest receipts in respect of the Securitised Loans and, more particularly, could reduce the weighted average coupon earned on the Loan Pool which may result in a shortfall in the monies available to be applied by the Issuer in making relevant payments on the Securities and hence may adversely affect the investment performance of the Securities. Prepayment Fees will not be available to compensate Noteholders for any reductions in yield but will be paid to the Class X Certificates Holder. The prepayment risk will, in particular, be borne by the holders of the most junior classes of Notes then outstanding.

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 Loans and the Principal Amount Outstanding under the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Securitised Loans.

The rate of prepayment of the Whole Loans 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 Loans will experience. Any partial or total prepayment of the Securitised Loans 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 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 147. The facility will, however, be subject to a maximum aggregate principal amount of approximately £54,500,000 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 H Notes, are debt of the Issuer for United States federal income tax purposes and (B) the Class H 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 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 213.

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 200.

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 1986 (as amended by the Enterprise Act 2002), 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 1986 (as amended by the Insolvency Act 2000), certain "small" companies are entitled to a short term moratorium in filing for a voluntary arrangement (see "*Voluntary*

Arrangements" at page 54). 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 1986 (as to which the "Factors relating to the Securitised Loans and the Whole Loans – Prescribed Part" at page 54) 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 Borrowers under the Securitised Loans and the receipt of funds (if due) from the Interest Rate Swap Provider under the Interest Rate Swap Transactions and the FX Swap Provider under the FX Swap Transaction. 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 defaults on the Securitised Loans.

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 relevant 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 Junior 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 will reduce the amount available to the Issuer to make repayments of principal on the Notes. The payment of a Special Servicing Fee to the Special Servicer may 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, including those classes which rank in priority to the Controlling Party. 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 133.

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, an NAI Shortfall Amount will arise and the Principal Amount Outstanding of the most junior class(es) of Notes will be reduced for the purposes of calculating the interest due and payable on such class(es) of Notes by the applicable NAI Amount. The difference between the amount of interest that is due and payable on an Interest Payment Date and the amount of interest that would have been due and payable on such Interest Payment Date had no NAI Shortfall Amount been applied to the Principal Amount Outstanding of such Note will be deferred and will be due and payable on, and shall itself accrue interest until the date on which such Notes are redeemed in full.

In addition, notwithstanding the existence of any NAI Shortfall Amount, if, on any such Interest Payment Date there are still 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, Triton (European Loan Conduit No. 26) PLC, was incorporated in England and Wales on 7 February, 2007 (registered number 6087641), 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 178, 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. 26 Securitisation Trust pursuant to a Share Declaration of Trust declared by the Share Trustee on or about the Closing Date.

Loan Capital

Class A1 Commercial Mortgage Backed Floating Rate Notes due 2019	£337,500,000
Class A2 Commercial Mortgage Backed Floating Rate Notes due 2019	£100,000,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2019	US$87,309,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2019	£39,400,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2019	£10,000,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2019	£20,100,000
Class F Commercial Mortgage Backed Floating Rate Notes due 2019	£10,400,000
Class G Commercial Mortgage Backed Floating Rate Notes due 2019	£20,900,000
Class H Commercial Mortgage Backed Floating Rate Notes due 2019	£18,350,000
Total Loan Capital	£601,150,000

**Approximately; calculated using an exchange rate of £1 = US$1.962.*

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 Bank International 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 Issuer Security Trustee

HSBC Trustee (C.I.) Limited 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, 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 Limited (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 Limited are rated "Aa3" by Moody's and "AA-" by S&P, and the short-term, unsecured, unsubordinated debt obligations of Morgan Stanley & Co. International Limited are rated "P-1" by Moody's and "A-1+" by S&P.

It is intended that on or about 13 April, 2007 Morgan Stanley & Co. International Limited shall reregister as a public limited company and from such date will be known as Morgan Stanley & Co. International plc.

The FX Swap Provider

HSBC Bank plc (in such capacity, the "**FX Swap Provider**"), incorporated in England and Wales, is a wholly owned subsidiary of HSBC Holdings plc and its shares are listed on the London Stock Exchange. The principal office of the FX Swap Provider is located at 8 Canada Square, London E14 5HQ.

HSBC Bank plc and its subsidiaries form a UK-based Group (the "**Group**") providing a comprehensive range of banking and related financial services. The Group divides its activities into the following business segments: UK Personal Financial Services; UK Commercial Banking; UK Corporate;

Investment Banking and Markets; International Banking; HSBC France; Private Banking; and HSBC Trinkaus & Burkhardt. HSBC Bank plc is the HSBC Holding plc group's operating subsidiary undertaking in Europe. In all the main countries in which HSBC Bank plc operates, it competes with other major domestic banks in those countries. In addition, HSBC Bank plc competes with other major global banks in respect of corporate, investment banking and markets and private banking business.

The long-term, unsecured, unsubordinated debt obligations of HSBC Bank plc are rated AA by Fitch, Aa2 by Moody's and AA by S&P, and the short-term, unsecured, unsubordinated debt obligations of HSBC Bank plc are rated F1+ by Fitch, 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 Guarantors

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 and, primarily through its Discover Card brand, consumer credit products. 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 and a guarantee provided by Morgan Stanley & Co. International Limited (in such capacity, each an "Advance Guarantor" and together the "**Advance Guarantors**") 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 and Morgan Stanley & Co. International Limited will cease to be the Advance Guarantors.

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

It is intended that on or about 13 April, 2007 Morgan Stanley & Co. International Limited shall reregister as a public limited company and from such date will be known as Morgan Stanley & Co. International plc.

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, Interest Rate Swap Collateral Custody Account, the FX Swap Collateral Cash Account and the FX 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 reporting functions, including, among other things, the posting of investor reports made available to Noteholders and certain other persons on a quarterly basis via its secure website.

The Irish Paying Agent

NCB Stockbrokers Limited whose principal office is at 3 George's Dock, IFSC, Dublin 1 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 26 PECO Holder Limited a limited liability company incorporated in England and Wales (registered number 6085054), 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 BORROWERS

All of the Securitised Loans have different Borrowers. A summary of the legal personality of each Borrower is set out below – further information relating to each Borrower is contained in "*Appendix 1 – The Borrowers*" – page 234 below. Each Borrower will be governed by the laws of the jurisdiction pursuant to which it is incorporated or constituted in relation to the conduct of its business proceedings.

Access Self Storage Borrower

The Borrower under the Access Self Storage Whole Loan (the "**Access Self Storage Borrower**") is The Birchal Limited Partnership, a limited partnership constituted under English Law, consisting of Birchal Limited (as general partner) and Birchal (Limited Partner) Limited as limited partner, both being companies incorporated with limited liability under the laws of the British Virgin Islands.

Devonshire Square Borrower

The Borrower under the Devonshire Square Whole Loan (the "**Devonshire Square Borrower**") comprises (jointly and severally) two limited partnerships (each consisting of two general partners and two limited partners) namely CG Cutlers Gardens Limited Partnership and CG Shield House Limited Partnership. In the case of each partnership, the two general partners are companies incorporated with limited liability in England and Wales and the two limited partners consist of unit trusts constituted under the laws of Jersey.

Nextra Portfolio UK Borrower

The Borrower under the Nextra Portfolio UK Whole Loan (the "**Nextra Portfolio UK Borrower**") is I.E. Jersey Property Co. No.1 Limited, a company incorporated with limited liability under the laws of Jersey.

Sanctuary Buildings Borrower

The Borrower under the Sanctuary Buildings Whole Loan (the "**Sanctuary Buildings Borrower**") is Redicent Limited, a company incorporated with limited liability under the laws of Cyprus.

English Limited Partnerships

Limited partnerships constituted under English law (such as the partnerships comprising the Devonshire Square Borrower and the Access Self Storage Borrower) are subject to the provisions of the Limited Partnership Act 1907. Pursuant to this Act, the liability of general partners for the debts and obligations of a limited partnership are unlimited but the limited partners are not liable for such debts or obligations beyond the amount of capital that they have contributed (or agreed to contribute) and/or any loans made by them to the partnership which have not been repaid. The only exception to this is where a limited partner takes part in the management of the partnership business, in which case the limited partner will lose its limited partner status and become liable for all debts and obligations of the partnership as if it were a general partner. It is not intended that the limited partners in the partnerships comprising the Devonshire Square Borrower or the Access Self Storage Borrower will take part in the management of the partnerships.

Limited partnerships constituted under English and Welsh law do not have a legal personality separate from that of their partners.

THE LOANS AND THE RELATED SECURITY

The Origination Process

The Loan Pool consists of four Securitised Loans, all of which are secured over commercial properties, as described below. The decision to advance any Whole Loan (subject to obtaining satisfactory legal due diligence) was based on compliance with the Originator's lending criteria, as described below (the "**Lending Criteria**"). All of the Securitised Loans and Related Security contained in the Loan Pool were originated by the Originator between 31 August, 2006 and 26 January, 2007. There is no right on the part of the Issuer to substitute Securitised Loans in the Loan Pool.

The following description relates to the Originator's origination philosophy and approach in general.

Lending Criteria

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.

The Originator's decision to make a loan is based on an analysis of the contracted periodic income generated or expected to be generated by the relevant property pursuant to the terms of the occupational leases granted in respect of that property or expected to be granted in view of the overall quality of that property. In deciding whether to make a loan, the Originator assesses the risks relating to the periodic income generated by the relevant real property and the risk of refinancing the principal amount due upon maturity of the loan, if any. The Originator also considers, together with its external legal advisers, the legal environment in the jurisdiction where the property is situated, and how this will impact on its ability to recover the interest on, and the principal of, a loan made by it in such jurisdiction, (particularly following the occurrence of a default) and the plans and strategy for the use of the relevant property, as well as the real property investment experience and expertise of the relevant borrower's sponsors, both generally and within the context of the particular jurisdiction.

Types of Borrower

In order to minimise the risk that the borrower to which it makes a loan is or will become insolvent at any time prior to the repayment of the loan, the Originator typically, but not invariably, requires the borrower to have been established as an "insolvency remote" special purpose company.

The borrower of a loan made by the Originator will usually be established shortly before the loan is made (or, in the case of refinancing, at or around the time of the loan being refinanced) and thus will not have any pre-existing liabilities, actual or contingent (other than any discharged on drawdown or fully subordinated). Further, the activities of the borrower will be restricted, both through appropriate negative covenants in the documentation relating to the loan and, in certain cases, through appropriate restrictions in its constitutional documents, to acquiring, financing, holding and managing the relevant real property, so as to ensure that its exposure to liabilities is minimised to those relating to the loan and real property.

If, for whatever reason, it is not possible to prescribe that the borrower of a loan take such form, the Originator will seek to satisfy itself of the borrower's solvency by requiring that suitably qualified professional advisers conduct a rigorous due diligence exercise in respect of it relating, in particular, to its pre-existing liabilities, both actual or contingent (including its general commercial liabilities, tax liabilities, employee-related liabilities, litigation-related liabilities or liabilities relating to the relevant real property itself (such as environmental liabilities)) and by controlling its ability to create further liabilities on a going-forward basis through appropriate negative covenants and, in certain cases, restrictions in its constitutional documents.

If and insofar as the borrower has any debt obligations other than the loan made by the Originator, these will typically be subordinated to the loan through contractual subordination or inter-creditor arrangements, particularly if such debt obligations are secured by any of the assets of the borrower which constitute security for the loan.

The Originator, in respect of loans where the owner of the relevant property will not be the borrower, seeks to ensure that the relevant property is owned by an entity which is substantially similar in nature to the Originator's typical borrower (and will also undertake the same level of due diligence and exercise the same level of control over the relevant entity through contractual restrictions and/or restrictions in its constitutional documents).

Security

The Originator aims to ensure that the loans it originates are secured both by the relevant property and by the cash-flow generated by such property, which is typically a stream of contractual rental payments under the related occupational lease arrangements. The security package in respect of a loan will typically, but not invariably, include a first-ranking mortgage (or the equivalent in the relevant jurisdiction) over the relevant property which, in the case of properties situated in England and Wales, include a first-ranking security interest in respect of the relevant rental payments. The Originator will seek to ensure that all security created is fully perfected in accordance with any applicable law.

In addition, security will also usually be taken over other assets of the borrower (and any other relevant obligors). The Originator will seek to ensure that such security is also first-ranking and fully perfected. As regards bank accounts, the Originator will typically require that the collection of rental payments be structured in a manner designed to maximise the efficacy of the security interests taken over the rental payments and amounts standing to the credit of the same. In most instances (unless rental payments are made directly into the relative rent account) rental payments will be credited to an account of an independent managing agent. Such managing agent will complete a duty of care undertaking pursuant to which, amongst other things, it undertakes to pay net rental income promptly upon receipt into the relevant Rent Account charged to, and controlled by, the Loan Security Trustee.

In most instances, the Originator requires shareholders of the borrower to grant a security interest over their shareholdings so that the Originator can, if necessary, obtain control over the borrower by exercising rights granted in respect of the shares. Other security may also be taken, if considered appropriate given the circumstances and structure of the property and borrower or property owner.

While the Originator is consistent in the types of security interests it seeks in respect of any loan made by it, the relative importance of a particular type of security may vary depending on the circumstances of any particular loan, including the requirements of the jurisdiction in which such security interests would be enforced.

Advance Level

The Originator normally advances loans having a principal amount of between £1 million and £500 million (or the equivalent thereof in euro) up to a maximum of 95 per cent. of the valuation (as determined by independent professional valuers) of the underlying real property or properties financed at the time of origination of its loan.

Purpose of the loan

Generally, the borrowers use the loans advanced by the Originator to acquire or refinance the relevant real property which constitutes security for the loan, or to acquire the share capital in other companies owning such real property.

Repayment Terms

The term of loans typically made by the Originator may be between one and thirty years, although the majority of loans originated by the Originator have a term of between five and eight years. Loans may be "interest only" or have defined principal repayment schedules. The principal repayment schedule of a

loan is structured to take account of the profile of the contractual rental income which the Originator anticipates that the relevant property will generate over the term of the loan and the anticipated realisable value of such property at the maturity of the loan. To the extent that a loan does not fully amortise by its scheduled maturity date, the borrower will be required to make a final bullet repayment.

In general, loans made by the Originator may be voluntarily prepaid by borrowers, such usually being contingent upon the payment of a prepayment fee. Under certain circumstances, the Originator will require mandatory prepayment of loans made by it, for example where the relevant property is sold or if it becomes unlawful to continue to fund the loan.

Insurance

In making a loan, the Originator places considerable importance on the insurance arrangements which exist with respect to the relevant property. The Originator will expect, to the extent it is possible in the context of a particular jurisdiction, each borrower to effect or procure, prior to a loan being drawn, that insurance cover is in place in respect of:

(a) the relevant real property, including fixtures and improvements, on a full reinstatement basis against comprehensive risks (including terrorism), for at least three years' loss of rent or income;

(b) third party liabilities (including occupier's liability);

(c) such other risks as a prudent company in the business of the relevant borrower would effect.

The Originator will also expect the borrower to grant security to the Originator, or any person (such as MSMS) who holds security interests granted for the benefit of the Originator, in any insurance policy obtained by it. Market practice in each jurisdiction in which the Originator originates loans will differ with respect to the nature of the insurance to be obtained and how, as a matter of law, a satisfactory interest in such insurances can be granted to the Originator or any security trustee or security agent, for the benefit of the Originator, and the Originator will take this into account in formulating its requirements.

The only exemption to the above is where the tenant of the relevant property is, or is an agency or department of, the United Kingdom government, where such tenant is allowed to carry its own risk as to insurance, meaning that it is obliged to fund all repairs and rebuilding costs from its own resources and continue to pay rent in full during any such reinstatement period. The tenant of the property charged as security for the Sanctuary Buildings Whole Loan is a department of the United Kingdom government.

Property Expenses

In making a loan, the Originator also considers the income generated by and the expenses to be incurred in respect of the relevant real property. The expenses which can be incurred in respect of a real property include, most significantly, property taxes and capital expenditure which must be incurred in order to maintain the property in a state of good order or in some cases to enhance the property. Given that cash-flow available to a borrower is typically limited to that which is generated by the relevant property, the Originator seeks to confirm, as part of the origination process, that all necessary expenses can be met out of such cash-flow without the borrower's ability to pay interest on or repay the principal of a loan being compromised. The Originator will, in connection with the above analysis, require the borrower to produce an estimated budget of property related expenses.

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 borrowers 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.

Capacity of Borrower

In relation to any borrower that is a limited company, partnership, unit trust or similar entity, the External Legal Advisers will satisfy themselves that the relevant entity is validly incorporated or constituted, has sufficient power and capacity to enter into the proposed transaction, whether it is the subject of any insolvency proceedings and generally that any formalities required to enter into the proposed transaction with the Originator have been completed (or would be completed by the drawdown date of the loan). If and insofar as the relevant real property is owned by an affiliate of the borrower, the External Legal Advisers will undertake similar due diligence in respect of the relevant affiliate.

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 loans 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.

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 relate to each of the Securitised Loans. The descriptions do not contemplate, unless specifically stated, the transfer of the Securitised Loans from the Originator to the Issuer. Where the terms of certain of the documents relating to the Securitised Loans were amended following execution, the descriptions refer to the Securitised Loans as so amended.

THE LOAN DOCUMENTATION

The description which follows relates to the Securitised Loans and the Related Security constituting the Loan Pool.

1. Status of Borrowers/Mortgagor

All of the Borrowers and the Mortgagors were incorporated or constituted for the purposes of acquiring the legal and/or beneficial interests in the Property or Properties charged as security for the related Whole Loan. The Originator is satisfied that the Borrowers and/or the Mortgagors have no material assets or liabilities (other than such as are fully subordinated pursuant to Subordination Agreements (and with the exception of the Access Self Storage Loan which allows additional equal ranking financial indebtedness subject to a maximum aggregate amount of £50,000 and the Devonshire Square Whole Loan, where there is an additional capital expenditure facility of £20,000,000)) save in relation to the Property or Properties which constitute security for the relevant Whole Loans. For further information about the Subordination Agreements, see section 5 "*The Additional Security*".

For further information about the nature of the Borrowers, see "*The Borrowers*" at page 72 above and Appendix 1 at page 234.

2. Information on the Whole Loans and the Related Security

The loan and security package in relation to each Whole Loan comprises a Loan Agreement, a Debenture from the Borrower and/or any associated Mortgagors incorporating a first legal charge over the relevant Property; a first fixed mortgage over or first priority security interest in the relevant Rent Account and other accounts established under the terms of the Loan Agreement and fixed and/or floating charges over all other assets of the relevant Borrower or Mortgagor. As additional security (where the Borrower is an incorporated entity), a charge over, or security interest in, the shares in the Borrower is also taken.

Where Managing Agents are employed, a Duty of Care Agreement in favour of the Loan Security Trustee has been obtained from them (relating to rent collection, where rent is not paid directly into the Rent Account, and property management).

The form of security documentation is described in more detail under paragraph 4 "Terms of the Debentures" at page 81 and in "Appendix 1 – The Borrowers" – page 234 below.

The Whole Loans all have original maturities of between 5 and 7 years. No Whole Loan is scheduled to be repaid later than 20 October, 2013 subject to an optional extension of the repayment date under the Nextra Portfolio UK Loan which may be extended to 20 October, 2016 subject to the payment of an increased margin in accordance with the terms of the Nextra Portfolio UK Loan Agreement.

Interest payable in relation to each of the Whole Loans is payable at a fixed rate (with the exception of the Nextra Portfolio UK Loan which is payable at a floating rate) and accrues daily and is payable quarterly in arrear. The interest rate in respect of each of the Whole Loans was notified to the relevant Borrower by the Originator prior to making the Whole Loan.

All the Properties, except those charged as security for the Access Self Storage Whole Loan, where let, are let to third party tenants. For a description of the ownership structure relating to the Properties charged as security for the Access Self Storage Whole Loan, see "*Loans and Related Property Summaries – Access Self Storage Securitised Loan*" – page 110 below. Certain matters concerning the tenancies could affect the value of a Property; these are part of the normal risks of lending on the security of let property and are referred to in "*Risk Factors – Factors Relating to the Securitised Loans and the Whole Loans* " at page 45 above.

3. Terms of the Whole Loans

Each Loan Agreement contains the types of representations, warranties and undertakings on the part of the Borrower that a reasonably prudent lender would usually require in relation to similar loan agreements.

In relation to the Securitised Loans, 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 Agreements is set out below. These are materially similar in relation to each Whole Loan, save to the extent variations are highlighted.

(A) Loan Amount and Drawdown and Further Advances

The maximum amount of a Whole Loan is calculated by reference to a pre-agreed percentage of the Market Valuation of the Property to be charged to the Loan Security Trustee.

None of the Securitised Loans places an obligation on the Issuer to make any further advance to a Borrower and, following the sale to the Issuer of the Securitised Loans and transfer to the Issuer of the beneficial interests in the Loan Security Trusts, neither the Servicer nor the Special Servicer will be permitted under the Servicing Agreement to agree to an amendment of the terms of a Securitised Loan that would require the Issuer to make any further advances to the Borrower.

(B) Conditions Precedent

The conditions precedent to a drawdown of a particular loan varied depending upon the terms of the facility and nature of the security to be created. However, certain documents (duly executed) were required in all cases and included each Borrower's and Mortgagor's constitutional documents and board minutes (where appropriate), a valuation in respect of the Property or Properties being financed (and, where it was considered appropriate, structural surveys and/or environmental reports), evidence of insurance cover in respect of the Property or Properties; a report on title in respect of the Property or Properties, security documents (including those documents referred to above); all appropriate United Kingdom and other tax clearances and relevant legal opinions, and notices in connection with the assignment or assignation of rental income and charging (or equivalent) of bank accounts.

(C) Interest and Repayments

Interest on each Whole Loan is due to be paid quarterly in arrear on designated payment dates for such Whole Loan (each, a "**Loan Payment Date**").

All of the Securitised Loans provide for repayment by way of a single payment at the end of the term of the Whole Loan. The Devonshire Square Junior Tranche will be prepaid to the extent of one half of available excess income, and the Sanctuary Buildings Junior Tranche will be prepaid to the extent of the whole available excess income. For further information in respect of the allocation of any prepayments between the Senior Lenders and the Junior Lenders, see section 6 "*Intercreditor Agreements*" below. The repayment date under the Nextra Portfolio UK Loan may be extended for a three year period at the request of the Borrower, subject to the terms of the Nextra Portfolio UK Loan Agreement.

In relation to each of the Whole Loans the Borrowers may make prepayments in whole or in part, provided that, in the case of the Nextra Portfolio UK Whole Loan, the consent of the Facility Agent is sought if a prepayment notice is submitted within the first eighteen months of the Nextra Portfolio UK Loan Agreement. In the case of the Devonshire Square Loan and the Access Self Storage Whole Loan voluntary prepayments may not be in amounts of less than £250,000. In the case of the Sanctuary Buildings Whole Loan the voluntary prepayment may not be in an amount of less than £5,000,000 and in integral multiples of £1,000,000. Such prepayments require between five and thirty Business Days (as defined in the relevant Loan Agreement) prior notice, as applicable. Involuntary prepayment will occur if the Borrower has to pay any taxes or increased costs. Prepayments can be made on any Loan Payment Date (or, in the case of the Devonshire Square Loan and the Access Self Storage Loan, at any other time provided the Borrower pays all the interest payable in respect of the whole interest period). Unless a prepayment is as a result of the relevant Borrower having to pay increased costs or taxes then, in the case of certain of the Whole Loans, and depending on when any such prepayment occurs, prepayment fees may be payable.

On each Loan Payment Date, moneys are debited from the relative Rent Accounts (or, in the case of the Access Self Storage Loan, the Debt Service Account) to discharge any interest and/or principal

payments due under the corresponding Loan Agreements. In the case of certain of the Whole Loans, should there be insufficient funds standing to the credit of the relevant Rent Account to cover a Borrower's interest and/or principal payments, monies standing to the credit of another retention or escrow account (where applicable) opened in connection with the same Whole Loan may also be applied to make such interest and/or principal payments.

If the terms of the relevant Whole Loan so provides, and provided the Borrower is not in breach of any of its obligations under the relevant Whole Loan, any surplus moneys standing to the credit of the Rent Account or Debt Service Account (as applicable) on the relevant Loan Payment Date (after payment of certain other prescribed costs, fees and expenses and subject to the fulfilment of any applicable financial thresholds) will be paid to the relevant Borrower.

(D) Rent Accounts

Rental Income from each Property is paid, directly or indirectly through a Borrower or Mortgagor or a Managing Agent, into the Rent Account or Debt Service Account which is charged (or subject to equivalent security) in favour of the Loan Security Trustee and over which the Loan Security Trustee or Facility Agent, in all cases, has sole signing rights.

(E) Representations and Warranties

The representations and warranties given by the Borrower in relation to each Whole Loan include representations to the effect that the Borrower is validly incorporated or constituted and has the power, capacity and authority to own its assets, to carry on its business and enter into the relevant Loan Agreement and security documentation.

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

(F) Undertakings

Each Borrower gives various undertakings in the relevant Loan Agreement which take effect so long as any amount is outstanding under the relevant Loan Agreement. The undertakings relate, among other things, to the provision of financial information on an ongoing basis, an obligation to supply the Originator with details of shareholder documentation (where relevant), any material litigation and the occurrence of any potential event of default under the Loan Agreement, and obligations not to permit or allow any charge or security to arise over any of its assets (subject to certain subordinated security being permitted), not (without the Loan Security Trustee or Facility Agent's consent) to sell, transfer, lease or otherwise dispose of all or a substantial part of its assets (subject to certain limited exceptions and in particular any specific provisions relating to the disposal of properties:- for further information about the undertakings in relation to disposal, see section 7 "*Disposal of Properties*" on page 89 below).

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

Each Borrower undertakes in its respective Loan Agreement to ensure that the interest cover percentages always exceed a certain prescribed figure of the interest payable pursuant to the relevant Loan Agreement in respect of the relevant period(s) as specified in the table below:

Whole Loan		Minimum Interest Cover Percentage Covenants ("**MICP**")
1.	Devonshire Square Whole Loan	100%
2.	Sanctuary Buildings Whole Loan	100%
3.	Access Self Storage Whole Loan	
	prior to and including 20 January, 2008	102%
	from and including 20 January, 2009	105%
	after 20 January, 2009	110%
4.	Nextra Portfolio UK Loan	110%

In the case of the Devonshire Square Whole Loan monies standing to the credit of the Interest Reserve Account for such Loan are taken into account in calculating such MICP.

Each Borrower undertakes not to issue further shares except, in the case of the Nextra Portfolio UK Loan and the Devonshire Square Loan, to the extent that those shares are of the same class as the existing shares and are subject to the security created by the relevant security documents or repay or redeem any share capital in any circumstances (save, in the case of the Devonshire Square Whole Loan and the Nextra Portfolio UK Loan, as permitted in writing by the Facility Agent).

The Nextra Portfolio UK Borrower undertakes that a dividend will not be declared if a Loan Default has occurred or if the interest cover percentages are less than 125 per cent. Each other Borrower undertakes not to declare any dividends.

(G) Insurance

Each Borrower or Mortgagor (except the Sanctuary Buildings Borrower, for so long as the Property charged as security for the Sanctuary Buildings Loan is let to a department of the United Kingdom government) is required to effect or procure prior to drawdown (in each case in a form acceptable to the Loan Security Trustee or Facility Agent) (a) insurance of the relevant Property, including fixtures and improvements, on a full reinstatement basis against comprehensive risks (including terrorism), with not less than three years' loss of rent on occupational tenancies at the relevant Property; (b) insurance against third party liabilities; and (c) such other insurance as a prudent company in the business of the relevant Borrower or Mortgagor would effect. With respect to each of the Whole Loans, the Loan Security Trustee is either co-insured with, among others, the Borrower or Mortgagor or the interest of the Loan Security Trustee has been noted or is in the course of being noted on such policy or its interest is included in the relevant policy under a "general interest noted" provision (any such interest will be held on trust for the Issuer). For further information, see "*Risk Factors – Insurance*" at page 48.

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

(H) Events of Default

Each Loan Agreement contains usual events of default entitling the Originator to terminate the Whole Loan and/or enforce the Related Security for such Whole Loan, including non-payment of amounts due, breach of the Borrower's or Mortgagor's other obligations under the relevant Loan Agreement (including maintaining the minimum interest cover percentage) and security documents, misrepresentation and acts of insolvency.

In relation to non-payment and breaches of other obligations grace periods are sometimes agreed but for periods typically no longer than three business days or ten business days respectively.

4. Terms of the Debentures

(A) Creation of Security

Each Debenture contains a first ranking charge by way of legal mortgage over relevant Property or Properties, an equitable charge over any other property, plant and machinery, a first fixed charge over the

Rent Account and the other accounts of the relevant Borrower or the Mortgagor the benefit of any insurance policy relating to the Property, the benefit of any rights in respect of any agreement to purchase the Property, to the extent applicable the benefit of any hedging arrangements (subject to netting and set-off provisions contained therein) and (except where the debenture is granted by a partnership) a general floating charge over all other assets.

(B) Representations and Warranties

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

To the extent that a Borrower or Mortgagor is not the beneficial owner of a Property then two trustees of the legal estate grant security over the legal estate and thus overreach the beneficial interest.

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

(C) Undertakings

Each Borrower and Mortgagor undertakes, among other things, not to permit or allow any charge or encumbrance to arise over the relevant Property or sell or dispose of any asset charged as security (save for assets charged by way of floating security only and disposed of in the ordinary course of business and save for permitted disposals (for further information, see section 7 "*Disposal of Properties*" on page 89 below) and certain other limited exceptions) and that it will keep that Property in good and substantial repair and comply with obligations contained in any leases or covenants and all statutes and regulations affecting that Property.

(D) Enforceability

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

As the security created by each Debenture has been created since 15th September, 2003, only a non-administrative receiver can be appointed.

5. The Additional Security

In relation to all Whole Loans a Share Charge from each of the shareholders in the relevant Borrower has been entered into creating a first fixed charge over or first priority security interest in all shares in the relevant Borrower and all associated rights. In the case of the Access Self Storage Whole Loan and the Devonshire Square Whole loan, where the Borrowers are English Limited Partnerships charges have been taken over the shares in the relative general partners. In the case of the Access Self Storage Whole Loan a charge has also been taken over the shares in the limited partner and, in the case of the Devonshire Square Whole Loan where the limited partners are unit trusts, charges over the units in such trusts have also been taken.

The relevant security provider gives the usual representations as to, among other things, its incorporation and authority to enter into the Share Charge or other equivalent security pursuant to the

relevant jurisdiction and also undertakes in the usual manner, among other things, not to charge further, sell, transfer or otherwise dispose of the shares or units as applicable.

Save as set out above and below, all borrowing obligations of each Borrower to a party other than the Originator (each a "**Subordinated Lender**") are fully subordinated to all amounts due to the Originator under its Loan Agreement. Each Borrower undertakes, among other things, not to secure any part of the subordinated liabilities (save for fully postponed permitted security) and not to repay all or any part of the subordinated liabilities. This is usually qualified to the extent that surplus monies released to the relevant Borrower can be used to make such payments. Each Subordinated Lender gives the usual undertakings, including in particular that it will not take any steps leading to the administration, winding up or dissolution of the Borrower.

Where they have been appointed and are independent of the Borrower or Mortgagor, Managing Agents of Properties have entered into Duty of Care Agreements in favour of the Loan Security Trustee, as described under "*The Structure of the Accounts – The Borrower Accounts*" at page 94.

6. Intercreditor Agreements

In relation to each Whole Loan (other than the Nextra Portfolio UK Loan, which does not have a Junior Tranche), the Originator (in such capacity, the "**Senior Lender**" will enter into an intercreditor agreement (the "**Devonshire Intercreditor Agreement**", the "**Access Self Storage Intercreditor Agreement**" and the "**Sanctuary Intercreditor Agreement**", each an "**Intercreditor Agreement**" and together the "**Intercreditor Agreements**") with, in each case, amongst others, the lender of the Junior Tranche (being, as applicable, the "**Devonshire Square B Junior Lender**", the "**Access Junior Lender**", the "**Sanctuary Junior Lender**", and each a "**Junior Lender**" and together, the "**Junior Lenders**"), the Facility Agent and the hedging counterparty which regulates the claims of the Senior Lender and Junior Lender, in each case, as to payments, subordination and priority in relation to the Whole Loans. In relation to the Devonshire Square Loan only, the parties will also enter into an additional intercreditor agreement (the "**Devonshire Square Senior Intercreditor Agreement**") under which the interests of the senior A lender, being, after the Closing Date, the Issuer (the "**Devonshire Square Senior A Lender**") and the junior A lender, being the Originator, (the "**Devonshire Square Junior A Lender**") are determined.

Ranking and Application

Each Intercreditor Agreement provides for purchasers of all or part of any Securitised Loan to accede to that Intercreditor Agreement. On or about the Closing Date, the Issuer will accede to each Intercreditor Agreement as a Senior Lender in place of the Originator.

Amounts owed to the Senior Lender (and, in the case of the Devonshire Square Whole Loan, the amounts owing to the Devonshire Square Junior A Lender) (the "**Senior Debt**") rank in priority to the sums owed to the relevant Junior Lender (the "**Junior Debt**"). All amounts of principal and interest received under the relevant Finance Documents and hedging arrangement shall be paid into the Tranching Account in respect of such Whole Loan prior to certain events of default under the Loan Agreement (non-payment, breach of interest cover ratios (with the exception of the Access Self Storage Intercreditor Agreement) and insolvency related breaches) (a "**Material Senior Default**").

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

(i) *first*, payment of any unpaid fees, costs and expenses of the lenders and/or the agents and/or the Servicer and the Special Servicer (except in the case of the Devonshire Intercreditor Agreement) under the relevant Servicing Agreement;

(ii) *secondly*, payment to the hedging counterparty of any sum due but unpaid under the relevant hedging arrangements (other than, for the Access Self Storage Intercreditor Agreement, Access Subordinated Hedging Amounts);

(iii) *thirdly*, payment to the lenders of any accrued interest (other than, in the case of the Access Self Storage Intercreditor Agreement, default interest) due but unpaid under the finance documents;

(iv) *fourthly*, payment to the lenders of any other amounts due but unpaid under the finance documents,

and in relation to the Access Self Storage Intercreditor Agreement only:

(v) *fifthly*, in or towards reimbursement on account of any cure payments made by the Junior Lender and any interest, if any, due thereon;

(vi) *sixthly*, in or towards *pro rata* payment of any accrued default interest due from the Borrower but unpaid (i) on the senior loan and (ii) on the junior loan;

(vii) *seventhly*, in or towards payment to the hedging counterparty of any Access Subordinated Hedging Amounts; and

(viii) *eighthly*, for application against the Excess Senior Debt.

If a Material Senior Default has occurred and remains outstanding, the balance standing to the credit of the Tranching Account, the Rent Account and the General Account in relation to the Sanctuary Intercreditor Agreement, shall be applied in the following order:

(a) *first*, in payment of any due but unpaid fees, costs and expenses of the agents and any receiver, attorney or agent or the Special Servicer appointed under the finance documents;

(b) *secondly*, in or towards payment of any due but unpaid fees, costs and expenses of any Senior Lender and (to the extent incurred in taking action requested by the Loan Security Trustee) any Junior Lender in each case in connection with any enforcement;

(c) *thirdly*, in or towards payment to the hedging counterparty in respect of the Junior Loan;

(d) *fourthly*, in or towards payment to the Senior Lenders of any costs and expenses due and payable to them in connection with the termination of any of their related funding arrangements in accordance with terms of the applicable Loan Agreement;

(e) *fifthly*, in or towards payment to the Senior Lenders of any accrued interest (excluding any Default Interest);

(f) *sixthly*, in or towards payment to the Senior Lenders of any principal amount due but unpaid on the Senior Loans (other than any Senior Debt which ranks behind the Junior Debt (the "**Excess Senior Debt**");

(g) *seventhly*, in or towards payment for application against any other Senior Debt (other than Default Interest, prepayment fees and Excess Senior Debt);

(h) *eighthly*, in or towards payment for application to any accrued interest (excluding any Default Interest) due but unpaid on the Junior Loans;

(i) *ninthly*, in or towards payment for application to the Junior Lenders of any principal amount due but unpaid on the Junior Loans;

(j) *tenthly*, in or towards payment for application against any cure payments made by a Junior Lender to remedy a default other than Default Interest and Prepayment Fees;

(k) *eleventhly*, in or towards payment for application against Default Interest and Prepayment Fees due to the Senior Lenders.

(l) *twelfthly*, in or towards payment for application against Default Interest and Prepayment Fees due to the Junior Lenders;

(m) *thirteenthly*, in or towards payment to the Facility Agent for application against any other Junior Debt;

(n) *fourteenthly*, in or towards payment for application in or towards payment of any other fees, costs and expenses of any Junior Lender, due but unpaid;

(o) *fifteenthly*, in or towards payment for application in or towards the Excess Senior Debt; and

(p) *sixteenthly*, the payment of the surplus (if any) to the Issuer or other person entitled to it.

If a Material Senior Default has occurred and remains outstanding, the balance standing to the credit of the Tranching Account and the Rent Account in relation to the Access Self Storage Intercreditor Agreement, shall be applied in the following order:

(a) *firstly*, in or towards payment (on a *pari passu* basis) of any unpaid fees, costs and expenses of the Servicer and Special Servicer, the agent and any receiver (or equivalent in another jurisdiction), attorney or agent appointed under the Finance Documents in respect of the Senior Debt;

(b) *secondly*, in or towards payment of any fees, costs and expenses of any Senior Lender and (if it is in connection with a permitted enforcement action) any Junior Lender;

(c) *thirdly,* in or towards payment for application against any sum due under the hedging arrangements (other than Access Subordinated Hedging Amounts);

(d) *fourthly*, in or towards payment for application against the Senior Debt (other than Default Interest or Prepayment Fees);

(e) *fifthly,* in or towards payment of all servicing fees (to the extent payable by the Issuer in respect of the Junior Debt);

(f) *sixthly,* in or towards payment of any fees, costs and expenses of any Junior Lender;

(g) *seventhly,* in or towards payment for application against any cure payments or cure deposits remaining outstanding and any interest, if any, thereon;

(h) *eighthly*, in or towards payment for application against any other Junior Debt (other than Default Interest or Prepayment Fees);

(i) *ninthly,* in or towards payment (on a *pro rata* basis) of Default Interest and Prepayment Fees;

(j) *tenthly*, in payment or discharge in or towards any Access Subordinated Hedging Amounts;

(k) *eleventhly,* in or towards payment for application against the Excess Senior Debt; and

(l) *twelfthly*, the payment of the surplus (if any) to the obligor or other person entitled to it.

If a Material Senior Default has occurred and remains outstanding, the balance standing to the credit of the Tranching Account and the Rent Account in relation to the Devonshire Intercreditor Agreement, shall be applied in the following order:

(a) *firstly*, in or towards payment of any unpaid fees, costs and expenses of the agents and any receiver, attorney or agent appointed under the security documents;

(b) *secondly*, in or towards payment of any fees, costs and expenses of any Senior Lender (other than fees, cost and expenses of any Servicer and Special Servicer) and any Junior Lender in each case in connection with any enforcement;

(c) *thirdly,* in or towards payment for application against any sum due under the hedging arrangements;

(d) *fourthly*, in or towards payment for application against the Senior Debt;

(e) *fifthly,* in or towards payment of any fees, costs and expenses of any Junior Lender;

(f) *sixthly,* in or towards payment for application against any cure payments;

(g) *seventhly*, in or towards payment for application against any other Junior Debt;

(h) *eighthly*, in or towards payment (on a *pro rata* basis) against the Excess Senior Debt and the payment of any fees costs and expenses of any Senior Lenders in respect of any Servicer or Special Servicer; and

(i) *ninthly,* the payment of the surplus (if any) to the obligor or other person entitled to it.

In relation to the Sanctuary Buildings Loan, voluntary prepayments and principal repayments made prior to the final repayment date and prior to a Material Senior Default are to be applied in prepayment of the Junior Debt (and thereafter to the extent that the Junior Debt is repaid, towards the Senior Debt). In relation to the Access Self Storage Whole Loan, such payments will be applied *pro rata* between the Lenders.

In relation to the Devonshire Square Whole Loan, scheduled repayments (prior to a Material Senior Default) are to be applied in repayment of the Junior Debt and thereafter to the extent that the Junior Debt is repaid, towards the Senior Debt. Voluntary prepayments (prior to a Material Senior Default) are to be applied on *pro rata* between the Lenders.

Cure Rights

Upon the occurrence of any event of default (other than certain events of default relating to insolvency) in relation to a loan which is, amongst other things, remediable within the relevant Grace Period (a "**Remediable Default**"), the applicable Junior Lender may remedy such Remediable Default within the relevant Grace Period. A "**Grace Period**" means:

(i) in relation to a payment Default, five Business Days; and

(ii) in the case of all other Remediable Defaults, ten Business Days, provided that if the Junior Lenders have notified the Senior Lenders that they are taking all necessary remedial steps and subject to the agreement of the Senior Lenders (acting reasonably), the Grace Period may be extended for a further ten Business Days or such longer period as is agreed, except that, (x) in relation to the Access Self Storage Intercreditor Agreement, the Grace Period shall be 20 Business Days only for all Remediable Defaults or 15 Business Days for certain specified Remediable Defaults; (y) in relation to the Devonshire Intercreditor Agreement, "Grace Period" shall be five Business Days after the relevant Junior Debt representative has received notification of a Remediable Default.

The Issuer will delay taking any enforcement action during such Grace Periods unless it has been notified that the Junior Lender does not wish to exercise its cure rights.

The Junior Lenders may take whatever action they consider desirable so as to remedy or cure the relevant Remediable Default. A Remediable Default for non-payment may be cured by making the relevant payment on behalf of the relevant Borrower or by such other action as is approved by the Senior Lenders. The Junior Lender's right to cure a payment default (or for the Access Whole Loan, financial covenant default) is limited to twice in any 12 month period and not more than four times (or in the case of the Access Self Storage Whole Loan twice consecutively in any 12 month period and not more than five times or, in the case of the Sanctuary Buildings Whole Loan, six-times) during the term of the relevant Securitised Loan. There is no limit on the number of times non-payment defaults (and, for the Access Self Storage Loan, non-financial covenant defaults) can be remedied.

Purchase of Senior Debt

The Junior Lender can (on notice), if an event of default has occurred and resulted in acceleration of payment of the Senior Debt and, in relation to the Sanctuary Intercreditor Agreement, in addition, if an event of default is continuing, if any enforcement action has been taken or (following the expiry of the applicable Grace Period) a Material Senior Default has occurred or in relation to the Access Self Storage Intercreditor Agreement, a Material Senior Default or enforcement action or Control Valuation Event occurs or another event of default causing the Access Self Storage Whole Loan to be specially serviced is outstanding for a particular period, purchase the Senior Debt. The purchase is to be on a date between 5 and 15 business days after the notice referred to above and payment should be equal to the Senior Debt outstanding together with accrued interest (but not any additional investment payable following default) and any break or funding costs incurred as a result of the transfer but, in the case of Access Self Storage Intercreditor Agreement and the Sanctuary Intercreditor Agreement, excluding prepayment fees.

Enforcement

A Junior Lender is prohibited from taking any enforcement action in relation to the Junior Debt save in certain limited circumstances. If an event of default for non-payment has occurred and is continuing for at least 90 days (or an event of default which is a breach of a financial covenant at least 120 days, and any other event of default at least 150 days) or payment of the debt has been accelerated under the relevant Loan Agreement and in each case, on realisation of the security assets, the market value of the Properties is above a specified percentage of the Senior Debt discharge the Senior Debt in full, then the Junior Lender can require the realisation of those assets. The market valuation, in relation to each Property shall be determined in accordance with the most recent valuation. In relation to the Sanctuary Intercreditor Agreement and the Devonshire Intercreditor Agreement, the market valuation percentage must be greater than 115 per cent. of the Senior Debt. In relation to the Access Self Storage Intercreditor Agreement it must be greater than 120 per cent. of the Senior Debt.

Under the Access Self Storage Intercreditor Agreement and the Devonshire Intercreditor Agreement, if an event of default has occurred and is continuing and payment of the debt has been accelerated and the security enforced and the market value is greater than the percentage specified above of the Senior Debt, the Junior Lenders can require (by notice to the Security Trustee) the Security Trustee to seek to realise, or seek to procure the realisation of those assets.

Ability to appoint the Special Servicer

If a Loan becomes a Specially Serviced Loan, under the Sanctuary Intercreditor Agreement and the Access Intercreditor Agreement, the applicable Junior Lender may, subject to satisfying certain criteria, require the Issuer to replace the initial Special Servicer with an alternative in accordance with the terms of the Sanctuary Intercreditor Agreement and the Access Intercreditor Agreement (see "*Servicing – Termination of Appointment of Senior or Special Servicer*" page 132 below).

Junior Lender Undertakings

Whilst the Senior Debt is outstanding no Junior Lender may (subject to the exceptions provided for by the relevant Intercreditor Agreement) receive any payment in respect of the Junior Debt (with the exception of unpaid fees, costs, expenses, accrued interest and amortised repayments and prepayments (as described in "*Prepayment*" above), so long as no Material Senior Default is outstanding), discharge the Junior Debt by way of set-off, combination of accounts or otherwise, receive any security, guarantee, indemnity or other assurance against loss in respect of the Junior Debt, evidence the Junior Debt by a negotiable instrument, subordinate any Junior Debt to another person unless in accordance with the Intercreditor Agreement, or take or omit to take any action which might impair the effectiveness of the Intercreditor Agreement.

Amendments and Waivers re: Finance Documents

The Facility Agent (who has, pursuant to the Servicing Agreement, delegated to the Servicer and, in certain circumstances, the Special Servicer, the exercise of all of its rights, powers and discretions as such) may amend or waive a term of a finance document relating to a Loan Agreement (as defined in the

relevant Loan Agreement, a "**Finance Document**", and, together, the "**Finance Documents**") if the Senior Lenders whose participations in the relevant Securitised Loan (or, in relation to the Access Self Storage Borrower, the Access Self Storage Whole Loan) then outstanding aggregate more than 66 $^{2}/_{3}$ per cent. of all the participations in the relevant Securitised Loan then outstanding agree or the amendment is made in accordance with the relevant Finance Document or is a procedural, administrative or other change arising in the ordinary course of administration of the relevant Whole Loan and is not material.

The Facility Agent may not, however, without the consent of all the lenders, make amendments or waivers which would result in, among other things, a change to payment dates, a reduction in the amount of any payment, a change in the currency of any payment, an increase in or extension to the commitment, a change in assignment and/or transfer rights, a change in the term of the Whole Loan, a release of any obligor, a release of any security or a change in the method of calculation of any payment. Therefore, to the extent that the Junior Lender does not agree to any of the foregoing amendments or waivers, the Servicer will be prevented from implementing them, notwithstanding that it considers that it would be in accordance with the Servicing Standard to do so. However, in relation to the Sanctuary Intercreditor Agreement, the Junior Lenders must act in accordance with a servicing standard which includes a provision stating that consideration must be given to the maximisation of recoveries for both the Senior Lenders and the Junior Lenders. Notwithstanding the above, under the Sanctuary Intercreditor Agreement, the consent of the Junior Lenders is no longer required if a Control Valuation Event has occurred. In the case of the Access Self Storage Whole Loan, the Servicer has been appointed by the Junior Lenders to act on their behalf. Under the Access Self Storage Whole Loan, the Servicing Standard will prevail over the exercise by the Junior Lenders of their rights in relation to any amendments and waivers. As with the Sanctuary Intercreditor Agreement, certain approval rights of the applicable Junior Lenders will not apply if a Control Valuation Event has occurred.

The Devonshire Square Senior Intercreditor Agreement

The relationship between the Devonshire Square Senior A Lender and the Devonshire Square Junior A Lender in connection with the Devonshire Square Loan (together the "**Devonshire Square Senior Lenders**") is governed by the Devonshire Square Senior Intercreditor Agreement. The Devonshire Square Senior Intercreditor Agreement provides that amounts collected by the Loan Facility Agent in respect of the Senior Debt under the Devonshire Intercreditor Agreement will be applied:

Prior to any enforcement action being taken:

(a) *firstly*, to the payment, *pro rata* and *pari passu* of any unpaid fees, costs and expenses of the Devonshire Square Senior Lenders and/or relevant agents;

(b) *secondly*, to the payment to the hedging counterparty of any sum due but unpaid under the relevant hedging arrangements;

(c) *thirdly*, to the payment *pro rata* and *pari passu* to the Devonshire Square Senior Lenders of any accrued interest due but unpaid under the Finance Documents, as determined in accordance with the Devonshire Square Senior Intercreditor Agreement;

(d) *fourthly*, to the payment *pro rata* and *pari passu* to the Devonshire Square Senior Lenders of any other amounts due but unpaid under the Finance Documents and the Devonshire Square Senior Intercreditor Agreement, including without limitation, any principal amounts due and payable under the relevant Whole Loan.

Following any enforcement action being taken:

(a) *firstly*, in or towards payment *pro rata* and *pari passu* of any unpaid fees, costs and expenses of the relevant agents and any receiver, attorney or agent appointed under the relevant security documents;

(b) *secondly*, to pay or repay all liabilities due but unpaid under the relevant hedging arrangements;

(c) *thirdly*, to pay or repay all liabilities due but unpaid to the Devonshire Square Senior A Lender; and

(d) *fourthly*, to pay or repay all liabilities due but unpaid to the Devonshire Square Junior A Lender,

in each case, as determined in accordance with the Devonshire Square Senior Intercreditor Agreement;

Subject to certain terms and conditions, the Devonshire Square Senior Intercreditor Agreement contains provisions that provide that the Devonshire Square Junior A Lender is not permitted to take any enforcement action until, amongst other things, all relevant liabilities payable or owing to the Devonshire Square Senior A Lender have been unconditionally and irrevocably paid and discharged in full.

Subject to the satisfaction of certain conditions, a majority of Devonshire Square Junior A Lenders under the Devonshire Square Senior Intercreditor Agreement may instruct the Loan Facility Agent or servicer, as applicable, to take enforcement action that is otherwise prohibited thereunder as specified in the preceding paragraph, if (x) (i) an event of default is outstanding; or (ii) the Senior Debt under the Devonshire Square Senior Intercreditor Agreement has been accelerated; and (y) the market value of the relevant property is more that 115 per cent of all liabilities owed to the Devonshire Square Senior A Lender. Such enforcement instruction by such majority of Devonshire Square Junior A Lenders is permitted only if (x) upon the occurrence of an event of default that is a payment default in respect of any liabilities owed to such Devonshire Square Junior A Lenders such default has remained outstanding for a period of 89 days; (y) upon the occurrence of an event of default that is a breach of a financial covenant, such default has remained outstanding for a period of 119 days; and (z) for any other event of default, such default has remained outstanding for a period of 149 days.

The Devonshire Square Senior Intercreditor Agreement also provides that if the Devonshire Square Senior A Lender has taken enforcement action the Devonshire Square Junior A Lender may by giving a notice to the relevant Loan Facility Agent, elect to purchase or arrange the purchase of the portion of the Senior Debt owed to the Devonshire Square Senior A Lender, on a date that is not less than 4 nor more than 14 business days after the date of such notice, at a price equal to the amount of such debt outstanding (determined by the Loan Facility Agent (acting reasonably)), including any amount certified by the Devonshire Square Senior A Lender (acting reasonably) as necessary to compensate it for any breakage or funding costs incurred by it as a result of the transfer.

7. Disposal of Properties

Disposals are permitted, subject to the consent of the Facility Agent and repayment of all or part of the relevant Whole Loan in accordance with the relevant Loan Agreement. No substitutions of property are permitted.

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 Loans, and the Originator will assign to the Issuer its beneficial interests in the Loan Security Trusts created over the Related Security on the Closing Date. The initial purchase consideration in respect of the Securitised Loans and the beneficial interests in the Loan Security Trusts will be £601,150,000 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 Certificate (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 Loans and their 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 received as a result of the prepayment of a Securitised Loan (other than principal of or interest on, that Securitised Loan) received during that Collection Period. Prepayment Fees payable upon the sale of a Property following enforcement of the relevant Securitised Loan and Related Security will be applied as such only upon satisfaction in full of the principal amount outstanding under such 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 an Interest Rate Swap Transaction relating to a Securitised Loan or received from a Borrower as a result of the prepayment of a Securitised Loan;

(d) the amount of any extension fee paid in respect of the Nextra Portfolio UK Loan Extension Period; and

(e) 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, applicable Interest Rate Swap Breakage Receipts, extension fees and surplus Available Interest Receipts will be represented by a Class X Certificate and will be payable to the holder of the Class X Certificate.

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

Registration and Legal Title

Within 15 Business Days of the Closing Date, written notice will be given to each Borrower and Mortgagor of the transfer of the Securitised Loans 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 Trusts 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 Loans 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 compliance by the Originator, or any other person with respect to the Lending Criteria or procedures or their adequacy or in relation to the provisions of the Loan Sale Agreement, the Servicing Agreement or the Deed of Charge and Assignment or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of any Securitised Loan or the Related Security purchased on the Closing Date.

In relation to all of the foregoing matters concerning the Securitised Loans and the Related Security and the circumstances in which advances were made to Borrowers prior to their purchase by the Issuer, both the Issuer and the 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 any 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 Trustee, to repurchase such Securitised Loan and to accept a reassignment of its beneficial interests in the Loan Security Trusts from the Issuer for an aggregate amount equal to (a) the outstanding principal amount under the relevant Securitised Loan, (b) interest accrued (but unpaid) up to, but excluding, the date of repurchase, (c) 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 relevant Securitised Loan in accordance with the Loan Sale Agreement.

The warranties referred to 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) each Property, where let, is let predominantly for commercial use and is either freehold or leasehold;

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

(c) in relation to each 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) each 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 such Property set out in the valuation (including any encumbrance contained in the leases relevant to such Property);

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

(f) each mortgage is a valid and subsisting first charge by way of legal mortgage over the Property to which such mortgage relates;

(g) the Loan Security Trustee has a good title to each mortgage, and all things necessary to perfect the Loan Security Trustee's title to each mortgage have been duly done at the appropriate time or are in the process of being done;

(h) the Loan Security Trustee 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 relevant mortgage, no adverse entries of encumbrances, or applications for adverse entries of encumbrances against any title at the Land Registry to any related Property which would rank higher in priority to the Loan Security Trustee's or the Originator's interests therein;

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

(j) prior to completion of the relevant Whole Loan and mortgage, a report on title or certificate of title (and/or a summary of such report or certificate) (addressed to the Originator) in relation to the relevant 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;

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

(l) the Originator is not aware of any material default, breach or violation under any 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 a Borrower or a Mortgagor under any 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;

(m) pursuant to the terms of each Securitised Loan, no Borrower is 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 Loans;

(n) 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 relevant Property unacceptable as security for the Securitised Loan secured by the relevant mortgage, over that Property in the context of the Lending Criteria;

(o) as at the Closing Date, to the best of the Originator's knowledge, each Property (other than the Property charged as security for the Sanctuary Buildings Loan) is covered by an insurance policy maintained by the 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 such Property's reinstatement value or otherwise included by the insurers under a "general interest noted" provision in the relevant policy;

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

(q) as at the date of advance of the relevant Securitised Loan, the principal occupational leases affecting the relevant 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.

Certain of the warranties are qualified by disclosures which affect a particular Securitised Loan. Where material, issues arising as a result of such disclosures are mentioned elsewhere in this Offering Circular.

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

Representations

The Loan Sale Agreement also contains a representation 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 lending criteria and due diligence, the Securitised Loans, administration of the Securitised Loans, the Related Security, the Loan Security Trusts, the Properties and the relevant buildings insurance policies that is material in the context of the issue and the offering of the Notes, is true and accurate in all material respects and is not misleading in any material respect. Only the Issuer and the 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 any 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

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

Rent Accounts

All Whole Loans require a specific banking account to be opened into which rental and other income derived from the relevant Property is (either directly by the tenants or through independent managing agents) paid, being for these purposes the "**Devonshire Square Rent Accounts**", the "**Access Self Storage Debt Service Account**", the "**Sanctuary Buildings Rent Account**" and the "**Nextra Portfolio UK Rent Account**", respectively. The Facility Agent has sole signing rights in respect of each such account.

Each Loan Agreement provides for the Facility Agent, on each Loan Payment Date prior to the occurrence of a loan event of default or a potential loan event of default under the relevant Loan Agreement (each in the context of this description, a "**Loan Default**"), to apply the amounts then on deposit in the Rent Account or, in the case of the Access Self Storage Loan, the Debt Service Account in a certain order of priority.

Cash-flows into and from the Access Self Storage Debt Service Account

Monthly instalments of rent payable by the Access Self Storage Operator pursuant to the operating leases granted to it in respect of each Access Self Storage Property are paid into the Access Self Storage Debt Service Account.

Prior to the occurrence of a Loan Default, on each Loan Payment Date, the Facility Agent will apply the amounts then standing to the credit of the Access Self Storage Debt Service Account in the following order or priority to pay:

(a) **first**, payment of any unpaid fees, costs and expenses of the Facility Agent and Loan Security Trustee under the Access Self Storage Loan Agreement due but unpaid under the Finance Documents relating to the Access Self Storage Whole Loan;

(b) **second**, payment to the relevant lenders of any accrued interest, fees (including any amortisation payments) and other amounts due but unpaid under the Finance Documents relating to the Access Self Storage Whole Loan;

(c) **third**, if required by the Facility Agent, payment to the Interest Reserve Account or the Access Self Storage Whole Loan of amounts required to be paid into such account pursuant to the Access Self Storage Loan Agreement;

(d) **fourth**, if required by the Facility Agent, payment into the Adjustment Account for the Access Self Storage Whole Loan of any amount required to be so paid in accordance with the provisions of the Access Self Storage Loan Agreement;

(e) **fifth**, payment into the General Account for the Access Self Storage Whole Loan of such amounts as are necessary in respect of service charge shortfalls or other liabilities, insurance premiums, rates and other similar items payable in respect of the Access Self Storage Properties for the immediately following interest period, to the extent that such amounts are not recoverable under any occupational lease;

(f) **sixth**, payment into the General Account for the Access Self Storage Whole Loan of the costs and improvements to any of the Access Self Storage Properties which the facility agent agrees should be incurred to maintain such properties in good repair and decorative condition; and

(g) **seventh**, payment of any balance into the General Account for the Access Self Storage Whole Loan,

provided that the Facility Agent is not obliged to make any such payment or permit any such withdrawal if a Loan Default has occurred and is continuing. For a more detailed description of the function and purpose of the Interest Reserve Account, Adjustment Account and General Account applicable to the Access Self Storage Whole Loan see "*Other Accounts – Access Self Storage Whole Loan*" page 97 below.

Cash-flows into and from the Devonshire Square Rent Accounts

All monies payable by way of rental or other income by any tenant or occupier of any part of the Devonshire Square Property are paid into the Devonshire Square Rent Accounts.

Prior to the occurrence of a Loan Default, on each Loan Payment Date, the Facility Agent will apply the amounts then standing to the credit of the Devonshire Square Rent Accounts in the following order of priority to pay:

(a) **first**, payment of any fees, costs and expenses of the Facility Agent and the Loan Security Trustee due but unpaid under the Finance Documents relating to the Devonshire Square Whole Loan;

(b) **second**, payment to the relevant lenders of any accrued interest, fees and other amounts due but unpaid under the Finance Documents relating to the Devonshire Square Whole Loan;

(c) **third**, payment to the relevant obligor of the operating expenses (as approved by the Facility Agent) made in respect of the operation and management of the Devonshire Square Property; and

(d) **fourth**, if the interest cover percentages (calculated pursuant to the Devonshire Square Loan Agreement) are greater than 100 per cent., one half of the balance in or towards prepayment of the Term Facility under the Devonshire Square Whole Loan,

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.

On each date on which rent is due under any headlease, the Facility Agent may (and is irrevocably authorised to) withdraw from the Devonshire Square Rent Account such amount as is necessary to meet any payment of rent due under such headlease.

Subject to the order of priority set out above and provided that (i) no default is outstanding, (ii) the interest cover percentage (calculated pursuant to the Devonshire Square Loan Agreement) is greater than or equal to 110 per cent. and (iii) amounts are retained in the Rent Accounts to cover, amongst other things, loss of rent, then within four weeks after any Interest Payment Date the Devonshire Square Borrowers may request that the Facility Agent transfer any balance standing to the credit of the Rent Accounts at such time to the Devonshire Square Borrowers as they direct, subject to the Devonshire Square Borrowers providing the required compliance certificate and report as set out in the Devonshire Square Loan Agreement.

"**Term Facility**" means the £340,000,000 term loan facility granted to the Devonshire Square Borrowers under the Devonshire Square Loan Agreement.

Cash-flows into and from the Sanctuary Buildings Rent Account

All monies payable by way of net rental income by the tenant of the occupational lease in respect of the Sanctuary Buildings Property are paid into the Sanctuary Buildings Rent Account.

Prior to the occurrence of a Loan Default, on each Loan Payment Date, the Facility Agent will apply the amounts then on deposit in the Sanctuary Buildings Rent Account in the following order of priority to pay:

(i) **firstly**, payment *pro rata* of any unpaid costs and expenses of the Facility Agent and the Loan Security Trustee due but unpaid under the finance documents relating to the Sanctuary Buildings Whole Loan;

(ii) **secondly**, payment *pro rata* to the relevant finance parties of any accrued interest, fees and other amounts due but unpaid under the finance documents relating to the Sanctuary Buildings Loan Agreement; and

(iii) **thirdly**, payment of any surplus in repayment of the Sanctuary Buildings Whole Loan,

provided that the facility agent is obliged to make any such withdrawal only in case certain conditions provided in the Sanctuary Buildings Loan Agreement are met (for example no Loan Default is outstanding).

Cash-flows into and from the Nextra Portfolio UK Rent Account

All monies payable by way of net rental income by the tenants under the occupational leases relating to the Nextra Portfolio UK Properties are paid into the Nextra Portfolio UK Rent Account.

Prior to the occurrence of a Loan Default, on each Loan Payment Date, the Facility Agent will apply the amounts then on deposit in the Nextra Portfolio UK Rent Account in the following order of priority of payment:

(i) **firstly**, payment of any unpaid fees, costs and expenses of the Facility Agent and the Loan Security Trustee due but unpaid under the finance documents relating to the Nextra Portfolio UK Loan Agreement;

(ii) **secondly**, payment to the relevant lenders of any accrued interest, fees and other amounts due but unpaid under the Finance Documents relating to the Nextra Portfolio UK Loan Agreement;

(iii) **thirdly**, on any Loan Payment Date after the beginning of the Extension Period, payment to the relevant lender towards repayment of the Nextra Portfolio UK Loan *pro rata* of 50 per cent. of the balance (after nominally adding back items (i) and (ii) above), standing to the credit of the Nextra Portfolio UK Rent Account;

(iv) **fourthly**, payment of such amounts as the Facility Agent in its absolute discretion considers are necessary in respect of any service charge shortfalls or other liabilities (including without limitation any insurance premiums, rates or other monies (with the exception of the rent first reserved under any Occupational Lease) which may from time to time be payable by an obligor in respect of a Property) such amounts not being recoverable under any Occupational Lease;

(v) **fifthly**, payment of the costs of improvements to any Property which the Facility Agent agrees should be incurred to maintain such Property in good repair and decorative condition; and

(vi) **sixthly**, if the interest coverage percentages (calculated pursuant to the Nextra Portfolio UK Loan Agreement) are greater than 125 per cent. and subject to (A) the obligor delivering a compliance certificate and a report in respect to the period ending on the relevant Loan Payment Date to the Facility Agent (in accordance with the terms of the Nextra Portfolio UK Loan Agreement) and (B) retention in the Nextra Portfolio UK Rent Account of any Rental Income attributable to sums payable by any guarantor of any occupational tenant or licensee under any Occupational Lease or other agreement to make

payment of the balance to an obligor within four weeks of the Loan Payment Date as that obligor shall have previously specified to the Facility Agent in writing,

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

"**Extension Period**" means the extension of the Nextra Portfolio UK Loan repayment date which may be extended by a three year period until 20 October, 2016 at the request of the Borrower and in accordance with the terms of the Nextra Portfolio UK Loan Agreement.

Other Accounts

Access Self Storage Whole Loan

There are several additional banking accounts opened in connection with this Loan, of which each "Store" Account, the Collection Account and the Dividend Trap Reserve Account are in the name of the Access Self Storage Operator and all the others are in the name of the Access Self Storage Borrower. The Loan Security Trustee has sole signing rights over all Accounts except the Collection Account and each Store Account (where the Access Self Storage Operator has signing rights) and the General Account (where the Access Self Storage Borrower has signing rights). Details of the function of each Account are set out below.

Store Accounts

A separate "Store" Account is opened for each of the Access Self Storage Properties. All gross operating income attributable to each Access Self Storage Property is paid into the relative Store Account and, on a weekly basis by standing order, monies standing to the credit of each Store Account (less a float of £2,500 per Property) are transferred into the Collection Account.

Collection Account

There is a single Collection Account and, on the 10th of each month, an amount equal to 1/12th of the aggregate annual net rental income payable by the Access Self Storage Operator under the terms of the operating leases in respect of the Access Self Storage Properties is transferred by standing order from the Collection Account into the Debt Service Account. The Access Self Storage Operator may use any surplus monies standing to the credit of the Collection Account for any purpose, so long as such does not affect its ability to make the next monthly payment due.

Dividend Trap Reserve Account

The Access Self Storage Operator must, on the same date as each third payment of net rental income in any interest period is due to be paid into the Access Self Storage Debt Service Account (see above), pay into the Dividend Trap Reserve Account an amount which, when aggregated with interest payable by the Access Self Storage Borrower pursuant to the Access Self Storage Loan Agreement during the relevant interest period, is equal to (in respect of any month prior to 20th January, 2008) 105 per cent. of such interest (in respect of any month after 20th January, 2008 but before 20th January, 2009) 110 per cent. of such interest or (in respect of any month after 20th January, 2009) 115 per cent. of such interest.

On each Loan Payment Date all monies standing to the credit of the Dividend Trap Reserve Account are transferred into the Collection Account unless (a) a default under the Access Self Storage Loan Agreement has occurred and is continuing or (b) the Interest Cover Percentages applicable to the Access Self Storage Whole Loan are (in respect of any Loan Payment Date falling on or prior to 20th January, 2008) below 105 per cent. (in respect of any Loan Payment Date falling after 20th January, 2008 but on or prior to 20th January, 2009) below 110 per cent. or (in respect of any Loan Payment Date falling after 20th January, 2009) below 115 per cent..

General Account

Surplus monies (after payment of all amounts then due under the Access Self Storage Loan Agreement) are transferred from the Access Self Storage Debt Service Account into the General Account on each Loan Payment Date (see above).

Interest Reserve Account

The sum of £2,767,640 was paid into the Interest Reserve Account on the date of drawdown of the Access Self Storage Whole Loan. The Facility Agent may withdraw monies from the Interest Reserve Account on each Loan Payment Date if necessary to pay amounts due but unpaid pursuant to the Access Self Storage Loan Agreement. The Borrower must ensure that if any amounts withdrawn are from the Interest Reserve Account in order to pay amounts due but unpaid under the Access Self Storage Whole Loan, a sum equal to the amount so withdrawn is promptly paid into the Interest Reserve Account so as to bring the credit balance back to the required level.

Sales Account

Any insurance monies received following any major damage to any Access Self Storage Property (if not applied towards reinstatement of the relevant Property) and/or the proceeds of the sale or disposal of any such Property, are paid into the Sales Account. On the Loan Payment Date following receipt of any such proceeds or disposal of any such Property, an amount equal to the "*Allocated Loan Amount*" for such Property plus, in the case of sale/disposal proceeds, interest to the next Loan Payment Date and any other costs and expenses payable by the Access Self Storage Borrower pursuant to the Access Self Storage Loan Agreement to the next Interest Date is applied towards prepayment of the Access Self Storage Whole Loan.

Adjustment Account

The sum of £600,000 was paid into the Adjustment Account on drawdown of the Access Self Storage Whole Loan. Under the terms of the Access Self Storage Loan Agreement, the Access Self Storage Borrower must pay to HM Revenue and Customs any amount due under the VAT Capital Goods Scheme relating to certain Access Self Storage Properties. To the extent that such monies are not paid before the relevant date, the Facility Agent may withdraw monies from the Adjustment Account to make such payment, subject to serving notice on the Access Self Storage Borrower requiring evidence of payment and not receiving the same within ten business days. Any monies remaining to the credit of the Adjustment Account are, provided no event of default under the Access Self Storage Loan Agreement is continuing, paid into the General Account (for the Borrower's purposes generally) on the earlier of (a) the date on which all monies due to H.M. Revenue and Customs in respect of the relevant Access Self Storage Properties under the VAT Capital Goods Scheme have been paid, and (b) the Loan Payment Date after the net operating income for the two consecutive proceeding interest periods (when adjusted on an annualised basis) exceeds the sum of £12,845,620 by at least £600,000.

Hornsey Reserve Account

On the date of drawdown of the Access Self Storage Whole Loan, the sum of £147,500 was paid into the Hornsey Reserve Account. Withdrawals can be made from the Hornsey Reserve Account by the Facility Agent at any time when it reasonably determines payments need to be made to the landlord in respect of the Hornsey Property in order to avoid a forfeiture of the head lease of such Property (see "Loans and Related Property Summaries – Access Self Storage Securitised Loan – Hornsey Property" page 110 below.) Subject to there being no default, monies standing to the credit of the Hornsey Reserve Account released into the Access Self Storage General Account when the dispute with the landlord of the Hornsey Property is resolved to the Facility Agent's reasonable satisfaction.

Tax Reserve Account

The sum of £2,000,000 has been paid into a Tax Reserve Account from the proceeds of the Access Self Storage Loan. The Facility Agent is authorised by the Access Self Storage Borrower to make withdrawals or payments from such Tax Reserve Account on behalf of the Limited Partner of the General

Partner and any other Obligor under the Access Self Storage Whole Loan Agreement to the extent necessary at any time to settle with HM Revenue & Customs any tax liability arising in the Limited Partner or the General Partner of the Access Self Storage Borrower. On an annual basis and subject to there being no event of default outstanding and receipt of satisfaction from HM Revenue & Customs that the relevant corporate tax and income tax has been filed (as detailed in the Access Self Storage Loan Agreement), the Facility Agent shall pay into the General Account an amount equal to one seventh of the original amount paid into the Tax Reserve Account. In circumstances where HM Revenue & Customs raise enquires in connection with a tax return, the Facility Agent shall be under no obligation to release any funds standing to the credit of the Tax Reserve Account until such time as any enquiry has been finally dealt with and the Access Self Storage Borrower provides evidence to the satisfaction of the Facility Agent (acting reasonably) in support of this. Where HM Revenue & Customs has issued a notice of enquiry in relation to the Limited Partner, the General Partner, the Access Self Storage Operator or the Access Self Storage Borrower, the Access Self Storage Borrower must pay, or procure that the Limited Partner promptly pays, within 5 business days of receipt of any such notice, into the Tax Reserve Account an amount equal to the released amount relating to the tax year in respect of which a notice has been issued as well as in relation to each subsequent tax year, if any.

The Facility Agent shall on each Interest Payment Date, provided no default is continuing, pay into the General Account any interest that is earned on the Tax Reserve Account.

The Facility Agent shall pay into the General Account any amount standing to the credit of the Tax Reserve Account on the date on which all amounts owing the Access Self Storage Loan Documentation are irrevocably and unconditionally paid in full

Devonshire Square Whole Loan

Various additional banking accounts have also been opened in connection with the Devonshire Square Whole Loan, all in the names of the Borrowers but in respect of which the Loan Security Trustee has sole signing rights. Details are set out below.

Interest Reserve Account

On drawdown of the Devonshire Square Whole Loan the sum of £5,700,000 was paid into the Interest Reserve Account. On each Loan Payment Date when the interest cover percentages applicable to the Devonshire Square Whole Loan are less than 100 per cent., the Facility Agent may transfer from the Interest Reserve Account into the Rent Account for the Devonshire Square Whole Loan such amount (being treated as net rental income) as is necessary so that the such interest cover percentages are 100 per cent.. The Devonshire Square Borrowers are then obliged to pay into the Interest Reserve Account such amount as is necessary to ensure that (taking into account monies then standing to the credit of the Interest Reserve Account) such interest cover percentages equal 110 per cent..

On any Loan Payment Date when the relative interest cover percentages (for this purpose excluding the amount standing to the credit of the Interest Reserve Account) are 115 per cent. or greater, and provided no Loan Default has then occurred, all monies standing to the credit of the Interest Reserve Account (other than those monies held in relation to the Devonshire Square Capex Loan) shall be transferred to the Devonshire Square Rent Account and shall be treated as Rental Income.

On any Loan Payment Date when the relative interest cover percentages (for this purpose excluding the amount standing to the credit of the Interest Reserve Account) are 110 per cent. or greater, and provided no Loan Default has then occurred, all monies standing to the credit of the Interest Reserve Account in relation to the Devonshire Square Capex Loan are released to the Devonshire Square Borrowers.

Operating Expenses Reserve Account

The sum of £1,000,000 was paid into the Operating Expenses Reserve Account on drawdown of the Devonshire Square Whole Loan. On each Loan Payment Date, the Facility Agent transfers from the Operating Expenses Reserve Account into the Rent Account an amount sufficient to meet any shortfall in irrecoverable management and operating expenses (including service charge voids) in respect of the

Devonshire Square Property for the following Interest Period. The Borrowers must then top up the Operating Expenses Account so that there is sufficient standing to the credit of such account to meet projected operating expenses for the following 12 month period.

On any Loan Payment Date when the relative interest cover percentages (for this purpose excluding the amount standing to the credit of the Interest Reserve Account) are 115 per cent. or greater, and provided no Loan Default has then occurred, all monies standing to the credit of the Operating Expenses Reserve Account are transferred into the Rent Account and treated as rental income (and are then paid out in accordance with the Rent Account waterfall).

6 Devonshire Square Refurbishment Reserve Account

The sum of £650,000 was deposited into the 6 Devonshire Square Refurbishment Reserve Account on drawdown of the Devonshire Square Loan, in connection with the proposed refurbishment of part of the Devonshire Square Property known as Floors 1, 4, 6 and 7, 6 Devonshire Square. On each Loan Payment Date occurring during the period whilst refurbishment works to these premises are being undertaken, the Facility Agent may transfer from the 6 Devonshire Square Refurbishment Reserve Account into the Rent Account an amount equal the rent which would have been payable in respect of such premises, but for such refurbishment work, which sum is then treated as rental income.

Rent Top-Up Account

The sum of £2,168,825 was deposited into the Rent Top-Up Account on drawdown of the Devonshire Square Loan to cover rent-free periods granted to the principal tenant of the Devonshire Square Property (Aon Limited). On each Loan Payment Date falling during the period of any rent free period granted to such principal tenant, the facility agent may transfer from the Rent Top-Up Account an amount equal to the rent which, but for the grant of such rent-free period, would have been payable by Aon Limited into the Rent Account, such amount then being treated as rental income (for further information with regard to the leases in favour of Aon Limited and the rent-free period, see "*Loans and Related Property Summaries – Devonshire Square Securitised Loan*" – Page 111 below).

Bache Rent Free Top-Up Account

The Borrowers have also granted a rent-free period to another occupational tenant of part of the Devonshire Square Property, namely Bache Financial Limited. On drawdown of the Devonshire Square Whole Loan the sum of £1,000,000 was deposited into the Bache Rent-Free Top-Up Account. On each Loan Payment Date falling during the rent-free period granted to this tenant, to the extent that such funds are available in the Bache Rent Free Top-Up Account, an amount equal to the rent which, but for such rent-free period, would have been payable by such tenant is transferred from the Bache Rent-Free Top Up Account into the Rent Account and treated as rental income.

Sales Account

The Devonshire Square Loan Agreement provides for the Borrowers, subject to certain conditions, to sell certain self-contained parts of the Devonshire Square Property upon payment into the Sales Account of a "Release Sum" being the aggregate of the Allocated Loan Amount for such part, any prepayment fee then due, interest to the next Loan Payment Date and any other costs and expenses then payable under the terms of the Devonshire Square Loan Agreement. The Facility Agent may permit withdrawals of amounts standing to the credit of the Sales Account from time to time to be applied in or towards prepayment of the Devonshire Square Whole Loan.

Guarantee

The Borrowers, under the terms of the Devonshire Square Loan Agreement, are entitled to substitute their obligations with regard to the Interest Reserve Account, Operating Expenses Reserve Account, 6 Devonshire Square Refurbishment Reserve Account, Rent Top-Up Account and/or the Bache Rent Free Top-Up Account by providing instead a guarantee in form and substance satisfactory to the Facility Agent (which must be capable of being drawn by the Facility Agent in the same manner as monies standing to the credit of any such account) from an "Eligible Bank", namely a bank which:

(i) is a member of CHAPS Clearing Company Limited; and

(ii) the long term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least A+ (or better) by S&P and Fitch and Aa3 by Moody's.

As of the Cut Off Date, no such guarantee has been provided nor have the Devonshire Square Borrowers indicated their intention to provide such.

Sanctuary Buildings Whole Loan

General Account

In addition to the Sanctuary Buildings Rent Account, the Sanctuary Buildings Borrower has opened a General Account in its name, and in respect of which it has signing rights. The Sanctuary Buildings Borrower is entitled, provided no Loan Default has occurred under the Sanctuary Buildings Whole Loan, to withdraw monies freely from this account, however there is no provision in the Sanctuary Buildings Loan Agreement for monies to be transferred from the Sanctuary Buildings Loan Agreement to this account.

Nextra Portfolio UK Whole Loan

Sales Account

The Nextra Portfolio UK Borrower has also opened a Sales Account in its name, in respect of which the Loan Security Trustee has sole signing rights. The Nextra Portfolio UK Borrower must, if any of the Nextra Portfolio UK Properties is sold, pay into the Sales Account the "Release Sum" namely the amount equal to 105 per cent. of the allocated loan amount for such Property, plus any prepayment fees, interest to the next Loan Payment Date and any other expenses or costs incurred as a result of such sale, unless such amounts are immediately utilised in making a prepayment of the Nextra Portfolio UK Loan. The Facility Agent may transfer from the Sales Account to the Rent Account any amount required to make good any shortfall in interest and other payments due under the Nextra Portfolio UK Loan Agreement and, upon 10 Business Days notice in writing from the Borrower to the Facility Agent or on the Loan Payment Date falling 6 months' after the date of deposit of the funds into the Sales Account, such funds/amounts may be transferred by way of prepayment of the Nextra Portfolio UK Loan.

Tranching Accounts

In relation to each Whole Loan (other than the Nextra Portfolio UK Loan) pursuant to the provisions of the relevant 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 Senior 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 following order:

(a) **firstly**, payment of any unpaid fees, costs and expenses of the lenders and/or the agents;

(b) **secondly**, payment to the lenders of any accrued but unpaid interest; and

(c) **thirdly**, payment of any other amounts due but unpaid under the Finance Documents,

as set out in the relevant Intercreditor Agreement (see "*The Loan Documentation – Intercreditor Agreements*" 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 Borrowers (such payments to be made, in the case of the Tranched Loans, in accordance with the applicable Intercreditor Agreement). The Cash Manager will 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.

The FX Swap Collateral Cash Account and the FX Swap Collateral Custody Account

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

"**Swap Collateral Cash Account**" means either of the Interest Rate Swap Collateral Cash Account or the FX Swap Collateral Cash Account. "**Swap Collateral Custody Account**" means either of the Interest Rate Swap Collateral Custody Account or the FX Swap Collateral Custody Account. The Interest Rate Swap Collateral Cash Account, the Interest Rate Swap Collateral Custody Account, the FX Swap Collateral Cash Account, the FX Swap Collateral Custody Account and the Transaction Account are together referred to as the "**Issuers Accounts**".

THE LOAN POOL 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 February, 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 and excludes tenants which are paying only a peppercorn rent.

"**ERV**" means the estimated annual rental value for a 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 relevant Property.

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

"**Occupancy Rate by Area**" means the ratio between (a) the floor area of the relevant Property excluding vacant units and (b) the aggregate floor area of the relevant Property. The weighted average occupancy rate for the four Securitised Loans is calculated by weighting the Occupancy Rate by Area of each Property by the Securitised Loan Balance.

"**Occupational Leases**" means tenants with occupational lease agreements. It counts separately Tenants occupying more than one unit and/or storage areas and excludes Access Self-Storage Portfolio lease agreements, parking lease agreements, licenses and leases paying peppercorn rents.

"**Rental Income**" means, in the case of the Nextra Portfolio UK and the Sanctuary Buildings loans, contractual net rental income, in the case of the Devonshire Square loan, contractual gross rental income, in the case of the Access Self-Storage Portfolio loan, historical 12 month net operating income to 31 December, 2006. Rental Income also includes scheduled payments from cash reserves structured to compensate for refurbishment periods and/or rent free periods.

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

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

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

"**Securitised Loan Cut-Off Date DSCR**" means the debt service cover ratio which is calculated for each Securitised Loan as the quarterly Rental Income as of the Cut-Off Date which is generated by the relevant Properties, divided by the applicable quarterly interest expense plus applicable scheduled amortisation (if any).

"**Securitised Loan Cut-Off Date ICR**" means the interest cover ratio which is calculated for each Securitised Loan as the quarterly Rental Income as of the Cut-Off Date which is generated by the relevant Properties, divided by the applicable 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 of the related Properties as set forth in the related Origination Valuation Report.

"**Securitised Loan Exit LTV**" means the Securitised Loan Balance at the Loan Maturity Date divided by the aggregate Market Valuations of the Properties secured by the relevant Securitised Loan.

"**Securitised Loans**" means the Senior Tranches of each Tranched Loan and the whole of the Nextra Portfolio UK Loan as at the Cut-Off Date.

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

"**Weighted Average Cut-Off Date DSCR**" means the Securitised Loan Cut-Off Date DSCR weighted by the Securitised Loan Balances as at the Cut-Off Date.

"**Weighted Average Cut-Off Date ICR**" means the Securitised Loan Cut-Off Date ICR weighted by the Securitised Loan Balances as at the Cut-Off Date.

"**Weighted Average Cut-Off Date LTV**" means the Securitised Loan Cut-Off Date LTV weighted by the Securitised Loan Balances as at the Cut-Off Date.

"**Weighted Average Exit LTV**" means the Securitised Loan Exit LTV weighted by the Securitised Loan Balances as at the Cut-Off Date.

"**Weighting Average 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 and weighted by the Securitised Loan Balances as at the Cut-Off Date.

"**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 Rental Income.

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

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

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

"**Whole Loan Cut-Off Date DSCR**" means the debt service cover ratio which is calculated for each Whole Loan as the quarterly Rental Income as of the Cut-Off Date which is generated by the relevant Properties, divided by the applicable quarterly interest expense plus applicable scheduled amortisation (if any).

"**Whole Loan Cut-Off Date ICR**" means the interest cover ratio which is calculated for each Whole Loan as the quarterly Rental Income as of the Cut-Off Date which is generated by the relevant Properties, divided by the applicable quarterly interest expense.

"**Whole Loan Cut-Off Date LTV**" means the Whole Loan Balance as at the Cut-Off Date divided by the valuation of the related Properties as set forth in the related Origination Valuation Report.

"**Whole Loan Exit LTV**" means the Whole Loan Balance at the Loan Maturity Date divided by the aggregate Market Valuations of the Properties secured by the relevant Whole Loan.

Table 1

Loan Pool Overview

Loan Pool Overview	
Aggregate Loan Balance	£601,150,000
Total Market Valuation	£929,200,000
Weighted Average Cut-Off Date LTV	65.8%
Weighted Average Exit LTV	65.8%
Number of Loans / Properties	4 / 46
Largest Loan as a percentage of Aggregate Loan Balance	48.0%
Weighted Average Remaining Loan Term (1)	5.2 Years
Number of Occupational Commercial Leases (2)	103
Number of Distinct Commercial Tenants (2)	32
Occupancy Rate by Area (3)	88.8%
Weighted Average Cut-Off Date ICR	1.3x
Weighted Average Cut-Off Date DSCR	1.3x
Weighted Average Time to Lease Expiry Date (2)	9.5 Years
Weighted Average Time to earlier of Lease Expiry Date or First Break (2)	8.1 Years

Notes:

1. Assuming the 3 year extension option on the Nextra Portfolio UK loan is not exercised.
2. Excludes Access Self Storage Portfolio loan leases, parking leases, licenses and leases paying a peppercorn rent.
3. Excludes Shield House of the Devonshire Square loan (a residential development property). Pool occupancy is 86.3 per cent. including Shield House.

Table 2 - Loan Pool Summary Table Securitised Loans

Loan Name	Loan Originator	Cut-Off Date Loan Balance (£ MM)	Percentage of Aggregate Cut-Off Date Loan Balance (€ MM)	No. of Properties	Principal Property Usage	Number of Occupational Leases	W.A. Time to Lease Expiry (years)	W.A. Time to Earlier of Lease Expiry or First Break (years)	Unexpired Loan Term (years) (1)	Rental Income (£MM)	All-In Rate (2)	Cut-Off Date ICR(3)	Cut-Off Date DSCR (3)	Market Valuation (£ MM)	Cut-Off Date LTV(4)	Occupancy by Area (5)	Cut-Off Date B-Loan Balance	Cut-Off Date B Loan ICR (3)	Cut-Off Date B Loan DSCR (3)
Devonshire Square	MSBIL	288.8	48.0%	12	Office	99	8.1	5.9	4.6	20.6	6.05%	1.2x	1.2 x	412.5	70.0%	92.1%	51.3	1.0 x	1.0 x
Access Self Storage Portfolio	MSBIL	158.4	26.3%	30	Self Storage	n/a	0.0	0.0	6.7	12.8	6.22%	1.3x	1.3 x	262.1	60.4%	71.7%	25.0	1.1x	1.1 x
Sanctuary Buildings	MSBIL	119.0	19.8%	1	Office	1	10.6	10.6	4.4	8.7	5.63%	1.3x	1.3 x	170.0	70.0%	100.0%	27.0	1.0 x	1.0 x
Nextra Portfolio UK	MSBIL	35.0	5.8%	3	Office	3	13.3	13.3	6.7	4.7	6.55%	2.1x	2.1 x	84.6	41.4%	100.0%	0.0	2.1 x	2.1 x
Total / Weighted Average		**601.2**	**100.0%**	**46**		**103**	**9.5**	**8.1**	**5.2**	**46.8**	**6.04%**	**1.3x**	**1.3 x**	**929.2**	**65.8%**	**88.8%**	**103.2**	**1.1 x**	**1.1 x**

Notes:

1. Assuming the 3 year extension option on the Nextra Portfolio UK Loan is not exercised.
2. Nextra Portfolio UK Loan is a floating rate loan and is required to be hedged if relevant swap rates reach a certain cap rate. ICR/DSCR figures assume the cap rate as the base rate.
3. The Devonshire Square Loan also benefits from a £5.7MM cash interest reserve to provide for interest shortfalls which has not been considered in this figure.
4. Exit LTV will be the same as the Cut-Off date LTV because there is no scheduled amortisation.
5. Excludes Shield House (a residential development property). Occupancy is 86.3 per cent. including Shield House area. Access Self Storage Portfolio occupancy was calculated based on the average monthly occupancy on a trailing 12 month basis to December 2006 per property weighted by area.

Table 3 - Top 15 Properties [1]

Rank	Building Name	Loan Name	Region	Market Valuation (£MM)	% of Market Valuation (£MM)	Area (Sq ft)	% of Total Area	Occupancy by area (%) [2]	No. of Occupational Leases	Rental Income	% of Rental Income (£MM)	ERV (£MM)	Large Tenant(s)	Weighted Average Unexpired Lease Term (years) [3]	Weighted Average of Earlier of Unexpired Lease Term of First Break Date (years) [3]
1	Sanctuary Buildings	Sanctuary Buildings	London	170.0	18.3%	227,100	8.5%	100.0%	1	8.67	18.5%	8.1	Secretary of State for the Environment	10.6	10.6
2	8 Devon. Square	Devonshire Square	London	91.8	9.9%	124,786	4.7%	100.0%	11	5.05	10.8%	5.4	AON Ltd	11.3	7.3
3	7 Devon. Square	Devonshire Square	London	58.0	6.2%	72,538	2.7%	100.0%	10	3.05	6.5%	3.1	Hammonds, AON Ltd	5.2	5.0
4	9 Devon. Square	Devonshire Square	London	53.3	5.7%	100,337	3.8%	73.0%	5	1.89	4.0%	3.7	Bache Financial Ltd	9.1	6.6
5	6 Devon. Square	Devonshire Square	London	51.3	5.5%	71,860	2.7%	87.4%	10	2.63	5.6%	3.1	AON Ltd, Standard Life Assurance	9.0	8.5
6	10 Devon. Square	Devonshire Square	London	51.0	5.5%	75,277	2.8%	98.5%	15	2.58	5.5%	2.9	AON Ltd	10.9	7.0
7	Rickmansworth	Nextra Portfolio UK	Hertfordshire	40.5	4.4%	93,719	3.5%	100.0%	1	2.30	4.9%	2.0	Skanska Construction UK Limited	16.1	16.1
8	East India House	Devonshire Square	London	26.3	2.8%	52,107	2.0%	99.7%	14	1.54	3.3%	1.8	AON Ltd, Tradition Financial Services Ltd	8.7	5.9
9	5 Devon. Square	Devonshire Square	London	24.0	2.6%	38,866	1.5%	80.5%	7	1.16	2.5%	1.6	Société Générale	3.3	1.2
10	Battersea	Access Self Storage Portfolio	London	23.8	2.6%	69,158	2.6%	87.7%	0	0.96	2.0%	1.0	Various	n/a	n/a
11	Maple Court	Nextra Portfolio UK	Watford	23.7	2.6%	71,029	2.7%	100.0%	1	1.35	2.9%	1.4	Stakis Ltd.	10.3	10.3
12	Hammersmith	Access Self Storage Portfolio	London	21.5	2.3%	49,610	1.9%	81.3%	0	0.87	1.9%	0.9	Various	n/a	n/a
13	Eagle Wharf	Access Self Storage Portfolio	London	21.4	2.3%	66,797	2.5%	79.2%	0	0.71	1.5%	0.7	Various	n/a	n/a
14	Austin Friars	Nextra Portfolio UK	London	20.4	2.2%	24,646	0.9%	100.0%	1	1.00	2.1%	0.9	Deutsche Bank London	11.1	11.1
15	11 Devonshire Square	Devonshire Square	London	18.0	1.9%	28,401	1.1%	100.0%	6	1.37	2.9%	1.2	AON Ltd	0.6	0.6
Total Top 15 Properties				**694.8**	**74.8%**	**1,166,231**	**43.7%**	**n/a**	**82**	**35.1**	**75.1%**	**37.7**		**9.6**	**8.3**
Other 31 Properties				**234.4**	**25.2%**	**1,502,726**	**56.3%**	**n/a**	**21**	**11.6**	**24.9%**	**12.7**		**5.2**	**2.9**
Total				**929.2**	**100.0%**	**2,668,957**	**100.0%**	**88.8%**	**103**	**46.8**	**100.0%**	**50.4**		**9.5**	**8.1**

Notes:
1. Top 15 properties are all freehold with the exception of East India House, which is held leasehold.
2. Excludes Shield House (a residential development property). Occupancy is 86.3% including Shield House area. Access Self Storage Portfolio occupancy was calculated based on the average monthly occupancy on a trailing 12 month basis to December 2006 per property weighted by area.
3. Excludes Access Self Storage Portfolio loan leases, open ended leases, licences and holdovers.

Table 4

Lease Expiry/Break Analysis

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)	Rental Income (£)	% of Rental Income	Cumulative Rental Income (%)	Sq ft Rolling	% of Sq ft Rolling	Cumulative Sq ft Rolling
-	Holdover	4	34,392	0.1%	0.1%	2,677	0.3%	0.3%
0	1	16	2,241,030	6.6%	6.7%	57,896	5.9%	6.2%
1	2	10	1,308,863	3.8%	10.5%	45,286	4.6%	10.8%
2	3	12	1,016,332	3.0%	13.5%	38,398	3.9%	14.7%
3	4	5	699,726	2.1%	15.6%	19,647	2.0%	16.7%
4	5	5	489,500	1.4%	17.0%	16,544	1.7%	18.4%
5	6	10	3,479,601	10.2%	27.2%	81,720	8.3%	26.8%
6	7	1	52,500	0.2%	27.4%	2,296	0.2%	27.0%
7	8	27	8,761,110	25.7%	53.1%	221,145	22.6%	49.6%
8	9	0	0	0.0%	53.1%	0	0.0%	49.6%
9	10	0	0	0.0%	53.1%	0	0.0%	49.6%
10	11	8	11,760,411	34.5%	87.6%	339,910	34.7%	84.3%
11	12	4	1,905,340	5.6%	93.2%	59,524	6.1%	90.4%
12	13	0	0	0.0%	93.2%	0	0.0%	90.4%
13	14	0	0	0.0%	93.2%	0	0.0%	90.4%
14	15	0	0	0.0%	93.2%	0	0.0%	90.4%
15 and above		1	2,300,000	6.8%	100.0%	93,719	9.6%	100.0%
Total Occupied Leases		**103**	**34,048,805**	**100.0%**	**100.0%**	**978,762**	**100.0%**	**100.0%**
Others[(1)]		N/A	12,732,760	n/a	n/a	1,161,570	n/a	n/a
Vacant Space		N/A	0	n/a	n/a	528,625	n/a	n/a
Total		103	46,781,566	100%	100%	2,668,957	100%	100%

Notes:

[(1)] Includes open ended leases, parking leases, leasehold payment and Access Self Storage Portfolio Rental Income/Area

Table 5

Property Type

Property Type	Number of Properties	Aggregate Market Valuation (£)	Percentage of Aggregate Market Valuation
Office	16	667,100,000	71.8%
Self Storage	30	262,100,000	28.2%
Total	**46**	**929,200,000**	**100.0%**

Table 6

Property Region

Region	Number of Properties	Aggregate Market Valuation (£)	Percentage of Aggregate Market Valuation
London	37	821,800,000	88.4%
Hertfordshire	1	40,500,000	4.4%
Watford	1	23,700,000	2.6%
Birmingham	3	14,700,000	1.6%
Manchester	1	9,100,000	1.0%
Coventry	1	7,500,000	0.8%
Nottingham	1	6,500,000	0.7%
Northampton	1	5,400,000	0.6%
Total	**46**	**929,200,000**	**100.0%**

Table 7

Top 15 Tenant Overview

Tenant Ranking	Tenant	Rating (S/M/F)[1]	Rental Income (£)	% Rental Income	Area (Sq ft)	% of Total Area	W.A. Time to Lease Expiry (years) [2]	W.A. Time to Earlier of Lease Expiry or First Break Date (years) [2]
1	AON Ltd [3]	BBB+ / Baa2 / BBB+	12,177,465	26.0%	299,830	11.2%	10.0	6.9
2	Secretary of State for the Environment	AAA / Aaa / AAA	8,671,221	18.5%	227,100	8.5%	10.6	10.6
3	Hammonds	n/a / n/a / n/a	3,479,601	7.4%	81,720	3.1%	5.1	5.1
4	Skanska Construction UK Limited	n/a / n/a / n/a	2,300,000	4.9%	93,719	3.5%	16.1	16.1
5	Stakis Ltd	BB / Ba2 / BBB-	1,354,130	2.9%	71,029	2.7%	10.3	10.3
6	Bache Financial Ltd	n/a / n/a / n/a	1,279,590	2.7%	45,066	1.7%	11.6	9.0
7	Deutsche Bank London	AA- / Aa3 / AA-	1,000,000	2.1%	24,646	0.9%	11.1	11.1
8	Standard Life Assurance Co. 2006	BBB+ / Baa1 / BBB+	639,726	1.4%	16,687	0.6%	4.0	4.0
9	Société Générale	AA / Aa3 / AA-	618,148	1.3%	19,233	0.7%	4.2	0.3
10	Chaucer Syndicates Ltd	n/a / n/a / n/a	521,900	1.1%	15,489	0.6%	1.6	1.6
11	AXA Rosenburg Inv Mgmt	n/a / n/a / n/a	489,500	1.0%	16,544	0.6%	9.1	4.1
12	Tradition Financial Services	n/a / n/a / n/a	455,690	1.0%	15,114	0.6%	2.3	2.3
13	Scottish Equitable Plc	A+ / A3 / AA-	331,550	0.7%	6,363	0.2%	1.3	1.3
14	Ace London Holdings	A- / Baa1 / A-	195,400	0.4%	4,824	0.2%	1.1	1.1
15	Entuity Ltd	n/a / n/a / n/a	105,892	0.2%	4,617	0.2%	2.3	2.3
	Top 15 Tenants		**33,619,813**	**71.9%**	**941,981**	**35.3%**	**9.5**	**8.2**
	Other Tenants		13,161,753	28.1%	1,726,976	64.7%	5.0	2.1
	Total		**46,781,566**	**100.0%**	**2,668,957**	**100.0%**	**9.5**	**8.1**

Notes:

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 the parent is obligor or guarantor under the lease.
2. Excludes Access Self Storage Portfolio loan leases, parking leases, open ended leases, licenses and holdovers.
3. Assumes that a £1.7MM per annum lease consistent with the terms agreed in an Agreement for Lease dated 29/09/2006 is signed by the Devonshire Square Borrower and AON Ltd.

LOANS AND RELATED PROPERTY SUMMARIES

Devonshire Square Securitised Loan

Loan Information	
Borrower Name	Cutlers Gardens L.P.
Sponsor	The Rockpoint Group
Purpose	Acquisition Finance
Origination Date	22 January, 2007
Maturity Date	20 October, 2011
Cut-Off Date Balance (£)	288,750,000
Securitised Loan Cut-Off Date LTV (1)	70.0%
Whole Loan Cut-Off Date LTV (1)	82.4%
Securitised Loan Amortisation	Interest Only
Securitised Loan Exit LTV (1)	70.0%
Whole Loan Exit LTV (1)	82.4%
Interest Rate Type	Fixed
Securitised Loan All-In Rate	6.05%
Whole Loan All-In Rate	6.30%
Interest Rate Calculation	Actual/365
Securitised Loan Cut-Off Date ICR (2)	1.2 x
Whole Loan Cut-Off Date ICR (2)	1.0 x
Securitised Loan Cut-Off Date DSCR (2)	1.2 x
Whole Loan Cut-Off Date DSCR (2)	1.0 x
Dividend Trap (ICR Test)	1.1 x
Interest Cover Covenant	1.0 x
Pledged Rent Account	Yes
Escrow Account (3)	10,518,825
Release Premium	Individual from 100% to 115%
A/B Loan Structure	Yes
B-Piece Balance	51,250,000

Property Information	
Property Type	Office
City	London
Number of Properties	12
Type of Property	Office
Market Valuation (£)	412,500,000
ERV (£)	25,186,710
ERV psf	38.9
Rental Income (£)(4)	20,610,906
Rental Income psf	31.8
Implied Initial Yield	5.0%
Tenure	11 Freehold & 1 Leasehold
Valuer	Savills
Date of Valuation	Nov 2006
Property Size (Sq ft)	647,407
Occupancy by Area(5)	92.1%
Weighted Average Time to Earlier of First Break or Lease Expiry(6)	5.9
Number of Tenants	28
Major Tenants	**% of Rental Income**
AON	59.1%
Hammonds	16.9%
Bache Financial Ltd	6.2%

Notes:

1. Devonshire Square LTV excludes pro-rata share of £20MM capex facility which ranks pari-passu with the whole loan and is undrawn at closing.
2. ICR/DSCR calculations take into account scheduled cash transfers from the Aon refurbishment reserve.
3. Comprises a £5.7MM interest reserve, a £0.65MM reserve to provide for a refurbishment period in 6 Devonshire Square, a £2.2MM reserve to provide for an Aon rent free period in 6 Devonshire Square, a £1.0MM reserve to contribute to a Bache Financial rent-free period in 9 Devonshire Square and a £1.0MM operating expenses reserve to provide for vacancy and service charge shortfall costs in the estate.
4. Includes scheduled cash transfers from the £650,000 6 Devonshire Square refurbishment reserve, which was cash collateralised on closing.
5. Excludes Shield House (a residential development property). Occupancy is 86.9 per cent. including Shield House area.
6. Excludes open ended leases, licenses and holdovers. Also assumes that a £1.7MM per annum lease consistent with the terms agreed in an Agreement for Lease dated 29/09/2006 is signed by the Devonshire Square Borrower and AON Ltd.

The loan

The £340,000,000 loan secured by the Devonshire Square Property was used to finance the acquisition of the economic interest in the Devonshire Square Property by the current sponsor and the refinancing of existing indebtedness secured on the same (the "**Devonshire Square Whole Loan**"). This loan has been tranched, with the Senior Tranche as of the Cut-Off Date having an outstanding principal balance of £288,750,000 (the "**Devonshire Square Securitised Loan**"). There is additionally a separate capital expenditure facility of £20,000,000 which is to be syndicated by the Originator and which will rank *pari passu* with the Whole Loan. For the avoidance of doubt there is no obligation on the Issuer to fund this separate capital expenditure facility.

The Devonshire Square Securitised Loan represents a 70.0 per cent LTV Ratio at the first Loan Payment Date. The Devonshire Square Securitised Loan position at maturity has a 70.0 per cent LTV Ratio and does not amortise during its term.

Pursuant to the Devonshire Intercreditor Agreement, any principal repayments made by the relevant Borrower prior to the final maturity date of the Devonshire Square Whole Loan will be applied *pro rata* between the Lenders.

The Borrowers

The Borrowers under the Devonshire Square Whole Loan are CG Cutlers Gardens Limited Partnership and CG Shield House Limited Partnership (the "**Devonshire Square Borrowers**"). See "Appendix 1 – The Borrowers – Part 2 – The Devonshire Square Borrower", page 234 below for further information.

The Property

The Devonshire Square Property is located in London EC2. The majority is held freehold but the part known as East India House, 109/111 Middlesex Street is held under the terms of a lease for 250 years expiring on 23rd June 2237 at an annual rent comprising the aggregate of a guaranteed minimum amount and 16 per cent. of the "receivable rent" for each year. The amount of rent for the year ended 23rd June, 2006 is estimated at approximately £190,000 – this will rise or fall in line with increases or decreases in the level of rental income derived from the Devonshire Square Property for subsequent years.

The greater part of the Property is held by CG Cutlers Gardens (Jersey) Limited and CG Cutlers Gardens (Jersey) 2 Limited but the part known as Shield House is held by CG Shield House (Jersey) Limited and CG Shield House (Jersey) 2 Limited, in each case on trust for one or other of the partnerships comprising the Devonshire Square Borrower. Parts of the Property are undergoing, or are expected shortly to undergo, refurbishment works (see below).

Tenancies

The Devonshire Square Property is subject to approximately 100 occupational leases (and a number of other licences for car parking or installation of telecommunications equipment).

One tenant, Aon Limited ("**AON**"), holds leases which account for approximately 59.1 per cent. of the entire rental income attributable to the Property. On 29th September, 2006 AON entered into an agreement whereby, subject to the completion of a programme of agreed works (and the surrender of AON's existing leases of these premises), AON will take a new lease (to be guaranteed by AON UK Limited and AON Corporation) of the areas comprising 1st, 3rd, 4th, 6th and 7th floors, together with certain basement storage areas, at 6 Devonshire Square (the 5th floor is to be substituted for the 1st floor if, by 1st April, 2007, vacant possession of the 5th Floor can be obtained from the current occupiers) for a term expiring on the 24th June, 2018 at the annual rent of £1,735,060 or (if the 5th floor is included in place of the 1st Floor) £1,737,822.50. There is an initial 15 month rent-free period, but the Devonshire Square Borrower must also reimburse the costs of certain works up to a maximum of £668,850 plus VAT. Either party can determine the agreement if the refurbishment works have not been completed by the 31st December, 2007 (or in the case of AON, the 29th September, 2007).

All of the occupational leases require the landlord's consent (not to be unreasonably withheld) for any assignment, oblige each tenant to repair its own premises and (with the exception of the part known as Shield House, which is let as a self-contained unit) to pay a service charge towards insurance costs and the costs of supplying services to the common parts of the Property. A number of the occupational leases (although the new occupational lease to be granted to Aon Limited pursuant to the agreement mentioned above only contains a provision entitling the tenant to determine the Lease after 10 years although the contractual terms expires on 24th June, 2018) contain provisions entitling the tenant to determine the lease prior to expiry of the contractual term.

Other than Shield House which is elected for VAT purposes, the remainder of the Property is not currently elected for VAT purposes and many of the occupational leases contain provisions preventing the landlord from so electing, unless required to do so as a result of a change in law.

The following table shows scheduled lease expiration for the Property financed by the Devonshire Square Whole Loan:

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)	Rental Income (£)	% of Rental Income	Cumulative Rental Income (%)	Sq ft Rolling	% of Sq ft Rolling	Cumulative Sq ft Rolling
-	Holdover	4	34,392	0.2%	0.2%	2,677	0.5%	0.5%
0	1	16	2,241,030	10.8%	11.0%	57,896	10.3%	10.8%
1	2	10	1,308,863	6.3%	17.3%	45,286	8.1%	18.8%
2	3	12	1,016,332	4.9%	22.2%	38,398	6.8%	25.7%
3	4	5	699,726	3.4%	25.6%	19,647	3.5%	29.2%
4	5	5	489,500	2.4%	27.9%	16,544	2.9%	32.1%
5	6	10	3,479,601	16.8%	44.7%	81,720	14.5%	46.6%
6	7	1	52,500	0.3%	45.0%	2,296	0.4%	47.0%
7	8	27	8,761,110	42.3%	87.3%	221,145	39.3%	86.4%
8	9	0	0	0.0%	87.3%	0	0.0%	86.4%
9	10	0	0	0.0%	87.3%	0	0.0%	86.4%
10	11	6	1,735,060	8.4%	95.6%	41,781	7.4%	93.8%
11	12	3	905,340	4.4%	100.0%	34,878	6.2%	100.0%
12 and above		0	0	0.0%	100.0%	0	0.0%	100.0%
Total Occupational Leases		**99**	**20,723,454**	**100.0%**	**100.0%**	**562,268**	**100.0%**	**100.0%**
Others[(1)]		n/a	(112,548)	n/a	n/a	627	n/a	n/a
Vacant Space		n/a	0	n/a	n/a	84,512	n/a	n/a
Total		**99**	**20,610,906**	**100%**	**100%**	**647,407**	**100%**	**100%**

Notes:

1. Includes open ended leases, parking leases, leasehold payment and licenses.

The following table shows details of each Property financed by the Devonshire Square Whole Loan:

Property Rank	Building Name	Region	Market Valuation (£MM)	% of Market Valuation	Area (Sq ft)	% of Total Area	Occupancy by Area (%)	No. of Occupational Leases	Rental Income (£)[1]	% Rental Income (£)	ERV (£)	Primary Tenant	Weighted Average Unexpired Lease Term (years)[2,3]	Weighted Average of Earlier of Unexpired Lease Term or First Break Date (years)[2,3]
1	8 Devon. Square	London	91.8	22.2%	124,786	19.3%	100.0%	11	5,054,491	24.5%	5,434,000	AON Ltd	11.3	7.3
2	7 Devon. Square	London	58.0	14.1%	72,538	11.2%	100.0%	10	3,045,188	14.8%	3,082,500	Hammonds, AON Ltd	5.2	5.0
3	9 Devon. Square	London	53.3	12.9%	100,337	15.5%	73.0%	5	1,888,990	9.2%	3,747,500	Bache Financial Ltd	9.1	6.6
4	6 Devon. Square	London	51.3	12.4%	71,860	11.1%	87.4%	10	2,629,856	12.8%	3,065,500	AON Ltd, Standard Life Assurance Co. 2006	9.0	8.5
5	10 Devon. Square	London	51.0	12.4%	75,277	11.6%	98.5%	15	2,580,913	12.5%	2,863,000	AON Ltd	10.9	7.0
6	East India House	London	26.3	6.4%	52,107	8.0%	99.7%	14	1,537,197	7.5%	1,784,000	AON Ltd, Traditional Financial Services	8.7	5.9
7	5 Devon. Square	London	24.0	5.8%	38,866	6.0%	80.5%	7	1,159,341	5.6%	1,606,000	Société Générale	3.3	1.2
8	11 Devon. Square	London	18.0	4.4%	28,401	4.4%	100.0%	6	1,371,715	6.7%	1,246,500	AON Limited	0.6	0.6
9	9a Devon Sq. & Benegal Wing	London	15.8	3.8%	38,021	5.9%	91.2%	11	1,009,160	4.9%	1,380,000	AON Ltd, AXA Rosenburg Inv Mgmt Ltd	5.0	2.6
10	Shield House	London	9.0	2.2%	36,225	5.6%	0.0%	-	-	0.0%	285,000	n/a	n/a	n/a
11	4 Devon. Sq	London	5.0	1.2%	2,953	0.5%	100.0%	5	36,000	0.2%	92,560	Alexander Howden Holdings Ltd	2.3	2.3
12	3/3a Devon. Square	London	2.3	0.5%	6,035	0.9%	100.0%	5	117,805	0.6%	147,900	Standard Life Assurance Co. 2006	1.6	1.3
Total Properties			**405.5**	**98.3%**	**647,406**	**100.0%**	**92.1%[4]**	**99**	**20,430,655**	**99.1%**	**24,734,460**		**8.1**	**5.9**
n/a	Car Parking	London	6.8	1.6%	n/a	n/a	n/a	n/a	166,001	0.8%	438,000		11.3	7.3
n/a	Licenses	London	0.3	0.1%	n/a	n/a	n/a	n/a	14,250	0.1%	14,250		n/a	n/a
Total			**412.5**	**100.0%**	**647,406**	**100.0%**	**92.1%[4]**	**99**	**20,610,906**	**100.0%**	**25,186,710**		**8.1**	**5.9**

Notes:
1. Includes scheduled cash transfers from the £650,000 6 Devonshire Square refurbishment reserve.
2. Excludes open ended leases, licences and holdovers.
3. Assumes that a £1.7MM per annum lease consistent with the terms agreed in an Agreement for Lease dated 29/09/2006 is signed by the Devonshire Square Borrower and AON Ltd.
4. Excludes Shield House (a residential development property). Pool occupancy is 86.9 per cent. including Shield House area.

The following table shows details of the tenants of each Property financed by the Devonshire Square Whole Loan:

Tenant Ranking	Tenant	Rating (S/M/F) [1]	Rental Income (£)	% Rental Income	Area (Sq ft)	% of Total Area	Weighted Average Time to Lease Expiry (years) [2,3]	Weighted Average Time to Earlier of Lease Expiry or First Break Date (years) [2,3]
1	AON Ltd[4]	BBB+ / Baa2 / BBB+	12,177,465	59.1%	299,830	46.3%	10.0	6.9
2	Hammonds	n/a / n/a / n/a	3,479,601	16.9%	81,720	12.6%	5.1	5.1
3	Bache Financial Ltd	n/a / n/a / n/a	1,279,590	6.2%	45,066	7.0%	11.6	9.0
4	Standard Life Assurance Co. 2006	BBB+ / Baa1 / BBB+	639,726	3.1%	16,687	2.6%	4.0	4.0
5	Société Générale	AA / Aa3 / AA-	618,148	3.0%	19,233	3.0%	4.2	0.3
6	Chaucer Syndicates Ltd	n/a / n/a / n/a	521,900	2.5%	15,489	2.4%	1.6	1.6
7	AXA Rosenburg Inv Mgmt	n/a / n/a / n/a	489,500	2.4%	16,544	2.6%	9.1	4.1
8	Tradition Financial Services	n/a / n/a / n/a	455,690	2.2%	15,114	2.3%	2.3	2.3
9	Scottish Equitable Plc	A+ / A3 / AA-	331,550	1.6%	6,363	1.0%	1.3	1.3
10	Ace London Holdings	A- / Baa1 / A-	195,400	0.9%	4,824	0.7%	1.1	1.1
Top 10 Tenants			**20,188,570**	**98.0%**	**520,870**	**80.5%**	**8.2**	**6.0**
Other Tenants/Vacant			422,337	2.0%	126,537	19.5%	4.6	2.2
Total			**20,610,906**	**100.0%**	**647,407**	**100.0%**	**8.1**	**5.9**

Notes:

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 the parent is obligor or guarantor under the lease.
2. Excludes open ended leases, licences and holdovers.
3. Assumes that a £1.7MM per annum lease consistent with the terms agreed in an Agreement for Lease dated 29/09/2006 is signed by the Devonshire Square Borrower and AON Ltd.
4. Includes scheduled cash transfers from the £650,000 6 Devonshire Square refurbishment reserve.

Access Self Storage Securitised Loan

Loan Information	
Borrower Name	The Birchal Limited Partnership
Sponsor	Precis Properties Ltd.
Purpose	Refinancing
Origination Date	19 January, 2007
Maturity Date	20 October 2013
Cut-Off Date Balance (£)	158,400,000
Securitised Loan Cut-Off Date LTV	60.4%
Whole Loan Cut-Off Date LTV	70.0%
Securitised Loan Amortisation	Interest Only
Securitised Loan Exit LTV	60.4%
Whole Loan Exit LTV	70.0%
Interest Rate Type	Fixed
Securitised Loan All-In Rate	6.22%
Whole Loan All-In Rate	6.50%
Interest Rate Calculation	Actual/365
Securitised Loan Cut-Off Date ICR(1)	1.3 x
Whole Loan Cut-Off Date ICR(1)	1.1 x
Securitised Loan Cut-Off Date DSCR(1)	1.3 x
Whole Loan Cut-Off Date DSCR(1)	1.1 x
Dividend Trap (ICR Test)	105% until 20th Jan 2008, 110% until 20th Jan 2009 and 115% thereafter
Interest Cover Covenant	102% until 20th Jan 2008, 105% until 20th Jan 2009 and 110% thereafter
Pledged Rent Account	Yes
Escrow Account(2)	2,767,640
Release Premium	115.0%
A/B Loan Structure	Yes
B-Piece Balance	25,000,000

Property Information	
Property Type	Self Storage
City	Various
Number of Properties	30
Type of Property	Self-Storage
Market Valuation (£)	262,100,000
ERV (£)	n/a
Rental Income (£)(3)	12,845,308
Implied Initial Yield	4.90%
Tenure	24 Freehold & 6 Leasehold
Valuer	Drivers Jonas
Date of Valuation	Feb 2007
Property Size (Sq ft)	1,605,056
Occupancy by Area(4)	71.7%
Weighted Average Time to Earlier of First Break or Lease Expiry	n/a
Number of Tenants	n/a

Notes:

1. Calculated utilising trailing 12-month NOI to December 31, 2006.
2. One quarter of interest to provide for any debt service shortfalls. Required to be replenished to original size if utilised.
3. Calculated utilising trailing 12-month NOI to December 31, 2006.
4. Access Self Storage Portfolio occupancy was calculated based on the average monthly occupancy on a trailing 12 month basis to December 2006 per property weighted by area.

The loan

The £183,400,000 loan (the "**Access Self Storage Whole Loan**") was used to refinance the Access Self Storage Properties. This loan has been tranched before the Closing Date, with the Senior Tranche having an outstanding principal balance of £158,400,000 (the "**Access Self Storage Securitised Loan**").

The Access Self Storage Securitised Loan represents a 60.4 per cent LTV Ratio at the first Loan Payment Date. The Access Self Storage Securitised Loan position at maturity has a 60.4 per cent LTV Ratio and does not amortise during its term.

The Borrower

The Borrower under the Access Self Storage Whole Loan is Birchal Limited Partnership (the "**Access Self Storage Borrower**") (registered number LP11721) registered in England and Wales as a limited partnership under the Limited Partnership Act 1907 and whose principal office in England and Wales is at

93 Park Lane, London W1 7TD. The ultimate beneficiaries of the Access Self Storage Borrower are Precis Properties Ltd, the UK operation of the Canadian Company Larcos Investments Ltd.

The Property

Twenty-three of the thirty assets are located in Greater London within the boundary of the M25 Motorway. The remaining seven assets are located in and around other major regional cities including Birmingham, Manchester and Nottingham. The majority of the properties are freehold.

Property Ownership Structure

The freehold or principal leasehold interest in all of the Access Self Storage Properties is vested in two nominee companies, namely Birchal Limited and Birchal Nominee Limited as trustees for and on behalf of the Access Self Storage Borrower, with the exception of five such Properties which are leasehold and where the necessary landlord's licence to assign has not yet been obtained (see "*Risk Factors – Access Self Storage Properties – Leasehold Properties*" – page 51 above for further information in such regard).

Each Property is further let to the Access Self Storage Operator under the terms of (operating) leases expiring on dates between 29th September, 2014 and 28th January, 2025 at an annual rent. The other principal terms and conditions of such leases are as follows:

(a) rent payable monthly in advance;

(b) upwards only rent reviews every 2 years;

(c) tenant responsible for maintenance and repair;

(d) tenant prohibited from assignment or underletting;

(e) structured/external alterations prohibited; and

(f) use only as offices/business/storage purposes.

Occupational Leases/Licences

Each of the Properties is subject to occupational lease or licence arrangements entered into by the Access Self Storage Operator with individual (third party) users. The terms of these, and rental income or licence fees receivable, vary depending upon the size of the units and it should be noted that the majority of these agreements are terminable upon short (7 days) notice.

The principal terms of the standard form letting agreement granted to individual users/occupiers are as follows:

- rent, inclusive of rates/outgoings, payable monthly in advance;
- landlord can increase rent on 3 months notice;
- lease terminable by either party on one months notice;
- tenant responsible for maintenance and repairs;
- tenant contributes proportionately to cost of insurance;
- alienation by tenant prohibited;
- premises can only be used for business purposes; and
- tenant waives statutory security of tenure.

The principal terms and conditions of the standard form licence agreement (used for individual storage units) are as follows:

- customer may only use unit during specified store opening hours;
- agreement terminable on 7 days notice;
- licence fee payable monthly/weekly in advance; and
- customer responsible for insurance of goods stand.

Income received from the individual users is received by the Access Self Storage Operator and paid into a designated "Store" Account for each Property. On a weekly basis, the Access Self Storage Operator must transfer all income standing to the credit of each Store Account (less a float of £2,500 per property) to a "Collection" Account and, on a monthly basis, an amount equal to one twelfth of the aggregate of the annual rents payable pursuant to the Operating Leases is transferred from this Collection Account into the Access Self Storage Loan Debt Service Account. For a more detailed description of the function and purpose of the various bank accounts opened in connection with the Access Self Storage Whole Loan (and for further details of payments into and out of each such account, see "*The Structure of the Accounts – The Borrower Accounts – Rent Accounts*" and "*The Structure of the Accounts - Other Accounts - Access Self Storage Whole Loan*" at pages 94 and 97 above).

Hornsey Property

One of the Access Self Storage Properties, namely that located at 1-5 Cranford Way Industrial Estate, Hornsey, London, N8 9DG is held under the terms of three leases in respect of one of which there is currently a dispute with the landlord as to the amount of annual rent payable. This arises out of a rent review in October 2005 and the Access Self Storage Borrower is disputing the landlord's right to charge the level of increased rent claimed. The Issuer has been informed that the Access Self Storage Borrower is currently paying rent at a level less than that demanded by the landlord, who is in the process of instituting proceedings for the forfeiture of the lease of this Property following the tenant's refusal to pay the full increased rent demanded. See "*Risk Factors – Access Self Storage Properties – Hornsey Property*" at page 52 above for further information regarding this.

The Access Self Storage Borrower has deposited the sum of £147,500 (which equates approximately to two years' of the disputed amount of net rent) into a separate "Hornsey Reserve Account" charged to the Loan Security Trustee which can be utilised if necessary to pay to the landlord of this Property in order to obtain relief from any forfeiture action successfully taken by such landlord arising out of this dispute (for further information relating to the operation of this account see "*The Structure of the Accounts – Other Accounts - Access Self Storage Whole Loan – Hornsey Reserve Account*" at page 98 above).

The following table shows information in respect of each Property financed by the Access Self Storage Whole Loan:

Property Rank	Building Name	Region	Market Valuation (£MM)	% of Market Valuation	Area (Sq ft)	% of Total Area	Occupancy by Area (%)	Rental Income (£) [(1)]	% Rental Income (£)
1	Battersea	London	23.8	9.1%	69,158	4.3%	87.7%	958,370	7.5%
2	Hammersmith	London	21.5	8.2%	49,610	3.1%	81.3%	868,245	6.8%
3	Eagle Wharf	London	21.4	8.2%	66,797	4.2%	79.2%	711,953	5.5%
4	Kings Cross	London	14.5	5.5%	58,476	3.6%	74.2%	921,478	7.2%
5	Alperton	London	12.7	4.8%	107,833	6.7%	56.8%	254,926	2.0%
6	Wembley	London	12.6	4.8%	114,803	7.2%	65.6%	454,531	3.5%
7	Twickenham	London	11.9	4.5%	59,737	3.7%	76.5%	1,092,975	8.5%
8	Neasden	London	9.7	3.7%	63,111	3.9%	75.2%	438,619	3.4%
9	Manchester	Manchester	9.1	3.5%	63,891	4.0%	84.8%	536,095	4.2%
10	Acton	London	8.8	3.4%	49,630	3.1%	71.0%	528,962	4.1%
11	Fulham	London	8.2	3.1%	17,887	1.1%	90.3%	521,904	4.1%
12	Cricklewood	London	7.9	3.0%	46,673	2.9%	80.7%	351,954	2.7%
13	Coventry	Coventry	7.5	2.9%	68,316	4.3%	54.7%	275,519	2.1%
14	Heathrow	London	7.0	2.7%	46,342	2.9%	72.5%	377,047	2.9%
15	Romford	London	6.9	2.6%	56,222	3.5%	63.0%	249,166	1.9%
16	Sutton	London	6.8	2.6%	40,006	2.5%	67.8%	376,664	2.9%
17	Nottingham	Nottingham	6.5	2.5%	54,725	3.4%	68.1%	291,718	2.3%
18	Selly Oak	Birmingham	6.2	2.4%	60,007	3.7%	72.5%	388,972	3.0%
19	West Norwood	London	5.8	2.2%	42,857	2.7%	66.2%	350,877	2.7%
20	Ealing	London	5.7	2.2%	27,436	1.7%	77.0%	327,088	2.5%
21	Hornsey	London	5.6	2.1%	72,311	4.5%	74.0%	299,478	2.3%
22	Northampton	Northampton	5.4	2.1%	40,107	2.5%	70.1%	207,468	1.6%
23	Croydon	London	5.2	2.0%	32,374	2.0%	59.2%	244,906	1.9%
24	Willow Walk	London	5.1	1.9%	55,601	3.5%	73.3%	285,175	2.2%
25	Clapham Park	London	4.7	1.8%	18,201	1.1%	87.1%	321,574	2.5%
26	Woolwich	London	4.7	1.8%	50,136	3.1%	63.4%	276,760	2.2%
27	Barking	London	4.6	1.8%	37,624	2.3%	73.8%	244,830	1.9%

Property Rank	Building Name	Region	Market Valuation (£MM)	% of Market Valuation	Area (Sq ft)	% of Total Area	Occupancy by Area (%)	Rental Income (£) [1]	% Rental Income (£)
28	Birmingham	Birmingham	4.6	1.8%	58,149	3.6%	76.7%	327,240	2.5%
29	Erdington	Birmingham	3.9	1.5%	47,728	3.0%	77.1%	187,463	1.5%
30	Isleworth	London	3.8	1.4%	29,308	1.8%	70.5%	173,352	1.3%
Total			**262.1**	**100.0%**	**1,605,056**	**100.0%**	**71.7%[2]**	**12,845,308**	**100.0%**

Notes:

1. Calculated utilising trailing 12-months NOI to 31 December, 2006.
2. Access Self Storage Portfolio occupancy was calculated based on the average monthly occupancy on a trailing 12-month basis to December 2006 per property weighted by area.

Sanctuary Buildings Securitised Loan

Loan Information	
Borrower Name	Redicent Limited
Sponsor	High net worth private investors
Purpose	Acquisition Finance
Origination Date	31 August 2006
Maturity Date	20 July 2011
Cut-Off Date Balance (£)	119,000,000
Securitised Loan Cut-Off Date LTV	70.0%
Whole Loan Cut-Off Date LTV	85.9%
Securitised Loan Amortisation	Interest Only
Securitised Loan Exit LTV	70.0%
Whole Loan Exit LTV(1)	85.4%
Interest Rate Type	Fixed
Securitised Loan All-In Rate	5.63%
Whole Loan All-In Rate	5.84%
Interest Rate Calculation	Actual/365
Securitised Loan Cut-Off Date ICR	1.3 x
Whole Loan Cut-Off Date ICR	1.0 x
Securitised Loan Cut-Off Date DSCR	1.3 x
Whole Loan Cut-Off Date DSCR	1.0 x
Dividend Trap (ICR Test)	1.0 x
Interest Cover Covenant	1.0 x
Pledged Rent Account	Yes
Escrow Account	-
Release Premium	n/a
A/B Loan Structure	Yes
B-Piece Balance	26,993,479

Property Information	
Property Type	Office
City	London
Number of Properties	1
Type of Property	Office
Market Valuation (£)	170,000,000
ERV (£)	8,147,123
ERV psf	35.9
Rental Income (£)	8,671,221
Implied Initial Yield	5.10%
Tenure	Freehold
Valuer	Savills
Date of Valuation	Aug 2006
Property Size (Sq ft)	227,100
Occupancy by Area	100.0%
Weighted Average Time to Earlier of First Break or Lease Expiry	10.6
Number of Tenants	1
Tenant	**% of Rental Income**
Secretary of State for the Environment	100.0%

Notes:

1. Takes into consideration expected cash sweep amortisation on the loan throughout the loan term.

The loan

The £146,200,000 loan (the "**Sanctuary Buildings Whole Loan**") was used to finance the acquisition of the Sanctuary Buildings Property. The loan has been tranched before the Closing Date, with the Senior Tranche having an outstanding principal balance of £119,000,000 (the "**Sanctuary Buildings Securitised Loan**").

The Borrower

The Borrower under the Sanctuary Buildings Loan (the "**Sanctuary Buildings Borrower**") is Redicent Limited, a company incorporated in Cyprus. Its registered office is located at Grigori Afxentiou 8, EL.PA Livadioti Building, 4th Floor, Flat/Office 401, P.C. 6023, Larnaca, Cyprus.

The Sanctuary Buildings Borrower is a newly established special purpose vehicle ultimately owned by high net worth individuals based in Ireland.

See Appendix 1 – The Borrowers – Part 3 – The Sanctuary Buildings Borrower on page 297 below.

The Property

The Sanctuary Buildings Property is located in the Greater London Borough of Westminster close to the Houses of Parliament and other of the United Kingdom's central government offices. The property comprises modern office accommodation behind a returned listed façade dating from the 1900s. The building was completely reconstructed in 1991. It is held freehold.

Tenancy

The Property is subject to a lease expiring on 28th September, 2017 at the current annual rent of £8,671,221, subject to review (upwards only) on 25th December, 2007, 25th December, 2011 and 25th December, 2015. There are no provisions for either landlord or tenant to determine prior to the end of the contractual term.

The tenant under the lease is fully responsible for the repair and insurance of the premises although, for so long as the lease is held by a UK Government entity, the tenant is not obliged to insure.

Landlord's consent to assignment is not required if the assignee is also a UK Government entity, otherwise an assignment requires the landlord's prior written consent (not to be unreasonably withheld).

The following table shows scheduled lease expiration for the Property financed by the Sanctuary Buildings Whole Loan:

From (Years From Cut-Off Date)	To (Years From Cut-Off Date)	Number of Occupational Commercial Leases which Expire (to earlier of break or expiry date)	Rental Income (£)	% of Rental Income	Cumulative Rental Income (%)	Sqm Rolling	% of Sqm Rolling	Cumulative Sqm Rolling
-	Holdover	0	0	0.0%	0.0%	0	0.0%	0.0%
0	1	0	0	0.0%	0.0%	0	0.0%	0.0%
1	2	0	0	0.0%	0.0%	0	0.0%	0.0%
2	3	0	0	0.0%	0.0%	0	0.0%	0.0%
3	4	0	0	0.0%	0.0%	0	0.0%	0.0%
4	5	0	0	0.0%	0.0%	0	0.0%	0.0%
5	6	0	0	0.0%	0.0%	0	0.0%	0.0%
6	7	0	0	0.0%	0.0%	0	0.0%	0.0%
7	8	0	0	0.0%	0.0%	0	0.0%	0.0%
8	9	0	0	0.0%	0.0%	0	0.0%	0.0%
9	10	0	0	0.0%	0.0%	0	0.0%	0.0%
10	11	1	8,671,221	100.0%	100.0%	227,100	100.0%	100.0%
11 and above		0	0	0.0%	100.0%	0	0.0%	100.0%
Total Occupied Leases		**1**	**8,671,221**	**100.0%**	**100.0%**	**227,100**	**100.0%**	**100.0%**

Nextra Portfolio UK Loan

Loan Information	
Borrower Name	I.E Jersey Property Co. No. 1 Limited
Sponsor	Caam Sgr
Purpose	Refinancing /Acquisition
Origination Date	26 January, 2007
Maturity Date	20 October, 2013
Cut-Off Date Balance (£)	35,000,000
Securitised Loan Cut-Off Date LTV	41.4%
Whole Loan Cut-Off Date LTV	41.4%
Securitised Loan Amortisation	Interest Only
Securitised Loan Exit LTV	41.4%
Whole Loan Exit LTV	41.4%
Interest Rate Type [(1)]	Floating
Securitised Loan All-In Rate[(1)]	6.55%
Whole Loan All-In Rate[(1)]	6.55%
Interest Rate Calculation	Actual/365
Securitised Loan Cut-Off Date ICR[(1)]	2.1 x
Whole Loan Cut-Off Date ICR [(1)]	2.1 x
Securitised Loan Cut-Off Date DSCR[(1)]	2.1 x
Whole Loan Cut-Off Date DSCR [(1)]	2.1 x
Dividend Trap (ICR Test)	1.3 x
Interest Cover Covenant	1.1 x
Pledged Rent Account	Yes
Escrow Account	-
Release Premium	105.0%
A/B Loan Structure	No
B-Piece Balance	-

Portfolio Information	
Property Type	Office
City	Various in London / Greater London
Number of Properties	3
Type of Property	Office
Market Valuation (£)	84,600,000
ERV (£)	4,201,630
ERV psf	22.2
Rental Income (£)[(1)]	4,654,130
Implied Initial Yield	5.50%
Tenure	3 Freehold
Valuer	CBRE, Jones Lang LaSalle, Knight Frank
Date of Valuation	Dec 2006
Property Size (Sq ft)	189,394
Occupancy by Area	100.0%
Weighted Average Time to Earlier of First Break or Lease Expiry	13.3
Number of Tenants	3
Tenants	**% of Rental Income**
Skanska Construction UK Limited	49.4%
Stakis Ltd	29.1%
Deutsche Bank London	21.5%

Notes:

1. Nextra Portfolio UK is a floating rate loan and is required to be hedged if relevant swap rates reach a certain cap rate. ICR/DSCR figures assume the cap rate as the base rate.

The loan

The £35,000,000 loan (the "**Nextra Portfolio UK Loan**") was used to finance the acquisition of three separate properties namely (a) 15 and 18, Austin Friars, London EC2 (the "**Austin Friars Property**"), (b) Zammat House, Denham Way, Maple Cross, Rickmansworth, Hertfordshire (the "**Rickmansworth Property**"), and (c) Maple Court, Reeds Crescent, Central Park, Watford, Hertfordshire (the "**Watford Property**"). The Austin Friars Property, Rickmansworth Property and Watford Property are together referred to as the "**Nextra Portfolio UK Properties**" and each separately as "**Nextra Portfolio UK Property**".

The Borrower

The Borrower under the Nextra Portfolio UK Loan is I.E. Jersey Property Co. No.1 Limited, a company incorporated in Jersey (the "**Nextra Portfolio UK Borrower**"). Its registered office is located at 22 Grenville Street, St. Helier, Jersey JE4 8PX.

The Nextra Portfolio UK Borrower is a 100 per cent. subsidiary of Nextra Europa Immobiliare, an existing closed ended fund regulated by the Bank of Italy.

Tenancy

Austin Friars

This Property is freehold and currently vested in the Nextra Portfolio UK Borrower. It is subject to an occupational lease for a term expiring 25th March, 2018 in favour of Deutsche Bank AG at the current annual rent of £1,000,000, subject to review (upwards only) on the 30th October, 2010 and 30th October, 2015.

Maple Court, Watford

This Property is freehold and currently vested in the Nextra Portfolio UK Borrower. It is currently subject to a lease in favour of Stakis Limited at the current annual rent of £1,470,000, however following the exercise of a break clause by the tenant the term of this lease will expire on 24th June, 2007. The tenant has, however, entered into a new lease for a term expiring on 24th June, 2017 at the initial annual rent of £1,354,130, subject to review (upwards only) on 24th June, 2012. The rent under this lease will not however become payable by the tenant until 24th June, 2009.

Under the terms of the contract for the purchase of this Property, the seller of the Property (Standard Life Investment Funds Limited) has agreed to pay to the Nextra Portfolio UK Borrower an amount equivalent to the rent the rate of £1,354,130 per annum until the 24th June, 2009. The obligations of the seller are, however, suspended if the tenant becomes insolvent.

Rickmansworth

This Property is freehold and currently vested in the Wickwood Limited and Micwood Limited (both companies with limited liability incorporated in Jersey), who hold the property as trustees on behalf of the Zammat Unit Trust (a unit trust constituted under the laws of Guernsey). 99 per cent. of the units in this unit trust are owned by the Nextra Portfolio UK Borrower, the remaining 1 per cent. are owned by a sister company, I.E. Jersey Finance Co. No.2 GBP Limited (a limited liability company incorporated in Jersey).

The Property is subject to an occupational lease for a term expiring on 7th April, 2023 in favour of Skanska Construction UK Limited at the current annual rent of £2,300,000, subject to (upwards only) reviews on the 8th April, 2008, 8th April, 2013 and 8th April, 2018.

The following table shows scheduled lease expiration for the Properties financed by the Nextra Portfolio UK Loan:

From (Years From Cut-Off Date)	To (Years From Cut-Off Date)	Number of Occupational Commercial Leases which Expire (to earlier of break or expiry date)	Rental Income (£)	% of Rental Income [(1)]	Cumulative Rental Income (%)	Sq ft Rolling	% of Sq ft Rolling	Cumulative Sq ft Rolling
-	Holdover	0	0	0.0%	0.0%	0	0.0%	0.0%
0	1	0	0	0.0%	0.0%	0	0.0%	0.0%
1	2	0	0	0.0%	0.0%	0	0.0%	0.0%
2	3	0	0	0.0%	0.0%	0	0.0%	0.0%
3	4	0	0	0.0%	0.0%	0	0.0%	0.0%
4	5	0	0	0.0%	0.0%	0	0.0%	0.0%
5	6	0	0	0.0%	0.0%	0	0.0%	0.0%
6	7	0	0	0.0%	0.0%	0	0.0%	0.0%
7	8	0	0	0.0%	0.0%	0	0.0%	0.0%
8	9	0	0	0.0%	0.0%	0	0.0%	0.0%
9	10	0	0	0.0%	0.0%	0	0.0%	0.0%
10	11	1	1,354,130	29.1%	29.1%	71,029	37.5%	37.5%
11	12	1	1,000,000	21.5%	50.6%	24,646	13.0%	50.5%
12 and above		1	2,300,000	49.4%	100.0%	93,719	49.5%	100.0%
Total Occupied Leases		**3**	**4,654,130**	**100.0%**	**100.0%**	**189,394**	**100.0%**	**100.0%**

Notes:

1. Rental income on Maple Court, Watford is currently £1.47MM however will reduce to £1.354MM upon the replacement of the current lease by a new unconditional lease to the same tenant on 23/06/2007. The new lease incorporates a 2 year rent-free period will be covered by an obligation of the Seller, Standard Life Investment Funds Limited to make quarterly payments equal to the stabilised rental income on each IPD when the rent fee period is ongoing.

The following table shows details of each Property financed by the Nextra Portfolio Whole UK Loan:

Property Rank	Building Name	Region	Market Valuation (£MM)	% of Market Valuation	Area (Sq ft)	% of Total Area	Occupancy by Area (%)	No. of Occupational Leases	Rental Income (£) [(1)]	% Rental Income (£)	ERV (£)	Primary Tenant	Weighted Average Unexpired Lease Term (years)	Weighted Average of Earlier of Unexpired Lease Term or First Break Date (years)
1	Rickmansworth	Hertfordshire	40.5	47.9%	93,719	49.5%	100.0%	1	2,300,000	49.4%	1,950,000	Skanska Construction UK Limited	16.1	16.1
2	Maple Court	Watford	23.7	28.0%	71,029	37.5%	100.0%	1	1,354,130	29.1%	1,354,130	Stakis Ltd	10.3	10.3
3	Austin Friars	London	20.4	24.1%	24,646	13.0%	100.0%	1	1,000,000	21.5%	897,500	Deutsche Bank London	11.1	11.1
Total Properties			**84.6**	**100.0%**	**189,394**	**100.0%**	**100.0%**	**3**	**4,654,130**	**100.0%**	**4,201,630**		**13.3**	**13.3**

Notes:

1. Rental income on Maple Court, Watford is currently £1.47MM however will reduce to £1.35MM upon the replacement of the current lease by a new unconditional lease to the same tenant on 23/06/2007. The new lease has a 2 year rent-free period which will be covered by an obligation of the seller Standard Life Investment Funds Limited to make quarterly payments equal to the stabilised rental income on each IPD where the rent-free period is ongoing.

The following table shows details of the tenants of each Property financed by the Nextra Portfolio UK Loan:

Tenant Ranking	Tenant	Rating (S/M/F) [1]	Rental Income (£)[2]	% Rental Income	Area (Sq ft)	% of Total Area	Weighted Average Time to Lease Expiry (years) [3]	Weighted Average Time to Earlier of Lease Expiry or First Break Date (years) [3]
1	Skanska Construction UK Limited	n/a / n/a / n/a	2,300,000	49.4%	93,719	49.5%	16.1	16.1
2	Stakis Ltd	BB / Ba2 / BBB-	1,354,130	29.1%	71,029	37.5%	10.3	10.3
3	Deutsche Bank London	AA- / Aa3 / AA-	1,000,000	21.5%	24,646	13.0%	11.1	11.1
	Top Tenants		**4,654,130**	**100.0%**	**189,394**	**100.0%**	**13.3**	**13.3**

Notes:

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, regardless of whether such associated entity or the parent is obligor or guarantor under the lease.
2. Rental income on Maple Court, Watford is currently £1.47MM however will reduce to £1.354MM upon the replacement of the current lease by a new unconditional lease to the same tenant on 23/06/2007. The new lease has a 2 year rent-free period which will be covered by an obligation of the seller Standard Life Investment Funds Limited to make quarterly payments equal to the stabilised rental income on each IPD where the rent-free period is ongoing.
3. There are no break options under any of the leases.

SERVICING

Servicing Agreement

On the Closing Date, the Issuer, the Servicer, the Special Servicer, 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 Devonshire Square Securitised Loan, the Sanctuary Securitised Loan and the Nextra Portfolio UK Securitised Loan and the Related Security. Further on the Closing Date, the Issuer, the Servicer, the Special Servicer, the Issuer Security Trustee, the Loan Security Trustee, the Facility Agent, the Access Junior Lender and the Note Trustee will enter into a separate servicing agreement (the "**Access Self Storage Servicing Agreement**") pursuant to which MSMS will be appointed to act as the Servicer and Special Servicer of the Access Self Storage Whole Loan (including the Access Self Storage Junior Tranche) and Related Security. As such, the Servicer and Special Servicer will perform the same function for the Access Junior Lender as it does for the Issuer, subject to the Access Self Storage Intercreditor Agreement.

The duties of the Servicer include monitoring the payments made by the Borrowers 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 Securitised Loans. 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 206. 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 and the Access Self Storage Servicing Agreement, such as the exercise on behalf of the Issuer and the Loan Security Trustee of their rights, powers and discretions as lender and mortgagee, respectively, under the Securitised Loans 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 and the Access Self Storage Servicing Agreement, such as the provision of reports relating to the performance of the Securitised Loans and the rental income generated by the Properties, are administrative in nature. If a Securitised Loan becomes a Specially Serviced Loan, the Special Servicer will provide the discretionary services relating to that Securitised Loan in place of the Servicer.

For further information regarding the circumstances in which a Securitised Loan will become a Specially Serviced Loan, see "*Transfer of powers to the Special Servicer*" at page 131. For further information regarding the manner in which Servicer and the Special Servicer will exercise their respective discretions under the Servicing Agreement or the Access Self Storage Servicing Agreement, and restrictions on their ability to do so, see "*Modifications and Exercise of Discretions*" at page 133.

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 applicable Loan Documentation including any 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 it would apply if it were the beneficial owner of the Securitised Loans, with a view to the timely collection of all sums owing under the Securitised Loans and, on the occurrence of an event of default in relation to a Securitised Loan, the maximisation of recoveries available in respect of such Securitised Loan (taking into account the likelihood of recovery of amounts due, the timing of any such recovery and the costs of recovery), 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 any Borrower (or any affiliate of any Borrower) or any other party to the transactions contemplated by the issue of the Notes or the advance of any Junior Loan, the different payment priorities among the Notes or the ownership of any Note or any interest in any Junior Loan by the Servicer or Special Servicer or any affiliate thereof.

The Servicing Standard set out above applies to the Access Self Storage Whole Loan, although the maximisation of recoveries are in respect of the Access Self Storage Whole Loan and shall be in respect of the lenders as a whole (including the Access Junior Lender) but taking into account the subordination of the Access Junior Lender. Notwithstanding compliance by the Servicer or the Special Servicer with the Servicing Standard, a loss may be suffered by the Access Junior Lender in circumstances where a loss is incurred by the Issuer. If the Servicer confirms any conflict between the exercise of the Access Junior Lenders of their rights under the Access Self Storage Intercreditor Agreement and the Servicing Standard, the Servicing Standard will prevail.

Delegation by the Servicer and Special Servicer

The Servicing Agreement and the Access Self Storage 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 or, as the case may, be the Access Self Storage 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

As described under "*The Structure of the Accounts*" at page 94 above, the Servicer will from time to time transfer or direct the Loan Security Trustee or Facility Agent, as the case may be, to transfer payments made in respect of the Whole Loans from the relevant borrower level accounts to the Transaction Account. The Cash Management Agreement requires the Servicer, no later than 12.00 noon on the Business Day immediately preceding each Calculation Date, to calculate the Issuer Interest Receipts, the Issuer Principal Receipts and the other amounts received during the related Collection Period in respect of each Securitised Loan, and to determine which portions of the Issuer Principal Receipts transferred to the Transaction Account during that Collection Period consist of Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds.

Unless the applicable Loan Agreement (but in each case, subject to the applicable Intercreditor Agreement) requires otherwise, all amounts applied towards sums due in respect of a Securitised Loan will be allocated in the following order of priority:

(a) **firstly**, towards costs, expenses and fees payable by the relevant Borrower under the applicable Loan Agreement, including all such amounts payable by a Borrower as a result of the termination of an Interest Rate Swap Transaction related to that Borrower's Securitised Loan (if any), but excluding all Prepayment Fees;

(b) **secondly**, towards interest;

(c) **thirdly**, towards principal; and

(d) **fourthly**, towards Prepayment Fees,

in each case to the extent that such amounts are due and payable under the applicable Loan Agreement at the relevant time.

Arrears and Default Procedures

The Servicer or, in respect of any Specially Serviced Loans, the Special Servicer will be responsible for the supervision and monitoring of payments falling due in respect of the Securitised Loans 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 a Securitised 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 Issuer's rights in respect of the Securitised Loan and in respect of the Property or Properties constituting security therefor. 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 applicable documentation relating to the Securitised Loan (the "**Loan Documentation**"), 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 relevant Borrower in the manner and order of priority described under "*Collection and Allocation of Funds*" at page 129.

Insurance

The Servicer will be responsible for establishing and maintaining procedures to monitor compliance with the terms of the Loan Agreements regarding insurance of the Properties whether or not the Securitised Loans are Specially Serviced Loans.

Upon becoming aware that any policy of buildings insurance has lapsed or that any Property is otherwise not insured in accordance with the terms of the relevant 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 147 below) or, in the case of the Access Self Storage Loan, on the interest payment date following the date on which the Servicer incurs any out of pocket costs and expenses in reinstating any buildings insurance coverage, the Issuer (or, for the Access Self Storage Loan, the Issuer and the Access Junior Lenders (pro rata)) will reimburse the Servicer for such amounts. The Loan Agreements may require the Borrowers to reimburse the Issuer 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 Properties, see "*Summary - Insurance*" at page 17 and "*Risk Factors – Factors Relating to the Securitised Loans and the Whole Loans – Insurance*" at page 45.

Annual Review Procedure

The Servicer is required to undertake an annual review in respect of each Borrower and its Securitised 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 its Securitised Loan. Such a review may include an inspection of the Properties and consideration of the quality of the cash flow arising from the Properties and a compliance check of all of the Borrower's covenants under the relevant Securitised Loan.

Information and Reporting

The duties of the Servicer include monitoring the payments made by the Borrowers and issuing quarterly reports in respect of the performance of the Securitised Loans during the immediately preceding Collection Period. The Servicer or, if at the relevant time the Securitised Loan is a Specially Serviced Loan, the Special Servicer, will be obliged to notify each other, the Issuer, the Issuer Security Trustee and the Loan 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) a Borrower fails to repay any amount of principal due and payable on a day other than the maturity date of the relevant Whole Loan or pay any amount of interest, in each case for ten business days (or, in the case of the Access Self Storage Whole Loan, 30 days) after the Servicer has notified such 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 Documents or Intercreditor Agreements); or

(b) the payment required to be made by a Borrower in respect of a Whole Loan on its maturity date is not paid when due provided that, unless the Servicer has agreed to an extension of the maturity date of, and the relevant Borrower has entered into a refinancing arrangement in respect of, the Whole Loan; or

(c) a Borrower and/or 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 such Borrower or Mortgagor is in good faith disputing such proceedings); or

(d) the Servicer becomes aware (or in the case of the Access Self Storage Whole Loan, after 30 days of receipt of notice), that an interest cover percentage in respect of a Whole Loan is less than the level at which the applicable Loan Agreement requires it to be maintained and an event of default subsists under the applicable Loan Agreement as a result and, in the case of the Access Self Storage Whole Loan, has not been cured within the grace period permitted by the Access Self Storage Intercreditor Agreement; or

(e) the Servicer considers that there is an imminent risk of a material default in respect of the Securitised Loan, which material default will not be cured within 60 days of its occurrence; or

(f) any other material event of default occurs under the relevant Loan Agreement, which material 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 relevant Securitised 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.

A 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 such Specially Serviced Loan when they fall due and no other Servicing Transfer Event is persisting.

The designation of a particular Securitised Loan as a Specially Serviced Loan will not affect the Servicer's obligations with respect to the Securitised Loans which are not Specially Serviced Loans or the

performance of those of its obligations which are expressly retained by it notwithstanding the Loan becoming a Specially Serviced Loan (such as its reporting and cash management functions).

Appointment of Operating Adviser

The Controlling Party may appoint an operating adviser (the "**Operating Adviser**") to represent its interests and to advise the Special Servicer about the following matters in relation to each Specially Serviced Loan:

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

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

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

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

Before taking any action in connection with the matters referred to in (a) to (d) above, the Special Servicer must notify the Operating Adviser of 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 Party.

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 any Specially Serviced Loan if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to such Securitised Loan and, for 30 days (or 45 days in the case of the Access Self Storage Whole Loan) 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 Noteholders (save with respect to the Controlling Party) 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 Party; and

(c) acting to favour the interests of the Controlling Party over the interests of other Noteholders. The Operating Adviser will neither violate any duty nor incur any liability by acting solely in the interests of the Controlling Party and, in fact, owes no duties to any

class of Noteholder except the Controlling Party. 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.

For the purposes of the Access Self Storage Whole Loan, the Junior Lenders shall be entitled to appoint the Operating Advisers if no Control Valuation Event is outstanding in relation to the Access Self Storage Whole Loan and they will be considered to be the Controlling Party for this purpose.

Modifications and Exercise of Discretions

The Servicing Agreement and the Access Self Storage 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 a Securitised Loan or would waive any of the principal amount outstanding of a Securitised 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 any Loan Documentation which would extend the maturity date of the relevant Securitised Loan beyond (a) the Interest Payment Date occurring in October 2016 and (b) that date falling 20 years prior to the expiration of any ground lease in respect of the relevant Property relating to that Securitised Loan.

If the consent of the Issuer Security Trustee or a Rating Agency Confirmation is required before action is taken in respect of a Securitised Loan, neither the Servicer nor the Special Servicer shall be in breach of the Servicing Agreement (or as the case may be, the Access Self Storage 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 a variation or amendment made by or at the direction of the Special Servicer) the Special Servicer will notify the Rating Agencies of all modifications and amendments 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 or the Access Self Storage 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 and the Access Self Storage Servicing Agreement, on each Interest Payment Date the Issuer will pay to the Servicer, in accordance with the priority of payments, (a) a fee (the "**Servicing Fee**") in respect of each Securitised 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 relevant Securitised Loans (or, in respect of the Access Self Storage Servicing Agreement, the Access Self Storage 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 Securitised Loans (or, in respect of the Access Self Storage

Servicing Agreement, the Access Self Storage 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 payable in respect of a Securitised Loan (or, as the case may be, the Access Self Storage Whole Loan) there shall be disregarded any days falling after (i) the completion of the Default Procedures, (ii) the sale or redemption in full of that Securitised Loan (or, as the case may be, the Access Self Storage Whole Loan) and (iii) any days on which it was a Specially Serviced Loan.

If a Securitised Loan becomes a Specially Serviced Loan, the Issuer 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 and the Issuer Security Trustee, from time to time) (payable quarterly in arrear) of the outstanding principal amount of such Securitised Loan (or, as the case may be, the Access Self Storage Whole Loan), 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 such Securitised Loan became a Specially Serviced Loan until, but excluding, the date on which such Securitised 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 relevant Loan becomes a Specially Serviced Loan and ending on the Interest Payment Date following the date on which such Securitised Loan ceases to be a Specially Serviced Loan.

In addition to any Special Servicing Fee then payable to the Special Servicer on each Interest Payment Date, the Issuer shall pay to the Special Servicer a fee (the "**Liquidation Fee**") which is calculated by reference to the Principal Recovery Funds received by or on behalf of the Issuer in respect of any Specially Serviced Loan during the Interest Period then ended. The Liquidation Fee payable in respect of a Specially Serviced Loan on an Interest Payment Date will be an amount equal to one per cent. of the Principal Recovery Funds recovered during the related Collection Period as a result of the sale of any Property securing that Whole Loan. However, in relation to the Access Self Storage Loan, for the purposes of calculating the Liquidation Fee the Principal Recovery Funds shall relate to principal recoveries in respect of the Access Self Storage Securitised Loan and the Access Self Storage Junior Loan. 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 one per cent. of the Issuer Interest Receipts and not more than one per cent. of the Issuer Principal Receipts received by or on behalf of the Issuer during the Interest Period then ended in respect of any Securitised Loans which are, and remain, Corrected Loans. However:

(a) no Liquidation Fee is payable in respect of Principal Recovery Funds derived from the purchase of a 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 Junior Lender pursuant to the terms of an Intercreditor Agreement or any affiliate of any of the foregoing;

(b) no Liquidation Fee is payable in respect of Principal Recovery Funds derived from the repurchase of a Specially Serviced Loan by the Originator in accordance with the terms of the Loan Sale Agreement;

(c) for the Access Self Storage Whole Loan, no Special Servicing Fee will be payable if the Access Junior Lender purchases the Access Securitised Loan in accordance with the Access Intercreditor Agreement within 45 days of it becoming a Specially Serviced Loan;

(d) no Work-out Fee is payable in respect of a Corrected Loan if, prior to becoming a Corrected Loan, such Securitised Loan became and remained a Specially Serviced Loan solely by virtue of the actual interest cover percentage in respect thereof being less than the amount required by the applicable Loan Documentation;

(e) no Work-out Fee is payable in respect of a Corrected Loan in relation to which a Restructuring Fee was recovered from the Borrower and paid to the Special Servicer, as described below; and

(f) no Work-out Fee is payable in respect of the Corrected Loan unless the applicable 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 any 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 any Corrected Loan if such becomes a Specially Serviced Loan on a second or subsequent occasion, however it will become payable once more if such Securitised Loan becomes a Corrected Loan again.

On the Interest Payment Date immediately following the Interest Period during which they are incurred, the Issuer (and, for the Access Self Storage Whole Loan, the Access Junior Lenders *pro rata*), will be obliged 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 one 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 in relation to a particular Securitised Loan and the recovery of such amounts is permitted by the applicable 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 in respect of whose Loan the cost or expense was incurred.

Prior to agreeing to waive, vary or amend any of the terms of any Loan Documentation, the Servicer or the Special Servicer must determine and procure that the relevant 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 a Borrower, the Issuer (and, for the Access Self Storage Whole Loan, the Access Junior Lenders *pro rata*) shall, on the Interest Payment Date following such recovery, pay to the Servicer (or, in the case of a fee charged to the Borrower in relation to a Securitised Loan while it is a Specially Serviced Loan, the Special Servicer) an amount equal to the fees so recovered.

The Servicer and Special Servicer may assign all or any part of the fees to which it is entitled under the Servicing Agreement or, as the case may be, the Access Self Storage Servicing Agreement, in relation to the Securitised Loans 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 Security Trustee and, in relation to the Access Self Storage Loan, the Access Junior Lender, 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 Loans, provided that on the Interest Payment Date on which the Servicer intends to purchase Securitised Loan, the then aggregate principal amount outstanding of all such Loans (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 Loans 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 Loans. The purchase price to

be paid by the Servicer to the Issuer in respect of those Securitised Loans will be an amount equal to the then principal amount outstanding of those Securitised Loans and any accrued but unpaid interest thereon. Following the completion of such a purchase of those Securitised Loans by the Servicer, in the case of the Issuer, all of its rights, title and interest in those Loans (and its beneficial interest in the Loan Security Trusts 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 Loans shall be perfected.

Termination of Appointment of Servicer or Special Servicer

The appointment of the Servicer or the Special Servicer under the Servicing Agreement or, as the case may, be the Access Self Storage Servicing Agreement, may be terminated by the Issuer Security Trustee following a termination event, by voluntary termination or by automatic termination.

The Issuer Security Trustee may terminate the Servicer's or Special Servicer's appointment under the Servicing Agreement or, as the case may, be the Access Self Storage 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, becoming aware of such default and receipt by the Servicer or the Special Servicer of written notice from the Issuer Security Trustee (and/or, in the case of the Access Self Storage Whole Loan, the relevant Junior Lender) requiring 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 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 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 any Securitised Loan (otherwise than by reason of that Securitised Loan ceasing to be a Specially Serviced Loan) and a successor is not appointed in accordance with the Servicing Agreement or, as the case may be, the Access Self Storage Servicing Agreement, the Servicer will assume the rights and obligations of the Special Servicer in respect of that Loan.

In addition the Controlling Party may, by an Extraordinary Resolution of such Controlling Party and subject to the rights of a relevant Junior Lender as described in the paragraph below, require the Note Trustee to instruct the Issuer Security Trustee to terminate the appointment of the person then acting as Special Servicer and 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). For the purpose of the Access Self Storage Servicing Agreement, the Access Junior Lenders may also require this termination if no Control Valuation Event is continuing. 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 or, as the case may be, the Access Self Storage 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 and (b) 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).

If a Loan becomes a Specially Serviced Loan, under the Access Self Storage Intercreditor Agreement or the Sanctuary Intercreditor Agreement, the applicable Junior Lender may, subject to satisfying certain criteria, require the initial Special Servicer to be replaced with an alternative in accordance with and subject to the terms of the applicable Intercreditor Agreement.

On termination of its appointment, the Servicer or the Special Servicer, as the case may be, will forthwith deliver to the Issuer Security Trustee or as the Issuer 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 Issuer 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, the Interest Rate Swap Collateral Custody Account, the FX Swap Collateral Cash Account and the FX 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 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 129, in each Collection Period the Servicer will transfer funds from the Rent Accounts (or, in the case of a Tranched Loan, from the relevant Tranching Account) to the Transaction Account. In addition, all payments made by the Interest Rate Swap Provider and/or the Interest Rate Swap Guarantor and the FX Swap Provider (other than those contemplated by the Interest Rate Swap Agreement Credit Support Document or the FX 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 either the Interest Rate Swap Provider under the Interest Rate Swap Agreement or the FX Swap Provider under the FX 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 31 and "*Credit Structure – Post-Enforcement Priority of Payments*" at page 144.

"**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 October 2019 when it means the actual Interest Payment Date in October 2019), the Calculation and Reporting Agent will determine, the Available Interest Receipts, the Available Principal and the Prepayment Fees 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 Transactions (and any payment required to be made in order to enter into a replacement swap agreement); (b) make any payment required to be made by the Issuer under the FX Swap Transactions (and any payment required to be made in order to enter into a replacement swap agreement); and (c) 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 184, 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 Originator 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 Originator 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) payable to the Originator 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 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**");

(e) a ledger in respect of Interest Rate Swap Breakage Receipts (the "**Interest Rate Swap Breakage Receipts Ledger**"); and

(f) a ledger in respect of FX Swap Breakage Receipts (the "**FX 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 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;

(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 Originator 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 Originator and (y) all amounts of Interest Rate Swap Breakage Receipts that are to be applied as Available Interest Receipts or as Issuer Priority Payments; and

(vi) credit the FX Swap Breakage Receipts Ledger with all FX Swap Breakage Receipts transferred and credited to the Transaction Account and debit the FX Swap Breakage Receipts Ledger with all payments made out of FX Swap Breakage Receipts.

Calculation and Reporting Agent's Reports

By 9.00 a.m. (London time) on the third Business Day prior to each Interest Payment Date the Calculation and Reporting Agent shall, pursuant to the Cash Management Agreement, deliver a payment report (the "**Quarterly Report**") to the Issuer, the Issuer Security Trustee, the Note Trustee, the Servicer and the Cash Manager. The Quarterly Report will include, among other things, information concerning all amounts received in the Transaction Account and payments made from the Transaction Account during the relevant quarter. In addition, the Calculation and Reporting Agent will deliver a preliminary pool factor report (a "**Preliminary Pool Factor Report**") by 9.00 a.m. (London time) on the third 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 Calculation and Reporting Agent's internet website currently located at www.ctslink.com, pursuant to a reporting agent agreement between the Issuer, the Calculation and Reporting Agent, the Cash Manager, the Servicer and the Issuer Security Trustee (the "**Reporting Agent 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 or Calculation and Reporting Agent, respectively, 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 Loans 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 28. 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 Guarantors and the long term unsecured, unsubordinated debt rating of the Interest Rate Swap Guarantor. Further the ratings of the Class B Notes are dependent upon, among other things, the short-term unsecured, unguaranteed, unsubordinated debt ratings of the FX Swap Provider and the long-term unsecured, unsubordinated debt ratings of the FX Swap Provider. 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 45 for a description of the principal risks in respect of the Securitised Loans and Related Security.

Liquidity, Credit, Interest Rate and Currency Risk

The Issuer is subject to:

(a) the risk of delay arising between scheduled Loan Payment Dates and the receipt of payments due from the Borrowers 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 relevant Securitised Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrower under a 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;

(c) the risk of the interest rates payable by the Borrowers on the Securitised Loans 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 Transactions (for further information as to which, see "*The Interest Rate Swap Agreement*" at page 151), 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; and

(d) the risk of movements in foreign exchange rates as a result of the Class B Notes being denominated in dollars and the Securitised Loans being denominated in sterling. This is addressed by the FX Swap Transaction. See "*The FX Swap Agreement*" below.

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 Guarantors, the

Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, 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, the Class E Notes, the Class F Notes and the Class G 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 A1 Notes, (b) the Class A2 Notes, and (c) 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, the Class E Notes, the Class F Notes and the Class G Notes, respectively, as provided in "*Summary – Available Funds and their Priority of Application: The Notes – Available Interest Receipts*" at page 33, 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, the Class E Notes, the Class F Notes and the Class G Notes will provide credit support for the Class A1 Notes, Class A2 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 37 and Condition 4(b) at page 180.

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 (other than (1) Prepayment Fees or Interest Rate Swap Breakage Receipts which shall be paid 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 (including any amounts due to the Special Servicer in respect of any Work-out Fee or Liquidation Fee) due to the Servicer and the Special Servicer pursuant to the Servicing Agreements, in each case as between the Servicer and the Special Servicer, *pari passu* and *pro rata*; then (e) the Cash Manager under the Cash Management Agreement; then (f) the Corporate Services Provider under the Corporate Services Agreement; then (g) the Share Trustee under the 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 A1 Notes, (y) the Class A2 Notes and (z) the Class X Amount due or overdue; and after payment of all such sums, (b), in each case *pari passu* and *pro rata*, (x) in repayment of all amounts of principal due or overdue on the Class A1 Notes and all other amounts due in respect of the Class A1 Notes until the outstanding principal balance of the Class A1 Notes is reduced to zero, and (y) in repayment of all amounts of principal due or overdue on the Class A2 Notes and all other amounts due in respect of the Class A2 Notes until the outstanding principal balance of the Class A2 Notes is reduced to zero;

(iii) (a) in or towards payment of Sterling amounts due to the FX Swap Provider under the FX Swap Transaction (to enable the Note Trustee, or the Cash Manager on its behalf, to make the payment using the corresponding US dollar amounts received from the FX Swap Provider to be made pursuant to the Class B Notes in respect of interest payments due and interest overdue (and any interest due on such overdue interest) on the Class B Notes (and including a fee equal to 0.055 per cent. per annum of the Principal Amount Outstanding of the Class B Notes payable to the FX Swap Provider)), and after payments of all such sums (b) in payment of sterling amounts to the FX Swap Provider under the FX Swap Transaction (to enable the Note Trustee or the Cash Manager on its behalf, to use the corresponding US dollar amounts received from the FX Swap Provider in repaying principal 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) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class F Notes; and after payments of all such sums (b) in repayment of all amounts of principal due or overdue on the Class F Notes and all other amounts due in respect of the Class F Notes until the outstanding principal balance of the Class F Notes is reduced to zero;

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

(ix) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class H Notes (other than any Deferred AFC Fee); and after

payments of all such sums (b) in repayment of all amounts of principal due or overdue on the Class H Notes and all other amounts due in respect of the Class H Notes until the outstanding principal balance of the Class H Notes is reduced to zero;

(x) 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;

(xi) in or towards payment of any Advance Facility Subordinated Amounts;

(xii) in or towards payment of all amounts due or overdue in respect of the Class H Notes (other than any Deferred AFC Fee);

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

(xiv) any surplus to the Issuer or other persons entitled thereto,

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 Loans and the Related Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreement for material breach of warranty in relation to the Securitised Loans and, in certain limited circumstances, the Related Security (as to which, for further information, see "*The Loan Sale Agreement – Warranties*" at page 90) 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 Transactions (other than in respect of amounts specified at item (ix) above), all payments due to the FX Swap Provider under the FX Swap Transactions 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 A1 Noteholders, the Class A2 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. All amounts owing to the Class E Noteholders will rank higher in priority to all amounts owing to the Class F Noteholders. All amounts owing to the Class F Noteholders will rank higher in priority to all amounts owing to the Class G Noteholders. All amounts owing to the Class G Noteholders will rank higher in priority to all amounts owing to the Class H 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 Master 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 £54,500,000 (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) ground rents payable by a Mortgagor in respect of a Leasehold Property;

(b) buildings insurance premia;

(c) in the case of a Specially Serviced Loan, operating, leasing, managing and liquidation expenses to the extent that a receiver of a Property has requested the payment of such amounts;

(d) environmental inspections, to the extent that the applicable Credit Agreement or the Servicing Agreement require the same to be obtained;

(e) property taxes, assessments and other items which the Mortgagor is obliged to pay by virtue of its ownership of the Property;

(f) amounts required to be paid by a Borrower to a swap counterparty in order to avoid the termination of the swap agreement (if any) relating to payments to be made in relation to the Borrower's Loan;

(g) 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

(h) (to the extent that the Servicer or the Special Servicer is required to 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 any of the Securitised Loans 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 151 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 in relation to a particular Loan if, as a result of making such Advance, the total amount of Advances outstanding in relation to such Loan would be 50 per cent. or more of the value of the Property or Properties securing such Loan.

An "**Interest Shortfall**" means with respect to a Securitised Loan on any Interest Payment Date, the amount, if any, by which the Scheduled Interest Receipts due in relation to that 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 such 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 FX Swap Provider and 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 a 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 related 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 or Properties has been commissioned, the results of such valuation shall also be included. In addition, in considering whether an Interest Advance or Loan Protection Advance would be a Nonrecoverable Advance, the Servicer and the Special Servicer will be entitled to give due regard to the existence of any outstanding Nonrecoverable Advance with respect to any other Loans, the reimbursement of which, at the time of such consideration, is being deferred or delayed because there are insufficient funds available for such reimbursement, in light of the fact that proceeds of the Loan as to which a recoverability determination is being made are a source of reimbursement not only for the Advance under consideration, but also as a potential source of the reimbursement of the outstanding Nonrecoverable Advance. 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 a 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 a particular Loan upon receipt from any Borrower of Late Collections on such 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 a Loan and insufficient proceeds have been received to repay all the Advance Facility Drawings made in respect of such 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 a particular Loan a new Market Valuation in relation to each Property securing that 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 such Property, an additional Market Valuation of such 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 and the Controlling Party, setting forth the basis of the 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 any Loan in relation to which a default has occurred interest accrued on such Loan in accordance with the terms of the relevant Loan Agreement at the rate that exceeds the rate at which interest accrues while such Loan is not in default.

"**Late Charges**" means any amount charged to and recovered from a Borrower (other than Default Interest and Prepayment Fees) as a result of that Borrower's late payment of any amount due under a Loan.

"**Late Collections**" means, with respect to any 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 Controlling Party) 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 applicable Loan Agreement when due (but taking into account, for the avoidance of doubt, any prepayment made by the Borrowers). Further, if a Borrower defaults in payment of the Final Redemption Funds due in respect of that Borrower's Securitised

Loan, the "**Scheduled Interest Receipts**" due from such 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 and FX 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 applicable terms of the relevant Securitised Loan as a result of the failure to pay the Final Redemption Funds when due.

If an Appraisal Reduction exists with respect to any 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 such 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 such 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 both of the Advance Guarantors, on a general basis, who shall be required to make such an Advance. To the extent that an 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 such 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 Guarantors cease 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 Guarantors transfer 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 Ratings 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 Guarantors.

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 relevant Advance Guarantor, the existing Advance Guarantor shall continue to perform all of its duties and obligations under the relevant 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 or a "P-1" rating (or its equivalent) 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 a 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 relevant Borrower or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the relevant Borrower or a related Property, provided such order, resolution or appointment is still in effect, (c) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of a 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 a Securitised Loan becomes a Specially Serviced Loan, the Servicer or, if appointed in relation to a Specially Serviced Loan, the Special Servicer is required to obtain an appraisal by a member of the Royal Institute of Chartered Surveyors (if the outstanding principal balance of the Securitised Loan is greater than £5,000,000) or an internal valuation (if the outstanding principal balance of the Securitised Loan is equal to or less than £5,000,000) of the related Property, unless such an appraisal or valuation 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 or internal valuation, an "**Appraisal Reduction**" may be created, which will reduce the amount that the Issuer will be entitled to draw under the Servicer Advance Facility Agreement. 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 relevant Loan, all unpaid interest on such 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 relevant Property, over 90 per cent. of the appraised value of such Property or Properties as determined by such appraisal or valuation.

The Appraisal Reduction in relation to any Securitised Loan shall be reduced to zero as of the date that the relevant Securitised Loan is brought current under the then current terms of the relevant 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 Transactions pursuant thereto (each as described below) in respect of those Securitised Loans which pay interest by reference to a fixed rate. 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 interest rate swap transactions with the Interest Rate Swap Provider in order to protect itself against interest rate risk arising in respect of those Securitised Loans which pay interest by reference to a fixed rate (the "**Interest Rate Swap Transactions**").

Under the terms of each 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 Borrowers during the relevant Collection Period ("**X**") over an amount determined by reference to three-month sterling LIBOR (or, in the case of the first Interest Period, an amount determined by the linear interpolation of one-month and two-month sterling LIBOR) ("**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 Transactions to the extent that the Issuer makes the corresponding payments thereunder. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Interest Rate Swap Transactions will constitute a default thereunder and entitle the Interest Rate Swap Provider to terminate the Interest Rate Swap Transactions.

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 Transactions 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 190.

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 a Securitised Loan is prepaid an additional termination event will occur in respect of the Interest Rate Swap Transaction related to that Securitised Loan and such transaction may be terminated. In the event that a Securitised Loan is repurchased by the Originator pursuant to the Loan Sale Agreement or purchased by a Junior Lender pursuant to an Intercreditor Agreement or by the Servicer pursuant to the Servicing Agreement, the Interest Rate Swap Transactions will not be terminated, but the rights and obligations of the Issuer under an Interest Rate Swap Transaction will, in accordance with the terms of the Interest Rate Swap Agreement, be novated to the Originator, the Junior Lender 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 each 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 Nextra Portfolio UK Loan pays interest at a floating rate. However, if at any time, the fixed swap rate (as determined by the Facility Agent) reaches a pre-determined level, in such circumstances hedging arrangement must be put in place in form and substance reasonably satisfactory to the Facility Agent in accordance with the terms of the Nextra Portfolio UK Loan Agreement.

The Interest Rate Swap Guarantee

The Interest Rate Swap Provider's obligations under the Interest Rate Swap Transactions 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 Limited 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 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 Transactions. 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.

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) provide collateral in the form of cash or securities or both 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; or

(c) 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,

provided that, 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 "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 "BBB+" by Fitch, "A3" by Moody's or "BBB-" by S&P, then the Interest Rate Swap Provider will be required to comply with either paragraph (a) or (c) above 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.

The FX Swap Agreement

On or before the Closing Date, the Issuer will enter into the FX Swap Transaction with the FX Swap Provider pursuant to the FX Swap Agreement. The FX Swap Transaction to be entered into will be an exchange rate swap transaction for the purpose of protecting the Issuer against currency risk arising as a result of the Class B Notes being denominated in US dollars and, consequently, principal of and interest on the Class B Notes being payable in US dollars, and payments on the Securitised Loans being denominated in sterling. The relevant US dollar/sterling exchange rate for all payments under the FX Swap Transaction has been set at £1 = US$1.962 (the "**Exchange Rate**").

Under the terms of the FX Swap Transaction, the Issuer will pay to the FX Swap Provider on the Closing Date the net proceeds in US dollars received on the issue of the Class B Notes and will receive in exchange an amount in sterling equal to such US dollar amount converted into sterling at the Exchange Rate. On each Interest Payment Date, the Issuer will pay to the FX Swap Provider an amount in sterling equal to the interest accrued during the Interest Period ending on such Interest Payment Date on the aggregate Principal Amount Outstanding of the Class B Notes for the relevant Interest Period, converted into sterling at the Exchange Rate, at a rate equal to three-month sterling LIBOR (or, in the case of the first Interest Period, an amount determined by the linear interpolation of three and four sterling LIBOR) plus the Relevant Margin. On each Interest Payment Date, the FX Swap Provider will pay to the Issuer an amount in US dollars equal to the interest due on the Class B Notes in respect of the Interest Period ending on such Interest Payment Date. On any day on which any amount of principal is due to be paid by the Issuer in respect of the Class B Notes, the Issuer will pay to the FX Swap Provider an amount in sterling equal to the aggregate principal amount due to be paid on the Class B Notes on such day (converted at the Exchange Rate) and the FX Swap Provider shall pay to the Issuer an amount in US dollars equal to the aggregate principal amount due to be paid on the Class B Notes. On the final exchange date (or the day on which the Principal Amount Outstanding is reduced to zero, whichever is earlier) the Issuer shall pay to the

FX Swap Provider an amount in sterling equal to the sterling amount paid to it by the FX Swap Provider on the Closing Date less the sum of (a) all interim payments of sterling paid by it to the FX Swap Provider in respect of principal, and (b) an amount in sterling equal to the amount by which the aggregate Principal Amount Outstanding of the Class B Notes has been reduced pursuant to Condition 5(e), converted into sterling at the Exchange Rate. On the final exchange date, the FX Swap Provider shall pay to the Issuer an amount in US dollars equal to the US dollar amount paid to it on the Closing Date by the Issuer less the sum of (a) all interim payments of US dollars paid by it to the Issuer in respect of principal, and (b) an amount in US dollars equal to the amount by which the Principal Amount Outstanding of the Class B Notes has been reduced pursuant to Condition 6(e).

In the event that the Issuer is unable to pay the full amount of any payment it is required to pay to the FX Swap Provider on any day, then such failure shall not constitute or give rise to an event of default or termination event and the FX Swap Provider shall pay such proportion of the payment due to be made by it to the Issuer on such day as is equal to the proportion of the amount due to have been paid to the FX Swap Provider as is constituted by the amount it received from the Issuer.

The amount by which any amount paid by the Issuer to the FX Swap Provider on any day is less than the amount that was, but for the preceding paragraph, required to have been paid by the Issuer on such day shall constitute an "**Issuer Swap Shortfall Amount**". Each Issuer Swap Shortfall Amount shall accrue interest ("**Issuer Swap Shortfall Interest**") during each Interest Period at a rate equal to three-month sterling LIBOR plus the Relevant Margin and shall be payable (together with such accrued Issuer Shortfall Interest) on the next following Interest Payment Date, to the extent that the Issuer has funds available to make such payment. An amount in sterling equal to the Issuer Swap Shortfall Amount converted into US dollars at the Exchange Rate shall constitute the "**FX Swap Shortfall Amount**". Each FX Swap Shortfall Amount shall accrue interest ("**FX Swap Shortfall Interest**") during each Interest Period at a rate equal to three-month US dollar LIBOR plus the Relevant Margin. If, on any Interest Payment Date, the Issuer pays to the FX Swap Provider any amount in respect of an Issuer Swap Shortfall Amount, the FX Swap Provider shall pay to the Issuer on such day an amount in US dollars equal to the sterling payment received by the FX Swap Provider (excluding accrued Issuer Swap Shortfall Interest thereon) converted at the Exchange Rate together with accrued FX Swap Shortfall Interest thereon. These provisions are intended to ensure that in the event that the Issuer does not have sufficient funds to make any payment of interest on any Interest Payment Date and that Condition 16 applies to reduce any payments otherwise due under the Class B Notes on such day, the FX Swap Transaction will enable the Issuer to make the payments in US dollars due on the Class B Notes using the sterling amounts available for such purpose.

The FX Swap Transaction is scheduled to terminate on the Maturity Date, subject to adjustment for non-business days. In addition, the FX Swap Transaction may be terminated in accordance with certain termination events and events of default although, as described above, any failure by the Issuer to pay certain amounts due under the FX Swap Transaction shall not constitute an event of default or termination event. In the event that the FX Swap Transaction is terminated, the Issuer will still be obliged to pay interest and repay principal on the Class B Notes.

The FX 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 FX Swap Provider will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the FX Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (a "**FX Swap Tax Event**"), the FX 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 FX Swap Tax Event. If no such transfer can be effected, the FX Swap Agreement and the FX Swap Transaction shall be terminated.

If, prior to the delivery of an Enforcement Notice, there is an early termination of the FX Swap Agreement as a result of an event of default under the FX Swap Agreement in respect of which the FX Swap Provider is the Defaulting Party (as defined in the FX Swap Agreement), the Issuer will use its best endeavours to enter into a Replacement FX Swap Agreement on substantially the same terms as the original FX Swap Agreement (or on such terms as may be reasonably acceptable to the Trustee) with a Replacement FX Swap Provider whose (or whose guarantor's) short-term unsecured, unsubordinated debt obligations is above "F1" by Fitch, "P-1" by Moody's or "A-1+" by S&P, or whose long-term, unsecured,

unsubordinated debt obligations are above "A2" by Moody's or "A+" by Fitch, and which agrees to be bound by, among other things, the terms of the Deed of Charge and Assignment on substantially the same terms as the original FX Swap Provider.

The Issuer will only be required to make termination payments to the FX Swap Provider upon early termination of the FX Swap Agreement to the extent that payments are received from a Replacement FX Swap Counterparty under a Replacement Swap Transaction.

The FX Swap Provider may, by notice in writing to the Issuer on or prior to any Interest Payment Date, designate such Interest Payment Date as an Early Termination Date in respect of all or part only of the FX Swap Transaction. In the event that the FX Swap Provider does designate such Interest Payment Date as an Early Termination Date then no amount shall be payable by either party pursuant to the provisions of Section 6(e) of the FX Swap Agreement, provided that, for the avoidance of doubt, this shall in no way affect either party's obligation to pay any other amounts falling due for payment pursuant to the terms of the FX Swap Transaction on or prior to the date of such termination.

If, following an early termination of the FX Swap Agreement, the Issuer would be required to make any payment to a Replacement FX Swap Provider to enter into a Replacement FX Swap Transaction, the Issuer will use (a) any funds standing to the credit of any FX Swap Collateral Cash Account or the proceeds of liquidation of any securities standing to the credit of the FX Swap Collateral Custody Account; and (b) any FX Swap Breakage Receipts, in making the required payment to the Replacement FX Swap Provider. If the Issuer is unable to enter into a Replacement FX Swap Transaction, the Issuer shall purchase US dollars in order to make payments due to the Class B Noteholders at the prevailing spot rate of exchange on the relevant Interest Payment Date using only the amounts in sterling that would otherwise have been available to pay amounts due to the FX Swap Provider under the FX Swap Transaction. The Class B Noteholders shall have no recourse to the Issuer for such shortfall amounts in the amount of US dollars available for such payments.

The FX Swap Provider may, at its own discretion and at its own expense, novate its rights and obligations under the FX Swap Agreement (including the FX Swap Transaction) to any third party provided that among other things, that the Rating Agencies have provided written Rating Agency Confirmation 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 original FX Swap Provider.

FX Swap Provider Downgrade Event

If the rating of the short-term unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "F1" by Fitch, "P-1" by Moody's or "A-1+" by S&P, or the long term, unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "A2" by Moody's or "A+" by Fitch at any time, then the FX Swap Provider is required to comply with the requirements set out in the FX Swap Agreement, which may require the FX Swap Provider to transfer to the Issuer collateral (which collateral may be in the form of cash or securities) in respect of its obligations under the FX Swap Transaction in an amount or value determined in accordance with the FX Swap Agreement Credit Support Document. However, if the rating of the short-term unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "F2" by Fitch or "P-2" by Moody's or the rating of the long term unsecured, unsubordinated debt obligations of the FX Swap Provider falls below "BBB+" by Fitch, "BBB-" by S&P or "A3" by Moody's, then the FX 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 FX Swap Agreement to a suitably rated third party.

FX Swap Agreement Credit Support Document

If at any time the FX Swap Provider is required to provide collateral in respect of any of its obligations under the FX Swap Agreement, the FX Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in the FX Swap Agreement Credit Support Document, the FX Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the FX Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the FX Swap Agreement Credit Support Document.

Collateral amounts that may be required to be posted by the FX Swap Provider pursuant to the FX Swap Agreement Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into the FX Swap Collateral Cash Account and securities will be transferred to the FX Swap Collateral Custody Account.

Amounts equal to any amounts of interest on the credit balance of the FX Swap Collateral Cash Account, or equivalent to distributions received on securities held in the FX Swap Collateral Custody Account, are required to be paid to the FX Swap Provider in accordance with the terms of the FX 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 Issuer Security Trustee and for a receiver following the enforcement of the Notes and all payments due to the Class A Noteholders and in respect of the Class X Amounts. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the FX Swap Agreement Credit Support Document will be to return "equivalent securities".

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

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

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

(a) no Securitised Loans are sold by the Issuer;

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

(c) the Nextra Portfolio UK Borrower does not exercise the option to extend the term of the Nextra Portfolio UK Loan;

(d) neither the Interest Rate Swap Agreement nor the FX Swap Agreement will be terminated; and

(e) the starting date for the calculations is 25 February, 2007,

then the approximate percentage of the initial principal amount outstanding of the Notes on each payment date (after payment has been made on such date) and the approximate average lives of the Notes would be as follows:

Period Ending	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G Notes	Class H Notes
Cut-off Date	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jul/07	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Oct/07	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jan/08	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Apr/08	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jul/08	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Oct/08	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jan/09	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Apr/09	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jul/09	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25 Oct/09	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jan/10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Apr/10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jul/10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Oct/10	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jan/11	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Apr/11	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
25/Jul/11	77.7%	77.7%	100.0%	81.9%	76.3%	76.3%	77.2%	77.2%	100%
25/Oct/11	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Jan/12	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Apr/12	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Jul/12	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Oct/12	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Jan/13	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Apr/13	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Jul/13	24.9%	24.9%	100.0%	30.6%	18.7%	18.7%	40.3%	40.3%	52.8%
25/Oct/13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

The average lives of the Notes was calculated on the basis of actual days elapsed and a 365-day year.

	Class A1 Estimated Average Life	Class A2 Estimated Average Life	Class B Estimated Average Life	Class C Estimated Average Life	Class D Estimated Average Life	Class E Estimated Average Life	Class F Estimated Average Life	Class G Estimated Average Life	Class H Estimated Average Life
Estimated Average Life for all the Notes	5.1	5.1	6.7	5.2	5.0	5.0	5.4	5.4	5.7

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 228.

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, or, in the case of the Class B Notes, US$250,000 and integral multiples of US$1,000 thereafter. The Reg S Notes will be issued in denominations of at least £50,000 and integral multiples of £1,000 thereafter or, in the case of the Class B Notes, US$250,000 and integral multiples of US$1,000 thereafter. Each holding of Notes must be an integral multiple of £1,000 (or, in the case of the Class B Notes, US$1,000) and for not less than the relevant minimum denomination.

The Rule 144A Notes in respect of Class B Note (the "**Class B Rule 144A Global Note**" will be deposited with HSBC Bank USA, National Association to be held on behalf of The Depositary Trust Company ("**DTC**") or its nominee on Closing Date.

Each Global Note (other than the Class B Rule 144A 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., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**" and, together with DTC, Euroclear, the "**Clearing Systems**") on the Closing Date.

Information regarding DTC, Euroclear and Clearstream Luxembourg

DTC

DTC has advised the Issuer that it is a limited-purpose trust company organised under the Banking Law of the State of New York, a member of the United States Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code, and a "**clearing agency**" registered pursuant to the provisions of Section 17A of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). DTC was created to hold securities of its participants and to facilitate the clearance and settlement of transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations, some of whom (and/or their representatives) own DTC.

Euroclear and Clearstream, Luxembourg

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 DTC, 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 172. Restrictions on the offer, sale, purchase, resale, pledge or transfer of Notes are described in "*Transfer Restrictions*" at page 228.

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. DTC, 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 Class B Rule 144A Global Note directly through DTC (if they are participants in such system), or indirectly through organisations which are Participants in such system. All beneficial interests in the Class B Rule 144A Global Note will be subject to the procedures and requirements of DTC.

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 or DTC (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of their 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.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of the Class B Rule 144A Global Note for exchange) only at the direction of a Participant in DTC to whose account with DTC interests in the Rule 144A Global Note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which that Participant in DTC has given such direction.

Procedures applicable to transfers of beneficial interests in the Class B Rule 144A Global Note

Transfers of the Class B Rule 144A Global Note between Participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to Notes under "Transfer Restrictions" on page 214 cross-market transfers between DTC, on the one hand, and, directly or indirectly through Euroclear or Clearstream, Luxembourg, or their respective participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be. However, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, Luxembourg, as the case may be, and will, if the transaction meets its settlement requirements, deliver instructions to the Common Depositary to take action to effect final settlement on its behalf by delivering or receiving interest in a Reg S Global Note in DTC, and making or receiving payment in accordance with normal procedures for immediately available funds settlement applicable to DTC. Participants in Euroclear or Clearstream, Luxembourg may not deliver instructions directly to the Common Depositary.

Because of time zone differences, the securities account of a participant in Euroclear or Clearstream, Luxembourg purchasing an interest in a Global Note from a participant in DTC will be credited during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the DTC settlement date and the credit of any transaction in interests in Global Note settled during the processing day will be reported to the relevant participant in Euroclear or Clearstream, Luxembourg, as the case may be, on that day. Cash received by Euroclear or Clearstream, Luxembourg as a result of sale of interests in a Global Note by or through a participant in Euroclear or Clearstream, Luxembourg to a participant in DTC will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day following settlement in DTC.

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

Procedures applicable to transfers of beneficial interests in Global Notes (other than the Class B Rule 144A Global Note)

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, Clearstream, Luxembourg or DTC, as appropriate.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing in paragraph (3) under "*Transfer Restrictions*" on page 228, 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 228. 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 173) (or its nominee) of that Global Note in pounds sterling or, in the case of the Class B Notes, dollars.

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 (other than the Class B Reg 144A 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. The Issuer expects that in the case of DTC, upon receipt of any payment in respect of the Class B Rule 144A Global Note held by DTC or its nominee, DTC or its nominee will, in accordance with its rules and procedures, promptly credit its participants' accounts with payments in amounts proportionate to their respective beneficial interests in such Rule 144A Global Note as shown on the records of DTC or its nominee. 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.

DTC is unable to accept payments denominated in sterling. Accordingly, holders of beneficial interests in the Class B Rule 144A Global Note who wish to receive payments in sterling must notify the Registrar 15 days prior to the relevant Interest Payment Date with respect to any payment that they wish to be paid in sterling and of the relevant bank account details into which such sterling payments are to be 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; (ii) in the case of a Class B Rule 144A Global Note only, DTC has notified the Issuer that it is at any time unwilling or unable to continue as the holder with respect to that Rule 144A Global Note, or is at any time unwilling or unable to continue as, or ceases to be a **"clearing agency"** (as defined in the Exchange Act) registered under the Exchange Act and a successor to DTC registered as such a clearing agency is not appointed by the Issuer within 90 days of such notification or cessation; or (iii) 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 £337,500,000 Class A1 Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class A1 Notes**"), the £100,000,000 Class A2 Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class A2 Notes**", together with the Class A1 Notes, the "**Class A Notes**"), the US$87,309,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class B Notes**"), the £39,400,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class C Notes**"), the £10,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class D Notes**"), the £20,100,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class E Notes**"), the £10,400,000, Class F Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class F Notes**"), the £20,900,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class G Notes**") and the £18,350,000 Class H Commercial Mortgage Backed Floating Rate Notes due 2019 (the "**Class H Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, the "**Notes**") of Triton (European Loan Conduit No. 26) PLC (the "**Issuer**") are constituted by a trust deed dated on or about 13 April, 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 A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H 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), NCB Stockbrokers 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 in respect of the Devonshire Square Securitised Loan, the Sanctuary Buildings Securitised Loan and the Nextra Portfolio UK Securitised Loan dated on or about the Closing Date (the "**Servicing Agreement**") between 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 servicing agreement in respect of the Access Self Storage Whole Loan dated on or about the Closing Date (the "**Access Self Storage Servicing Agreement**") between, *inter alia*, 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 Access Self Storage 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 Access Self Storage Servicing Agreement) and the Issuer Security Trustee;

(iv) 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;

(v) 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;

(vi) 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 26 PECO Holder Limited (the "**PECO Holder**") and the Issuer Security Trustee;

(vii) 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;

(viii) a subscription agreement dated on or about the date of this Offering Circular (the "**Subscription Agreement**") between, amongst others, the Originator and the Issuer;

(ix) the ISDA 1992 Master Agreement (Multi-Currency Cross Border) (the "**FX Swap Agreement**") dated as of the Closing Date between the Issuer and HSBC Bank plc (the "**FX Swap Provider**") evidencing the terms of the FX Swap Transaction, including the schedules and confirmations ("**FX Swap Confirmations**") to be entered into pursuant the FX Swap Agreement;

(x) 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 Limited (the "**Interest Rate Swap Provider**"), (it is intended that on or about 13 April, 2007 Morgan Stanley & Co. International Limited shall reregister as a public limited company and from such date will be known as Morgan Stanley & Co. International plc) 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

(xi) 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 Access Self Storage Servicing Agreement, the Servicer Advance Facility Agreement, the Loan Sale Agreement, the Corporate Services Agreement, the Interest Rate Swap Agreement, the FX 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 Access Self Storage Servicing Agreement, the Servicer Advance Facility Agreement, the Loan Sale Agreement, the Corporate Services Agreement, the Interest Rate Swap Agreement, the FX 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 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 relevant Borrower, or (ii) are required for the purposes of covering any shortfall in interest arising on the enforcement of a 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 Loan Protection 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 any 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 each Whole Loan, the person or persons to whom a Whole Loan is made in a 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 A1 Noteholders**" has the meaning given to such term in Condition 2.

"**Class A2 Noteholders**" has the meaning given to such term in Condition 2.

"**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 B Rule 144A Global Note**" means the Rule 144A Global Note issued in respect of the Class B Notes.

"**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.

"**Class F Noteholders**" has the meaning given to such term in Condition 2.

"**Class G Noteholders**" has the meaning given to such term in Condition 2.

"**Class H 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 13 April, 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 an event upon the occurrence of which, if the relevant Property were to be sold at the market value contained in the last valuation to have been obtained prior to such date, the applicable junior lender would receive less than 25 per cent of the initial amount of the Junior Debt.

"**Controlling Party**" 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;

"**DTC**" means The Depositary Trust Company;

"**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.

"**FX Swap Collateral Cash Account**" means the interest bearing account opened by the Issuer in connection with the FX Swap Agreement Credit Support Document (account no. USD 674173155) in the name of the Issuer and entitled "*Triton (European Loan Conduit No. 26) PLC FX Swap Collateral Cash Account*" at the Operating Bank.

"**FX Swap Collateral Custody Account**" means the custody account opened by the Issuer in connection with the FX Swap Agreement Credit Support Document to be entitled "*Triton (European) Loan Conduit No. 26) plc FX Swap Collateral Custody Account*" at the Operating Bank.

"**FX Swap Transaction**" means the FX Swap transaction entered into between the Issuer and the FX Swap Provider pursuant to the FX Swap Agreement, the terms of which are evidenced by the FX Swap Confirmation.

"**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 a Borrower as a result of the prepayment in part or in full of a 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 67417307) in the name of the Issuer and entitled "*Triton (European Loan Conduit No. 26) 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 "*Triton (European Loan Conduit No. 26) 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 Transactions 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 Transactions**" means the interest rate swap transactions 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 Confirmations, and "**Interest Rate Swap Transaction**" means any one of them.

"**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, the Interest Rate Swap Collateral Custody Account, the FX Swap Collateral Cash Account and the FX 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 any Specially Serviced Loan during the Interest Period then ended as the result of the sale of a Property securing that loan, provided that the Liquidation Fee shall be payable in respect of Principal Recovery Funds derived from the purchase of a 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. However, in relation to the Access Self Storage Loan, for the purposes of calculating the Liquidation Fee the Principal Recovery Funds shall relate to principal recoveries in respect of the Access Securitised Loan and the Access Self Storage Junior Loan.

"**Loan Agreement**" means each loan agreement made between, amongst others, the Originator, the Loan Security Trustee and a Borrower, pursuant to which the terms and conditions applicable to the advance of any Whole Loan are documented.

"**Majority Class H Noteholders**" means at any time, the holders of more than 66⅔ per cent. of the Principal Amount Outstanding of the Class H Notes.

"**Moody's**" has the meaning given to such term in Condition 14.

"**NAI Amount**" has the meaning given to such term in Condition 5.

"**NAI Shortfall Amount**" has the meaning given to such term in Condition 5.

"**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 each Borrower in respect of each 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 FX 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 a 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.

"**Swap Transactions**" means the FX Swap Transaction and the Interest Rate Swap Transaction.

"**Target Redemption Amount**" has the meaning given to such term in Condition 5.

"**Transaction Account**" means the bank account (account no. GBP67417280) in the name of the Issuer and entitled "*Triton (European Loan Conduit No. 26) PLC Transaction Account*" at the Operating Bank into which the Loan Security Trustee will transfer all amounts received from the Borrowers under the Securitised Loans.

"**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.

"**Weighted Average Loan Allocation Percentage**" has the meaning given to such term in Condition 5.

1.2 Global Notes

(a) Rule 144A Global Notes

The Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H 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 (other than the Class B Rule 144A 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. The Class B Rule 144A Global Note will be deposited with HSBC Bank USA, National Association on behalf of the DTC and registered in the name of DTC or its nominee on the Closing Date.

(b) *Reg S Global Notes*

The Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H 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). Beneficial interests in the Class B Global Rule 144A Note may be held only through DTC at any time.

(d) *Denomination of the Notes*

The Rule 144A Notes will be issued in the minimum denomination of £250,000 (or, in the case of the Class B Notes in the minimum denomination of US$250,000). The Reg S Notes will be issued in the minimum denomination of £50,000 (or, in the case of the Class B Notes, in the minimum denomination of US$250,000). Each holding of Notes must be an integral multiple of £1,000 (or, in the case of the Class B Notes, US$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 A1 Notes and the Class A2 Notes will rank higher *pari passu* with each other and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H Notes; the Class B Notes will rank higher in priority to the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H Notes; the Class C Notes will rank higher in priority to the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H Notes; the Class D Notes will rank higher in priority to the Class E Notes, the Class F Notes, the Class G Notes and the Class H Notes, the Class E Notes will rank higher in priority to the Class F Notes, the Class G Notes and the Class H Notes; the Class F Notes will rank higher in priority to the Class G Notes and the Class H Notes; and the Class G Notes will rank higher in priority to the Class H 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 H Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes; the Class G Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the

Class D Notes, the Class E Notes and the Class F Notes; repayments of principal of, and payments of interest on, the Class F Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; 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 A1 Notes, the Class A2 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 A1 Notes, the Class A2 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 A1 Notes, the Class A2 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 A1 Notes and the Class A2 Notes.

(c) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H 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 A1 Notes (the "**Class A1 Noteholders**") (for so long as the Class A1 Notes are outstanding) and holders of the Class A2 Notes (the "**Class A2 Noteholders**", together with the Class A1 Noteholders, the "**Class A Noteholders**") (for so long as the Class A2 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**") and/or holders of the Class F Notes (the "**Class F Noteholders**") and/or holders of the Class G Notes (the "**Class G Noteholders**") and/or holders of the Class H Notes (the "**Class H 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 and/or the Class F Noteholders and/or the Class G Noteholders and/or the Class H 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 and/or the Class F Noteholders and/or the Class G Noteholders and/or the Class H 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 and/or the Class F Noteholders and/or the Class G Noteholders and/or the Class H Noteholders,

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

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

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

(B) the Class F Noteholders and/or the Class G Noteholders and/or the Class H Noteholders,

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

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

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

(B) the Class G Noteholders and/or the Class H Noteholders,

then the Note Trustee shall, subject to (i), (ii), (iii), (iv) and (v) above, have regard only to the interests of the Class F Noteholders;

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

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

(B) the Class H Noteholders,

then the Note Trustee shall, subject to (i), (ii), (iii), (iv), (v) and (vi) above, have regard only to the interests of the Class G 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; (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; (v) the Class F 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 and/or the Class E Noteholders; (vi) the Class G 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 and/or the Class E Noteholders and/or the Class F Noteholders; (vii) the Class H Noteholders, among other things, to request or direct the Note Trustee to take any action 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 and/or the Class E Noteholders and/or the Class F Noteholders and/or the Class G Noteholders. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders and/or the Class G Noteholders and/or the Class H 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, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders, the exercise of powers by the Class C Noteholders will be binding on the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders, the exercise of powers by the Class D Noteholders will be binding on the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders, the exercise of powers by the Class E Noteholders will be binding on the Class F Noteholders, the Class G Noteholders and the Class H Noteholders, the exercise of powers by the Class F Noteholders will be binding on the Class G Noteholders and the Class H Noteholders and the exercise of powers by the Class G Noteholders will be binding on and the Class H 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 mortgaged 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 Transactions, the FX 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, as the case may be, the Access Self Storage 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, the Access Self Storage 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 or, as the case may be, the Access Self Storage

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 Party), the Issuer Security Trustee shall, subject to the requirements of the Servicing Agreement or, as the case may be, the Access Self Storage Servicing Agreement regarding the appointment of a substitute, 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 Party. The "**Controlling Party**" 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 Party will be the holders of the most junior class of Notes then outstanding that has a Principal Amount Outstanding that is greater than zero.

However, not withstanding the above, in accordance with the terms of the Access Self Storage Intercreditor Agreement and the Sanctuary Intercreditor Agreement, in circumstances where the Control Valuation Event is not continuing, the Junior Lenders thereunder have the right to appoint a substitute Special Servicer.

(D) Operating Adviser

Subject to any applicable Intercreditor Agreement, the Controlling Party may, 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 (for the avoidance of doubt, without adjustment for any NAI Amount) 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 (or, in the case of the Class B Notes three-month dollar deposits) (save, in the case of the first Interest Determination Date, the linear interpolation of three months and four months sterling or US dollar deposits, as the case may be) 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 (or, in the case of the Class B Notes, three month dollar deposits in an amount of US$10,000,000) (save, in the case of the first Interest Determination Date, the linear interpolation of three months and four months sterling or US dollar deposits, as the case may be) 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 A1 Notes, 0.16 per cent. per annum;

(B) in respect of the Class A2 Notes, 0.17 per cent. per annum;

(C) in respect of the Class B Notes, 0.155 per cent. per annum;

(D) in respect of the Class C Notes, 0.24 per cent. per annum;

(E) in respect of the Class D Notes, 0.28 per cent. per annum;

(F) in respect of the Class E Notes, 0.42 per cent. per annum;

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

(H) in respect of the Class G Notes, 0.68 per cent. per annum; and

(I) in respect of the Class H 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 (such amount in respect of the Class B Notes being the sterling amount payable to the FX Swap Provider). 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 (for the avoidance of doubt, taking into account the NAI Amount (if any) applicable in reducing the Principal Amount Outstanding of such class), multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 (or, in the case of the Class B Notes, 360) and rounding the resultant figure downward to the nearest penny (or, in the case of the Class B Notes to the nearest cent). An amount equal to the difference between the amount of interest that has accrued on each Note and the amount of interest due and payable after application of an NAI Amount to such Note will be deferred and will become due and payable on, and shall continue to accrue interest at the applicable Rate of Interest until, the date on which such Note is redeemed in full.

(e) Interest on the Class H Notes

Notwithstanding Condition 4(*a*) (Accrual of Interest) and 4(*b*) (Interest Payment Dates and Interest Periods), if on any Interest Payment Date or any other date following the service of an Enforcement Notice or the Notes otherwise becoming due and repayable in full:

(i) the Interest Payment that would be due and payable on the Class H Notes under Condition 4(*c*) (Rate of Interest) is in excess of the Class H Adjusted Interest Payment; and

(ii) the difference between the Interest Payment that would be otherwise due on the Class H Notes under Condition 4(*c*) (Rate of Interest) and the Class H Adjusted Interest Payment is attributable to a reduction in the interest-bearing balances of the Loans as a result of prepayments,

then, the interest due in respect of the Class H Notes will be subject to a cap (the "**Available Funds Cap**") and will be capped at the Class H Adjusted Interest Payment, and, subject to paragraph (iii) below, the Issuer will have no further obligation to pay any amount in respect of Class H Interest that would otherwise be due on such Interest Payment Date,

(iii) to the extent that there is a difference between the interest that would, but for paragraph (i) above, be due in respect of the Class H Notes, the Issuer will be obliged on any subsequent Interest Payment Date to the extent that funds are available to pay pursuant to the Conditions a fee (the "**Deferred AFC Fee**") as consideration for the use of the principal amount of the Class H Notes in an amount equal to the difference between the interest due on the Class H Notes in accordance with Condition 4(*a*) (Accrual of Interest) and the Class H Adjusted Interest Payments (such differences being the Relevant Amount). Interest on the Deferred AFC Fee will accrue as if the Deferred AFC Fee had been due and payable on the relevant Interest Payment Date. Following redemption in full of the Notes, the Deferred AFC Fee together with any interest due and payable thereon shall become due and payable by the Issuer.

"**Class H Adjusted Interest Payment**" on any Interest Payment Date or any other date following the service of an Enforcement Notice or the Notes otherwise becoming due and repayable in full will be an amount equal to:

(1) Available Interest Receipts available for application on that Interest Payment Date or any other date following service of an Enforcement Notice or the Notes otherwise becoming due and repayable in full; minus

(2) the sum of all amounts payable in priority to payments of interest on the Class H Notes in accordance with the applicable priority of payments.

As soon as practicable after becoming aware that any Deferred AFC Fee will arise, the Issuer or the Cash Manager acting on its behalf will give notice thereof to the Trustee and the Class H Noteholders, in accordance with Condition 14 (Notice to Noteholders).

(f) 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.

(g) 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.

(h) *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.

(i) *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 October 2019.

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 October 2019 when it means the actual Interest Payment Date in October 2019.

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 Loans as a result of the repayment of the relevant 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 Loans as a result of any prepayment in part or in full of a Whole Loan (including upon the receipt of insurance proceeds not applied in reinstating the relevant Property prior to the final maturity of the relevant 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 a Securitised Loan by the Originator pursuant to a 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 a Securitised Loan by the Servicer pursuant to the Servicing Agreements or a Junior Lender under an 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 a 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 Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class H Notes in the manner set out below (and, in the event that the Available Principal is referable to more than one Securitised Loan, in the order of application set out below). The amount by which a particular class of Notes will be redeemed on a particular Interest Payment Date will equal the sum of:

(A) an amount equal to the percentage applicable to the relevant class of Notes of Available Principal (other than Available Principal Recovery Funds allocated pursuant to paragraph (B) below) received in respect of each Group 1 Securitised Loan, the Group 2 Securitised Loan and the Group 3 Securitised Loans according to its group. The relevant percentages for each class of Notes and the groups of Securitised Loans for these purposes is set out below:

	Group 1 Securitised Loan	Group 2 Securitised Loan	Group 3 Securitised Loans
Class A1/A2/B Notes	82%	95%	80%
Class C Notes	6%	5%	7%
Class D/E Notes	6%	0%	6%
Class F/G Notes	6%	0%	4%
Class H Notes	0%	0%	3%

Group 1 Securitised Loan:

Sanctuary Buildings Loan

Group 2 Securitised Loan:

Nextra Portfolio UK Loan

Group 3 Securitised Loans:

Access Self Storage Loan

Devonshire Square Loan

Allocation of the relevant percentage for the Group 1 Securitised Loan, the Group 2 Securitised Loan and the Group 3 Securitised Loans between the Class A1 Notes, the Class A2 Notes and the Class B Notes shall be *pro rata* between the Class A1 Notes and the Class A2 Notes in accordance with their Principal Amount Outstanding at the relevant time until the Principal Amount Outstanding of the Class A Notes has been reduced to zero after which any allocated amount shall be applied to redeem the Class B Notes; then

Allocation of the relevant percentage for the Group 1 Securitised Loan and the Group 3 Securitised Loans between the Class D Notes and the Class E Notes shall be *pro rata* between each class of such Notes in accordance with their Principal Amount Outstanding at the relevant time; then

Allocation of the relevant percentage for the Group 1 Securitised Loan and the Group 3 Securitised Loans between the Class F Notes and the Class G Notes

shall be *pro rata* between each class of such Notes in accordance with their Principal Amount Outstanding at the relevant time; and

(B) an amount of Available Principal Recovery Funds received in respect of each Securitised Loan allocated to the relevant class of Notes in accordance with the following procedure. The Available Principal Recovery Funds received in respect of a Securitised Loan will be applied sequentially to the Target Redemption Amounts for such Securitised Loan. The "**Target Redemption Amount**" for each class of Notes in relation to each Securitised Loan on any day will be equal to the product of (i) the aggregate principal amount outstanding of the relevant Securitised Loan on that day and (ii) the percentage set out in paragraph (A) above applicable to the relevant class of Notes and the relevant Securitised Loan according to its group.

For the purpose of determining the amount of Available Principal to be allocated to redeem any class of Notes, if in accordance with the above allocation rules the amount of Available Principal available to redeem a class of Notes would exceed the Principal Amount Outstanding of such class of Notes, an amount equal to the excess will be allocated to the other classes of Notes on a *pro rata* basis. The percentage of such excess amount to be applied to a class of Notes will be equal to the fraction (expressed as a percentage) of (i) the Weighted Average Loan Allocation Percentage applicable to the relevant outstanding class of Notes divided by (ii) the aggregate of the Weighted Average Loan Allocation Percentages applicable to all the classes of Notes with a Principal Amount Outstanding of greater than zero. The "**Weighted Average Loan Allocation Percentage**" of a class of Notes on any Calculation Date will be equal to (i) the sum of the products of the amount of Available Principal applicable to each Securitised Loan and the relevant percentage applicable to the relevant class of Notes divided by (ii) the amount of Available Principal to be allocated on such Calculation Date.

Notwithstanding the above, if on any Interest Payment Date where a Sequential Redemption Event has not occurred, but a Work-out Fee or Liquidation Fee is payable by the Issuer in respect of principal with the effect that Available Principal available to redeem the Notes is reduced (which may not be the case in respect of a Securitised Loan), then the above application of Available Principal shall be altered. In such circumstances, the amount of such Work-out Fee or Liquidation Fee shall, for the purposes of calculating the amount of each class of Notes to be redeemed, be added to the amount of the then Available Principal and the notional waterfall above applied as if such amounts were available to the Issuer. Then the relevant amount of Work-out Fee or Liquidation Fee shall be deducted from the amount by which the most junior class of Notes would have been redeemed if such increased sum of Available Principal had been available and the Notes of each class shall then be redeemed by reference to such revised amounts.

A "**Sequential Redemption Event**" shall occur if any of the following circumstances exist on a Calculation Date:

(A) more than 26.5 per cent. of the principal amount outstanding of the Securitised Loans at the relevant Calculation Date are Specially Serviced Loans or two or more Securitised Loans are Specially Serviced Loans; or

(B) the cumulative percentage of Securitised Loans (calculated by reference to the principal amount outstanding of the Securitised Loans as at the Closing Date) which have defaulted since the Closing Date is greater than 26.5 per cent. of the aggregate principal amount outstanding of the

Securitised Loans as at the Closing Date or two or more Securitised Loans are in default; provided that, in determining whether a Securitised Loan has defaulted for the purposes of this paragraph:

(1) such determination shall be made solely on the basis of the terms of the relevant Loan Agreement as at the Closing Date and without regard to any subsequent amendments to the relevant Loan Agreement or waivers granted in respect thereof; and

(2) an event of default shall not be deemed to have occurred if (a) the default is with respect to payment and such default has been remedied or cured within five Business Days of such default, and/or (b) the default is other than with respect to payment, the default is capable of being remedied or cured and such default has been remedied or cured within 30 days of such default being notified in accordance with the terms of the relevant Loan Agreement, and/or (c) Default Procedures have been completed and the principal amount outstanding and all amounts of interest, fees, expenses and any other amounts payable by the relevant Borrower in respect of such defaulted Securitised Loan have been received in full or the relevant Borrower has prepaid the defaulted Securitised Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the relevant Borrower in respect of such defaulted Securitised Loan); or

(C) there has been any loss incurred by the Noteholders of any class of Notes since the Closing Date resulting from a failure to repay principal of, or, other than in respect of the most senior class of Notes then outstanding, pay interest on, any Note on the due date for such payment.

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 each case *pari passu* and *pro rata*, (a) in or towards repaying the Principal Amount Outstanding of the Class A1 Notes until all the Class A1 Notes have been redeemed in full, and (b) in or towards repaying the Principal Amount Outstanding of the Class A2 Notes until all the Class A2 Notes have been redeemed in full;

(ii) **second**, in payment of sterling amounts due to the FX Swap Provider under the FX Swap Transaction (to enable payment using the corresponding US dollar amounts received from the FX Swap Provider to be made pursuant to the Class B Notes in order to repay 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;

(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;

(vi) **sixth**, in or towards repaying the Principal Amount Outstanding of the Class F Notes until the Class F Notes have been repaid in full;

(vii) **seventh**, in or towards repaying the Principal Amount Outstanding of the Class G Notes until the Class G Notes have been repaid in full; and

(viii) **eighth**, in or towards repaying the Principal Amount Outstanding of the Class H Notes until the Class H 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 Borrowers in relation to the Securitised Loans is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Interest Payment Date and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the 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) in each case *pari passu* and *pro rata*, (i) all Class A1 Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A1 Notes plus interest accrued and unpaid thereon and (ii) all Class A2 Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A2 Notes plus interest accrued and unpaid thereon; and

(B) following payment of sterling amounts due to the FX Swap Provider under the FX Swap Transaction (to enable payment using the corresponding US dollar amounts received from the FX Swap Provider to be made pursuant to the Class B Notes), 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;

(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;

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

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

(H) all Class H Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class H Notes plus interest accrued and unpaid thereon (other than the Deferred AFC Fee, in respect of which the Issuer will deliver immediately prior to such redemption of the Class H Noteholders an unsecured documentary undertaking of the Issuer to pay any outstanding Deferred AFC Fees).

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 Transactions

If, at any time, one or more of the Swap Transactions 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) in each case *pari passu* and *pro rata*, (i) all Class A1 Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A1 Notes plus interest accrued and unpaid thereon, and (ii) all Class A2 Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A2 Notes plus interest accrued and unpaid thereon;

(B) following payment of sterling amounts due to the FX Swap Provider under the FX Swap Transaction (to enable payment using the corresponding US dollar amounts received from the FX Swap Provider to be made pursuant to the Class B

Notes), 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;

(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;

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

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

(H) all Class H Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class H 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 (or, in the case of the Class B Notes, US$250,000) in the case of the Reg S Notes and £250,000 (or, in the case of the Class B Notes, US$250,000) in the case of the Rule 144A Notes and the denominator is £50,000 (or in the case of the Class B Notes, 100,000) in the case of the Reg S Notes and £250,000 (or in the case of the Class B Notes, in the equivalent amount of US Dollars) 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 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 and less, for all purposes other than Condition 4(*a*) (Accrual of Interest), Condition 5(*a*) (Final Redemption), Condition 5(*c*) (Mandatory Redemption for Tax or Other Reasons) and Condition 9(*b*) (Effect of Enforcement Notice), the NAI Amount of such Note. The amount of interest due and payable on a Note on an Interest Payment Date will be calculated on the Principal Amount Outstanding after deduction of any NAI Amount applicable to such Note on such Interest Payment Date.

The non-accruing (in cash terms) interest amount (the "**NAI Amount**") of a Note means, with respect to any Calculation Date, a *pro rata* share of the NAI Shortfall Amount, applied to the relevant class of Notes in accordance with the following sentence. On the Interest Payment Date immediately following any Calculation Date on which an NAI Shortfall Amount has been determined, the Principal Amount Outstanding of the Notes will, for all purposes other than Condition 4(*a*) (Accrual of Interest), Condition 5(*a*) (Final Redemption), 5(*c*) (Mandatory Redemption for Tax or Other Reasons) and 9(*b*) (Effect of Enforcement Notice) only, be reduced by an amount equal to such NAI Shortfall Amount as applied to the classes of Notes in a reverse sequential order beginning with the most subordinate class of Notes that has a Principal Amount Outstanding.

The non-accruing (in cash terms) interest shortfall amount (the "**NAI Shortfall Amount**") means, with respect to any Calculation Date, the excess of (x) the aggregate Principal Amount Outstanding of the Notes on the related Interest Payment Date (after application of any Principal Receipts, if any, to be applied on such Interest Payment Date) over (y) the aggregate amount of principal with respect to all Securitised Loans outstanding as at such Calculation Date, as determined by the Servicer or the Special Servicer (in the case of a Specially Serviced Loan) after taking into account all principal received on or before such Calculation 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) Optional Redemption by the Majority Class H Noteholders

If on any Interest Payment Date, the Servicer has not, when entitled so to do, exercised its option to purchase all of the outstanding Securitised Loans and the Related Security granted pursuant to the terms of the Servicing Agreement, the Majority Class H Noteholders, having given not less than 20 days' irrevocable notice to the Note Trustee and the Noteholders in accordance with Condition 14 (Notice to Noteholders), may purchase the Nextra Portfolio UK Loan from the Issuer for an amount equal to all amounts of principal, interest (including accrued interest) fees, expenses and other amounts which are due (or which have accrued) in respect of the Nextra Portfolio UK Loan) and the Issuer shall with such sale proceeds redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with any accrued interest (other than Deferred AFC Fee, in respect of which the Issuer will deliver immediately prior to such redemption to the Class H Noteholders an unsecured documentary undertaking of the Issuer to pay any outstanding Deferred AFC Fee); provided that on such Interest Payment Date (i) the Nextra Portfolio UK Loan is the only remaining Loan outstanding in the Loan Pool, and provided that (ii) no Deferred AFC Fee is then accruing or payable.

(g) Notice of Redemption

Any such notice as is referred to in Condition 5(*c*), (*d*), (*e*) *or (f)* above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class in the amounts specified in these Conditions.

(h) Cancellation

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

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 A1 Notes and the Class A2 Notes then outstanding; or

(2) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or

(3) if there are no Class A Notes and Class B Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding; or

(4) if there are no Class A Notes, Class B Notes and Class C Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class D Notes then outstanding; or

(5) if there are no Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class E Notes then outstanding; or

(6) if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class F Notes then outstanding; or

(7) if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class G Notes then outstanding; or

(8) if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class H Notes then outstanding,

or if so directed by or pursuant to an Extraordinary Resolution of the Class A1 Noteholders and the Class A2 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, *pari passu* and *pro rata* any Class A1 Note and Class A2 Note; or if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class B Notes outstanding, any Class C Note; or, if there are no Class C Notes outstanding, any Class D Note; or, if there are no Class D Notes outstanding, any Class E Note; or, if there are no Class E Notes outstanding, any Class F Note; or, if there are no Class F Notes outstanding, any Class G Note; or if there are no Class G Notes outstanding, any Class H 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 A1 Noteholders and the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders or the Class H 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 A1 Notes and the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes or the Class H 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 A1 Noteholders and the Class A2 Noteholders or the Note Trustee has been directed to take such action by an Extraordinary Resolution of the Class A1 Noteholders and the Class A2 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 A1 Notes and 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 A2 Notes then outstanding;

(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;

(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;

(v) the Note Trustee shall not be bound to act at the direction of the Class F Noteholders unless to do so would not in the opinion of the Note Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E 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, the Class D Noteholders and the Class E Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes then outstanding;

(vi) the Note Trustee shall not be bound to act at the direction of the Class G 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, the Class D Noteholders, the Class E Noteholders and the Class F 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, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes then outstanding; and

(vii) the Note Trustee shall not be bound to act at the direction of the Class H 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, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G 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, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G 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), 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), no Class F Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note, Class D Note or Class E Note outstanding), no Class G Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note outstanding), no Class H Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note, Class D Note, Class E Note, Class F Note or Class G 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 26 PECO Holder Limited (the "**PECO Holder**"), sell all (but not some only) of their holdings of Notes then outstanding and the benefit of any Deferred AFC Fee, as the case may be, 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 and the benefit of any undertaking issued by the Issuer in respect of any Deferred AFC Fee, 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.

All of the holders of an undertaking issued by the Issuer in respect of any Deferred AFC Fee will be required to sell, at the request of PECO-Holder, all (but not some only) of the benefit of any such undertaking to PECO-Holder pursuant to the option granted to PECO-Holder by the Issuer Security Trustee (as agent for the Noteholders) for the consideration of 0.01 pence per undertaking at any time from (and including) the Business Day immediately following the date on which the Notes have been redeemed in full (other than in respect of any Deferred AFC Fee) in accordance with this Condition 10.

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 A1 Noteholders and at a meeting of the Class A2 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 A1 Noteholders and the Class A2 Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A1 Noteholders and the Class A2 Noteholders.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders will be binding on all other Noteholders (other than the Class A1 Noteholders and the Class A2 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, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H 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, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H 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 A1 Noteholders and the Class A2 Noteholders and the Class B Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A1 Noteholders, the Class A2 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 A1 Noteholders, the Class A2 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, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H 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 A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A1 Noteholders, the Class A2 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 A1 Noteholders, the Class A2 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, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H 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 A1 Noteholders, the Class A2 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 A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

An Extraordinary Resolution passed at any meeting of the Class E Noteholders will be binding on the Class F Noteholders, the Class G Noteholders and the Class H 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 F Noteholders, the Class G Noteholders and the Class H Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class F Noteholders, the Class G Noteholders, the Class H Noteholders).

(g) An Extraordinary Resolution passed at any meeting of Class F Noteholders (other than as referred to in Condition 11(*b*), 11(*c*), 11 (*d*), 11 (*e*) or 11(*f*)) 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 A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.

An Extraordinary Resolution passed at any meeting of the Class F Noteholders will be binding on the Class G Noteholders and the Class H 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 G Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class G Noteholders).

(h) An Extraordinary Resolution passed at any meeting of Class G Noteholders (other than as referred to in Condition 11(*b*), 11(*c*), 11 (*d*), 11 (*e*), 11 (*f*) or 11(*g*)) 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 A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.

An Extraordinary Resolution passed at any meeting of the Class G Noteholders will be binding on the Class H 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 H Noteholders (or it will not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class H Noteholders).

(i) An Extraordinary Resolution passed at any meeting of Class H Noteholders (other than as referred to in Condition 11(*b*), 11(*c*), 11 (*d*), 11 (*e*), 11(*f*), 11(*g*) or 11(*h*)) 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 A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G 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 Party 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 Guarantors, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider 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 and/or DTC (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 and/or DTC (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 Calculation and Reporting Agent's internet website currently located at www.ctslink.com pursuant to the Agency and Reporting 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 A1 Note or any Class A2 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), and items (a) to (h) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class F Notes), and items (a) to (i) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class G Notes), and items (a) to (j) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class H 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, the Class E Notes, the Class F Notes, the Class G Notes and the Class H 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 and/or Class F Note and/or Class G Note and/or Class H 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, Class E Note, Class F Note or Class G Note, as the case may be, by the aggregate principal amount of the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes and Class H 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, the Class E Notes, the Class F Notes, the Class G Notes and/or the Class H 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, the Class E Notes, the Class F Notes, the Class G Notes or the Class H 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, the Class E Notes, the Class F Notes, the Class G Notes or the Class H 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); items (a) to (g) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class E Notes); items (a) to (h) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class F Notes); items (a) to (i) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class G Notes), items (a) to (j) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class H 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 A1 Notes or any Class A2 Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes or the Class H Notes respectively. Subject to Condition 5(b), while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes or the Class H Notes respectively. Subject to Condition 5(b), while any Class C Notes are outstanding, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders or the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes or the Class H Notes respectively. Subject to Condition 5(b), while any Class D Notes are outstanding, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders or the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class E Notes, the Class F Notes, the Class G Notes or the Class H Notes respectively. Subject to Condition 5(b), while any Class E Notes are outstanding, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class F Notes, the Class G Notes or the Class H Notes, respectively. Subject to Condition 5(b), while any Class F Notes are outstanding, the Class G Noteholders and the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class G Notes or the Class H Notes. Subject to Condition 5(b), while any Class G Notes are outstanding, the Class H Noteholders shall not be entitled to any repayment of principal in respect of the Class H 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, the Class E Notes, the Class F Notes, the Class G Notes or the Class H 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, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders or the Class H 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, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will be indebtedness of the Issuer and the Class H 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 £601,150,000* and this sum will be applied by the Issuer towards payment to the Originator of the purchase consideration in respect of the Securitised Loans and interest accrued thereon, the Originator's beneficial interests in the Loan Security Trusts comprising the Related Security to be purchased on the Closing Date pursuant to the Loan Sale Agreement. For further information, see "*The Loans and the Related Security*" at page 73. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Morgan Stanley Bank International Limited.

* Approximately, calculated using an exchange rate of £1 = US$1.962.

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 841 of the Income and Corporation Taxes Act 1988 (the Irish Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on each of the Notes will be treated as a "payment of interest on a quoted Eurobond" within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a recognised stock exchange, an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.) 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 349A to 349D of the Income and Corporation Taxes Act 1988.

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.

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.

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 H Notes (collectively, the "**Priority Notes**"), are debt of the Issuer for United States federal income tax purposes and (B) the Class H Notes are equity in the Issuer for United States federal income tax purposes. However, because of the subordination and other features of the Class H 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 H Notes to United States holders*" and "*Dispositions of Class H Notes by United States holders*" below. The Issuer intends to take the position that the Class H 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 H 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 H 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 H 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 expected amortisation payments of the Securitised Loans on the assumption that there will be no prepayments of the Securitised Loans.

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 of 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 subordination and other features of the Class H 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 H Notes below under "*Distributions on the Class H Notes to United States Holders*" and "*Disposition of Class H 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 H Notes to United States Holders

Except as provided below, a United States holder of a the Class H 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 H Note with respect to a Class H 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 H 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 H 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 H 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 H 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 H Notes are disposed of, subject to an interest charge on the deferred amount. In this respect, prospective purchasers of Class H 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 H 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 H 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 H Notes at the close of the year over the U.S. shareholder's adjusted tax basis in the Class H Notes. For this purpose, a U.S. shareholder's adjusted tax basis generally would be the U.S. shareholder's cost for the Class H 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 H 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 H Notes previously included in income. Any gain from the actual sale of the Class H 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 H 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 H 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 H Notes during more than one taxable year would be required to report any gain on the disposition of any Class H 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 H 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 H 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 H Notes). Because the Class H 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 H Notes. U.S. shareholders of the Class H Notes should consider carefully whether to make a QEF election or mark-to-market election with respect to the Class H 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 H 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 H 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 H Notes.

The treatment of actual distributions on the Class H 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 H 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 H 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 H Notes by United States Holders

Sale, Redemption or Other Disposition on Class H Notes.

In general, a United States holder of a Class H Note will recognize gain or loss upon the sale or other disposition of a Class H Note equal to the difference between the amount realized and such holder's adjusted tax basis in the Class H 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 H 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 H 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 H 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 H 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 H 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 H Notes to Non-United States Holders

A non-United States holder of the Class H 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 H 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 H 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 Loans will be treated as a loss from the sale or exchange of a capital asset at that time. In addition, no loss will be permitted to be recognised until the Notes are wholly worthless.

Each United States holder will be required to accrue interest 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 Loans until it can be established that those payment reductions are not receivable. Accordingly, particularly with respect to the Class H 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 should be treated as indebtedness under local law without any substantial equity features for purposes of the Plan Asset Regulations. By contrast, the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes and Class H Notes may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes and Class H 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 are treated as an equity interest for such purposes, the acquisition or holding of the Class A Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA or Section 4975 of the Code if the Issuer, 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 Class A Notes. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager", PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house

asset manager", PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest, PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest and PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest (collectively, the "**Exemptions**"). Even if the conditions specified in one or more of the Exemptions are met, the scope of the relief provided by the Exemptions might or might not cover all acts which might be construed as prohibited transactions.

Nevertheless, even if an Exemption applies, a Plan generally should not purchase any Class A 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 FX Swap Provider, 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. On 5th January, 2000, the United States Department of Labor issued a final regulation which provides guidance for determining, in cases where insurance policies supported by an insurer's general account are issued to or for the benefit of a Plan on or before 31st December, 1998, which general account assets are plan assets. That regulation generally provides that, if certain specified requirements are satisfied with respect to insurance policies issued on or before 31st December, 1998, the assets of an insurance company general account will not be plan assets. Nevertheless, certain assets of an insurance company general account may be considered to be plan assets. Therefore, if an insurance company acquires Notes using assets of its general account, certain of the insurance company's assets may be plan assets and the provisions of ERISA and Section 4975 of the Code could apply to such acquisition and the subsequent holding of the Notes. An insurance company using assets of its general account may not acquire Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes and Class H Notes if any of such general account assets are considered to be plan assets.

The sale of any Class A 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 the Class A Notes will be deemed to have represented and agreed that (i) either it is not purchasing such Notes with the assets of any Plan or that one of more exemptions applies such that the use of such assets will not constitute a prohibited transaction under ERISA or the Code, and (ii) with respect to transfers, it will either not transfer such Notes to a transferee purchasing such Notes with the assets of any Plan, or one or more exemptions applies such that the acquisition and holding of an interest in such Notes by the transferee will not constitute a prohibited transaction. The Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes and Class H Notes may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code. Any Plan fiduciary that proposes to cause a Plan to purchase such instruments should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment and whether any exemption or exemptions have been satisfied.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International Limited (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 and the Originator, agreed, subject to certain conditions, to subscribe and pay for the Class A1 Notes at 100 per cent. of the principal amount of such Notes, the Class A2 Notes at 100 per cent. of the principal amount of such Notes, the Class B Notes at 100 per cent. of the principal amount of such Notes, the Class C Notes at 100 per cent. of the principal amount of such Notes, the Class D Notes at 100 per cent. of the principal amount of such Notes, the Class E Notes at 100 per cent. of the principal amount of such Notes, the Class F Notes at 100 per cent. of the principal amount of such Notes, the Class G Notes at 100 per cent. of the principal amount of such Notes and the Class H 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 Limited, 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 2**Error! Bookmark not defined.**.

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., AS OPERATOR OF THE EUROCLEAR SYSTEM ("**EUROCLEAR**") AND CLEARSTREAM BANKING, SOCIÉTÉ ANONYME, LUXEMBOURG ("**CLEARSTREAM, LUXEMBOURG**") OR FROM THE DEPOSITARY TRUST COMPANY ("**DTC**") 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 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 B NOTES, CLASS C NOTES, CLASS D NOTES, CLASS E NOTES, CLASS F NOTES OR CLASS G NOTES AND THE ACQUISITION AND HOLDING OF AN INTEREST IN SUCH NOTES BY THE TRANSFEREE IS NOT PROHIBITED BY EITHER SECTION 406 OR 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 13 April, 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 12 April, 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 DTC, Euroclear and Clearstream, Luxembourg (as applicable) as follows:

Class	Common Code (for Reg S Notes)	ISIN (for Reg S Notes)	CUSIP (for Rule 144A Notes)	Common Code (for Rule 144A Notes)	ISIN (for Rule 144A Notes)
A1	029460051	XS0294600514	-	029462500	XS0294625008
A2	029460248	XS0294602486	-	029462593	XS0294625933
B	029462020	XS0294620207	89677H AA5	n/a	n/a
C	029460329	XS0294603294	-	029462712	XS0294627129
D	029460370	XS0294603708	-	029462810	XS0294628101
E	029460418	XS0294604185	-	029462925	XS0294629257
F	029460477	XS0294604771	-	029462950	XS0294629505
G	029460728	XS0294607287	-	029463018	XS0294630180
X	-	-	-	-	-
H	029460833	XS0294608335	-	029463298	XS0294632988

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 7 February, 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 Access Self Storage Servicing Agreement;

      (g) the Cash Management Agreement;

      (h) the Interest Rate Swap Agreement, the Interest Rate Swap Agreement Credit Support Document and the Interest Rate Swap Guarantee;

      (i) the FX Swap Agreement and the FX Swap Agreement Credit Support Document;

      (j) the Corporate Services Agreement;

      (k) the Post-Enforcement Call Option Agreement;

      (l) the Servicer Advance Facility Agreement;

      (m) the Agency and Reporting Agreement;

      (n) the Master Definitions Schedule; and

      (o) the Advance Guarantees.

APPENDIX 1 – THE BORROWERS

Note: Unless otherwise stated, all information set out in this Appendix is given as of the Cut-Off Date.

PART 1

The Devonshire Square Borrower

Borrower

The Devonshire Square Borrower comprises (jointly and severally) two limited partnerships namely CG Cutlers Gardens Limited Partnership (registered number LP7458) and CG Shield House Limited Partnership (registered number LP7459). Each is constituted under the laws of England and Wales pursuant to separate partnership agreements dated 6th March, 2001 (as amended and restated on 22nd March, 2001 and 29th September, 2006). The memorandum and articles of association of the general partners in the Devonshire Square Borrower, in electronic format, may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at Heathcoat House, 20 Saville Row, London, W1S 3PR for the life of the Notes.

Each limited partnership comprises two general partners and two limited partners. In the case of CG Cutlers Gardens Limited Partnership the general partners are CG Cutlers Gardens (UK) No.1 Limited and CG Cutlers Gardens (UK) No.2 Limited (the "**CG General Partners**") and, in the case of CG Shield House Limited Partnership, the general partners are CG Shield House (UK) No.1 Limited and CG Shield House (UK) No.2 Limited (the "**SH General Partners**"). The limited partners of both partners are (a) The CG Global Cutlers Gardens Unit Trust and (b) The CG International Cutlers Gardens Unit Trust, both unit trusts constituted under the laws of Jersey pursuant to trust instruments dated 25th June, 2004 (as subsequently varied), the trustee of both of which is Mourant & Co. Trustees Limited.

CG Cutlers Gardens Limited Partnership and CG Shield House Limited Partnership were previously known as Peabody Cutlers Gardens Limited Partnership and Peabody Shield House Limited Partnership respectively. CG Cutlers Gardens (UK) No. 1 Limited, CG Cutlers Gardens (UK) No. 2 Limited, CG Shield House (UK) No. 1 Limited and CG Shield House (UK) No. 2 Limited were previously known as Peabody Cutlers Gardens (UK) No. 1 Limited, Peabody Cutlers Gardens (UK) No. 2 Limited, Peabody Shield House (UK) No. 1 Limited and Peabody Shield House (UK) No. 2 Limited respectively.

General Partners

The CG General Partners and SH General Partners (together the "**General Partners**") are all companies incorporated with limited liability under the laws of England and Wales with registered offices at Heathcoat House, 20 Saville Row, London, W1S 3PR. The dates of incorporation and registered numbers of the General Partners are as follows:-

Company	Registered Number	Date of Incorporation
CG Cutlers Gardens (UK) No. 1 Limited	4131332	27 December, 2000
CG Cutlers Gardens (UK) No. 2 Limited	4131250	27 December, 2000
CG Shield House (UK) No. 1 Limited	4131311	27 December, 2000
CG Shield House (UK) No. 2 Limited	4131241	27 December, 2000

Limited Partners

The CG Global Cutlers Gardens Unit Trust and the CG International Cutlers Gardens Unit Trusts (together the "**CG Unit Trusts**") are both unit trusts constituted under Jersey Law pursuant to trust instruments dated 25th June, 2004. The trustee for both CG Unit Trusts (in whom all assets of the unit trusts are vested) is Mourant & Co Trustees Limited, a third party trustee company incorporated with limited liability under the laws of Jersey, whose registered office is at PO Box 87, 22 Grenville Street, St Helier, Jersey, JE4 8PX.

The CG Global Cutlers Gardens Unit Trust has currently in issue 11,754,834 units and The CG International Cutlers Gardens Unit Trust has currently in issue 13,174,725 units, all of which are currently owned by and registered in the name of the Devonshire Square Shareholder.

Principal Activities

The main business of the Devonshire Square Borrower is to hold the Devonshire Square Property, and, to the best of the Originator's knowledge, since the date of the constitution of the limited partnerships comprising the Devonshire Square Borrower, neither has engaged in any other activity.

To the best of the Originator's knowledge, neither the Devonshire Square Borrower nor any of the companies or entities comprising it is, nor within the past twelve months has been, involved in any governmental, legal or arbitration proceedings (including any which are pending or, so far as the Devonshire Square Borrower is aware, threatened) which, if adversely determined, are reasonably likely to have a material adverse effect on their businesses or financial conditions.

The Devonshire Square Borrower has confirmed that there have been no significant changes in its financial or trading position since the end of its last financial period.

Principal Officers

The principal officers of each of the General Partners are as follows:-

Name	Business Address
Patrick Kenny Fox	6131 Stitcher Avenue, Dallas, Texas, U.S.A
Jonathan Herbert Paul	192 Meadowbrook Road, Weston, MA02493, U.S.A.

The principal officers of the General Partners undertake their required duties as directors of such companies. To the best of the Originator's knowledge, there are no conflicts of interest between any duties of the directors of the General Partners and their private interests and/or other duties.

Loan Capital

The outstanding Loan Capital of the Devonshire Square Borrower consists of the Devonshire Square Whole Loan of £340,000,000 advanced by the Originator on 26 January, 2007, which is intended to be tranched into a senior loan of £288,750,000 (the "**Devonshire Square Securitised Loan**"), a junior loan of £51,250,000 (the "**Devonshire Square Junior Loan**") and a capital expenditure loan of up to £20,000,000 (the "**Devonshire Square Capex Loan**"). The Devonshire Square Securitised Loan, Devonshire Square Junior Loan and Devonshire Square Capex Loan all share the same security (see "*Security*" below). The Devonshire Square Borrower has no other loan capital.

Share Capital

Each of the General Partners has an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which one share has been issued. All such issued shares are owned by and registered in the name of Cutlers Gardens LP (a limited partnership organised under the laws of Delaware USA) (the "**Devonshire Square Shareholder**").

Subsidiaries

The CG General Partners, in their capacity as general partners of the CG Cutlers Gardens Limited Partnership, own the entire issued share capital of CG Cutlers Gardens (Jersey) Limited ("**CGJ1**") which in turn owns the entire issued share capital in CG Cutlers Gardens (Jersey) 2 Limited ("**CGJ2**"), both companies incorporated with limited liability in Jersey, whose only purpose and function is (jointly) to hold the legal estate in the Devonshire Square Property (other than the part known as Shield House). The CG General Partners also own the entire issued share capital in Cutlers Gardens Estates Limited ("**CGEL**"), a company incorporated in Scotland which used to perform certain management functions in respect of the Devonshire Square Property, but which is now dormant.

The CG General Partners (along with the Devonshire Square Shareholder) also hold certain shares in a further limited company incorporated in England and Wales (CG Hotel Investment (GP) Limited) and certain units in a Jersey constituted unit trust (the CG Hotel Unit Trust) both of which were set up in connection with the proposed conversion of part of the Devonshire Square Property into an hotel – this development is no longer proceeding and these further entities are consequently dormant.

The SH General Partners, in their capacity as general partners of the CG Shield House Limited Partnership, own the entire issued share capital in CG Shield House (Jersey) Limited ("**SHJ1**") which in turn owns the entire issued share capital in CG Shield House (Jersey) 2 Limited ("**SHJ2**"), both limited companies incorporated under the laws of Jersey, whose sole function is (jointly) to hold the legal estate in the part of the Devonshire Square Property known as Shield House.

The Devonshire Square Securitised Loan

The principal amount of the Devonshire Square Securitised Loan is £288,750,000. Interest is payable quarterly in arrears on the 20th day of January, April, July and October in each year. The Devonshire Square Securitised Loan is to be repaid in full on 20th October, 2011.

Interest is payable at the rate per annum determined by the Facility Agent to be the aggregate of a margin, a fixed rate expressed as a percentage per annum notified by the Facility Agent to the Devonshire Square Borrower and any mandatory costs.

Security

The security for the Devonshire Square Whole Loan comprises:

(a) a debenture from CG Cutlers Gardens Limited Partnership (acting by the CG General Partners) creating a first fixed charge over its beneficial interest in the Devonshire Square Property (other than the part known as Shield House) and fixed and floating charges over all its other assets;

(b) a debenture granted by the CG Shield House Limited Partnership (acting by the SH Limited Partners) creating a first fixed charge over its beneficial interest in the part of the Devonshire Square Property known as Shield House, and fixed and floating charges over all its other assets;

(c) a debenture from CGJ1 and CGJ2 creating fixed and floating charges over their assets, including a fixed legal mortgage over the legal estate in the Property (other than Shield House) owned by them;

(d) a debenture from SHJ1 and SHJ2 creating fixed and floating charges over their assets including a first legal mortgage over the legal estate in the part of the Property (Shield House) owned by them;

(e) a debenture from CGEL creating fixed and floating charges over its assets;

(f) a charge granted by the Devonshire Square Shareholder over its shares in each of the General Partners;

(g) a security interest agreement from the Devonshire Square Shareholder over all the units in the CG Unit Trusts;

(h) a security interest agreement from the CG General Partners in respect of their shares in CGJ1;

(i) a security interest agreement from CGJ1 in respect of its shares in CGJ2;

(j) a security interest agreement from SH General Partners in respect of their shares in the SHJ1;

(k) a security interest agreement from SHJ1 in respect of its shares in SHJ2;

(l) a share charge from the CG General Partners in respect of their shares in CGEL;

(m) a duty of care undertaking from the managing agents of the Devonshire Squire Property relating to the demanding of rents; and

(n) an intercreditor agreement regulating the respective rights and priorities of the Devonshire Square Securitised Loan and the Devonshire Square Junior Loan, to be entered into before the Closing Date (for further information see "*Intercreditor Agreements*" – page 83 above).

The security interest agreements in respect of the units in the CG Unit Trusts and the shares in CGJ1, CGJ2, SHJ1 and SHJ2 are subject to Jersey law. The charge from the CG General Partners in respect of its shares in CGEL is subject to Scots law. All other security is subject to the laws of England and Wales.

Auditors

The auditors of the Devonshire Square Borrower are Jones & Partners of Fifth Floor, Julco House, 26 – 28 Great Portland Street, London W1W 8AS, a member of the Institute of Chartered Accountants in England and Wales.

Audited Accounts of the General Partners of the Devonshire Square Borrower together with the Accounts of the Limited Partners for the year ended 31 December 2005

The Audited Accounts of CG Cutlers Garden (UK) No. 1 Limited
(formerly Peabody Cutlers Gardens (UK) NO. 1 Limited)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEABODY CUTLERS GARDENS (UK) NO.1 LIMITED

We have audited the financial statements of Peabody Cutlers Gardens (UK) No.1 limited for the year ended 31 December 2005, which comprise the profit and loss account, balance sheet and related notes numbered 1 to 11. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or presume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements; if the company has not kept proper accounting records; if we have not received all the information and explanations we require for our audit; or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Jones & Partners
Chartered Accountants and Registered Auditors
Fifth Floor Julco House
26-28 Great Portland Street
London
W1W 8AS

16 October 2006

PEABODY CUTLERS GARDENS (UK) NO. 1 LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Other operating income		38	44
Profit on ordinary activities before taxation		38	44
Tax on profit on ordinary activities	3	28	(11)
Profit on ordinary activities after taxation	8	66	33

All amounts derive from continuing operations.

There are no recognised gains or losses other than the profit disclosed in the profit and loss account for the current or the previous year.

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	**4**		1		1
Current assets					
Debtors	**5**	765		699	
Creditors: amounts falling due within one year	**6**	(544)		(544)	
Net current assets			221		155
Total assets less current liabilities			222		156
Capital and reserves					
Called up share capital	**7**		1		1
Profit and loss account	**8**		221		155
Equity shareholders' funds			222		156

These financial statements have been prepared in accordance with the special provisions of S246 of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors and signed on behalf of the Board.

TE Quinn
Director

16 October 2006

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Auditors' remuneration	-	-

The audit fee was paid by another group entity in the current and prior year.

The company has no employees (2004 – nil) and the Directors received no emoluments in connection with their services to this company in the current or prior year.

3 Taxation

	2005 £	2004 £
Domestic current year tax		
Net tax obligation of the company as a general partner of Peabody Cutlers Gardens Limited Partnership	(28)	11
Current tax charge	(28)	11

4. Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
As at 1 January 2005 & 31 December 2005	1

The company has a 0.001 per cent. share in the Peabody Cutlers Gardens Limited Partnership (see note 11).

5	**Debtors:**	**2005**	**2004**
		£	**£**
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	765	699

6	**Creditors: amounts falling due within one year**	**2005**	**2004**
		£	**£**
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	544	544

7	**Called up share capital**	**2005**	**2004**
		£	**£**
	Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid 1 Ordinary share of £1 each	1	1

8 Statement of movements on profit and loss account and statement of movements in shareholders' funds

	Share capital	**Profit and loss account**	**Total**
	£	**£**	**£**
Balance at 1 January 2005	1	155	156
Retained profit for the year	-	66	66
Balance at 31 December 2005	1	221	222

9 Ultimate parent company

The immediate and ultimate parent and controlling party is Peabody Global Real Estate Partners LP, an entity registered in the USA, in whose accounts the results of the company are included. This is the smallest and largest entity within which the results of the company are included.

Peabody Global Real Estate Partners LP prepare group financial statements and copies can be obtained from 535 Madison Avenue, 23rd Floor, New York, NY 10022, USA.

10 Related party transactions

Peabody Cutlers Gardens (UK) No. 1 Limited and Peabody Cutlers Gardens (UK) No. 2 Limited, both general partners in Peabody Cutlers Gardens Limited Partnership, have provided the partnership's lenders with a fixed and floating charge on all its assets by way of a debenture and a pledge document.

11 Peabody Cutlers Gardens Limited Partnership ("the Limited Partnership")

This note discloses the results and financial position of the Peabody Cutlers Gardens Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Peabody Cutlers Gardens (UK) No. 1 Limited holds 0.001 per cent. of Peabody Cutlers Gardens Limited Partnership. It also has 50 per cent. control of this partnership, with the other 50 per cent. of control held by Peabody Cutlers Gardens (UK) No. 2 Limited. Therefore the Limited Partnership, which is a UK Qualifying Partnership, is a joint venture, whose business is that of property investment.

Set out below are the profit and loss account, balance sheet and cash flow statement for the Limited Partnership for the year ended 31 December 2005.

a) Profit and loss account for the year ended 31 December 2005

	2005 £	2004 £
Turnover		
Rental income	21,691,589	22,398,787
Cost of sales	(670,816)	(626,843)
Gross profit	21,020,773	21,771,944
Administrative expenses	(305,553)	(394,834)
Other income	162,603	317,682
Operating profit	20,877,823	21,694,792
Interest receivable	174,437	11,217
Interest payable	(17,239,441)	(17,249,768)
Retained profit for the year	3,812,819	4,456,241

b) Balance sheet as at 31 December 2005

	2005 £	2004 As restated £
Fixed assets		
Investment properties	308,000,000	309,000,000
Investment	110	110
	308,000,110	309,000,110
Current assets		
Debtors	11,494,640	13,567,636
Cash at bank	3,405,120	1,193,073
	14,899,760	14,760,709
Creditors: (amounts falling due within one year)	(11,608,492)	(11,346,133)
Net current assets	3,291,268	3,414,576
Total assets less current liabilities	311,291,378	312,414,686
Creditors: (amounts falling due after one year)	(239,245,333)	(241,240,667)
Net assets	72,046,045	71,174,019
Represented by:		
Limited partners' capital contribution	1,003	1,003
Limited partners' equity loans	54,433,421	54,433,421
Partners' capital accounts	54,434,424	54,434,424
Partners' current accounts	17,629,726	15,454,796
Revaluation reserve	(18,105)	1,284,799
Partners' funds	72,046,045	71,174,019

c) Cashflow statement for the year ended 31 December 2005

	2005 £	2004 £
Net cash inflow from operating activities	23,310,511	18,776,945
Returns on investments and servicing of finance		
Interest received	174,437	11,217
Interest paid	(17,239,441)	(17,286,619)
Net cash outflow from returns on investments and servicing of finance	(17,065,004)	(17,275,402)
Capital expenditure and financial investment	(302,904)	(132,504)
Net cash inflow before management of liquid resources and financing	5,942,603	1,369,039
Management of liquid resources and financing		
Partner's tax payments made in the year	(1,637,889)	(1,143,535)
Loan repayments made in the year	(2,092,667)	(3,114,667)
Cash outflow from financing	(3,730,556)	(4,258,202)
Increase/(decrease) in net cash	2,212,047	(2,889,163)

The Audited Accounts of CG Cutlers Garden (UK) No. 2 Limited
(formerly Peabody Cutlers Gardens (UK) NO. 2 Limited)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEABODY CUTLERS GARDENS (UK) NO.2 LIMITED

We have audited the financial statements of Peabody Cutlers Gardens (UK) No.2 Limited for the year ended 31 December 2005, which comprise the profit and loss account, balance sheet and related notes numbered 1 to 11. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors responsibilities the company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Jones & Partners
Chartered Accountants and Registered Auditors
Fifth Floor Julco House
26-28 Great Portland Street
London
W1W 8AS

16 October 2006

PEABODY CUTLERS GARDENS (UK) NO. 2 LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Other operating income		38	44
Profit on ordinary activities before taxation		38	44
Tax on profit on ordinary activities	3	28	(11)
Profit on ordinary activities after taxation	8	66	33

All amounts derive from continuing operations.
There are no recognised gains or losses other than the profit disclosed in the profit and loss account for the current or the previous year.

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	**4**		1		1
Current assets					
Debtors	**5**	765		699	
Creditors: amounts falling due within one year	**6**	(544)		(544)	
Net current assets			221		155
Total assets less current liabilities			222		156
Capital and reserves					
Called up share capital	**7**		1		1
Profit and loss account	**8**		221		155
Shareholders' funds			222		156

These financial statements have been prepared in accordance with the special provisions of S246 of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors and signed on behalf of the Board.

TE Quinn
Director

16 October 2006

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Auditors' remuneration	-	-

The audit fee was paid by another group entity in the current and prior year.

The company has no employees (2004 – nil) and the Directors received no emoluments in connection with their services to this company in the current or prior year.

3 Taxation

	2005 £	2004 £
Domestic current year tax		
Net tax obligation of the company as a general partner of Peabody Cutlers Gardens Limited Partnership	(28)	11
Current tax charge	(28)	11

4 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
As at 1 January 2005 & 31 December 2005	1

The company has a 0.001 per cent. share in the Peabody Cutlers Gardens Limited Partnership (see note 11).

5 Debtors:

	2005 £	2004 £

Amounts owed by group undertakings and undertakings in which the company has a participating interest	765	699

6 Creditors: amounts falling due within one year	2005 £	2004 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	544	544

7 Called up share capital	2005 £	2004 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

8 Statement of movements on profit and loss account and statement of movement in shareholders' funds

	Share capital £	Profit and loss account £	Total £
Balance as at 1 January 2005	1	155	156
Retained profit for the year	-	66	66
Balance at 31 December 2005	1	221	222

9 Ultimate parent company

The immediate and ultimate parent and controlling party is Peabody International Real Estate Partners LP, an entity registered in the USA, in whose accounts the results of the company are included. This is the smallest and largest entity within which the results of the company are included.

Peabody International Real Estate Partners LP prepare group financial statements and copies can be obtained from 535 Madison Avenue, 23rd Floor, New York, NY 10022, USA.

10 Related party transactions

Peabody Cutlers Gardens (UK) No. 2 Limited and Peabody Cutlers Gardens (UK) No. 1 Limited, both general partners in Peabody Cutlers Gardens Limited Partnership, have provided the partnership's lenders with a fixed and floating charge on all its assets by way of a debenture and a pledge document.

11 Peabody Cutlers Gardens Limited Partnership ("the Limited Partnership")

This note discloses the results and financial position of the Peabody Cutlers Gardens Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Peabody Cutlers Gardens (UK) No. 2 Limited holds 0.001 per cent. of Peabody Cutlers Gardens Limited Partnership. It also has 50 per cent. control of this partnership, with the other 50 per cent. of control held by Peabody Cutlers Gardens (UK) No. 1 Limited. Therefore the Limited Partnership, which is a UK Qualifying Partnership, is a joint venture whose principal business is that of property investment.

Set out below are the profit and loss account, balance sheet and cash flow statement for the Limited Partnership for the year ended 31 December 2005.

a) Profit and loss account for the year ended 31 December 2005

	2005	**2004**
	£	**£**
Turnover		
Rental income	21,691,589	22,398,787
Cost of sales	(670,816)	(626,843)
Gross profit	21,020,773	21,771,944
Administrative expenses	(305,553)	(394,834)
Other income	162,603	317,682
Operating profit	20,877,823	21,694,792
Interest receivable	174,437	11,217
Interest payable	(17,239,441)	(17,249,768)
Retained profit for the year	3,812,819	4,456,241

b) Balance sheet as at 31 December 2005

	2005	2004 As restated
	£	£
Fixed assets		
Investment properties	308,000,000	309,000,000
Investment	110	110
	308,000,110	309,000,110
Current assets		
Debtors	11,494,640	13,567,636
Cash at bank	3,405,120	1,193,073
	14,899,760	14,760,709
Creditors: (amounts falling due within one year)	(11,608,492)	(11,346,133)
Net current assets	3,291,268	3,414,576
Total assets less current liabilities	311,291,378	312,414,686
Creditors: (amounts falling due after one year)	(239,245,333)	(241,240,667)
Net assets	72,046,045	71,174,019
Represented by:		
Limited partners' capital contribution	1,003	1,003
Limited partners' equity loans	54,433,421	54,433,421
Partners' capital accounts	54,434,424	54,434,424
Partners' current accounts	17,629,726	15,454,796
Revaluation reserve	(18,105)	1,284,799
Partners' funds	72,046,045	71,174,019

c) Cashflow statement for the year ended 31 December 2005

	2005 £	2004 £
Net cash inflow from operating activities	23,310,511	18,776,945
Returns on investments and servicing of finance		
Interest received	174,437	11,217
Interest paid	(17,239,441)	(17,286,619)
Net cash outflow from returns on investments and servicing of finance	(17,065,004)	(17,275,402)
Capital expenditure and financial investment	(302,904)	(132,504)
Net cash inflow before management of liquid resources and financing	5,942,603	1,369,039
Management of liquid resources and financing		
Partner's tax payments made in the year	(1,637,889)	(1,143,535)
Loan repayments made in the year	(2,092,667)	(3,114,667)
Cash outflow from financing	(3,730,556)	(4,258,202)
Increase/(decrease) in net cash	2,212,047	(2,889,163)

The Audited Accounts of CG Shield House (UK) No. 1 Limited
(formerly Peabody Shield House (UK) No. 1 Limited)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEABODY SHIELD HOUSE (UK) NO. 1 LIMITED

We have audited the financial statements of Peabody Shield House (UK) No. 1 limited for the year ended 31 December 2005, which comprise the profit and loss account, balance sheet and related notes numbered 1 to 10. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken 50 that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors responsibilities the company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Jones & Partners
Chartered Accountants and Registered Auditors
Fifth Floor Julco House
26-28 Great Portland Street
London
W1W 8AS

16 October 2006

PEABODY SHIELD HOUSE (UK) NO. 1 LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Other operating loss		(5)	(6)
Loss on ordinary activities before taxation		(5)	(6)
Tax on loss on ordinary activities	**3**	-	-
Loss on ordinary activities after taxation	**7**	(5)	(6)

All amounts derive from continuing operations
There are no recognised gains or losses other than the loss disclosed in the profit and loss account for the current or the previous year.

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	**4**		1		1
Current assets					
Creditors: amounts falling due within one year	**5**	(39)		(34)	
Net current liabilities			(39)		(34)
Total assets less current liabilities			(38)		(33)
Capital and reserves					
Called up share capital	**6**		1		1
Profit and loss account	**7**		(39)		(34)
Equity shareholders' deficit			(38)		(33)

These financial statements have been prepared in accordance with the special provisions of S246 of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors and signed on behalf of the Board.

TE Quinn
Director

16 October 2006

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Operating loss	**2005**	**2004**
	£	**£**
Operating loss is stated after charging:		
Auditors' remuneration	-	-

The audit fee was paid by another group entity in the current and prior year.

The company has no employees (2004 – nil) and the Directors received no emoluments in connection with their services to this company in the current or prior year.

3 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

4. Fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost	
As at 1 January 2005 & 31 December 2005	1
Net book value	
As at 31 December 2005	1
At 31 December 2004	1

The company has a 0.001 per cent. share in the Shield House Limited Partnership (see note 10).

5 Creditors: amounts falling due within one year	**2005**	**2004**
	£	**£**

Amounts owed to group undertakings and undertakings in which the company has a participating interest	39	34

6 Called up share capital	2005 £	2004 £
Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 1 Ordinary share of £1 each	1	1

7 Statement of movements on profit and loss account and statement of movements in shareholders' deficit

	Share capital £	Profit and loss account £	Total £
Balance as at 1 January 2005	1	(34)	(33)
Retained loss for the year	-	(5)	(5)
Balance as at 31 December 2005	1	(39)	(38)

8. Ultimate parent company

The immediate and ultimate parent and controlling party is Peabody Global Real Estate Partners LP, an entity registered in the USA, in whose accounts the results of the company are included. This is the smallest and largest entity within which the results of the company are included.

Peabody Global Real Estate Partners LP prepare group financial statements and copies can be obtained from 535 Madison Avenue, 23rd Floor, New York, NY 10022, USA.

9 Related party transactions

Peabody Shield House (UK) No. 1 Limited and Peabody Shield House (UK) No. 2 Limited, both general partners in Peabody Shield House Limited Partnership, have provided the partnership's lenders with a fixed and floating charge on all its assets by way of a debenture.

10 Peabody Shield House Limited Partnership ("the Limited Partnership")

This note discloses the results and financial position of the Peabody Shield House Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Peabody Shield House (UK) No. 1 Limited holds 0.001 per cent. of Peabody Shield House Limited Partnership. It also has 50 per cent. control of this partnership, with the other 50 per cent. of control held by Peabody Shield House (UK) No. 2 Limited. Therefore the Limited Partnership, which is a UK Qualifying Partnership, is a joint venture, whose business is that of property investment.

Set out below are the profit and loss account, balance sheet and cash flow statement for the Limited Partnership for the year ended 31 December 2005.

a) Profit and loss account for the year ended 31 December 2005

	2005 **£**	**2004** **£**
Turnover		
Rental income	-	-
Administrative expenses	(52,121)	(88,567)
Operating loss	(52,121)	(88,567)
Interest payable	(472,312)	(472,596)
Retained loss for the period	(524,433)	(561,163)

b) Balance sheet as at 31 December 2005

	2005	2004 As restated
	£	£
Fixed assets		
Investment properties	7,000,000	6,000,000
Investment	10	10
	7,000,010	6,000,010
Current assets		
Debtors	20,257	342
Cash at bank	342	21,695
	20,869	22,037
Creditors: (amounts falling due within one year)	(4,873,209)	(4,172,192)
Net current liabilities	(4,852,340)	(4,150,155)
Total assets less current liabilities	2,147,670	1,849,855
Creditors: (amounts falling due after one year)	(6,554,666)	(6,609,333)
Net liabilities	(4,406,996)	(4,759,478)
Represented by:		
Limited partners' capital contribution	1,003	1,003
Limited partners' equity loans	1,545,978	1,545,978
Partners' capital accounts	1,546,981	1,546,981
Partners' current accounts	(3,787,318)	(3,262,885)
Revaluation reserve	(2,166,659)	(3,043,574)
Partners' deficit	(4,406,996)	(4,759,478)

c) Cashflow statement for the year ended 31 December 2005

	2005 £	2004 £
Net cash inflow from operating activities	631,378	620,128
Returns on investments and servicing of finance		
Interest paid	(472,312)	(473,606)
Net cash outflow from returns on investments and servicing of finance	(472,312)	(473,606)
Capital expenditure and financial investment	(123,085)	(107,965)
Net cash inflow before management of liquid resources and financing	35,981	38,557
Management of liquid resources and financing		
Loan repayments made in the year	(57,334)	(85,333)
Net cash outflow from financing	(57,334)	(85,333)
Decrease in net cash	(21,353)	(46,776)

The Audited Accounts of CG Shield House (UK) No. 2 Limited
(formerly Peabody Shield House (UK) No. 2 Limited)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEABODY SHIELD HOUSE (UK) NO. 2 LIMITED

We have audited the financial statements of Peabody Shield House (UK) No.2 limited for the year ended 31 December 2005, which comprise the profit and loss account, balance sheet and related notes numbered 1 to 10. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors responsibilities the company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Jones & Partners
Chartered Accountants and Registered Auditors
Fifth Floor Julco House
26-28 Great Portland Street
London
W1W 8AS

16 October 2006

SHIELD HOUSE (UK) NO. 2 LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Other operating loss		(5)	(6)
Loss on ordinary activities before taxation		(5)	(6)
Tax on loss on ordinary activities	**3**	-	-
Loss on ordinary activities after taxation	**7**	(5)	(6)

All amounts derive from continuing operations
There are no recognised gains or losses other than the loss disclosed in the profit and loss account for the current or the previous year.

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	4		1		1
Current assets					
Creditors: amounts falling due within one year	5	(39)		(34)	
Net current liabilities			(39)		(34)
Total assets less current liabilities			(38)		(33)
Capital and reserves					
Called up share capital	6		1		1
Profit and loss account	7		(39)		(34)
Equity shareholders' deficit			(38)		(33)

These financial statements have been prepared in accordance with the special provisions of S246 of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors and signed on behalf of the Board.

TE Quinn
Director

16 October 2006

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Operating loss

	2005 £	2004 £
Operating loss is stated after charging:		
Auditors' remuneration	-	-

The audit fee was paid by another group entity in the current and prior year.

The company has no employees (2004 – nil) and the Directors received no emoluments in connection with their services to this company in the current or prior year.

3 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

4. Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
As at 1 January 2005 & 31 December 2005	1
Net book value	
As at 31 December 2005	1
At 31 December 2004	1

The company has a 0.001 per cent. share in the Peabody Shield House Limited Partnership (see note 10).

5	**Creditors: amounts falling due within one year**	**2005 £**	**2004 £**
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	39	34

6	**Called up share capital**	**2005 £**	**2004 £**
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	1 Ordinary share of £1 each	1	1

7 Statement of movements on profit and loss account and statement of movements in shareholders' deficit

	Share capital £	**Profit and loss account £**	**Total £**
Balance as at 1 January 2005	1	(34)	(33)
Retained loss for the year	-	(5)	(5)
Balance as at 31 December 2005	1	(39)	(38)

8. Ultimate parent company

The immediate and ultimate parent and controlling party is Peabody International Real Estate Partners LP, an entity registered in the USA, in whose accounts the results of the company are included. This is the smallest and largest entity within which the results of the company are included.

Peabody International Real Estate Partners LP prepare group financial statements and copies can be obtained from 535 Madison Avenue, 23rd Floor, New York, NY 10022, USA.

9 Related party transactions

Peabody Shield House (UK) No. 2 Limited and Peabody Shield House (UK) No. 1 Limited, both general partners in Peabody Shield House Limited Partnership, have provided the partnership's lenders with a fixed and floating charge on all its assets by way of a debenture.

10 Peabody Shield House Limited Partnership ("the Limited Partnership")

This note discloses the results and financial position of the Peabody Shield House Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Peabody Shield House (UK) No. 2 Limited holds 0.001 per cent. of Peabody Shield House Limited Partnership. It also has 50 per cent. control of this partnership, with the other 50 per cent.

of control held by Peabody Shield House (UK) No. 1 Limited. Therefore the Limited Partnership, which is a UK Qualifying Partnership, is a joint venture, whose business is that of property investment.

Set out below are the profit and loss account, balance sheet and cash flow statement for the Limited Partnership for the year ended 31 December 2005.

a) Profit and loss account for the year ended 31 December 2005

	2005 £	2004 £
Turnover		
Rental income	-	-
Administrative expenses	(52,121)	(88,567)
Operating loss	(52,121)	(88,567)
Interest payable	(472,312)	(472,596)
Retained loss for the period	(524,433)	(561,163)

b) Balance sheet as at 31 December 2005

	2005 £	2004 As restated £
Fixed assets		
Investment properties	7,000,000	6,000,000
Investment	10	10
	7,000,010	6,000,010
Current assets		
Debtors	20,257	342
Cash at bank	342	21,695
	20,869	22,037
Creditors: (amounts falling due within one year)	(4,873,209)	(4,172,192)
Net current liabilities	(4,852,340)	(4,150,155)
Total assets less current liabilities	2,147,670	1,849,855
Creditors: (amounts falling due after one year)	(6,554,666)	(6,609,333)
Net liabilities	(4,406,996)	(4,759,478)
Represented by:		
Limited partners' capital contribution	1,003	1,003
Limited partners' equity loans	1,545,978	1,545,978
Partners' capital accounts	1,546,981	1,546,981
Partners' current accounts	(3,787,318)	(3,262,885)
Revaluation reserve	(2,166,659)	(3,043,574)
Partners' deficit	(4,406,996)	(4,759,478)

c) Cashflow statement for the year ended 31 December 2005

	2005 £	2004 £
Net cash inflow from operating activities	631,378	620,128
Returns on investments and servicing of finance		
Interest paid	(472,312)	(473,606)
Net cash outflow from returns on investments and servicing of finance	(472,312)	(473,606)
Capital expenditure and financial investment	(123,085)	(107,965)
Net cash inflow before management of liquid resources and financing	35,981	38,557
Management of liquid resources and financing		
Loan repayments made in the year	(57,334)	(85,333)
Net cash outflow from financing	(57,334)	(85,333)
Decrease in net cash	(21,353)	(46,776)

Audited Accounts of the Limited Partnerships of the Devonshire Square Borrower for the year Ended 31 December 2004

Peabody Cutlers Gardens Limited Partnership

Independent Auditors' Report to the Members of Peabody Cutlers Gardens Limited Partnership

We have audited the financial statements of Peabody Cutlers Gardens Limited Partnership for the year ended 31 December 2004 which comprise the profit and loss account, balance sheet, cashflow statement, statement of total recognised gains and losses and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Limited Partnership, as a body, in accordance with regulation 4 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Partnership and the Limited Partnership's members as a body, for our audit work. for this report, or for the opinions we have formed

Respective responsibilities of the Partners and auditors

As described on page 4, the Partners are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Partnerships and Unlimited Companies (Accounts) Regulations 1993. We also report if, in our opinion, the Partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Partners in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Partnership, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Partnership at 31 December 2004 and of the Partnership's profit and cash flows for the year then ended and have been prepared in accordance with the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors London
London

[date]

Peabody Cutlers Gardens Limited Partnership

Profit and Loss Account
for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover:			
Rental income	1	22,398,787	23,591,787
Cost of sales		(626,843)	(790,6l6)
Gross profit		21,771,944	22,801,171
Administrative expenses		(394,834)	(253,658)
Other income		317,682	64,251
Operating profit		21,694,792	22,611,764
Interest receivable		11,217	12,667
Interest payable	2	(17,249,768)	(17,276,239)
Retained profit for the year		4,456,241	5,348,192

Turnover and results are derived from continuing operations in the United Kingdom.

Peabody Cutlers Gardens Limited Partnership

Balance Sheet
as at 31 December 2004

	Notes	2004 £	2003 As restated (see note 5) £
Fixed assets			
Investment properties	4	309,000,000	306,000,000
Investment	5	100	100
		309,000,100	306,000,100
Current assets			
Debtors	6	13,567,636	10,816,760
Cash at bank		1,193,073	4,082,236
		14,760,709	14,898,996
Creditors: amounts falling due within one year	7	(11,346, 123)	(11,209,278)
Net current assets		3,414,586	3,689,718
Total assets less current liabilities		312,414,686	309,689,818
Creditors: amounts falling due after one year	8	(241,240,667)	(244,696,001)
Net assets		71,l74,019	64,993,8l7
Represented by			
Partners' capital contribution		1,003	1,003
Partners' equity loans		54,433,421	54,433,421
Partners' capital accounts	9	54,434,424	54,434,424
Partners' current accounts	10	15,454,796	12,142,090
Revaluation reserve	11	1,284,799	(1,582,697)
		71,174,019	64,993,817

These financial statements were approved by the General Partners on October 27,2005 and signed on their behalf by:-

Tomas E Quinn
Director

Peabody Cutlers Gardens Limited Partnership

Cashflow Statement
for the year ended 31 December 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	12	18,776,945	22,644,019
Returns on investments and servicing of finance			
Interest received		11,217	12,667
Interest paid		(17,286,619)	(17,276,239)
Net cash outflow from returns on investments and servicing of finance		(17,275,402)	(17,263,572)
Capital expenditure and financial Investment		(132,504)	-
Net cash inflow before management of liquid resources and financing		1,369,039	5,380,447
Management of liquid resources and financing			
Partner's tax payments made in the year		(1,143,535)	(1,721,426)
Loan repayments made in the year		(3,114,667)	(2,725,333)
Cash outflow from financing		(4,258,202)	(4,446,759)
(Decrease)/increase in net cash	13	(2,889,163)	933,688

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2004

	2004 £	2003 £
Profit for the financial year	4,456,241	5,348,192
Unrealised surplus/(deficit) on revaluation of investments property	2,867,496	(1,582,697)
	7,323,737	3,765,495

Peabody Cutlers Gardens Limited Partnership

Notes
(forming part of the financial statements)

1. Statement of Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention, modified for the valuation of investment properties.

Turnover

Turnover comprises the rent receivable in the year, net of Value Added Tax.

Taxation

No provision for taxation has been made as the Partners will be assessed individually on their respective shares of any taxable surpluses arising.

Properties

Investment properties are subject to a full valuation at least once every five years with annual desk top valuations in the intervening period. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years. The partners consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of the related debt at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Peabody Cutlers Gardens Limited Partnership

Notes
(forming part of the financial statements)

1. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2. Interest Payable

	2004 £	2003 £
Bank loan interest	17,249,768	17,276,239

3. Operating Profit

	2004 £	2003 £
Operating profit is stated after charging:		
Rentals payable under operating leases	229,000	327,871
Auditors' remuneration	21,000	56,427

4. Investment Properties

	Land and Buildings		
	Freehold £	Leasehold £	Total £
Valuation			
At 1 January 2004	282,869,635	23,130,365	306,000,000
Additions	132,504	-	132,504
Revaluation	2,650,744	216,752	2,867,496
31 December 2004	285,652,883	23,347,117	309,000,000
Net book value			
At 31 December 2004	285,652,883	23,347,117	309,000,000
At 31 December 2003	282,869,635	23,130,365	309,000,000

The Partnership's property known as Cutlers Gardens Estates was subject to a full open market valuation by DTZ Debenham Tie Leung on 10 January 2001. This open market valuation has been updated by way of a desktop valuation as at 31 December 2004.

The historical cost of investment properties is £307,715,201 (2003: £307,582,697).

Notes
(forming part of the financial statements)

5. Investments

The partnership owns 100 per cent. of the ordinary share capital of Cutlers Gardens Estates Limited, a company registered in Scotland, which provides management services.

The share capital and reserves of Cutlers Gardens Estates Limited were share capital of £100 and results for the year of £nil.

The partnership is exempt from the obligation to prepare and deliver group accounts as it is a medium sized group, therefore these accounts present information about the partnership only and not its group.

The 2003 accounts have been restated to show the historic ownership of Cutlers Gardens Estates Limited.

6. Debtors

	2004 £	2003 (As restated see note 5) £
Trade debtors	313,386	312,660
Other debtors	13,254,250	10,504,100
	13,567,636	10,816,760

7. **Creditors**: amounts falling due within one year

	2004 £	2003 £
Trade creditors	23,364	15,538
Accruals and prepaid income	8,488,672	8,703,763
Bank loan	2,774,000	2,433,333
Other creditors	60,087	56,644
	11,346,123	11,209,278

8. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan	241,240,667	244,696,001
Borrowings are repayable as follows:		
Between one and two years	2,676,667	2,774,000
Between two and five years	238,564,000	241,992,001
After five years	-	-

The loan from Morgan Stanley Dean Witter Bank Limited is secured by a charge over the Partnership's investment properties.

The loan bears annual interest at 6.865 per cent. comprising a fixed element at 5.715 per cent. and a variable margin of 1.15 per cent..

9. Partners' Capital Accounts

	1 January 2004 £	Capital Contribution £	Equity Loans £	31 December 2004 £
Peabody Cutlers Gardens (UK) No.1 Ltd	545	-	-	545
Peabody Cutlers Gardens (UK) No.2 Ltd	545	-	-	545
Peabody Global Cutlers Holdings, LLC	21,247,932	-	-	21,247,932
Peabody International Cutlers Holdings, LLC	33,185,401	-	-	33,185,401
Dawnay Day Structured Finance Limited	1	-	-	1
	54,434,424	-	-	54,434,424

Peabody Cutlers Gardens Limited Partnership

Notes
(forming part of the financial statements)

10. Partners' Current Accounts

	1 January 2004	Deductions	Profit Allocation	31 December 2004
	£	£	£	£
Peabody Cutlers Gardens (UK) No.1 Ltd	122	(11)	44	155
Peabody Cutlers Gardens (UK) No.2 Ltd	122	(11)	44	155
Peabody Global Cutlers Holdings, LLC	5,725,176	(539,194)	2,101,184	7,287,166
Peabody International Cutlers Holdings, LLC	6,146,670	(604,319)	2,354,969	8,167,320
	12,142,090	(1,143,535)	4,456,241	15,454,796

Deductions represent tax paid on partners' remuneration settled directly with the tax authorities on their behalf.

11. Revaluation reserve

	2004	2003
	£	£
Balance at 1 January 2004	(1,582,697)	-
Revaluation surplus/(deficit) for the year	2,867,496	(1,582,697)
Balance at 31 December 2004	1,284,496	(1,582,697)

12. Net Cash Inflow from Operating Activities

	2004	2003
	£	£
Operating profit	21,694,792	22,611,764
Increase in debtors	(2,750,876)	(3,583)
(Decrease)/increase in creditors	(166,971)	35,838
	18,776,945	22,644,019

13. Reconciliation of Net Cash Flow to Movement in Net Debt

	2004 £	2003 £
(Decrease)/increase in net cash	(2,889,163)	933,688
Cash outflow from debt financing	3,114,667	2,725,533
Change in net debt resulting from cash flow	225,504	3,659,021
Movement in net debt in the year	225,504	3,659,021
Net debt at the beginning of the year	(234,047,098)	(246,706,119)
Net debt at the end of the year	(242,821,594)	(243,047,098)

Analysis of Movement in Net Debt During the Year

	1 January 2004 £	Cash Flow £	Other non cash charges £	31 December 2004 £
Cash at bank and in hand	4,082,236	(2,889,163)	-	1,193,073
Net Cash	4,082,236	(2,889,l63)	-	1,193,073
Deferred consideration				
Banks and other loans:				
- within one year	(2,433,333)	3,114,667	(3,455,334)	(2,774,000)
- after one year	(244,696,001)	-	3,455,334	(241,240,667)
Net debt	(234,047,098)	225,504	-	(242,821,594)

14. Related party transactions

Peabody Cutlers Gardens Limited Partnership shares the same ultimate holding entities as Peabody Shield House Limited Partnership, namely Peabody Global Real Estate Partners, LP and Peabody International Real Estate Partners, LP.

As at 31 December 2004 net amounts totalling £1,836,654 (2003: £1,261,491) were receivable from Peabody Shield House Limited Partnership in respect of bank loan interest and administrative expenses amounting to £1,890,994 (2003: £1,401,165) and loan repayments of £85,333 (2003: £109,334), less funds received totalling £249,007 (2003: £249,007).

In addition, net amounts totalling £6,707,976 (2003: £7,845,313) have been advanced to the ultimate holding entities and are included in other debtors.

Notes
(forming part of the financial statements)

15. Immediate and ultimate holding companies

The immediate holdings companies are Peabody Cutlers Gardens (UK) No.1 Limited, Peabody Cutlers Gardens (UK) No.2 Limited, Peabody Global Cutlers Holdings LLC and Peabody International Cutlers Holdings LLC.

The ultimate holding and controlling entities are Peabody Global Real Estate Partners, LP and Peabody International Real Estate Partners, LP, in whose accounts the results of the Limited Partnership are included.

16. Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2004	**2003**
	£	**£**
Expiry date:		
- over five years	229,000	229,000

Peabody Shield House Limited Partnership

Independent Auditors' Report to the Members of Peabody Shield House Limited Partnership

We have audited the financial statements of Peabody Shield House Limited Partnership for the year ended 31 December 2004 which comprise the profit and loss account, balance sheet, cashflow statement, the statement of recognised gains and losses and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Limited Partnership, as a body, in accordance with regulation 4 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Partnership and the Limited Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Partners and auditors

As described on page 4, the Partners are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Partnerships and Unlimited Companies (Accounts) Regulations 1993. We also report if, in our opinion, the Partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Partners in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Partnership consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Partnership at 31 December 2004 and of the Partnership's loss and cash flows for the year then ended and have been prepared in accordance with the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

[Date]

Peabody Shield House Limited Partnership

Profit and Loss Account
for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover:			
Rental income	1	-	-
Administrative expenses		(88,567)	(100,210)
Operating loss	2	(88,567)	(100,210)
Interest payable	3	(472,596)	(473,322)
Retained profit for the year		(561,163)	(573,532)

Turnover and results are derived from continuing operations in the United Kingdom.

Peabody Shield House Limited Partnership

Balance Sheet
as at 31 December 2004

	Notes	2004 £	2003 £
Fixed asset			
Investment properties	4	6,000,000	5,500,000
Current assets			
Debtors	5	342	6,911
Cash at bank		21,695	68,471
		22,037	75,382
Creditors: amounts falling due within one year	6	(4,172,182)	(3,461,733)
Net current liabilities		(4,150,145)	(3,386,351)
Total assets less current liabilities		1,849,855	2,113,649
Creditors: amounts falling due after one year	7	(6,609,333)	(6,703,999)
Net liabilities		(4,759,478)	(4,590,350)
Represented by:			
Partners' capital contribution		1,003	1,003
Partners I equity loans		1,545,978	1,545,978
Partners' capital accounts	8	1,546,981	1,546,981
Partners' current accounts	9	(3,262,885)	(2,701,722)
Revaluation reserve	10	(3,043,574)	(3,435,609)
		(4,759,478)	(4,590,350)

These financial statements were approved by the General Partners on October 27,2005 and signed on their behalf by:

Tomas E Quinn
Director

Peabody Shield House Limited Partnership

Cashflow Statement
for the year ended 31 December 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	11	620,128	2,325,178
Returns on investments and servicing of finance			
Interest paid		(473,606)	(473,322)
Net cash outflow from returns on investments and servicing of finance		(473,606)	(473,332)
Capital expenditure and financial Investment		(107,965)	(509,631)
Net cash inflow/(outflow) before management of liquid resources and financing		38,557	1,342,225
Management of liquid resources and financing			
Loan repayments made in the year		(85,333)	(1,274,667)
Net cash outflow from financing		(85,333)	(1,274,667)
(Decrease)/increase in net cash	12	(46,776)	(67,558)

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2004

	2004 £	2003 £
Loss for the financial year	(656,128)	(573,532)
Unrealised surplus/(deficit) on revaluation of investments property	392,035	(3,435,609)
Total recognised losses in the year	(264,093)	(4,009,141)

Peabody Shield House Limited Partnership

Notes
(forming part of the financial statements)

1. Statement of Accounting Policies

Principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention, modified for the valuation of investment properties.

Turnover

Turnover comprises the rent receivable in the year, net of Value Added Tax.

Taxation

No provision for taxation has been made as the Partners will be assessed individually on their respective shares of any taxable surpluses arising.

Properties

Investment properties are subject to a full valuation at least once every five years with annual desk top valuations in the intervening period. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years. The partners consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of the related debt at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Notes
(forming part of the financial statements)

2. Interest Payable

	2004 £	2003 £
Bank loan interest	472,596	472,322

3. Operating loss

Operating loss is stated after charging:

	2004 £	2003 £
Auditors' remuneration	17,000	22,000

4. Investment Properties

	Freehold Land and Buildings £
Cost	
At 1 January 2004	5,500,000
Additions	107,965
Revaluation	392,025
At 31 December 2004	6,000,000
Net book value	
At 31 December 2004	6,000,000
At 31 December 2003	5,500,000

The Partnership's property known as Cutlers Gardens Estates was subject to a full open market valuation by DTZ Debenham Tie Leung on 10 January 2001. This open market valuation has been updated by way of a desktop valuation as at 31 December 2004.

The historical cost of investment properties is £9,043,574 (2003: £8,935,609).

5. Debtors

	2004 £	2003 £
VAT debtors	342	6,911
	342	6,911

Notes
(forming part of the financial statements)

6. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	-	2,203
Sundry creditors and accruals	108,624	102,584
Bank loan	76,000	66,667
Other creditors	3,987,558	3,290,279
	4,172,182	3,461,733

7. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan	6,609,333	6,703,999
Borrowings are repayable as follows:		
Between one and two years	73,333	76,000
Between two and five years	6,536,000	6,627,999
After five years	-	-

The loan from Morgan Stanley Dean Witter Bank Limited is secured by a charge over the Partnership's investment properties.

The loan bears annual interest at 6.865 per cent. comprising a fixed element at 5.715 per cent. and a variable margin of 1.15 per cent..

Notes
(forming part of the financial statements)

8. Partners' Capital Accounts

	1 January 2004	Capital Contribution	Equity Loans	31 December 2004
	£	£	£	£
Peabody Shield House (UK) No.1 Ltd	16	-	-	16
Peabody Shield House (UK) No.2 Ltd	16	-	-	16
Peabody Global Shield Holdings, LLC	603,847	-	-	603,847
Peabody International Shield Holdings, LLC	943,101	-	-	943,101
Dawnay Day Structured Finance Limited	1	-	-	1
	1,546,981	-	-	1,546,981

9. Partners' Current Accounts

	1 January 2004	Loss Allocation	31 December 2004
	£	£	£
Peabody Shield House (UK) No.1 Ltd	(28)	(6)	(34)
Peabody Shield House (UK) No.2 Ltd	(28)	(6)	(34)
Peabody Global Shield Holdings, LLC	(1,273,901)	(264,596)	(1,538,497)
Peabody International Shield Holdings, LLC	(1,427,765)	(296,555)	(1,724,320)
	(2,701,722)	(561,163)	3,262,885)

10. Revaluation reserve

	2004	2003
	£	£
Balance at 1 January 2004	(3,435,609)	-
Revaluation surplus/(deficit) for the year	392,035	(3,435,609)
Balance at 31 December 2004	(3,043,574)	(3,435,609)

Notes
(forming part of the financial statements)

11. Net Cash Inflow from Operating Activities

	2004 £	2003 £
Operating loss	(88,567)	(100,210)
Decrease in debtors	6,569	14,907
Increase in creditors	702,126	2,410,481
	620,128	2,325,178

12. Reconciliation of Net Cash Flow to Movement in Net Debt

	2004 £	2003 £
(Decrease)/increase in net cash	(46,776)	67,558
Cash outflow from debt financing	85,333	1,274,667
Change in net debt resulting from cash flow	38,557	1,342,225
Movement in net debt in the year	38,557	1,342,225
Net debt at the beginning of the year	(6,702,195)	(8,044,420)
Net debt at the end of the year	(6,663,638)	(6,702,195)

Analysis of Movement in Net Debt During the Year

	1 January 2004 £	Cash Flow £	Other non cash charges £	31 December 2004 £
Cash at bank and in hand	68,471	(46,776)	-	21,695
Net Cash	68,471	(46,776)	-	21,695
Banks and other loans:				
- within one year	(66,667)	85,333	(94,666)	(76,000)
- after one year	(6,703,999)	-	94,666	(6,609,333)
Net debt	(6,702,195)	38,557	-	(6,663,638)

Notes
(forming part of the financial statements)

13. Related party transactions

Peabody Shield House Limited Partnership shares the same holding entities as Peabody Cutlers Gardens Limited Partnership, namely Peabody Global Real Estate Partners, LP and Peabody International Real Estate Partners, LP.

As at 31 December 2004 net amounts totalling £1,836,654 (2003: £1,261,491) were payable to Peabody Cutlers Gardens Limited Partnership in respect of bank loan interest and administrative expenses amounting to £1,890,994 (2003: £1,401,165) and loan repayments of £85,333 (2003: £109,334), less funds transferred totalling £249,007 (2003: £249,007).

In addition, amounts totalling £2,150,905 (2003: £2,028,788) were due to the ultimate holding entities and are included in other creditors.

14. Immediate and ultimate holding companies

The immediate holdings companies are Peabody Shield House (UK) No.1 Limited, Peabody Shield House (UK) No.2 Limited, Peabody Global Shield Holdings LLC and Peabody International Shield Holdings LLC.

The ultimate holding and controlling entities are Peabody Global Real Estate Partners, LP and Peabody International Real Estate Partners, LP, in whose accounts the results of the Limited Partnership are included.

PART 2
The Access Self Storage Borrower

Borrower

The Access Self Storage Borrower comprises a limited partnership constituted in England and Wales pursuant to a partnership agreement dated 24 November, 2006 known as the Birchal Limited Partnership. It is registered under number LP11721 and consists of Birchal Limited as general partner ("**Birchal GP**") and Birchal (Limited Partner) Limited as limited partner ("**Birchal LP**"). Both partners are companies incorporated with limited liability in the British Virgin Islands on 24 August, 2004 and 25 September, 2006 respectively. Its principal office is at 93 Park Lane, London. The memorandum and articles of association of the limited companies comprising the Access Self Storage Borrower are available in electronic format and may be inspected during usual business hours on any week day (excluding Saturdays, Sundays and Public Holidays) at the principal office for the life of the Notes.

Principal Activities

The main business of the Access Self Storage Borrower is to acquire and hold the Access Self Storage Properties and, since the date of its incorporation, it has not engaged in any other activity.

To the best of the Originator's knowledge, the Access Self Storage Borrower is not, nor within the past twelve months has been, involved in any governmental, legal or arbitration proceedings (including any which are pending or, so far as the Access Self Storage Borrower is aware, threatened) which, if adversely determined, are reasonably likely to have a material adverse effect on its business or financial condition.

Principal Officers

The principal officers of Birchal GP as general partner of the Access Self Storage Borrower are as follows:-

Name	Business Address
Thomas Christopher Gavey	Thomas Edge House, Tunnell Street, St. Helier, Jersey, C.I., JE2 4LU
Andrew Mark de La Haye	Thomas Edge House, Tunnell Street, St. Helier, Jersey, C.I., JE2 4LU

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

Loan Capital

The outstanding loan capital of the Access Self Storage Borrower consists of the Access Self Storage Whole Loan of £183,400,000 advanced by the Originator on 19 January, 2007, which is to be tranched into a Senior Loan of £158,400,000 (the "**Access Self Storage Securitised Loan**") and a Junior Loan of £25,000,000 (the "**Access Self Storage Junior Loan**"). The Access Self Storage Securitised Loan and the Access Self Storage Junior Loan both share the same security (see below). Under the terms of the Access Self Storage Loan Agreement, the Access Self Storage Borrower also has the ability to borrow up to £50,000 from third parties by way of overdraft facility for general business and expenses purposes. The Access Self Storage Borrower has also borrowed monies from Nicanor Investments Limited and its limited partner Birchal (Limited Partner) Limited (the "**Access Self Storage Subordinated Lenders**") - these are subordinated to the Access Self Storage Whole Loan pursuant to a separate subordination agreement.

Share Capital

Each partner comprising the Access Self Storage Borrower has an authorised share capital of US$50,000 of which 50,000 shares of US$1.00 has been issued. All issued share capital is owned by and registered in the name of Nicanor Investments Limited, a company incorporated with limited liability in the British Virgin Islands (registered number 603704) whose principal office is at Thomas Edge House, Tunnell Street, St. Helier, Jersey, C.I. JE2 3LU (the "**Access Self Storage Shareholder**").

Subsidiaries

Birchal GP has five subsidiary companies as follows:

Birchal Nominee Limited;

Birchal Properties 1 Limited;

Birchal Properties 2 Limited;

Birchal Properties A Limited; and

Birchal Properties B Limited.

Birchal Nominee Limited, a limited liability company ("**Birchal Nominee**"), is a wholly owned subsidiary of Birchal GP. Its only purpose is to hold (as joint trustee with Birchal GP) the legal interests in the Access Self Storage Property. Birchal GP also has four other wholly owned subsidiaries, all incorporated in England and Wales on 16 January, 2001, whose purpose is to take a transfer of certain of the Access Self Storage Properties which are leasehold and where landlords' licence to assign is required (see "*Risk Factors – Leasehold Properties*" – page 51 above).

The Access Self Storage Securitised Loan

The principal amount of the Access Self Storage Securitised Loan is £183,400,000. Interest is payable quarterly in arrear on the 20th day of January, April, July and October in each year. The Access Self Storage Whole Loan is to be repaid in full on 20th October, 2013.

Interest is payable at the rate prior and determined by the Facility Agent to be the aggregate of a margin, a fixed rate expressed as a percentage per annum notified by the Facility Agent to the Access Self Storage Borrower and any mandatory costs.

Security

The security for the Access Self Storage Whole Loan comprises:-

(a) a debenture granted by the Access Self Storage Borrower, Birchal GP and Birchal Nominee creating first legal mortgages over its interest in the Access Self Storage Properties and first fixed or floating charges over all its other assets (including those transaction accounts opened in its name);

(b) a debenture granted by the Access Self Storage Operator creating fixed and floating charges over its assets, including its interests under all operating agreements and/or leases relating to the Properties and the transaction accounts opened in its name;

(c) a legal mortgage granted by associated companies namely Tazzara Limited, Access Self Storage Properties Limited and Champions Self Storage Properties Limited creating fixed and floating charges over their assets, including charges over any interest held by them in any of the Properties;

(d) a debenture granted by Birchal LP creating fixed and floating charges over its assets, including its partnership interest in the Access Self Storage Borrower;

(e) a share charge granted by the Access Self Storage Shareholder over the shares in Birchal LP and Birchal GP;

(f) a Subordination Agreement whereby these Access Self Storage Subordinated Lenders agree that their indebtedness is fully subordinated to the Access Self Storage Securitised Loan and the Access Self Storage Junior Loan; and

(g) an Intercreditor Agreement regulating the respective rights and priorities of the Access Self Storage Securitised Loan and the Access Self Storage Junior Loan to be entered into before the Closing Date (for further information see "*Intercreditor Agreements*" – page 83 above).

All security is governed by the laws of England and Wales.

PART 3
The Sanctuary Buildings Borrower

Borrower

The Sanctuary Buildings Borrower is Redicent Limited, a company incorporated in Cyprus on 12th May, 2006 with registered number HE176622 and having its registered office at Grigori Afxentiou 8 EL.PA Livadioti Building, Fourth Floor, Flat/Office 401, P.C. 6023, Larnaca, Cyprus. The memorandum and articles of association of the Sanctuary Buildings Borrower, in electronic format, may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the registered office of the Sanctuary Buildings Borrower for the life of the Notes.

Principal Activities

The Sanctuary Buildings Borrower was incorporated solely for the purpose of acquiring the Sanctuary Buildings Property and, since the date of its incorporation, it has not engaged in any other activity.

To the best of the Originator's knowledge, the Sanctuary Buildings 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 Sanctuary Buildings Borrower is aware, threatened) which, if adversely determined, are reasonably likely to have a material adverse effect on its business or financial condition.

Principal Officers

The principal officers of the Sanctuary Buildings Borrower are as follows:

Name	Business Address
Costas Christoforou	Grigori Afxentiou 8, EL.PA Livadioti Building, Fourth Floor, Flat/Office 401, P.C. 6023, Larnaca, Cyprus
Avgousta Andreou	Grigori Afxentiou 8, EL.PA Livadioti Building, Fourth Floor, Flat/Office 401, P.C. 6023, Larnaca, Cyprus
Brian O'Donnell	62 Merrion Square, Dublin 2, Ireland

The principal officers of the Sanctuary Buildings Borrower undertake their required duties as directors of the company. To the best of the Originator's knowledge, there are no conflicts of interest between any duties of the directors and their private interests and/or other duties.

Loan Capital

The outstanding Loan Capital of the Sanctuary Buildings Borrower consists of the Sanctuary Buildings Whole Loan of £146,200,000 advanced by the Originator on 31st August, 2006, which is intended to be tranched into a senior loan of £119,000,000 (the "**Sanctuary Buildings Securitised Loan**") and a junior loan of £26,993,479 (the "**Sanctuary Buildings Junior Loan**"). The Sanctuary Buildings Securitised Loan and Sanctuary Buildings Junior Loan both share the same security (see "*Security*") below. The Sanctuary Buildings Borrower also has indebtedness of £23,800,000 owing to the Governor and Company of the Bank of Ireland, Vico Limited (a company incorporated in the Isle of Man) and a number of other individual private investors (together the "**Sanctuary Buildings Subordinated Lenders**"). All such indebtedness is also subordinated to the Sanctuary Buildings Whole Loan pursuant to the Subordination Agreement.

Share Capital

This indebtedness is fully subordinated to the Sanctuary Buildings Securitised Loan and the Sanctuary Buildings Junior Loan under the terms of a separate subordination agreement.

The Sanctuary Buildings Borrower has an authorised share capital of CY£10,000 divided into 10,000 ordinary shares of CY£1 each, all of which have been issued. All such shares are owned and registered in the name of Roadnex Investments Limited (a limited liability company also incorporated under the laws of Cyprus with registered number HE176849) ("**Roadnex**").

Subsidiaries

The Sanctuary Buildings Borrower owns the entire issued share capital of Imporiumserve Limited, a company incorporated with limited liability in Cyprus under number HE171730 ("Imporiumserve"), which in turn owns the entire issued share capital in Alarak Enterprises Limited ("**Alarak**)"), another company incorporated in Cyprus with limited liability under registered number HE162129, which in turn owns the entire issued share capital in Tamilan Holdings Limited, a fourth company incorporated in Cyprus with limited liability with registered number HE161036 ("**Tamilan**"). Each of Imporiumserve, Alarak and Tamilan are currently dormant with no assets (other than shares in the relevant of the other companies as stated above).

The Sanctuary Buildings Securitised Loan

The principal amount of the Sanctuary Buildings Securitised Loan is £119,000,000. Interest is payable quarterly in arrears on the 20th day of January, April, July and October in each year. The Sanctuary Buildings Securitised Loan is to be repaid in full on 20th July, 2011.

Interest is payable at the rate per annum determined by the Facility Agent to be the aggregate of a margin, a fixed rate expressed as a percentage per annum notified by the Facility Agent to the Sanctuary Buildings Borrower and any mandatory costs.

Security

The security for the Sanctuary Buildings Whole Loan comprises

(a) a debenture from the Sanctuary Buildings Borrower creating a first legal mortgage over its interest in the Sanctuary Buildings Property and fixed and floating charges over all its assets (including the transaction accounts);

(b) debentures from Alarak, Tamilan and Imporiumserve creating fixed and floating charges over all their assets;

(c) a charge from Roadnex in respect of the shares in the Sanctuary Buildings Borrower;

(d) a charge from the Sanctuary Buildings Borrower in respect of its shares in Imporiumserve;

(e) a charge from Imporiumserve in respect of its shares in Alarak;

(f) a charge from Alarak in respect of its shares in Tamilan;

(g) a subordination agreement whereby the Sanctuary Buildings Subordinated Lenders agree that their indebtedness is fully subordinated to the Sanctuary Buildings Securitised Loan and the Sanctuary Buildings Junior Loan; and

(h) an intercreditor agreement regulating the respective rights and priorities of the Sanctuary Buildings Securitised Loan and the Sanctuary Buildings Junior Loan to be entered into before the Closing Date (for further information see "*Intercreditor Agreements*" – page 83 above).

All the security is governed by the laws of England and Wales, save for the charges granted over the shares in the Sanctuary Buildings Borrower, Imporiumserve, Alarak and Tamilan, all of which are governed by the laws of Cyprus.

PART 4
The Nextra Portfolio UK Borrower

Borrower

The Nextra Portfolio UK Borrower comprises I.E. Jersey Property Co. No.1 Limited, a company incorporated with limited liability in Jersey with registered number 83128 on 14 May, 2002. Its principal place of business is at 22 Grenville Street, St Helier, Jersey. The memorandum and articles of association of the Nextra Portfolio UK Borrower, in electronic format, may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the principal place of business of the Nextra Portfolio UK Borrower as set out above for the life of the Notes.

Principal Activities

The main business of the Nextra Portfolio UK Borrower is to acquire and hold the legal and/or beneficial interests in the Nextra Portfolio UK Properties (in the case of the Rickmansworth Property, through a Guernsey constituted unit trust known as Zammat Unit Trust) and, since its date of incorporation, it has not engaged in any other activities.

To the best of the Originator's knowledge, the Nextra Portfolio UK 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 Nextra Portfolio UK Borrower is aware, threatened) which, if adversely determined, are reasonably likely to have a material adverse effect on its business or financial condition.

The Nextra Portfolio UK Borrower has confirmed that there have been no significant changes in its financial or trading position since the end of its last financial period.

Principal Officers

The principal officers of the Nextra Portfolio UK Borrower are as follows:-

Name	**Business Address**
Carole le Gallais	Shiralee, Rue Caen, St Martin JE3 6AL
Simon Burgess	22 Grenville Street, St Helier JE4 8PX
Mario Attolini	Via Pergolesi 6, Busto Arizio VA, Italy 21052

Loan Capital

The outstanding loan capital of the Nextra Portfolio UK Borrower consists of the Nextra Portfolio UK Loan of £35,000,000 advanced by the Originator on 26 January, 2007. The Nextra Portfolio UK Borrower also has indebtedness owing to Nextra Immobiliare Europa, a closed-ended real estate fund established under the laws of Italy (the "**Nextra Portfolio UK Shareholder**"). This indebtedness is fully subordinated to the Nextra Portfolio UK Loan under the terms of a separate subordination agreement.

Share Capital

The Nextra Portfolio UK Borrower has an authorised share capital of an unlimited amount of ordinary shares at nil par value and an unlimited amount of redeemable shares at nil par value. The issued share capital is 10 ordinary shares of nil par value and 15,718,310 redeemable shaers of nil par value, all of which have been issued. All such shares are registered in the name of the Nextra Portfolio UK Shareholder.

Subsidiaries

The Nextra Portfolio UK Borrower has two wholly owned subsidiaries, namely Micwood Limited and Wickwood Limited, both companies incorporated with limited liability in Jersey (together the "**Zammat Nominees**") both of which hold (jointly) the legal interest in the Zammat Property.

The Nextra Portfolio UK Securitised Loan

The principal amount of the Nextra Portfolio UK Loan is £35,000,000. Interest is payable quarterly in arrears on the 20th day of January, April, July and October in each year. The Nextra Portfolio UK Loan is to be repaid in full on the 20th October, 2013, although the Nextra Portfolio UK Borrower has the right to extend this until the 20th October, 2016 provided:

(i) no event of default is outstanding;

(ii) the actual and projected interest cover percentages must be 180 per cent. or greater; and

(iii) formal request for extension must be made between 20 and 30 days prior to the 20th October, 2013.

Interest is payable at the rate per annum determined by the Facility Agent to be the aggregate of a margin, Libor for the relative interest period and any mandatory costs. However, if at any time the fixed rate under an interest rate swap for the amount and period of the Loan reaches a pre-determined level (as determined by the Facility Agent), then the Nextra Portfolio UK Borrower must take out hedging arrangements in form and substance acceptable to the Facility Agent.

Security

The security for the Nextra Portfolio UK Loan comprises:

(a) a debenture from the Nextra Portfolio UK Borrower and the Nextra Portfolio UK Guarantors creating fixed and floating charges over their assets;

(b) the Italian Loss Payee Agreement;

(c) a legal mortgage from the Zammat Nominees creating a first legal mortgage over the Rickmansworth Property;

(d) legal mortgages from the Nextra Portfolio UK Borrower creating first legal mortgages over the Austin Friars Property and the Watford Property;

(e) a charge from the Nextra Portfolio UK Borrower over its shareholding in the Zammat Nominees;

(f) a charge from the Nextra Portfolio UK Borrower creating security over the rent accounts relating to the Austin Friars Property and the Watford Property held by it and located in Jersey;

(g) a security interest agreement from Investec Trust (Guernsey) Limited (in its capacity as trustee of the Zammat Unit Trust) creating security in respect of the rent account relating to the Rickmansworth Property;

(h) a charge over the units in Zammat Unit Trust created by the Nextra Portfolio UK Borrower and I.E. Jersey Finance Co No.2 GBP Limited;

(i) security interest agreements in respect of certain loans made to the Nextra Portfolio UK Borrower by I.E. Jersey Finance Co. GBP No.1 Limited; I.E. Jersey Finance Co No.2 GBP Limited or I.E. Jersey Finance Co. No.3 GBP Limited;

(j) a subordination agreement whereby the I.E. Jersey Finance Co. GBP No.1 Limited, I.E. Jersey Finance Co. No.2 GBP Limited and I.E. Jersey Finance Co. No.3 GBP Limited agree that their indebtedness is fully subordinated to the Nextra Portfolio UK Loan.

The debentures and legal mortgages are subject to the laws of England and Wales and the security interest agreements in respect of the units in Zammat Unit Trust are subject to Guernsey law and the Italian Loss Payee Agreement is subject to the laws of Italy. All other security is subject to the laws of Jersey.

Auditors

The auditors of the Nextra Portfolio UK Borrower are Deloitte & Touche LLP of PO Box 403, Lord Contanche House, 66 – 68 St Helier, Jersey, Channel Islands JE4 8WA, a member of the Institute of Chartered Accountants in England and Wales.

Audited Accounts for the Nextra UK Borrower for the Period Ended 31 December 2006 and for the year ended 31 December 2005

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD 1ST JULY 2006 TO 31ST DECEMBER 2006

We have audited the financial statements of I.E. Jersey Property Co. No. 1 Limited for the period ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant Jersey legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the directors report for the above period and considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Audited Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the period then ended; and

- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Deloitte & Touche LLP
Chartered Accountants
St. Helier, Jersey

I.E. JERSEY PROPERTY CO. NO.1 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1ST JULY 2006 TO 31ST DECEMBER 2006

	Note	1st Jul 06 to 31st Dec 06	1st Jan 06 to 30th Jun 06
INCOME:			
Rental Income	1	2,000,691	2,496,588
Sundry Income		29,791	-
		2,030,482	2,496,588
EXPENDITURE:			
Administration fees – Mourant & Co. Limited		(34,410)	(4,550)
Annual filing fee		(150)	-
Exempt company fee		(600)	-
Dividends and distributions		-	(6,625)
Legal/surveyor fees		(36,183)	(42,013)
Abortive property purchase costs		-	(2,750)
Audit fees		(6,000	-
Service charge void costs		(43,305)	-
Cushman & Wakefield management fees		(20,026)	(36,112)
Investec management fee re: Zammat Unit Trust		(6,500)	-
Non recoverable expenditure		(42,227)	(1,892)
Fees income tax computation – KPMG		(1,500)	(5,750)
Bank charges		(698)	(3,328)
Bad debt write off		(144,599)	-
		(336,198)	(99,236)
OPERATING PROFIT		1,694,284	2,397,352
PROFIT ON SALE OF FREEHOLD PROPERTY		9,677,744	-
PROFIT BEFORE INTEREST		11,372,028	2,397,352
INTEREST PAYABLE AND RECEIVABLE:			
Loan interest payable		(2,082,485)	(2,261,157)
Interest receivable from fixed deposits		239,094	25,239
Minority interest adjustment		(24,878)	(13,196)
		(1,868,269)	(2,249,114)
PROFIT FOR THE PERIOD		9,503,759	148,238

Continuing operations

All items dealt with in arriving at the profit for the period ended 31 December 2006 and the preceding financial period relate to continuing operations.

(The notes on pages 8 to 12 form part of these financial statements)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD 1ST JULY 2006 TO 31ST DECEMBER 2006

	Notes	31st Dec 06	30th Jun 06
PROFIT FOR THE PERIOD		9,503,759	148,238
Unrealised surplus on revaluation of investment properties	11	911,901	1,154,037
TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD		10,415,660	1,302,275

(The notes on pages 8 to 12 form part of these financial statements)

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2006

	Notes	31st Dec 06	30th Jun 06
FIXED ASSETS			
Investment properties	2	80,760,000	80,140,000
CURRENT ASSETS			
Debtors	4	883,476	526,936
Cash at bank	5	2,385,686	1,935,258
		3,269,162	2,462,194
CURRENT LIABILITIES			
Creditors (Amounts falling due within one year)	6	(3,435,671)	(2,076,527)
NET CURRENT (LIABILITIES)/ASSETS		(166,509)	£ 385,667
CREDITORS: (Amounts falling due after more than one year)			
	7	(57,035,913)	(60,151,113)
Redeemable shares	9	(15,718,310)	(20,462,500)
TOTAL NET ASSETS/(LIABILITIES)		£ 7,839,268	£ 87,946
CAPITAL AND RESERVES			
Called up share capital	9	10	10
Profit and loss account		8,374,839	1,381,153
Minority interest	10	414,073	392,446
Revaluation reserve		(949,654)	(1,861,555)
	11	£7,839,268	£87,946

Approved by the Directors on the day of 2007.
Director: _____

(The notes on pages 8 to 12 form part of these financial statements)

COMPANY BALANCE SHEET
AS AT 31ST DECEMBER 2006

	Notes	31st Dec 06	30th Jun 06
FIXED ASSETS			
Investment properties	2	41,640,000	42,070,000
Investments	3	38,329,823	38,235,448
		79,969,823	80,305,448
CURRENT ASSETS			
Debtors	4	881,976	520,647
Cash at bank	5	1,773,993	1,351,372
		2,655,970	1,872,019
CURRENT LIABILITIES			
Creditors (Amounts falling due within one year)	6	(3,440,884)	(2,001,679)
NET CURRENT LIABILITIES		(784,914)	£ (129,660)
CREDITORS: (Amounts falling due after more than one year)			
	7	(57,035,913)	(60,151,113)
Redeemable shares	9	(15,718,310)	(20,462,500)
TOTAL NET LIABILITIES		£ 6,430,686	(437,825)
CAPITAL AND RESERVES			
Called up share capital	9	10	10
Profit and loss account		7,649,575	737,340
Revaluation reserve		(1,218,899)	(1,175,175)
	11	£ 6,430,686	£(437,825)

Approved by the Directors on the day of 2007.
Director: _____

(The notes on pages 8 to 12 form part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1ST JULY 2006 TO 31ST DECEMBER 2006

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The more significant accounting policies are set out below:-

Basis of consolidation

The group financials consolidate the accounts of Zammat Unit Trust from its acquisition on 02 December 2005.

Change in accounting policy

Following the issue of FRS-25 Financial Instruments: Disclosure and Presentation; redeemable shares are now classified as debt, and as such they are represented as non-current liability in the balance sheet. The prior period balance sheet has been adjusted to reflect this.

Deposit interest

Deposit interest is recognised on an accruals basis. However, there were no material accruals in the current or prior period.

Loan interest

Loan interest is recognised on an accruals basis.

Cash Flow statement

A cash flow statement has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of Financial Reporting Standard No. 1 (Revised) "Cash Flow Statements".

Investments

Fixed asset investments are shown at cost less provision for impairment, if any.

Investment properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including acquisition costs associated with the investment property.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the total recognised gains and losses statement. Fair value is based upon the open market valuations of the properties provided by REAG – Real Estate Advisory Group S.p.A., a firm of independent chartered surveyors. Valuations are undertaken semi-annually.

Revenue recognition

Rental income, excluding VAT, arising on investment properties, is accounted for on a straight-line basis over the term of the ongoing lease.

Service costs charged to tenants

The income charged to tenants for property service charges and the costs associated with such service charges are shown separately in the income statement to reflect that not withstanding this money is held on behalf of tenants occupying the properties, the ultimate risk for paying the recoveries of these costs rests with the property owner.

Trade receivables

Trade receivables are stated at their nominal amount as reduced by appropriate allowances for estimated recoverable amounts.

Taxation

The company has been granted exempt company status under Article 123A of the Income Tax (Jersey) Law 1961. This status is renewable annually. The company plans to maintain this status for as long as it is available pending introduction of a general zero rate of corporation tax which is expected to be introduced in 2009. In order to hold exempt status an annual fee of £600 is payable. The fee is included as an expense in the profit and loss account as it is not dependent on the company's results.

The company is subject to UK income tax at the standard rate of 22 per cent. on its rental income as adjusted for tax purposes.

2. INVESTMENT PROPERTIES

	Group 31st Dec 06	Group 30th Jun 06	Company 31st Dec 06	Company 30th Jun 06
201 Deansgate, Manchester	-	25,685,226	-	25,685,226
Austin Friars House, London	17,601,199	17,559,949	17,601,199	17,559,949
Maplecross House, Maplecross	38,850,755	38,756,380	-	-
Maple Court, Watford	25,257,700	-	25,257,700	-
Cost	81,709,654	82,001,555	42,858,889	43,245,175
Fair Value	80,760,000	80,140,000	41,640,000	42,070,000
Revaluation deficit	£ (949,654)	(1,861,555)	(1,218,899)	(1,175,175)

The legal interests in the Maplecross House, Maplecross is held by Micwood Limited and Wickwood Limited, who hold the interest for the benefit of Zammat Unit Trust.

3. INVESTMENTS

	Company 31st Dec 06	Company 30th Jun 06
Investment in Zammat Unit Trust	£38,329,823	38,235,448

4. DEBTORS

	Group 31st Dec 06	Group 30th Jun 06	Company 31st Dec 06	Company 30th Jun 06
Rent receivable	695,315	208,551	695,315	208,552
Other debtors	188,161	318,385	186,661	312,095
	£ 883,476	526,936	881,976	520,647

5. CASH AT BANK

	Group 31st Dec 06	Group 30th Jun 06	Company 31st Dec 06	Company 30th Jun 06
HSBC – current account	108,292	901,335	72,580	901,372
Deposit account	2,277,394	1,033,923	1,701,414	450,000
	£ 2,385,686	1,935,258	1,773,994	1,351,372

6. CREDITORS – DUE WITHIN ONE YEAR

	Group 31st Dec 06	Group 30th Jun 06	Company 31st Dec 06	Company 30th Jun 06
Interest due to Jersey Finance Co. GBP No.1 Ltd	715,661	465,021	715,661	465,021
Interest due to Jersey Finance Co. No.2 GBP Ltd	670,732	356,325	670,732	356,325
Interest due to Jersey Finance Co. GBP No.3 Ltd	696,092	332,213	696,092	332,213
Other Creditors	794,281	402,874	799,494	290,219
Accruals and deferred income	558,905	520,094	558,905	557,901
	£ 3,435,671	2,076,527	3,440,884	2,001,679

7. CREDITORS – DUE AFTER MORE THAN ONE YEAR

	Group 31st Dec 06	Group 30th Jun 06	Company 31st Dec 06	Company 30th Jun 06
Loan from I.E. Jersey Finance Co. GBP No. 1 Ltd	18,935,913	23,935,913	18,935,913	23,935,913
Loan from Jersey Finance Co. No. 2 GBP Ltd	20,600,000	18,715,200	20,600,000	18,715,200
Loan from Jersey Finance Co. GBP No. 3 Ltd	17,500,000	17,500,000	17,500,000	17,500,000
	£57,035,913	60,151,113	57,035,913	60,151,113

The loan interest rates are set between 2.75 per cent. and 3.25 per cent. per annum above the three month Libor rate on the date of the agreement. The loan shall be repayable by Borrower on the earlier of receipt by Borrower in writing of the Company's repayment demand and any realisation by Borrower of all or part of the property. The loan is not secured.

8. DEFERRED TAXATION

Taxable losses have been incurred which are available for offset against future rental profits. A deferred tax asset has not been recognised in respect of these losses as the company does not anticipate taxable profits to arise within the foreseeable future. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 22 per cent., is £703,000.

9. CALLED UP SHARE CAPITAL

	31st Dec 06	30th Jun 06
AUTHORISED:		
Unlimited number of Ordinary and Redeemable Shares		
EQUITY ISSUED AND PAID		
10 ordinary shares of £1 each	10	10
NON-EQUITY ISSUED AND FULLY PAID:		
15,718,310 redeemable shares of no par value (2005: £20,462,500)		
	15,718,310	20,462,500
	£15,718,320	20,462,510

All or any of the Redeemable Shares may be redeemed at any time by the holder at the price at which they were issued.

10. MINORITY INTEREST

	Group 31st Dec 06	Group 30th Jun 06
Investment reserve		
Balance brought forward	392,446	-
Minority interest	21,627	392,446
Balance carried forward	£414,073	£392,446

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 31st Dec 06	Group 30th Jun 06	Company 31st Dec 06	Company 30th Jun 06
Profit for the period	9,503,759	148,238	9,412,236	(495,572)
Dividends	(2,510,073)	-	(2,500,000)	-
Unrealised surplus on revaluation of investment properties	911,901	1,154,037	(43,725)	1,840,414
Net addition to equity shareholders funds	7,905,587	1,302,275	6,868,511	1,344,842
Opening equity shareholders funds	(87,946)	(1,782,667)	(437,825)	(1,782,667)
Minority interest	21,627	392,446	-	-
Closing equity shareholders funds	£ 7,839,268	(87,946)	6,430,686	(437,825)

12. RELATED PARTIES

Each of S. Burgess and C. Le Gallais is an employee of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provide ongoing administrative services to the Company at commercial rates. During the period fees of £34,410 were payable to Mourant Limited for administration services provided (30th June 2006: £4,550).

13. BENEFICIAL OWNER

The company's beneficial owner is Nextra Immobiliare Europa, an Italian retail fund mandated to invest primarily in European real estate for the benefit of its shareholders. The Manager of the fund is CAAM Sgr, an asset management company incorporated in Italy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF I.E. JERSEY FINANCE CO. GBP NO.1 LIMITED

We have audited the financial statements of I.E. Jersey Finance Co. GBP No.1 Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein. We were not engaged to audit the corresponding accounts for the year ended 31 December 2004.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant Jersey legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanation we require for our audit.

We read the directors report for the above year and considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year ended; and

- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Deloitte & Touche
Chartered Accountants
St. Helier, Jersey

I.E. JERSEY FINANCE CO. GBP NO.1 LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
INTEREST PAYABLE AND RECEIVABLE			
Loan interest receivable		1,869,054	1,810,751
Interest receivable from fixed deposits		34,838	33,334
		1,903,892	1,844,085
EXPENDITURE			
Administration fees – Mourant & Co. Limited		(2,176)	(4,150)
Audit fees		(2,106)	-
Annual filing fee		(150)	(150)
Exempt company fee		(600)	(600)
Bank charges		(911)	(311)
		(5,943)	(5,211)
PROFIT FOR THE YEAR		1,897,949	1,838,874

Continuing operations

All items dealt with in arriving at the profit for the year ended 31st December 2005 relate to continuing operations.

Total recognised gains and losses

There are no recognised gains and losses other than the attributable to shareholders of the Company of £1,897,949 for the year ended 31 December 2005 and the net profit of £1,838,874 for the year ended 31 December 2004, and therefore no separate statement of total recognised gains and losses has been presented.

I.E. JERSEY FINANCE CO. GBP NO.1 LIMITED

BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	Restated 2004 £
CURRENT ASSETS			
Loan receivable	2	24,399,371	24,887,487
Other debtors		-	807
Cash at bank	3	570,506	98,864
		24,969,877	24,987,158
EXPENDITURE			
Creditors: (Amounts falling due within one year)	4	(2,000)	(2,230)
NET CURRENT ASSETS		24,967,877	24,984,928
NON CURRENT LIABILITIES			
Redeemable shares	5	(23,945,303)	(23,945,303)
TOTAL NET ASSETS		£ 1,022,574	£ 1,039,625
CAPITAL AND RESERVES			
Called up share capital	5	10	10
Profit and loss account	7	1,022,564	1,039,615
		£ 1,022,574	£ 1,039,625

Approved by the Directors on the 20 day of November 2006.

Director:

I.E. JERSEY FINANCE CO. GBP NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2005

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

(The more significant accounting policies are set out below):-

Change in accounting policy

Following the issue of FRS-25 Financial Instruments: Disclosure and Presentation; redeemable shares are now classified as debt, and as such they are represented as a non current liability in the balance sheet.

Deposit interest

Deposit interest is recognised on an accruals basis. However there were no material accruals in the current or prior period.

Loan interest

Loan interest is recognised on an accruals basis.

Cash flow statement

A cash flow statement has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of Financial Reporting Standard No.1 (Revised) "Cash Flow Statements".

2. LOAN RECEIVABLE

	2005 £	2004 £
I.E. Jersey Property Co. No. 1 Limited	23,935,913	23,935,913
Principal	463,458	951,574
Interest receivable		
	24,399,371	24,887,487

The loan is unsecured with interest payable at rates between 2.75 per cent. and 3.25 per cent. per annum above the three month Euribor rate as at each first working day immediately following an interest payment date, interest is payable on the last working day of March, June, September and December. The loan is repayable on demand.

3. CASH AT BANK

	2005 £	2004 £
HSBC – current account	20,506	98,864
Deposit account	550,000	-
	570,506	98,864

I.E. JERSEY FINANCE CO. GBP NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2005

4. CREDITORS – DUE WITHIN ONE YEAR

	2005	2004
Accruals	£ 2,000	£ 2,230

5. CALLED UP SHARE CAPITAL

	2005 £	Restated 2004 £
AUTHORISED: Unlimited number of Ordinary and Redeemable Shares.		
EQUITY ISSUED AND PAID: 10 ordinary shares of £1 each	10	10
NON-EQUITY ISSUED AND FULLY PAID: 23,945,303 (2004: 23,945,303) redeemable shares of £1 each	23,945,303	23,945,303
	23,945,313	23,945,313

6. TAXATION

The Company has been granted exempt status for Jersey taxation purposes and therefore only suffers an annual exempt company fee of £600.

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the year	1,897,949	1,838,874
Dividends	(1,915,000)	(1,655,080)
Net (deduction from)/addition to equity shareholders' funds	(17,051)	183,794
Opening shareholders' funds	1039,625	855,831
Closing shareholders' funds	1,022,574	1,039,625

8. RELATED PARTIES

Each of M. Gurney and C. Le Gallais is an employee of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provide ongoing legal advice and administration services to the Company at commercial rates. During the period fees of £2,176 were payable to Mourant Limited for administration services provided.

9. BENEFICIAL OWNER

The Company's beneficial owner is Nextra Immobiliare Europa, an Italian retail fund mandated to invest primarily in European real estate for the benefit of its shareholders.

APPENDIX 2
INDEX OF PRINCIPAL DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER
35 Great St. Helen's
London EC3A 6AP

NOTE TRUSTEE AND ISSUER SECURITY TRUSTEE
HSBC Trustee (C.I.) Limited
1 Grenville Street
St. Helier
Jersey JE4 9PF

SERVICER
Morgan Stanley Mortgage Servicing Limited
25 Cabot Square
Canary Wharf
London E14 4QA

AUDITORS TO THE ISSUER
BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

LEGAL ADVISERS

To the Manager
As to English and New York Law:
Sidley Austin (UK) LLP
Woolgate Exchange
25 Basinghall Street
London EC2V 5AH

To the Note Trustee and Issuer Security Trustee
As to English Law:
Sidley Austin (UK) LLP
Woolgate Exchange
25 Basinghall Street
London EC2V 5AH

To the Issuer
As to English Law:
Ashurst
Broadwalk House
5 Appold Street
London EC2A 2HA

To the Servicer and the Special Servicer
As to English Law:
Katten Muchin Rosenman Cornish LLP
1-3 Frederick's Place
Old Jewry
London EC2R 8AE

PRINCIPAL PAYING AGENT, AGENT BANK, CASH MANAGER AND OPERATING BANK

HSBC Bank plc
8 Canada Square
London E14 5HQ

IRISH PAYING AGENT

NCB Stockbrokers Limited
3 Georges's Dock, IFSC
Dublin 1

CALCULATION AND REPORTING AGENT

Wells Fargo Securitisation Services Limited
Level 32, 25 Canada Square
London E14 5LQ

REGISTRAR

HSBC Bank plc
8 Canada Square
London E14 5HQ

LISTING AGENT
A&L Listing Agent
25-28 North Wall Quay
International Financial Services Centre,
Dublin 1

Prospective investors in the Notes may by request to the Issuer obtain a CD-ROM which contains a summary, in pdf format, of each report compiled for the purposes of ascertaining the Market Valuation in respect of each Property prior to advancing any amounts under the relevant Whole Loan (each an "**Origination Valuation Report**"). Prospective investors should be aware that each Origination Valuation Report on which the relevant summary is based was prepared prior to the date of this Offering Circular. None of the firms that produced the relevant Origination Valuation Report has been requested to update or revise any of the information contained in the Origination Valuation Report nor to review, update or comment on the information contained in the summaries provided in the enclosed CD-ROM, nor shall they be requested to do so prior to the issue of the Notes. Accordingly, the information included in each Origination Valuation Report and, therefore, the summaries contained in the enclosed CD-ROM, may not reflect the current physical, economic, competitive, market and other conditions with respect to the Properties. 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 Valuations*". 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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